31.12.2023

CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited figures)

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1. CONSOLIDATED FINANCIAL STATEMENTS

The amounts for 2022 have been restated (identified by a “R”) following the first retrospective application of IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" by the insurance subsidiaries (see Note 1).

CONSOLIDATED BALANCE SHEET - ASSETS

(In EUR m)		31.12.2023	31.12.2022 R	01.01.2022 R
Cash, due from central banks		223,048	207,013	179,969
Financial assets at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	495,882	427,151	446,717
Hedging derivatives	Notes 3.2 and 3.4	10,585	32,971	13,592
Financial assets at fair value through other comprehensive income	Notes 3.3 and 3.4	90,894	92,960	112,695
Securities at amortised cost	Notes 3.5, 3.8 and 3.9	28,147	26,143	24,149
Due from banks at amortised cost	Notes 3.5, 3.8 and 3.9	77,879	68,171	57,204
Customer loans at amortised cost	Notes 3.5, 3.8 and 3.9	485,449	506,635	497,233
Revaluation differences on portfolios hedged against interest rate risk	Note 3.2	(433)	(2,262)	131
Insurance and reinsurance contracts assets	Note 4.3	459	353	380
Tax assets	Note 6	4,717	4,484	4,747
Other assets	Note 4.4	69,765	82,315	90,045
Non-current assets held for sale	Note 2.4	1,763	1,081	27
Investments accounted for using the equity method		227	146	95
Tangible and intangible fixed assets	Note 8.3	60,714	33,958	32,848
Goodwill	Note 2.2	4,949	3,781	3,741
Total		**1,554,045**	**1,484,900**	**1,463,573**

CONSOLIDATED BALANCE SHEET - LIABILITIES

(In EUR m)		31.12.2023	31.12.2022 R	01.01.2022 R
Due to central banks		9,718	8,361	5,152
Financial liabilities at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	375,584	304,175	311,703
Hedging derivatives	Notes 3.2 and 3.4	18,708	46,164	10,425
Debt securities issued	Notes 3.6 and 3.9	160,506	133,176	135,324
Due to banks	Notes 3.6 and 3.9	117,847	133,011	139,177
Customer deposits	Notes 3.6 and 3.9	541,677	530,764	509,133
Revaluation differences on portfolios hedged against interest rate risk	Note 3.2	(5,857)	(9,659)	2,832
Tax liabilities	Note 6	2,402	1,645	1,573
Other liabilities	Note 4.4	93,658	107,315	105,973
Non-current liabilities held for sale	Note 2.4	1,703	220	1
Insurance contracts related liabilities	Note 4.3	141,723	135,875	150,562
Provisions	Note 8.2	4,235	4,579	4,850
Subordinated debts	Note 3.9	15,894	15,948	15,959
Total liabilities		**1,477,798**	**1,411,574**	**1,392,664**
Shareholder's equity				
Shareholders' equity, Group share				
Issued common stocks and capital reserves	Note 7.1	21,186	21,248	21,913
Other equity instruments		8,924	9,136	7,534
Retained earnings		32,891	33,816	36,624
Net income		2,493	1,825	-
Sub-total		**65,494**	**66,025**	**66,071**
Unrealised or deferred capital gains and losses	Note 7.3	481	945	(973)
Sub-total equity, Group share		**65,975**	**66,970**	**65,098**
Non-controlling interests		10,272	6,356	5,811
Total equity		**76,247**	**73,326**	**70,909**
Total		**1,554,045**	**1,484,900**	**1,463,573**

CONSOLIDATED INCOME STATEMENT

(In EUR m)		2023	2022 R
Interest and similar income [(1)]	Note 3.7	53 087	30 738
Interest and similar expense	Note 3.7	(42 777)	(17 897)
Fee income	Note 4.1	10 063	9 400
Fee expense	Note 4.1	(4 475)	(4 183)
Net gains and losses on financial transactions		10 290	866
o/w net gains and losses on financial instruments at fair value through profit or loss	*Note 3.1*	*10 327*	*1 044*
o/w net gains and losses on financial instruments at fair value through other comprehensive income		*(9)*	*(152)*
o/w net gains and losses from the derecognition of financial instruments at amortised cost		*(28)*	*(26)*
Income from insurance activities	Note 4.3	3 539	3 104
Expenses from insurance services	Note 4.3	(1 978)	(1 606)
Income and expenses from reinsurance held	Note 4.3	17	(19)
Net Finance income or expenses from insurance contracts issued [(1)]	Note 4.3	(6 285)	4 030
Net Finance income or expenses from reinsurance contracts held [(1)]	Note 4.3	5	45
Cost of credit risk of financial assets from insurance activities	Note 3.8	7	1
Income from other activities	Note 4.2	21 005	13 301
Expenses from other activities	Note 4.2	(17 394)	(10 625)
Net banking income		**25 104**	**27 155**
Other operating expenses	Note 5	(16 849)	(16 425)
Amortisation, depreciation and impairment of tangible and intangible fixed assets		(1 675)	(1 569)
Gross operating income		**6 580**	**9 161**
Cost of risk	Note 3.8	(1 025)	(1 647)
Operating income		**5 555**	**7 514**
Net income from investments accounted for using the equity method		24	15
Net income / expense from other assets		(113)	(3 290)
Value adjustments on goodwill	Note 2.2	(338)	-
Earnings before tax		**5 128**	**4 239**
Income tax	Note 6	(1 679)	(1 483)
Consolidated net income		**3 449**	**2 756**
Non-controlling interests	Note 2.3	956	931
Net income, Group share		**2 493**	**1 825**
Earnings per ordinary share	Note 7.2	**2,17**	**1,50**
Diluted earnings per ordinary share	Note 7.2	**2,17**	**1,50**

(1) The Interest and similar income and Net gains and losses on financial transactions lines include in particular the gains and losses on the investments of insurance activities. These amounts must be assessed by taking into account the financial gains and losses arising from the measurement of the insurance and reinsurance contracts associated with these investments, which are presented in the Net financial income or expenses of the insurance contracts issued (see Note 4.3).

STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

(In EUR m)	2023	2022 R
Consolidated net income	**3,449**	**2,756**
Unrealised or deferred gains and losses that will be reclassified subsequently into income	**(166)**	**578**
Translation differences	(356)	1,820
Revaluation differences for the period	*(429)*	*1,278*
Reclassified into income	*73*	*542*
Revaluation of debt instruments at fair value through other comprehensive income [(1)]	2,402	(10,849)
Revaluation differences for the period	*2,374*	*(11,029)*
Reclassified into income	*28*	*180*
Revaluation of insurance contracts at fair value through other comprehensive income [(1)]	(2,134)	10,050
Revaluation of hedging derivatives	(68)	(610)
Revaluation differences of the period	*(36)*	*(482)*
Reclassified into income	*(32)*	*(128)*
Related tax	(10)	167
Unrealised or deferred gains and losses that will not be reclassified subsequently into income	**(177)**	**539**
Actuarial gains and losses on defined benefit plans	12	92
Revaluation of own credit risk of financial liabilities at fair value through profit or loss	(257)	671
Revaluation of equity instruments at fair value through other comprehensive income	1	(26)
Related tax	67	(198)
Total unrealised or deferred gains and losses	**(343)**	**1,117**
Net income and unrealised or deferred gains and losses	**3,106**	**3,873**
o/w Group share	*2,085*	*3,080*
o/w non-controlling interests	*1,021*	*793*

(1) The “Revaluation of the debt instruments at fair value through other comprehensive income” line includes the revaluation gains and losses on the investments of the insurance activities measured at fair value through other comprehensive income. Their net amounts must be perceived taking into account the financial gains and losses from the revaluation of the insurances contracts associated with these investments; these gains and losses are presented in the “Revaluation of insurance contracts at fair value through other comprehensive income” line (see Note 4.3).

CHANGES IN SHAREHOLDERS' EQUITY

(In EUR m)	Shareholders' equity, Group share							
	Issued common stocks and capital reserves	Other equity instruments	Retained earnings	Net income, Group share	Unrealised and deferred gains and losses	Total	Non-controlling interests	Total consolidated shareholder's equity
At 1 January 2022	**21,913**	**7,534**	**36,412**	**-**	**(792)**	**65,067**	**5,796**	**70,863**
Effect of the application of IFRS 17 and IFRS 9 for insurance subsidiaries (see Note 1)	-	-	212	-	(181)	31	15	46
At 1 January 2022 R	**21,913**	**7,534**	**36,624**	**-**	**(973)**	**65,098**	**5,811**	**70,909**
Increase in common stock and issuance / redemption and remuneration of equity instruments	(233)	1,602	(590)	-	-	779	(33)	746
Elimination of treasury stock	(524)	-	(66)	-	-	(590)	-	(590)
Equity component of share-based payment plans	92	-	-	-	-	92	-	92
2022 R Dividends paid (see Note 7.2)	-	-	(1,371)	-	-	(1,371)	(754)	(2,125)
Effect of changes of the consolidation scope	-	-	(88)	-	-	(88)	543	455
Sub-total of changes linked to relations with shareholders	***(665)***	***1,602***	***(2,115)***	***-***	***-***	***(1,178)***	***(244)***	***(1,422)***
2022 R Net income	-	-	-	1,825	-	1,825	931	2,756
Change in unrealised or deferred gains and losses	-	-	-	-	1,255	1,255	(138)	1,117
Other changes *	-	-	(693)	-	663	(30)	(4)	(34)
Sub-total	***-***	***-***	***(693)***	***1,825***	***1,918***	***3,050***	***789***	***3,839***
At 31 December 2022 R	**21,248**	**9,136**	**33,816**	**1,825**	**945**	**66,970**	**6,356**	**73,326**
Allocation to retained earnings	-	-	1,881	(1,825)	(56)	-	-	-
At 1 January 2023	**21,248**	**9,136**	**35,697**	**-**	**889**	**66,970**	**6,356**	**73,326**
Increase in common stock and issuance / redemption and remuneration of equity instruments (see Note 7.1)	(1,133)	(212)	(1,143)	-	-	(2,488)	(70)	(2,558)
Elimination of treasury stock (see Note 7.1)	961	-	(62)	-	-	899	-	899
Equity component of share-based payment plans	110	-	-	-	-	110	-	110
2023 Dividends paid (see Note 7.2)	-	-	(1,362)	-	-	(1,362)	(499)	(1,861)
Effect of changes of the consolidation scope (see Note 7.1)	-	-	(34)	-	-	(34)	3,523	3,489
Sub-total of changes linked to relations with shareholders	***(62)***	***(212)***	***(2,601)***	***-***	***-***	***(2,875)***	***2,954***	***79***
2023 Net income	-	-	-	2,493	-	2,493	956	3,449
Change in unrealised or deferred gains and losses	-	-	-	-	(408)	(408)	65	(343)
Other changes	-	-	(205)	-	-	(205)	(59)	(264)
Sub-total	***-***	***-***	***(205)***	***2,493***	***(408)***	***1,880***	***962***	***2,842***
At 31 December 2023	**21,186**	**8,924**	**32,891**	**2,493**	**481**	**65,975**	**10,272**	**76,247**

* *Includes the reallocation to Unrealised and deferred gains and losses recognised directly in equity of the currency translation adjustment on US dollar financial assets classified as net investment in a foreign operation.*

CASH FLOW STATEMENT

(In EUR m)	2023	2022 R
Consolidated net income (I)	**3,449**	**2,756**
Amortisation expense on tangible and intangible fixed assets (including operational leasing)	7,710	5,342
Depreciation and net allocation to provisions	(346)	(18)
Net income/loss from investments accounted for using the equity method	(24)	(15)
Change in deferred taxes	209	209
Net income from the sale of long-term assets and subsidiaries	(101)	(168)
Other changes	4,748	5,368
Non-cash items included in net income and other adjustments excluding income on financial instruments at fair value through profit or loss (II)	**12,196**	**10,718**
Income on financial instruments at fair value through profit or loss	(379)	11,739
Interbank transactions	(18,239)	(11,795)
Customers transactions	23,841	3,632
Transactions related to other financial assets and liabilities	9,753	28,161
Transactions related to other non-financial assets and liabilities	6,802	(6,130)
Net increase/decrease in cash related to operating assets and liabilities (III)	**21,778**	**25,607**
Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III)	**37,423**	**39,081**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long term investments	(206)	578
Net cash inflow (outflow) related to tangible and intangible fixed assets	(11,867)	(9,579)
Net cash inflow (outflow) related to investment activities (B)	**(12,073)**	**(9,001)**
Cash flow from/to shareholders	(3,928)	(712)
Other net cash flow arising from financing activities	26	498
Net cash inflow (outflow) related to financing activities (C)	**(3,902)**	**(214)**
Effect of changes in foreign exchange rates on cash and cash equivalents (D)	(2,320)	2,354
Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C) + (D)	**19,128**	**32,220**
Cash, due from central banks (assets)	207,013	179,969
Due to central banks (liabilities)	(8,361)	(5,152)
Current accounts with banks (see Note 3.5)	34,672	28,205
Demand deposits and current accounts with banks (see Note 3.6)	(10,455)	(12,373)
Cash and cash equivalents at the start of the year	**222,869**	**190,649**
Cash, due from central banks (assets)	223,048	207,013
Due to central banks (liabilities)	(9,718)	(8,361)
Current accounts with banks (see Note 3.5)	39,798	34,672
Demand deposits and current accounts with banks (see Note 3.6)	(11,131)	(10,455)
Cash and cash equivalents at the end of the year	**241,997**	**222,869**
Net inflow (outflow) in cash and cash equivalents	**19,128**	**32,220**

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 7 February 2024.

NOTE 1 - SIGNIFICANT ACCOUNTING PRINCIPLES

1. INTRODUCTION

ACCOUNTING STANDARDS

Under European Regulation 1606/2002 of 19 July 2002 on the application of International Accounting Standards, the Societe Generale group ("the Group") prepared its consolidated financial statements for the year ended 31 December 2023 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date. The Group includes the Societe Generale parent company (including the Societe Generale foreign branches) and all the entities in France and abroad that it controls either directly or indirectly (subsidiaries and joint arrangements) or on which it exercises significant influence (associates).

These standards are available on the European Commission website.

In accordance with the transitional measures provided by IFRS 9, the Group has elected to continue accounting for hedging transactions under IAS 39 as adopted by the European Union, including the provisions related to macro-fair value hedge accounting (IAS 39 "carve-out").

FINANCIAL STATEMENTS PRESENTATION

As the IFRS framework does not specify a standard model, the format of the primary financial statements used is consistent with the format proposed by the French Accounting Standard Setter, the *Autorité des Normes Comptables* (ANC), under Recommendation No. 2022-01 of 8 April 2022.

The disclosures provided in the notes to the consolidated financial statements focus on information that is both relevant and material to the financial statements of the Societe Generale group, its activities, and the circumstances in which it conducted its operations during the period under review.

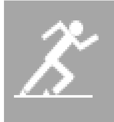
The Group publishes its Annual Financial Report 2023 using the European Single Electronic Format (ESEF) as defined by the amended Delegated Regulation (EU) 2019/815.

PRESENTATION CURRENCY

The presentation currency of the consolidated financial statements is the euro.

The figures reported in the financial statements and in the notes are expressed in millions of euros, unless otherwise specified. The effect of rounding may generate discrepancies between the figures reported in the financial statements and those reported in the Notes.

2. NEW ACCOUNTING STANDARDS APPLIED BY THE GROUP AS OF 1 JANUARY 2023



IFRS 17 “Insurance Contracts”
Amendments to IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments”
Amendments to IAS 1 “Disclosure of Accounting Policies”
Amendments to IAS 8 “Definition of Accounting Estimates”
Amendments to IAS 12 “Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”
Amendments to IAS 12 "International Tax Reform - Pillar 2 Model Rules"
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback” (early application)

IFRS 17 “INSURANCE CONTRACTS” – AMENDMENTS TO IFRS 17 PUBLISHED ON 25 JUNE 2020 AND AMENDMENTS TO IFRS 17 AND IFRS 9 PUBLISHED ON 9 DECEMBER 2021

The impacts of the first application of IFRS 17 and IFRS 9 by the insurance subsidiaries are presented in paragraph 4 below.

AMENDMENTS TO IAS 1 “DISCLOSURE OF ACCOUNTING POLICIES”

The aim of these amendments is to help companies improve the materiality of the information on accounting policies disclosed in the Notes to the financial statements and the usefulness of that information to investors and financial statement users.
The Group takes into account these amendments for the preparation of its consolidated financial statements.

AMENDMENTS TO IAS 8 “DEFINITION OF ACCOUNTING ESTIMATES”

The aim of these amendments is to facilitate distinguishing between changes in accounting methods and changes in accounting estimates.
The Group takes into account these amendments for the preparation of its consolidated financial statements.

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

These amendments clarify and narrow the scope of the exemption provided by the “IAS 12 – Income Tax” standard allowing institutions not to recognise any deferred tax at the initial recognition of an asset or a liability. Are excluded from the exemption scope all leases and decommissioning obligations for which companies recognise both an asset and a liability and will now have to recognise deferred taxes.
The aim of these amendments is to reduce heterogeneity in the recognition of the deferred taxes related to leases and to decommissioning obligations.
Since the date of first application of “IFRS 16 – Leases”, the Group has been considering the rights of use and the lease-related debt as a single transaction. Consequently, on the initial recognition date, the amount of deferred tax asset offsets the amount of deferred tax liability. The net temporary differences arising from later variations in the right of use and lease debt subsequently result in the recognition of a deferred tax. This amendment thus has no impact on the Group’s consolidated financial statements.

AMENDMENTS TO IAS 12 “INTERNATIONAL TAX REFORM - PILLAR 2 MODEL RULES”

These amendments introduce a mandatory temporary exemption from the recognition of deferred income tax assets and liabilities stemming from the OECD Pillar 2 rules and apply retrospectively for the financial years beginning on or after 1 January 2023.

This exemption involves specific reporting requirements for the consolidated financial statements.

The Group has put in place a project structure in order to identify the impacts of these amendments to conform with the new obligations imposed by the latter in relation to the OECD's Pillar 2 global tax reform (see Note 6).

AMENDMENTS TO IFRS 16 "LEASE LIABILITY IN A SALE AND LEASEBACK"

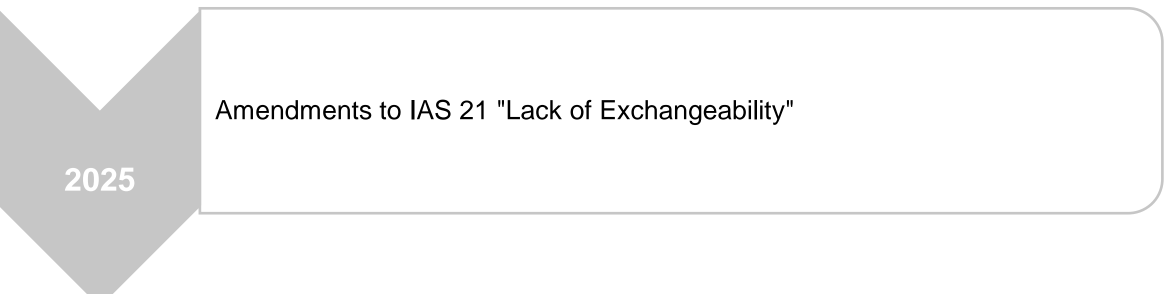
These amendments provide clarifications on the subsequent measurement of leaseback transactions when the initial sale of the asset meets the criteria of IFRS 15 ("Revenue from contract with customers") to be recognised as a sale. These amendments specify in particular how to subsequently assess the lease liability resulting from these leaseback transactions, made of variable lease payments that do not depend on an index or a rate.

These amendments have no impact on the Groupe's consolidated financial statements.

3. ACCOUNTING STANDARDS, AMENDMENTS OR INTERPRETATIONS TO BE APPLIED BY THE GROUP IN THE FUTURE

The IASB published accounting standards and amendments, some of which have not yet been adopted by the European Union as at 31 December 2023. Their application is required for the financial years beginning on or after 1 January 2024 at the earliest or on the date of their adoption by the European Union. They have thus not been applied by the Group as at 31 December 2023.

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



AMENDMENTS TO IAS 21 "LACK OF EXCHANGEABILITY"

Published on 15 August 2023.

These amendments specify the situations in which a currency is considered convertible, and the procedure for assessing the exchange rate of a non-convertible currency. They also detail the supplementary information to provide in the Notes to the financial statements for non-convertible currencies.

These amendments will be consolidated in "IAS 21 — The Effects of Changes in Foreign Exchange Rates" and "IFRS 1 - First-time Adoption of International Financial Reporting Standards" in March 2024.

The impact of these amendments is currently being analysed.

4. INITIAL APPLICATION OF IFRS 17 “INSURANCE CONTRACTS” AND OF IFRS 9 “FINANCIAL INSTRUMENTS” TO INSURANCE SUBSIDIARIES

IFRS 17 “Insurance Contracts”, issued on 18 May 2017 and modified by the 25 June 2020 and 9 December 2021 Amendments, replaces IFRS 4 “Insurance Contracts” which allowed, in particular, insurance contracts to be recognised using methods set out by the local accounting regulations.

On 23 November 2021, the European Commission (EC) published in the Official Journal, Commission Regulation (EU) 2021/2036 of 19 November 2021 adopting IFRS 17 “Insurance Contracts”. This adoption included the possibility for European companies not to apply the requirement laid out in the standard to group some insurance contracts by annual cohort for their measurement; this exemption will be reassessed by the European Commission by 31 December 2027 at the latest.

Since 1 January 2023, the Group has been applying IFRS17. On that same date, the Group’ insurance subsidiaries started applying IFRS 9 “Financial Instruments” for the first time; this application had been delayed as a result of the possibilities offered by the Amendments to IFRS 17 and to IFRS 4 issued by the IASB on 25 June 2020 and extended by Regulations (EU) 2017/1988 and 2020/2097 of the European Commission.

On 8 September 2022, the European Union adopted the amendments to IFRS 17 published by the IASB on 9 December 2021 with the aim of improving the usefulness of the comparative information about financial assets presented on the initial application of IFRS 17 and IFRS 9.

The main consequences of the application of IFRS 17 concern:

- the measurement of insurance contracts, materialised mainly as liabilities on the balance sheet: their value will be updated on each closing date based on a re-estimate of the future cash flows related to their fulfilment. This re-estimate will take account, in particular, of market data in relation to financial elements and the behaviour of policyholders;
- the recognition of the margin: although the profitability of the insurance contracts remains unchanged, the pace of recognition of the margin in the income statement is modified. Any expected profit is deferred in the balance sheet and spread in the income statement over the coverage period of the insurance contracts. Conversely, any expected loss is immediately recognised in the income statement upon its initial recognition or in subsequent measurements; and
- the presentation of the income statement: the operating expenses attributable to the fulfilment of insurance contracts is hence presented in reduction of the Net Banking Income as Insurance service expenses and thus does not impact the total operating expenses on the consolidated income statement anymore.

TRANSITIONAL AND INITIAL APPLICATION REQUIREMENTS

IFRS 17 standard

The initial application of IFRS 17 on 1 January 2023 is retrospective and the comparative data of the 2022 financial year have been restated.

The differences in measurement of the insurance assets and liabilities resulting from the retrospective application of IFRS 17 as at 1 January 2022 are presented directly in equity.

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

- either a modified retrospective approach that provides, based on reasonable information available at no cost or undue effort, measurements that are as close as possible to those that would result from the retrospective application of the standard;
- or an approach based on the fair value of the insurance contracts portfolios as at 1 January 2022.

The Group has applied a modified retrospective approach for the savings life insurance contracts and savings retirement contracts which represent the large majority of its contracts. Protection-Property and casualty contracts were subject to a full retrospective approach. For Protection-Provident contracts a retrospective approach, either full or modified, has been applied on a case-by-case basis.

The measurement of the insurance contracts made on a current basis, taking into account the time value of money and the financial risks related to future cash flows, required to adjust the measurement of some assets held to back the contracts in order to reduce the possible accounting mismatches.

Since 1 January 2023, initial application date of IFRS 17, the Group is measuring at fair value the investment properties held by insurance companies to back the insurance contracts issued. These are investment properties held as part of the management of insurance contracts with direct participations features.

IFRS 17 requires to include in the measurement of the insurance contracts general operating expenses (personnel expenses, amortisation expenses for fixed assets and other operating expenses) directly attributable to the fulfilment of contracts and to present them as Insurance service expenses in the Net banking income.

The Group's insurance subsidiaries systematically identify in the fulfilment cash flows of their contracts the amount of administrative costs they expect to bear. These administrative costs are presented under Insurance service expenses in the Net banking income. Consequently, the administrative costs presented by nature on the consolidated income statement are reduced by the amounts allocated to the fulfilment of the insurance contracts.

Furthermore, the Group's banking entities sell, through their retail networks, the insurance contracts issued by the Group's insurance subsidiaries and thus invoice fees to these entities. These fees cover the costs incurred by the banking entities plus a margin. As this invoicing takes place between Group-controlled entities, the internal margin received by the banking entity and incurred by the insurance entity is eliminated in the consolidated accounts. The administrative costs incurred by the banking entities for the distribution of contracts are regarded as expenses directly attributable to the fulfilment of the contracts and are thus incorporated into the measurement of the contracts and presented under the Insurance service expenses heading. The contractual service margin of the insurance contracts distributed by the Group's banking entities is thus determined by taking into account both the costs incurred by the distributing banking entity (excl. internal margin) and the other directly attributable costs incurred by the insurance entity.

IFRS 9 standard

The initial application of IFRS 9 by the Group's insurance subsidiaries as at 1 January 2023 is retrospective.

For the sake of consistency with the IFRS 17 transition arrangements, and in order to provide more relevant and useful information, the Group has restated the comparative figures of the 2022 financial year related to the relevant financial instruments of its insurance subsidiaries (including the financial instruments derecognised during the 2022 financial year in accordance with IFRS 17 amendment which allows the presentation of comparative information concerning a financial asset as if IFRS 9 had previously been applied to that asset).

Following the retrospective application of IFRS 9 as at 1 January 2022, the differences in measurement (including the impairment for credit risk) of the financial assets and liabilities impacted are recognised directly in equity.

New presentation of the financial statements

On the balance sheet, the accounting outstanding amounts related to insurance contracts, previously booked under Other assets, Insurance contracts related liabilities and Other liabilities are now presented under Insurance and reinsurance contracts assets and Insurance and reinsurance contracts liabilities.

The accounting outstanding amounts related to the financial instruments and investments properties of insurance activities, previously booked on the assets side under Investments of insurance companies and on the liabilities side under Insurance contracts related liabilities, are now presented under the different headings of the balance sheet according to their classification and valuation technique.

In the consolidated income statement, in the Net banking income, the income and expenses related to the insurance contracts issued and the reinsurance contracts were previously grouped under Net income from insurance activities. These income and expenses are now measured and recognised according to IFRS 17, and presented in the Net banking income under the following headings:

- Income from insurance contracts issued;
- Insurance service expenses;
- Income and expenses from reinsurance contracts held;
- Net finance income or expenses from insurance contracts issued; and
- Net finance income or expenses from reinsurance contracts held.

The incomes and expenses related to the financial instruments of insurance activities, previously presented under Net income from insurance activities, are now presented under the consolidated income statement headings dedicated to the valuation of financial instruments, with the exception of the expenses and incomes related to credit risk which are presented in the Net banking income under Cost of credit risk of the financial assets related to insurance activities.

Furthermore, in the context of the application of IFRS 17, the Group has modified the presentation of the general operating expenses in the consolidated income statement to improve the readability of the Group's performance. The Other general operating expenses heading now includes the amounts previously presented under Personnel expenses and Other operating expenses, from which are deducted the general operating expenses related to insurance contracts that will henceforth be presented under the Insurance service expenses heading in the Net banking income.

IMPACTS ON THE GROUP'S BALANCE SHEET AND PERFORMANCE

The following tables reconcile the balance sheet as at 31 December 2021, presented taking into account the application of IAS 39 and IFRS 4 by the insurance subsidiaries, and the balance sheet as at 1 January 2022, presented taking into account the application of IFRS 9 and IFRS 17. The tables also include the balance sheet as at 31 December 2022 restated as a result of the application of IFRS 9 and IFRS 17.

(In EUR m)	**Balances as at 31.12.2021**	A	B **IFRS 9 reclassifications**	C	D **Other reclassifications**	**Reclassified balances**
		of available for-sale financial assets	of loans and receivables regarding their business model	of non-SPPI loans and receivables	Others	
Cash, due from central banks	179,969				-	**179,969**
Financial assets at fair value through profit or loss	342,714	15,879		2,085	85,826	**446,504**
Hedging derivatives	13,239				353	**13,592**
Financial assets at fair value through other comprehensive income	43,450	67,632	1,454		-	**112,536**
Securities at amortised cost	19,371	4,975			22	**24,368**
Due from banks at amortised cost	55,972				1,232	**57,204**
Customer loans at amortised cost	497,164				69	**497,233**
Revaluation differences on portfolios hedged against interest rate risk	131				-	**131**
Investments of insurance companies	178,898	(88,486)	(1,454)	(2,085)	(86,873)	**-**
Financial assets at fair value through profit or loss (trading portfolio)	*211*				*(211)*	
Financial assets at fair value through profit or loss (fair value option)	*84,448*				*(84,448)*	
Hedging derivatives	*353*				*(353)*	
Available-for-sale financial assets	*88,486*	*(88,486)*			*-*	
Due from banks	*4,771*		*(1,454)*	*(2,085)*	*(1,232)*	
Customer loans	*69*				*(69)*	
Held-to-maturity financial assets	*22*				*(22)*	
Real estate investments	*538*				*(538)*	
Insurance and reinsurance contracts assets						
Tax assets	4,812				-	**4,812**
Other assets	92,898				(1,167)	**91,731**
Non-current assets held for sale	27				-	**27**
Deferred profit-sharing	-				-	**-**
Investments accounted for using the equity method	95				-	**95**
Tangible and intangible fixed assets	31,968				538	**32,506**
Goodwill	3,741				-	**3,741**
Total Assets	**1,464,449**	**-**	**-**	**-**	**-**	**1,464,449**

		E			F	G			H		
	Reclassified balances	**Adjustment of book value related to investments**			**Adjustment of book value related to insurance contracts**				**Deferred taxes**	**Balances as at 01.01.2022 R**	**Balances as at 31.12.2022 R**
					IFRS 4 derecognition	**IFRS 17 insurance contracts accounting**					
(In EUR m)		Reclassification effects	Impairment and provisions for credit risk	**Total**		through reserves	through OCI	**Total**			
Cash, due from central banks	179,969			-	-			-	-	179,969	207,013
Financial assets at fair value through profit or loss	446,504	213		213	-			-	-	446,717	427,151
Hedging derivatives	13,592			-	-			-	-	13, 592	32,971
Financial assets at fair value through other comprehensive income	112,536	159		159	-			-	-	112, 695	92,960
Securities at amortised cost	24,368	(218)	(1)	(219)	-			-	-	24,149	26,143
Due from banks at amortised cost	57,204			-	-			-	-	57,204	68,171
Customer loans at amortised cost	497,233			-	-			-	-	497,233	506,635
Revaluation differences on portfolios hedged against interest rate risk	131			-	-			-	-	131	(2,262)
Investments of insurance companies	-										
Insurance and reinsurance contracts assets	-					355	25	380		380	353
Tax assets	4,812			-	-			-	(65)	4,747	4,484
Other assets	91,731		(0)	-	(1,702)	16		16		90,045	82,315
Non-current assets held for sale	27			-	-			-	-	27	1,081
Deferred profit-sharing	-			-	-			-	-		
Investments accounted for using the equity method	95			-	-			-	-	95	146
Tangible and intangible fixed assets	32,506	356		356	(14)			-	-	32,848	33,958
Goodwill	3,741			-	-			-	-	3,741	3,781
Total Assets	**1,464,449**	**510**	**(1)**	509	**(1 716)**	**371**	**25**	**396**	**(65)**	**1,463,573**	**1,484,900**

(In EUR m)	Balances at 31.12.2021	I Reclassi-fications (1)	J Adjustment of book value related to investments Reclassi-fication effects	 Impairment and provisions for credit risk	 Total	K Adjustment of book value related to insurance contracts IFRS 4 derecogni-tion	L IFRS 17 insurance contracts accounting through reserves	 through OCI	 Total	M Deferred taxes	Balances as at 01.01.2022 R	Balances as at 31.12.2022 R
Due to central banks	5,152					-					5,152	8,361
Financial liabilities at fair value through profit or loss	307,563	4,140				-					311,703	304,175
Hedging derivatives	10,425					-					10,425	46,164
Debt securities issued	135,324					-					135,324	133,176
Due to bank	139,177					-					139,177	133,011
Customer deposits	509,133					-					509,133	530,764
Revaluation differences on portfolio hedged against interest rate risk	2,832					-					2,832	(9,659)
Tax liabilities	1,577					-				(4)	1,573	1,645
Other liabilities	106,305					(360)	28		28		105,973	107,315
Non-current liabilities held for sale	1					-			-		1	220
Insurance contracts related liabilities	155,288	(4,140)	-	-		(151,148)						
Underwriting reserves of insurance companies	*151,148*					*(151,148)*						
Financial liabilities of insurance companies	*4,140*	*(4,140)*										
Insurance and reinsurance contracts liabilities	-					-	144,936	5,626	150,562		150,562	135,875
Provisions	4,850					-			-		4,850	4,579
Subordinated debts	15,959					-			-		15,959	15,948
Total liabilities	**1,393,586**	**-**				**(151,508)**	**144,964**	**5,626**	**150,590**	(4)	**1,392,664**	**1,411,574**
Shareholders' equity												
Shareholders' equity, Group share												
Issued common stocks and capital reserves	21,913					-			-		21,913	21,248
Other equity instruments	7,534					-			-		7,534	9,136
Retained earnings	30,631	5,781	3,318	(20)	3,298	140,983	(143,944)		(143,944)	(125)	36,624	33,816
Net income	5,641	(5,641)			-	-			-		-	1,825
Sub-total	**65,719**	**140**	**3,318**	**(20)**	**3,298**	**140,983**	**(143,944)**		**(143,944)**	**(125)**	**66,071**	**66,025**
Unrealised or deferred capital gains and losses	(652)	(140)	(2,810)	19	(2,791)	8,143		(5,600)	(5,600)	67	(973)	945
Sub-total equity, Group share	**65,067**		**508**	**(1)**	**507**	**149,126**	**(143,944)**	**(5,600)**	**(149,544)**	**(58)**	**65,098**	**66,970**
Non-controlling interests	5,796		2	(0)	2	666	(649)	(1)	(650)	(3)	5,811	6,356
Total equity	**70,863**		**510**	**(1)**	**509**	**149,792**	**(144,593)**	**(5,601)**	**(150,194)**	**(61)**	**70,909**	**73,326**
Total	**1,464,449**	**-**	**510**	**(1)**	**509**	**(1,716)**	**371**	**25**	**396**	**(65)**	**1,463,573**	**1,484,900**

(1) This column includes the allocation to retained earnings of 2021 net income and gains and losses recognised directly in equity that will not be reclassified subsequently to income.

DESCRIPTION OF THE RECLASSIFICATIONS MADE FOR THE FINANCIAL INSTRUMENTS AND OTHER INVESTMENT ASSETS AS AT 1 JANUARY 2022 (COLUMNS A, B, C, D AND I)

RECLASSIFICATION OF AVAILABLE-FOR-SALE FINANCIAL ASSETS (COLUMN A)

Applying IFRS 9 causes the disappearance of the Available-for-sale financial assets accounting category. Consequently, the instruments previously included in this category have been reclassified under IFRS 9 accounting headings according to the characteristics of their contractual cash flows and their business model.

The Available-for-sale assets of insurance companies included, as at 31 December 2021, debt securities (bonds and equivalent securities) for EUR 74,084 million and equity securities (shares and equivalent securities) for EUR 14,402 million.

Basic debt securities (financial instruments, whose contractual cash flows are solely payments of principal and interests) were reclassified as follows:

- debt securities held as part of a business model whose objective is to hold assets in order to collect contractual cash flows business model were reclassified as Financial assets at amortised cost for EUR 4,975 million. These are mainly debt securities acquired for the purpose of reinvesting the own funds of insurance subsidiaries;
- debt securities held as part of a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets business model were reclassified as Financial assets at fair value through other comprehensive income for EUR 67,632 million. These debt securities are mainly acquired for the management of insurance contracts.

Non-basic debt securities and equity securities were reclassified into Financial assets at fair value through profit or loss for EUR 15,879 million. These securities are held for the purpose of managing insurance contracts.

RECLASSIFICATION OF LOANS AND RECEIVABLES (COLUMNS B, C AND D)

Basic loans and receivables (financial instruments whose contractual cash flows are Solely Payments of Principal and Interests) were reclassified as follows:

- loans and receivables held as part of a business model whose objective is to hold assets in order to collect contractual cash flows business model were reclassified as Due from banks at amortised cost for EUR 1,232 million and as Customer loans at amortised cost for EUR 69 million (column D);
- loans and receivables held as part of a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets business model were reclassified as Financial assets at fair value through other comprehensive income for an amount of EUR 1,454 million. These loans and receivables are Due from banks (column B).

Non-basic loans and receivables were reclassified as Financial assets at fair value through profit or loss for EUR 2,085 million (column C).

Financial instruments reclassified as Financial assets at fair value through other comprehensive income or as Financial assets at fair value through profit or loss are mainly bonds recognised at amortised cost following the amendment of IAS 39 in 2008. This amendment provided, under certain conditions, the option to reclassify Available-for-sale Financial Assets into the Loans and Receivables category.

OTHER RECLASSIFICATIONS (COLUMNS D AND I)

In addition to the reclassifications described above, the other reclassifications are intended to reallocate the remaining outstanding amounts related to insurance activities to the accounting items commonly used by the rest of the Group.

The financial assets at fair value through profit or loss of the trading portfolio of the insurance subsidiaries (EUR 211 million) on the one hand, the financial assets measured at fair value through profit or loss under the fair value option (EUR 84,448 million) on the other hand, and an asset resulting from a indexed co-insurance agreement, previously shown under Other Assets (EUR 1,167 million), have been reclassified under the Financial assets at fair value through profit or loss. Included in these financial assets, EUR 69,383 million of non-basic instruments have thus been transferred under Financial assets measured mandatorily at fair value through profit or loss; they mainly consist in underlying financial assets of unit-

linked contracts previously measured at fair value using the fair value option under IAS 39 to eliminate accounting mismatches with the related insurance liabilities.

Hedging derivatives were reclassified into the corresponding heading for EUR 353 million.

Real estate investments were reclassified as Tangible and intangible fixed assets for EUR 538 million.

Financial liabilities of insurance companies were reclassified as Financial liabilities at fair value through profit and loss for an amount of EUR 4,140 million. These include investments contracts (outside the scope of IFRS 17) and trading derivatives in the scope of IFRS 9.

DESCRIPTION OF THE BOOK VALUE ADJUSTMENTS MADE FOR THE FINANCIAL INSTRUMENTS AND OTHER INVESTMENTS ASSETS AS AT 1 JANUARY 2022 (COLUMNS E AND J)

The Balance sheet value of the Investments of insurance companies whose valuation method was modified, was adjusted in equity as at 1 January 2022 for a total amount of EUR 509 million before tax effects. This amount includes:

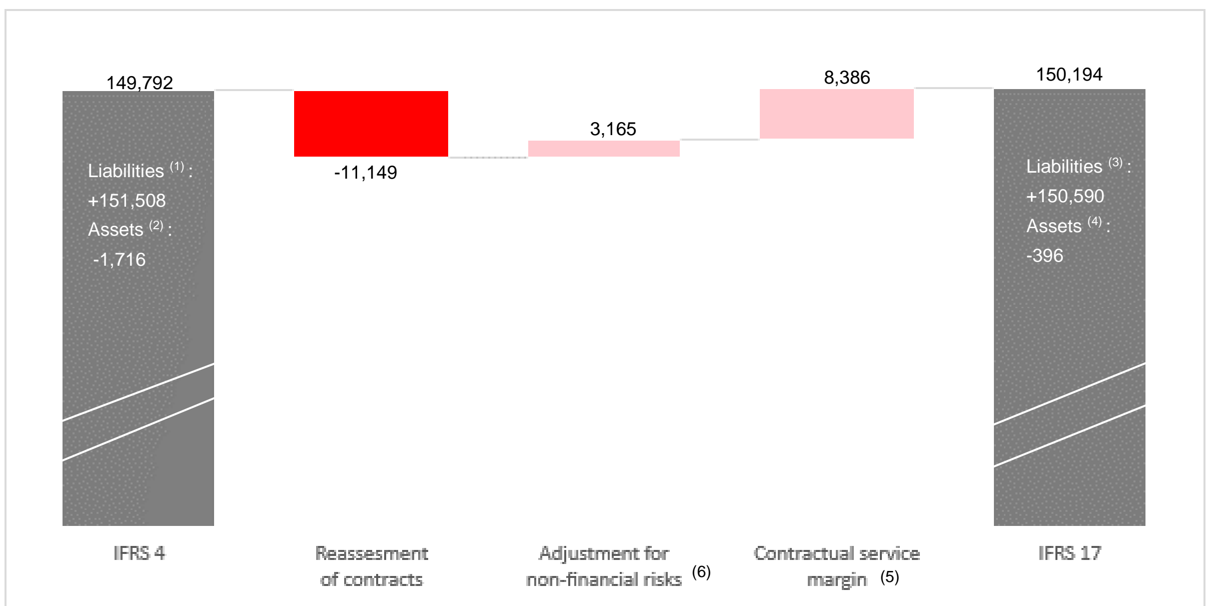
- the revaluation at fair value of investment properties for an amount of EUR 356 million in application of IAS 40 “Investment property”, in order to avoid an accounting mismatch between the measurement method applied to the properties and the insurance contracts they are backing;
- the adjustment of the book value of financial assets for a net amount of EUR 153 million as a result of their new measurement method in application of IFRS 9. This amount includes the recognition of additional expected credit losses for EUR 1 million for the Securities at amortised cost.

Gains and losses recognised directly in equity for Financial assets at fair value through other comprehensive income relating to credit risk were reclassified at 1 January 2022 to retained earnings for an amount of EUR 19 million. This refers to the expected credit loss related to the impairment of loans in Stage 1 or Stage 2.

DESCRIPTION OF THE DERECOGNITION OF IFRS 4 INSURANCE CONTRACTS AND THE RECOGNITION OF INSURANCE CONTRACTS UNDER IFRS 17 AS AT 1 JANUARY 2022 (COLUMNS F, G, K AND L)

The adjustment of the book value of the insurance contracts assets and liabilities, resulting from the replacement of IFRS 4 (prudent valuation) by IFRS 17 (economic valuation), was recorded as at 1 January 2022 in equity for a negative amount of EUR 402 million before tax effects.

This amount is broken down as follows:



(1) This amount is composed of Underwriting reserves for EUR 151,148 million and of Other Liabilities for EUR 360 million.

(2) This amount is composed of Other Assets for EUR 1,702 million and of tangible and intangible fixed assets for EUR 14 million.

(3) This amount is composed of Insurance contracts liabilities for EUR 150,562 million and of Other Liabilities for EUR 28 million.

(4) This amount is composed of Insurance contracts assets for EUR 380 million and of Other Assets for EUR 16 million.

(5) The contractual service margin (CSM) represents the unearned profit that the entity will recognise in the income statement as the insurance services are provided in the future.

(6) The non-financial risk adjustment corrects the present value of future cash flows in insurance contracts to reflect uncertainty about the amount and timing of these flows.

MARGINAL TOTAL IMPACT ON THE TOTAL EQUITY AS AT 1 JANUARY 2022

As at the transition date (1 January 2022), the retrospective application of IFRS 17 and IFRS 9 by the Group's insurance subsidiaries resulted in a EUR 46 million increase in the Total consolidated equity.

This impact is broken down as follows: a decrease of EUR 402 million related to the transition from IFRS 4 to IFRS 17, an increase of EUR 509 million related to the transition to IFRS 9 and the revaluation of investment properties according to IAS 40, and a decrease of EUR 61 million related to the adjustment of deferred tax assets and liabilities.

POSITIVE TOTAL IMPACT ON THE TOTAL EQUITY AS AT 1 JANUARY 2023

The retrospective application of IFRS 9 and IFRS 17 by the Group's insurance subsidiaries resulted in an adjustment of the comparative data for the financial year 2022 for an amount of EUR -191 million on the consolidated net income and an amount of EUR 689 million on the unrealised or deferred gains and losses recognised directly in equity.

As at the date of initial application (1 January 2023), the cumulative impact on the Total equity amounted to EUR 544 million.

The table below shows the Group's consolidated income statement for 2022 as published in the last annual financial report and then the restated income statement (2022 R) following the application of IFRS 17 and IFRS 9 by the Group's insurance subsidiaries.

In the Notes to the financial statements, the restated data are identified with “R”.

(In EUR m)	2022 R	2022
Interest and similar income [(1) (2)]	30,738	28,838
Interest and similar expense [(1) (2)]	(17,897)	(17,552)
Fee income	9,400	9,335
Fee expense	(4,183)	(4,161)
Net gains and losses on financial transactions [(1) (2)]	866	6,691
o/w net gains and losses on financial instruments at fair value through profit or loss [(1) (2)]	*1,044*	*6,715*
o/w net gains and losses on financial instruments at fair value through other comprehensive income	*(152)*	*(10)*
o/w net gains and losses from the derecognition of financial instruments at amortised cost	*(26)*	*(14)*
Net income from insurance activities		2,211
Income from insurance contracts issued	3,104	
Insurance service expenses [(3)]	(1,606)	
Income and expenses from reinsurance contracts held	(19)	
Net finance income or expenses from insurance contracts issued [(2)]	4,030	
Net finance income or expenses from reinsurance contracts held [(2)]	45	
Cost of credit risk from financial assets related to insurance activities	1	
Income from other activities [(1) (2)]	13,301	13,221
Expenses from other activities	(10,625)	(10,524)
Net banking income	**27,155**	**28,059**
Other general operating expenses [(3)]	(16,425)	(17,061)
Amortisation, depreciation and impairment of tangible and intangible fixed assets	(1,569)	(1,569)
Gross operating income	**9,161**	**9,429**
Cost of credit risk	(1,647)	(1,647)
Operating income	**7,514**	**7,782**
Net income from investments accounted for using the equity method	15	15
Net income / expense from other assets	(3,290)	(3,290)
Value adjustments on goodwill	-	-
Earnings before tax	**4,239**	**4,507**
Income tax	(1,483)	(1,560)
Consolidated net income	**2,756**	**2,947**
Non-controlling interests	931	929
Net income, Group share	**1,825**	**2,018**

(1) The variations between the 2022 financial year published and the 2022 financial year restated are linked to the new presentation and measurement of insurance companies’ investments, now including in the same headings used by the rest of the Group, previously recorded as Net income from insurance activities.

(2) The financial performance of insurance companies must be analysed by taking into account on one hand the income and expenses from the investments backing in the insurance contracts and on the other hand the net finance income or expenses from insurance contracts measured according to IFRS 17. Both components of expenses and income mentioned above partly offset each other (see Note 4.3, table Detail of liabilities).

(3) The change in Other general operating expenses between the 2022 financial year published and the 2022 financial year restated is related to the allocation within Insurance service expenses of general operating expenses attributable to the fulfilment of insurance contracts.

The table below presents the statement of net income and unrealised or deferred gains and losses published in 2022 and the one restated (2022 R) following the application of IFRS 17 and IFRS 9 by the Group's insurance subsidiaries.

(In EUR m)	**2022 R**	**2022**
Consolidated net income	**2,756**	**2,947**
Unrealised or deferred gains and losses that will be reclassified subsequently into income	**578**	**(111)**
Translation differences	1,820	1,820
Revaluation of debt instruments at fair value through other comprehensive income [1] [2]	(10,849)	(731)
Revaluation of available-for-sale financial assets [3]		(1,223)
Revaluation of insurance and reinsurance contracts through other comprehensive income [2]	10,050	
Revaluation of hedging derivatives	(610)	(380)
Related tax	167	403
Unrealised or deferred gains and losses that will not be reclassified subsequently into income	**539**	**539**
Total unrealised or deferred gains and losses	**1,117**	**428**
Net income and unrealised or deferred gains and losses	**3,873**	**3,375**
o/w Group share	3,080	2,592
o/w non-controlling interests	793	783

(1) The variations between the 2022 financial year published and the 2022 financial year restated are linked to the new presentation and measurement of insurance companies' investments, under the same headings used by the rest of the Group.

(2) The financial performance of insurance companies must be analysed by taking into account on one hand the gains and losses of the investments backing the insurance contracts and on the other hand the net finance gains and losses from insurance contracts measured according to IFRS 17. Both components of losses and gains mentioned above partly offset each other.

(3) This amount of EUR -1,223 million included, pursuant to the application of IAS 39 and IFRS 4, the re-measurement of the Available-for-sale assets for EUR -11,297 million, and the related Deferred profit-sharing for EUR 10,074 million.

5. USE OF ESTIMATES AND JUDGEMENT

To prepare the Group's consolidated financial statements, in application of the accounting principles described in the Notes, the Management makes assumptions and estimates that may impact the amounts recognised in the income statement or as Unrealised or deferred capital gains and losses, on the valuation of assets and liabilities on the balance sheet, and on the information disclosed in the related notes to the consolidated financial statements.

In order to make these assumptions and estimates, the Management uses the information available when the consolidated financial statements are prepared and may exercise its judgment. Valuations based on estimates intrinsically involve risks and uncertainties relating to their occurrence in the future. Consequently, the actual future results may differ from these estimates and then have a significant impact on the financial statements.

The assumptions and estimates made for the preparation of these consolidated financial statements take account of the uncertainties related to the economic consequences of geopolitics crisis and to the current

macroeconomic context. The effects of these events on the assumptions and estimates used are specified in paragraph 6 of this Note.

Estimates and judgment are applied in particular with regard to the following items:

- the fair value on the balance sheet of the financial instruments not listed on an active market that are recognised as Financial assets and liabilities at fair value through profit or loss, Hedging derivatives, Financial assets at fair value through other comprehensive income (described in Notes 3.1, 3.2, 3.3 and 3.4), as well as the fair value of the instruments measured at amortised cost for which this information is disclosed in the Notes to the financial statements (see Note 3.9);
- the impairment and provisions for credit risk related to financial assets measured at amortised cost or at fair value through other comprehensive income and loan commitments and guarantee commitments granted measured using models or internal assumptions based on historical, current and prospective data (see Note 3.8). The use of estimates and judgment relates in particular to the assessment of the deterioration in credit risk observed since the initial recognition of financial assets and the measurement of the amount of expected credit losses on these same financial assets;
- the assumptions and amortisation conventions used to determine the maturities of financial assets and liabilities for the purpose of measuring and monitoring structural interest rate risk and documenting the related macro fair value hedge accounting (see Note 3.2);
- the impairment of Goodwill (see Note 2.2);
- the provisions recorded under liabilities on the balance sheet (see Notes 5.2 and 8.2);
- the estimates related to the valuation of insurance contracts assets and liabilities and of the implementation of the transition methods in the context of the initial application of IFRS 17 (see Note 4.3);
- the tax assets and liabilities recognised on balance sheet (see Note 6);
- an analysis of the characteristics of the contractual cash flows of financial assets in order to determine the appropriate accounting classification (see Note 3);
- the assessment of the degree of control for the determination of the scope of consolidated entities, especially with regard to structured entities (see Note 2.3);
- the determination of the lease period to be applied for recognising the right-of-use assets and lease liabilities (see Note 8.3).

CLIMATE RISK

The Group continues its work to gradually integrate climate risks in the preparation of its consolidated accounts. Climate change-related risks are not a new risk category but rather an aggravating factor for categories already covered by the Group's risk management system. In this regard, the impact of transitional risk on the credit risk of the corporate customers of Societe Generale remains one of the major climate risks for the Group.

As at 31 December 2023, the determination of the expected credit losses includes the possible impact of climate risks considered when assessing individual risks and sectoral risks, provided it is compatible with the provisioning horizon. The impact of the Group's commitments in favour of the energy and environmental transition and the development of the territories are still taken into account in the estimated budgets to determine the recoverable amount of the cash-generating units (CGU) and the recoverability of the deferred tax assets.

Furthermore, the Group is currently analysing the provisions in the European Sustainability Reporting Standards (ESRS) adopted by the European Commission on 31 July 2023, notably those related to the connections between the future sustainability reports and the consolidated financial statements.

6. GEOPOLITICAL CRISES AND MACROECONOMIC CONTEXT

2023 was a year of cumulative uncertainties with, in particular, the continuing conflict in Ukraine but also tensions in the banking sector in the United States of America and Europe at the beginning of the year, as

well as the situation in the Middle-East at the end of the year. Monetary policies were clearly restrictive. Focusing on inflation control, central banks increased interest rates rapidly and significantly.

In the euro area:

- the slowdown in economic activity observed during the first half of 2023 continued and was accentuated during the second half of the year;
- inflation remained high in 2023; it is expected to drop down to around 3% in 2024 and fall back to the target in the mid-term.

In the U.S.A., the economy performed better than expected by most forecasters. Warning signs point to a sharper slowdown already apparent towards the end of the year.

In this context, the Group updated the macroeconomic scenarios chosen for the preparation of the consolidated financial statements.

These macroeconomic scenarios are taken into account in the credit loss measurement models including forward-looking data (see Note 3.8) and are also used in some goodwill impairment tests (see Note 2.2) and tests of the recoverability of deferred tax assets (see Note 6).

6.1 Macroeconomic scenarios

As at 31 December 2023, the Group has selected three macroeconomic scenarios to help understand the uncertainties related to the current macroeconomic context.

The assumptions selected to build these scenarios are described below:

- The central scenario (“SG Central”) predicts a continuing economic slowdown in the euro area in 2024 with only a modest rebound in 2025. The fall in inflation, around 2.5%, will be accompanied by an increase in the unemployment rate. The ECB would lower its interest rates starting in Spring 2024, but would continue scaling down its balance sheet at least until 2025 (reducing its direct purchases on the market). It is expected that in the U.S.A, too, economic growth shall decelerate in 2024, interest rates should decrease and inflation shall remain on a downward trend while the unemployment rate increases;
- the favourable scenario (“SG Favourable”) describes an accelerated economic growth compared to the trajectory projected in the central scenario; this growth may result from improved supply conditions owing to a positive shock on productivity or from unexpectedly improved demand conditions. In both cases, stronger growth will have a positive impact on employment and the profitability of companies;
- the stressed scenario (“SG Stress”) corresponds to a crisis situation leading to a negative deviation in GDP compared to the central scenario. This scenario may result from a financial crisis (2008 crisis, euro area crisis…), an exogenous crisis (Covid-19-like pandemic) or a combination of both.

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

Forecasts of institutions (IMF, Global Bank, ECB, OECD…) and the consensus among market economists serve as a reference to challenge the Group’s forecasts.

6.2 Financial instruments: expected credit losses

The scenarios provided by the Group economists are incorporated into the expected credit loss provisioning models over a 3-year horizon, followed by a two-year period to gradually return by the fifth year to the average probability of default observed during the calibration period. The assumptions made by the Group with a view to developing these macroeconomic scenarios have been updated during the fourth quarter 2023 to account for uncertainties about the macroeconomic context.

VARIABLES

The GDP growth rate, the profit margin of companies in France, the unemployment rates, the inflation rate in France and the yield on France 10-year government bonds are the main variables used in the expected credit losses measurement models.

The variables with the stronger impact on the determination of expected credit losses (GDP growth percentage for the major countries in which the Group operates and corporate profit margin in France) for each scenario are detailed hereinafter:

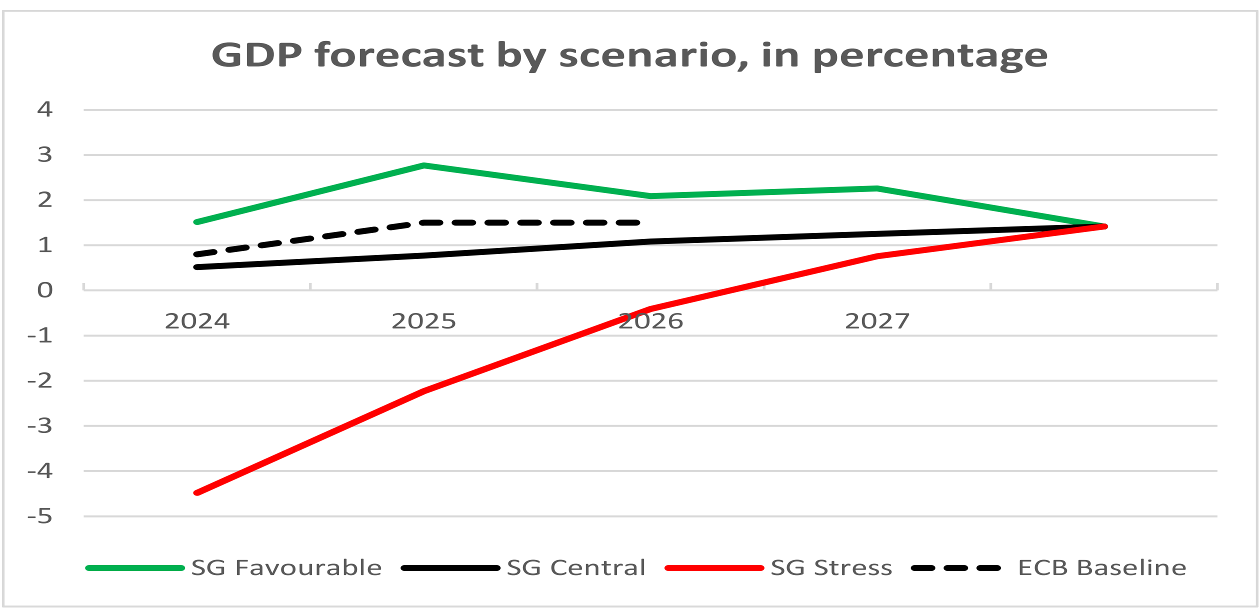
"SG Favourable" scenario	**2024**	**2025**	**2026**	**2027**	**2028**
France GDP	1.5	2.7	2.1	2.3	1.5
Corporate profit margin in France	33.0	32.7	32.9	32.9	32.4
Euro area GDP	1.5	2.8	2.1	2.3	1.4
United States GDP	1.9	3.5	2.8	3.0	2.2
China GDP	5.4	6.0	4.8	4.8	3.8
Czech Republic GDP	3.0	4.0	3.1	3.3	2.3
Romania GDP	3.8	4.8	3.8	4.2	3.2

"SG Central" scenario	**2024**	**2025**	**2026**	**2027**	**2028**
France GDP	0.5	0.7	1.1	1.3	1.5
Corporate profit margin in France	32.4	32.4	32.4	32.3	32.4
Euro area GDP	0.5	0.8	1.1	1.3	1.4
United States GDP	0.9	1.5	1.8	2.0	2.2
China GDP	4.4	4.0	3.8	3.8	3.8
Czech Republic GDP	2.0	2.0	2.1	2.3	2.3
Romania GDP	2.8	2.8	2.8	3.2	3.2

"SG Stress" scenario	**2024**	**2025**	**2026**	**2027**	**2028**
France GDP	(4.5)	(2.3)	(0.4)	0.8	1.5
Corporate profit margin in France	30.2	30.2	30.2	30.1	32.4
Euro area GDP	(4.5)	(2.2)	(0.4)	0.8	1.4
United States GDP	(4.1)	(1.5)	0.3	1.5	2.2
China GDP	(0.6)	1.0	2.3	3.3	3.8
Czech Republic GDP	(3.0)	(1.0)	0.6	1.8	2.3
Romania GDP	(2.2)	(0.2)	1.3	2.7	3.2

These simulations assume that the historical relationships between the key economic variables and the risk parameters remain unchanged. In reality, these correlations may be impacted by geopolitical or climatic events, or changes in behaviour, legal environment or credit granting policy.

The graph below compares the GDP forecasts in the euro area used by the Group for each scenario with the scenarios published by the ECB in December 2023.



WEIGHTING OF THE MACROECONOMIC SCENARIOS

The probabilities used are based on the differences observed over the past 25 years between the forecasts made by a consensus of economists regarding the US GDP and the actual scenario that occurred (forecast similar to the actual scenario, significantly optimistic or pessimistic).

In order to better account for a possible reversal in the cycle, the Group applies to its scenarios a weighting methodology (mainly based on the observed output gaps for the USA and the euro area) and assigns a higher weight to the SG Central scenario when the economy is depressed. Conversely, the methodology provides for a higher weight to be assigned to the SG Stress scenario when the economy moves towards the peak of the cycle. Accordingly, the weighting applied to the SG Central scenario is set at 62% as at 31 December 2023.

Presentation of the changes in weights:

	31.12.2023	**30.06.2023**	**31.12.2022**
SG Central	62%	62%	60%
SG Stress	28%	28%	30%
SG Favourable	10%	10%	10%

CALCULATION OF EXPECTED CREDIT LOSSES AND SENSITIVITY ANALYSIS

Credit risk costs as at 31 December 2023, insurance subsidiaries excluded, amount to a net expense of EUR 1,025 million, decreasing by EUR 622 million (38%) compared to 31 December 2022 (EUR 1,647 million).

Sensitivity tests have been performed to measure the impact of the changes in weights on the models. The sectoral adjustments (see Note 3.8) have been taken into account in these sensitivity tests. The scope of these tests includes the Stage 1 and Stage 2 outstanding loans subject to a statistical modelling of the impacts of the macroeconomic variables (which accounts for 88% of the expected credit losses on the outstanding loans concerned compared to 72% as at 31 December 2022).

The results of these tests, taking into account of the effect on the classification of 67% of the total outstanding loans concerned, show that, in the event of a 100% weighting:

- of the SG Stress scenario, the impact would be an additional allocation of EUR 570 million;
- of the SG Favourable scenario, the impact would be a reversal of EUR 378 million;
- of the SG Central scenario, the impact would be a reversal of EUR 248 million.

COVID-19 CRISIS: STATE GUARANTEED LOANS (*PGE*)

Until 30 June 2022, the Group offered to its crisis-impacted customers (professionals and corporate customers) the allocation of State Guaranteed Loan facilities (PGE). Within the framework of the 2020 French Amending Finance Act and the conditions set by the French decree of 23 March 2020, these are financings granted at cost price and guaranteed by the government for a share of the borrowed amount between 70 to 90% depending on the size of the borrowing enterprise (with a waiting period of two months after disbursement at the end of which the guarantee period begins).

With a maximum amount corresponding, in the general case, to three months of turnover before tax, these loans came with a one-year repayment exemption. At the end of that year, the customer could either repay the loan or amortise it over one to five more years, with the possibility of extending the grace period for the repayment of principal for one year (in line with the announcements made by the French *Ministre de l'Economie, des Finances et de la Relance* on 14 January 2021) without extending the total duration of the loan. The remuneration conditions of the guarantee have been set by the State and applied by all French banking institutions: the Bank keeps only a share of the guarantee premium paid by the borrower (the amount of which depends on the size of the Company and the maturity of the loan) remunerating the risk it bears, which corresponds to the part of the loan not guaranteed by the State (i.e., between 10% and 30% of the loan depending on the size of the borrowing company). A French decree published on 19 January 2022, amending the decree published on 23 March 2020, allows some companies to benefit, under certain conditions, from an extension of their PGE repayment deadlines from 6 to 10 years.

The contractual characteristics of the PGE are those of basic loans (SPPI criterion) and these loans are held by the Group within the framework of a business model whose objective is to collect their contractual cash flows until their maturity; as a result, these loans have been recorded in the consolidated balance sheet under Customer loans at amortised cost.

As at 31 December 2023, after the first repayments made in 2022 and in 2023 at the end of the moratorium period, the amount outstanding corresponding to the State Guaranteed Loans (*PGE*) granted by the Group is approximately EUR 10.6 billion (of which EUR 2.3 billion classified as Stage 2 and EUR 1 billion as Stage 3). The portion of PGE granted by the French Retail networks amounts, as at 31 December 2023, to EUR 7.8 billion (of which EUR 1.6 billion classified as Stage 2 and EUR 0.9 billion as Stage 3); the State guarantee for these loans covers, on average, 90% of their amount.

The expected credit losses recognised as at 31 December 2023 for PGE (French State Guaranteed Loans) amount to some EUR 240 million of which EUR 171 million booked by the French retail networks (including EUR 28 million in Stage 2 and EUR 124 million in Stage 3).

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CONSEQUENCES OF THE WAR IN UKRAINE

The table below shows the changes in balance sheet and off-balance sheet exposures (measured at amortised cost or at fair value through OCI) booked by the Group's entities in Russia, on one side, and by the Group's entities outside Russia for Russian counterparties or subsidiaries of Russian groups, on the other side.

	31.12.2023		30.06.2023		31.12.2022	
(In EUR billion)	**Exposure at default**	**Gross outstanding / commitments**	**Exposure at default**	**Gross outstanding / commitments**	**Exposure at default**	**Gross outstanding / commitments**
Onshore exposures on consolidated subsidiaries	0	0	0	0	0.3	0.3
Offshore exposures [(1)]	0.9	1	1.6	1.7	1.8	2
Rosbank residual exposures	0.1	0.1	0.1	0.1	0.1	0.1
Total	**1**	**1.1**	**1.7**	**1.8**	**2.2**	**2.4**

(1) Offshore exposures (exc. Private Banking and residual exposures linked to the disposal of Rosbank) correspond to the exposures on Russian counterparties or subsidiaries of Russian groups booked outside Russia.

Exposures in Russia and Ukraine

On 11 April 2022, ALD had announced that it would not engage in any new commercial transactions in Russia, Kazakhstan and Belarus without challenging the going concern status over the next twelve months of ALD AUTOMOTIVE OOO in Russia and ALD AUTOMOTIVE LLC in Belarus; the two entities continuing to serve their clients and manage the existing vehicle fleet without encountering any specific difficulties in relation to business activities.

On 27 April 2023, ALD announced the completion of the sale of its ALD AUTOMOTIVE OOO subsidiary in Russia.

ALD AUTOMOTIVE LLC in Belarus was sold on 30 October 2023.

As at 31 December 2023, the Group operates in Russia through its LeasePlan subsidiary with very low residual exposures.

The Group also operates in Ukraine through its ALD AUTOMOTIVE UKRAINE LIMITED LIABILITY COMPANY subsidiary the total balance sheet of which amounts to EUR 82 million as at 31 December 2023.

Offshore exposures

The Group also holds assets on Russian counterparties the volume of which dropped significantly between 31 December 2022 and 31 December 2023 (owing in particular to the disposal of assets but also to customer reimbursements completed without incident). These outstanding loans including the residual exposures on Rosbank (EUR 1.1 billion against EUR 2.1 billion in 2022) have been classified as "sensitive" from the very beginning of the conflict (see Note 3.8) and declassified to Stage 2 of impairment for credit risk or to Stage 3 when necessary.

The consequences of these classifications, as well as the account taken of the new macroeconomic scenarios to determine expected credit losses as at 31 December 2023 are described in Note 3.8.

Furthermore, to take account of these specific risk exposures the Group supplemented the expected credit losses through a post-model adjustment, as described in Note 3.8.

7. HYPERINFLATION IN TURKEY AND GHANA

Publications from the Center for Audit Quality's International Practices Task Force, the usual reference for identifying countries in hyperinflation, show that Turkey and Ghana have been considered hyperinflationary economies since 2022 and 2023 respectively.

Accordingly, the Group applies the provisions of IAS 29 ("Financial Reporting in Hyperinflationary Economies") to prepare the individual financial statements presented in Turkish liras of the ALD Group entities located in Turkey (including the Turkish subsidiary LEASEPLAN OTOMOTIV SERVIS VE TICARET A.S acquired in the first half of 2023) and the individual financial statements in cedis of the entity SOCIETE GENERALE GHANA PLC located in Ghana (before their conversion into euro in the frame of the consolidation process) since 1st January 2022 and 1st January 2023 respectively.

The accounts of the SG ISTANBUL branch have, however, not been restated, their impact being non-material.

Under IAS 29, the accounting value of some balance sheet items measured at cost is adjusted, on the closing date, for the inflation effects observed over the period. In the financial statements of the entities concerned, these adjustments are mainly applied to the tangible assets (including in particular the rented car fleet, buildings), as well as to the different components of equity.

On the date of first application of this hyperinflation treatment, the consideration for these adjustments is recognised in the Group retains earnings and Non-Controlling Investments; on that date, the translation differences on the entities concerned are reclassified to the same balance sheets items. At subsequent closing dates, inflation adjustments for the assets concerned and equity items, as well as for income and expenses for the period, are recognised as income or expenses on foreign exchange transactions under Net gains and losses on financial transactions.

Thus restated, the financial statements are converted to euro based on the exchange rate applicable on the closing date.
On 1 January 2023, in the context of the first implementation of the accounting requirements of IAS 29 for the SOCIETE GENERALE GHANA PLC entity, the total consolidated shareholders' equity was increased by EUR 21 million, including a reduction in the consolidated reserves of EUR -121.5 million before tax for the different adjustments and the reclassification of the translation differences recorded at that date.

On 31 December 2023, a gain of EUR 122.1 million was recognised in the Net gains and losses on financial transactions from financial adjustments for the period. After taking into account the adjustments of the other income and expense lines of the period, the impact of the restatements for hyperinflation of the consolidated accounting result before tax is EUR 76.9 million.

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NOTE 2 – CONSOLIDATION

MAKING IT SIMPLE

The various activities of the Societe Generale group in France and abroad are carried out by Societe Generale – Parent company (which includes the Societe Generale foreign branches) and by all of the entities that it controls either directly or indirectly (subsidiaries and joint arrangements) or on which it exercises significant influence (associates). All of these entities make up the scope of the Group consolidation.

Consolidation uses a standardised accounting process to give an aggregated presentation of the accounts of Societe Generale – Parent company and its subsidiaries, joint arrangements and associates, presented as if they were a single entity.

To do so, the individual accounts of the entities that make up the Group are restated so that they are in accordance with IFRS, as adopted by the European Union, in order to present consistent information in the consolidated financial statements.

In addition, the accounting balances (assets, liabilities, income and expense) generated by transactions between Group entities are eliminated through the consolidation process so that the consolidated financial statements present only the transactions and results made with third parties outside of the Group.

ACCOUNTING PRINCIPLES

The consolidated accounts bring together the accounts of Societe Generale, its foreign branches and the French and foreign entities over which the Group exercises control, joint control or significant influence.

CONSOLIDATED ENTITIES

- **Subsidiaries**

Subsidiaries are the entities over which the Group has exclusive control. The Group controls an entity if and only if the three following conditions are met:

- the Group has power over the entity (ability to direct its relevant activities, *i.e.* the activities that significantly affect the entity's returns), through the holding of voting rights or other rights; and
- the Group has exposure or rights to variable returns from its involvement with the entity; and
- the Group has the ability to use its power over the entity to affect the amount of the Group's returns.

Power

When determining voting rights for the purpose of establishing the Group's degree of control over an entity and the appropriate consolidation method, potential voting rights are taken into account where they can be freely exercised at the time the assessment is made or at the latest when decisions about the direction of the relevant activities need to be made. Potential voting rights are instruments such as call options on ordinary shares outstanding on the market or rights to convert bonds into new ordinary shares.

Some rights are designed to protect the interests of their holder (protective rights) without giving that party power over the investee to which those rights relate.

If there are several investors, each with substantive rights that give them the unilateral ability to direct different relevant activities, the investor with that has the current ability to direct the activities that most significantly affect the variable returns of the investee is presumed to have power over the investee.

Exposure to variable returns

Control exists only if the Group is significantly exposed to the variability of variable returns generated by its investment or its involvement in the entity. These returns, which could be dividends, interest, fees, etc., can be only positive, only negative or both positive and negative.

Link between power and variable returns

To assess the link between power and variable returns, if the Group has been delegated decision-making rights that it exercises on behalf and for the benefit of third parties (the principals), it is presumed to act as an agent for these principals, and therefore it does not control the entity when it exercises its decision-making power. In asset management activities, an analysis shall be performed in order to determine whether the asset manager is acting as agent or principal when managing the net assets of a fund; the fund is presumed to be controlled by the asset manager if the latter is considered as a principal.

Special case of structured entities

A structured entity is an entity designed so that voting rights are not the determining factor in identifying who controls the entity. Such is the case, for example, when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

A structured entity often presents certain characteristics such as a limited business activity, a specific and carefully defined purpose, or insufficient capital to fund its activities without the use of subordinated financing. Structured entities may assume different legal forms: stock companies, partnerships, securitisation vehicles, mutual funds, unincorporated entities, etc.

When assessing the existence of control over a structured entity, all facts and circumstances shall be considered among which:

- the purpose and design of the entity;
- the structuring of the entity;
- risks to which the entity is exposed by way of its design and the Group's exposure to some or all of these risks;
- potential returns and benefits for the Group.

Unconsolidated structured entities are those that are not exclusively controlled by the Group.

- **Joint arrangements**

Through a joint arrangement (either a joint operation or a joint venture) the Group exercises joint control over an entity if decisions about the direction of its relevant activities require the unanimous consent of the parties that collectively control the entity. Assessing joint control requires an analysis of the rights and obligations of all the parties. In the case of a joint operation, the parties to the arrangement have rights to the assets and obligations for the liabilities.

In the case of a joint venture, the parties have rights to the net assets of the entity.

- **Associates**

Associates are companies over which the Group exercises significant influence and are accounted for using the equity method in the Group's consolidated financial statements. Significant influence is the power to participate in the financial and operating policies of an entity without exercising control. In particular, significant influence can result from Societe Generale being represented on the Board of Directors or Supervisory Board, from its involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Societe Generale. The Group is assumed to exercise significant influence over the financial and operating policies of an entity when it directly or indirectly holds at least 20% of the voting rights in this entity.

CONSOLIDATION RULES AND METHODS

The consolidated financial statements are built up from the financial statements of the entities that are included in the consolidation scope. Companies with a fiscal year ending more than three months before or after that of Societe Generale prepare pro-forma statements for a twelve-month period ended 31 December. All significant balances, profits and transactions between Group companies are eliminated.

The results of newly acquired subsidiaries are included in the consolidated financial statements from their effective acquisition date while the results of subsidiaries disposed of during the fiscal year are included up to the date where the Group relinquished control.

- **Consolidation methods**

The subsidiaries, including the structured entities over which the Group has exclusive control, are fully consolidated.

In the consolidated balance sheet, full consolidation consists in replacing the value of the subsidiary's equity securities held by the Group with each of the subsidiary's assets and liabilities, in addition to the goodwill recognised when the Group assumed control over the entity (see Note 2.2). In the income statement and the statement of net income and unrealised or deferred gains and losses, the subsidiary's expense and income items are aggregated with those of the Group.

The portion of non-controlling interests in the subsidiary is presented separately in the consolidated balance sheet and income statement. However, in consolidated structured entities that are controlled by the Group, the portions of these entities not owned by the Group are recognised as Debt in the balance sheet.

In the case of a joint operation, the Group distinctly recognises in its consolidated financial statements its share in the assets and liabilities as well as its share in the related revenue and expense.

Associates and joint ventures are accounted for using the equity method in the consolidated financial statements of the Group. Under the equity method, the investment in an associate is recognised, on initial recognition, under Investments accounted for using the equity method at the cost of the Group's investment in the joint venture or associate, including goodwill and after the date of acquisition the carrying amount is increased or decreased to recognise the changes in the investor's share in the net asset value of the investee.

These investments are tested for impairment if there is objective evidence of impairment. If the recoverable amount of the investment (value in use or market value net of selling costs, whichever is higher) is lower than its carrying amount, an impairment loss is recorded on the balance sheet at the carrying amount of the investment. Impairment allowances and reversals are recorded under Net income from investments accounted for using the equity method.

The Group's share in the entity's net income and unrealised or deferred gains and losses is presented on separate lines in the consolidated income statement and the consolidated statement of net income and unrealised or deferred gains and losses. If the Group's share in the losses of an entity consolidated using the equity method becomes greater than or equal to its ownership interest in the company, the Group ceases to recognise its share in subsequent losses unless it is required to do so by legal or implied obligations, in which case it records a provision for said losses. Capital gains and losses generated on the disposal of companies accounted for using the equity method are recorded under Net income/expense from other assets.

- **Translation of foreign entity financial statements**

The balance sheet items of consolidated companies reporting in foreign currencies are translated into euro at the official exchange rates prevailing at the closing date. Income statement items of these companies are translated into euros, at the average month-end exchange rates. Gains and losses arising from the translation of capital, reserves, retained earnings and income are recognised under Unrealised or deferred gains and losses – Translation differences. Gains and losses arising from the translation of the capital contribution of foreign branches of Group banks are also included in changes in consolidated shareholders' equity under the same heading.

In accordance with the option allowed under IFRS 1, the Group allocated all differences arising on translation of foreign entity financial statements at 1 January 2004 to consolidated reserves. As a result, if any of these entities are sold, the proceeds from the sale will only include write-backs of those translation differences arising since 1 January 2004.

- **Changes in Group's ownership interest in a consolidated entity**

In the event of an increase in Group's ownership interest in a subsidiary over which it already exercises control, the differences between the price paid for the additional stake and the assessed fair value of the proportion of net assets acquired at this date is recorded under Retained earnings, Group share.

Also, in the event of a reduction in the Group's ownership interest in a subsidiary over which it keeps control, the difference between the selling price and the carrying amount of the share of interests sold is recorded under Retained earnings, Group share.

The costs related to these transactions are recognised directly in equity.

When the Group losses control of a consolidated subsidiary, any investment retained in the former subsidiary is remeasured at fair value through profit or loss, at the same time the capital gain or loss is recorded under Net income/expense from assets in the consolidated income statement. The gains or losses on disposals include a share of goodwill previously allocated to the cash-generating units to which the subsidiary belongs. This share's determination is based on a normative capital allocated to the subsidiary that is sold and to the portion of cash-generating unit that is retained.

COMMITMENTS TO BUY OUT MINORITY SHAREHOLDERS IN FULLY CONSOLIDATED SUBSIDIARIES

In some fully consolidated Group subsidiaries, the Group has awarded minority shareholders commitments to buy out their stakes. For the Group, these buyout commitments are put option sales (put options without transfer of the risks and advantages associated with the ownership interest before the option's exercise). The exercise price for these options can be established using a formula agreed upon at the time of the acquisition of the shares in the subsidiary that takes into account its future performance. It can also be set as the fair value of these shares at the exercise date of the options.

The commitments are recorded as follows:

- in accordance with IAS 32, the Group records a financial liability for the put options granted to minority shareholders of the subsidiaries over which it exercises control. This liability is initially recognised at the present value of the estimated exercise price of the put options under Other liabilities;
- the obligation to recognise a liability even though the put options have not been exercised means that, in order to be consistent, the Group must use the same accounting treatment as the one applied to transactions in Non-controlling interests. As a result, the counterpart of this liability is a write-down in value of non-controlling interests underlying the options, with any balance deducted from Retained earnings, Group share;
- subsequent variations in this liability (linked to changes in the estimated exercise price of the options and the carrying value of Non-controlling interests) are recorded in full in Retained earnings, Group share;
- if the buy-out takes place, the liability is settled by the cash payment linked to the acquisition of non-controlling interests in the subsidiary. However if, when the commitment reaches its term, the buy-out has not occurred, the liability is written off against Non-controlling interests and Retained earnings, Group share for their respective portions;
- as long as the options have not been exercised, the results linked to Non-controlling interests with a put option are recorded under Non-controlling interests on the Group's consolidated income statement.

NOTE 2.1 - CONSOLIDATION SCOPE

The consolidation scope includes subsidiaries and structured entities under the Group's exclusive control, joint arrangements (joint ventures and joint operations) and associates whose financial statements are significant relative to the Group's consolidated financial statements, notably regarding Group consolidated total assets and gross operating income.

The main changes to the consolidation scope as at 31 December 2023, compared with the scope applicable at the closing date of 31 December 2022, are as follow:

SALE OF SOCIETE GENERALE CONGO

The Group sold the totality of its holding in SG Congo, its Congolese subsidiary. This sale led to a reduction of EUR 0.3 billion in the total Group's balance sheet.

LEASEPLAN ACQUISTION BY ALD

On 22 May 2023, following the approval of ALD's Board of Directors and relevant regulatory authorities' approvals, ALD acquired 100% of LeasePlan for a consideration of EUR 4,897 million. This amount is subject to a contingent additional consideration of an amount up to EUR 235 million in cash, according to the achievements of objectives related to LeasePlan's regulatory ratios particularly.

The consideration includes:

- A cash component: EUR 1,828 million mainly financed via a capital increase of EUR 1,212 million in 2022. Societe Generale held 79.82% of ALD's capital prior to this increase. In accordance with its commitment to remain ALD's majority shareholder in the long term, Societe Generale subscribed to new shares for an amount of EUR 803 million representing 66.26% of the capital increase and held, at the end of 2022, 75.94% of ALD;
- A share component: 251,215,332 new ALD shares have been issued, representing 30.75% of ALD capital after the completion of the acquisition, and before the exercise of the attached warrants. The value of this share component amounts to EUR 2,871 million, based on the fair value of ALD's shares of EUR 11.43 at the completion date;
- A warrant component: ALD has issued 26,310,039 warrants attached to ALD's share for the benefit of LeasePlan's selling shareholders, so that their total shareholding could reach 32.91% in case of full exercise of warrants. Their main characteristics are as follows: exercise price of EUR 2.00 per share; parity of 1 warrant for 1 share; and exercisable 1 to 3 years after their issuance, if the ALD share price reaches EUR 14.07 per share in the exercise period. The fair value of these warrants' amounted, as at 22 May 2023, EUR 128 million. This value was determined based on a Black & Scholes mathematical valuation model, taking as main assumptions the exercise possible at any time between 1 and 3 years; a euro area risk-free interest rate and an assumed historical volatility of the observed ALD share of around 30%. In the Group's financial statements, the warrants attached to shares are recorded in Retained earnings;
- A contingent consideration: estimated by the Group at its fair value of EUR 70 million, as at 31 December 2023. The earn-out mechanism will last until 31 December 2024, subject to an additional 6-month period in certain limited circumstances, with potential payments every quarter. In the Group's financial statements, the contingent consideration is recorded as Other liabilities.

After the completion of the LeasePlan acquisition, Societe Generale remains the majority shareholder of the new combined entity, named Ayvens since October 16, 2023, with a stake of 52.59% (the Group voting interest is 68.97% as at 31 December 2023 due to double voting rights). This stake may be reduced to 50.95% in the event of the exercise of the shares with warrants attached that have been granted to LeasePlan shareholders to allow them to increase their stake up to 32.91% of Ayvens' social capital. As of 31 December 2023, the former LeasePlan shareholders consortium led by TDR Capital holds 30.75% of the combined entity, while the free float represents 16.6%.

Following the completion of the whole transaction, the Ayvens group will remain fully consolidated by the Group.

Details of the purchase price are set out in the table below:

(In EUR m)	
Purchase price paid in ALD shares [(1)]	2,871
Fair value of warrants attached to shares	128
Acquisition price paid in ALD equity instruments	**2,999**
Acquisition price paid in cash	**1,828**
Total acquisition price	**4,827**
Contingent consideration	70
Total acquisition price including contingent consideration	**4,897**

(1) o/w 26,310,039 shares with warrants attached.

As at 31 December 2023, subject to any purchase price allocation and/or acquisition price adjustment within one year from closing, the Group has recognised a goodwill of EUR 1,396 million (see Note 2.2).

As a result of the allocation of LeasePlan's purchase price, the assessment of the entity's identifiable assets acquired and liabilities assumed at fair value led the Group to revise upwards the value of LeasePlan's net assets by EUR 230 million.

(In EUR m)	**Certified balance sheet at acquisition date**	**Fair value adjustment**	**Allocation as at 31 December 2023**
Cash, due from central banks	3,812	-	3,812
Customer loans at amortised cost	615	-	615
Net non-current assets and liabilities held for sale [(1)]	617	33	650
Tangible and intangible fixed assets	23,891	330	24,221
o/w Assets under operating leases	20,983	429	21,412
Debts securities issued	(9,327)	7	(9,320)
Due to bank	(2,687)	(7)	(2,694)
Customer deposits	(11,334)	33	(11,301)
Net tax assets/liabilities	(505)	(64)	(569)
Net other assets and liabilities	(1,298)	(102)	(1,400)
FAIR VALUE OF ASSETS AND LIABILITIES ACQUIRED (C)	3,784	230	4,014
NON-CONTROLLING INTERESTS [(2)] (B)	513	-	513
TOTAL PURCHASE PRICE (A)	4,897	-	4,897
GOODWILL (A) + (B) - (C)	**1,626**	**(230)**	**1,396**

(1) Amount after elimination of intragroup transactions.

(2) Other equity instruments issued.

As part of the purchase price allocation update, the table above includes mainly the following adjustments to the assets acquired and liabilities assumed disclosed as at 31 December 2023:

Assets and liabilities of LeasePlan	**Description of the valuation approach**
Asset under operating leases – rental fleet	Fair value of the fleet is obtained by adding the sum of the future discounted cash flows of lease and additional services with the discounted terminal value (residual value of the vehicle which is its expected sales price). The implemented valuation relies on DCF model for each contract and considers regional parameters such as specific tax rates and country risk premia.
Intangible assets – customer relationships of Business to Business segment of LeasePlan	Customer relationships intangible asset has been recognised separately from goodwill and it materialises the loyalty of Business to Business fleet customers to LeasePlan. The valuation is based on Multi-period excess earnings method (M.P.E.E.M.).
Intangibles assets – softwares	In the framework of the valuation, the Group has estimated the cost that would be incurred to develop each domains needed to have a fully functional technology multiplied by a completion rate by domain.

The combined entity is well-positioned to deliver profitable growth drawing on a fleet of around 3.4 million vehicles, including worldwide biggest multi-brand electric vehicle fleet, and a direct presence in 44 countries covering all customers categories.

ALD and LeasePlan serve the same three client segments (large corporates, SMEs, individual consumers), but each of them has specific areas of leadership. LeasePlan has a network of large and very large blue-chip international and national corporate clients and has been particularly strong in this segment in which a customer overlap with ALD is limited. ALD has developed a strong network of partnerships with more than 200 partners across a large spectrum of sectors. It allowed the Company to rapidly develop its presence in the SME and individual consumers segments. This complementarity must offer to the combined entity the best footprint across all segments.

ALD benefits a financing structure and strong credit ratings facilitating efficient access to external funding. LeasePlan relies on its deposit collection platforms in Germany and the Netherlands. The combined entity would therefore have an enlarged funding source base.

The consolidated income of the Group includes the income of LeasePlan's activities from 22 May 2023. As at 31 December 2023, the contribution of LeasePlan's activities amounts to EUR 693 million in Net banking income and EUR 24 million in Consolidated net income.

On 22 March 2023, the Group announced that ALD entered into a share agreement to sell its subsidiaries in Ireland, Portugal and Norway, as well as LeasePlan's subsidiaries in Luxembourg, Finland and Czech Republic. These disposals have been initiated to fulfil the commitments made by ALD in the context of the clearance by the European Commission of the acquisition of LeasePlan by ALD, to address concentration risk in the involved countries. As at 31 December 2023, the Group has completed these disposals.

CREATION OF A JOINT VENTURE BY SOCIETE GENERALE ET ALLIANCEBERSTEIN

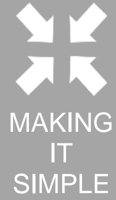
On 6 February 2023, Societe Generale and AllianceBernstein signed a Memorandum of Understanding for the creation of a joint venture combining their cash equities and equity research businesses.

On the date of completion of the transaction, scheduled in the first half of 2024 the joint venture will be organised under two separate legal entities, one focusing on North America and the other on Europe and Asia.

The Group asseses that, in the consolidated statements, the entity responsible for the Europe and Asia activities should be fully consolidated and the entity responsible for the North America activities should be accounted for using the equity method.

Subject to the relevant regulatory approvals, some options might allow Societe Generale to eventually reach 100% ownership in both entities.

NOTE 2.2 - GOODWILL



MAKING IT SIMPLE

When the Group acquires a company, it integrates in its consolidated balance sheet all of the new subsidiary's assets and liabilities at fair value.

But the acquisition price of a company is generally higher than the net revalued amount of its assets and liabilities. The excess value, called goodwill, can represent part of the company's intangible capital (reputation, quality of its personnel, market shares, etc.) which contributes to its overall value, or the value of the future synergies that the Group hopes to develop by integrating the new subsidiary in its existing activities.

In the consolidated balance sheet, the goodwill is recognised as an intangible asset, the useful life of which is presumed to be unlimited; it is not amortised and therefore does not generate any recurring expense in the Group's future results.

However, every year, the Group assesses whether the value of its goodwill has not depreciated. If it has, an irreversible expense is immediately recognised in the Group results, which indicates that the profitability of the intangible capital of the acquired entity is inferior to initial expectations, or that the anticipated synergies have not been fulfilled.

ACCOUNTING PRINCIPLES

The Group uses the acquisition method to recognise its business combinations in accordance with IFRS 3 "Business Combinations".

On the acquisition date, the acquisition cost is calculated as the total fair value of all assets given, liabilities incurred or assumed and equity instruments issued in exchange for the control of the acquired entity. The costs directly linked to business combinations are recognised in profit or loss for the period except those related to the issuance of equity or debt instruments.

Any contingent consideration is included in the acquisition cost at its fair value on the acquisition date, even if its occurrence is only potential. It is recognised under equity or debt in the balance sheet depending on the settlement alternatives. If recognised as debt, any subsequent adjustment is recorded under income for financial liabilities in accordance with IFRS 9 and within the scope of the appropriate standards for other debts. If recognised as equity instruments, these subsequent adjustments are not recorded.

On the acquisition date, as required by IFRS 3, all assets, liabilities, off-balance sheet items and contingent liabilities of this new subsidiary (even if they were not recognised before the combination) are measured individually at their fair value regardless of their purpose. At the same time, non-controlling interests are valued according to their share of the fair value of the identifiable assets and liabilities of the acquired entity. However, for each business combination, the Group may also choose to measure non-controlling interests initially at their fair value, in which case a fraction of goodwill is allocated.

Any excess of the price paid over the assessed fair value of the proportion of net assets acquired is recorded on the asset side of the consolidated balance sheet under Goodwill. Any deficit is immediately recognised in profit or loss.

On the acquisition date, any stake in this entity already held by the Group is remeasured at fair value through profit or loss. In the case of a step acquisition, goodwill is therefore determined by referring to the fair value on the acquisition date.

The analyses and professional appraisals required for this initial valuation must be carried out within 12 months as from the acquisition date, as must any corrections to the value based on new information related to facts and circumstances existing at the acquisition date. Goodwill and non-controlling interests initially recorded are consequently adjusted. On the acquisition date, each item of goodwill is allocated to one or more cash-generating units expected to derive benefits from the acquisition. When the Group reorganises its reporting structure in a way that changes the composition of one or more cash-generating units, goodwill previously allocated to modified units is reallocated to the units affected (new or existing). This reallocation is generally performed using a relative approach based on the normative capital requirements of each cash-generating unit (CGU) affected.

Goodwill is reviewed regularly by the Group and tested for impairment whenever there is any indication that its value may have diminished, and at least once a year. Any impairment of goodwill is calculated based on the recoverable value of the relevant cash-generating unit(s).

If the recoverable amount of the cash-generating unit(s) is less than its (their) carrying amount, an irreversible impairment is recorded in the consolidated income statement for the period under Value adjustment on goodwill.

As at 31 December 2023, goodwill is split into the following 9 CGUs:

Table 2.2.A

Pillars	**Activities**
French Retail, Private Banking and Insurances	
French Retail and Private Banking	Societe Generale's retail banking network, Boursorama online banking activities, wealth Management Solutions
Insurances	Life and non-life insurance activities in France and abroad (including Sogecap, Sogessur, Oradéa Vie and Antarius)
Global Banking and Investor Solutions	
Global Markets and Investor Services	Market solutions for businesses, financial institutions, the public sector, family offices and a full range of securities services, clearing services, execution, prime brokerage and custody
Financing and Advisory	Advisory and financing services for businesses, financial institutions, the public sector and transaction and payment management services
International Retail, Mobility and Leasing Services	
Europe	Retail banking in Europe, notably in Czech Republic (KB) and Romania (BRD)
Africa, Mediterranean Basin and Overseas	Retail banking and consumer finance in Africa, the Mediterranean Basin and Overseas, including in Morocco (SGMA), Algeria (SGA), Tunisia (UIB), Cameroon (SGBC), Côte d'Ivoire (SGBCI) and Senegal (SGBS)
Equipment and Vendor Finance	Financing of sales and professional equipment by Societe Generale Equipment Finance
Auto Leasing Financial Services	Operational vehicle leasing and fleet management services (Ayvens)
Consumer finance	Consumer finance in Europe including Germany (Hanseatic Bank, BDK), Italy (Fiditalia), and France (CGL)

Perimeter of CGUs as of 31/12/2023

As part of the change in the Group's governance in the second half of 2023, the organisation of the perimeter of CGUs has evolved:

- The CGU Insurances is now attached to the RPBI Pillar (Retail and Private Banking and Insurance).
- The former CGU Europe consisted of the retail banking activities in Europe (KB and BRD) and the consumer finance activities in France (CGL), Germany (Hanseatic Bank and BDK) and Italy (Fiditalia). From now on, two separate CGUs are presented:
  - The CGU Consumer Finance brings together consumer credit activities in France, Germany and Italy. This CGU is now part of the Mobility and Leasing Services operating segment.
  - And the residual CGU Europe including KB and BRD. This CGU remains integrated in the International Retail Banking operating segment.

The table below shows by CGU and by operating segment (Note 8.1) the changes over the year 2023 in the values of goodwill:

Table 2.2.B

(In EUR m)	Value as at 31.12.2022	Acquisitions and other increases	Disposals and other decreases	Transfers	Impairment	Value as at 31.12.2023
French Retail and Private Banking	**1,068**	**81**	**-**	**-**	**-**	**1,149**
French Retail and Private Banking	1,068	81	-	-	-	1,149
Insurances	**334**	**14**	**-**	**-**	**-**	**348**
Insurances	334	14	-	-	-	348
International Banking	**1,473**	**-**	**(4)**	**(528)**	**(110)**	**831**
Europe	1,359	-	-	(528)	-	831
Africa, Mediterranean Basin and Overseas	114	-	(4)	-	(110)	-
Mobility and Leasing Services	**849**	**1,415**	**-**	**528**	**(228)**	**2,564**
Equipment and Vendor Finance	228	-	-	-	(228)	-
Auto Leasing Financial Services [(1)]	621	1,398	-	-	-	2,019
Consumer finance	-	17	-	528	-	545
Global Markets and Investor Services	**-**	**-**	**-**	**-**	**-**	**-**
Global Markets and Investor Services	-	-	-	-	-	-
Financing and Advisory	**57**	**-**	**-**	**-**	**-**	**57**
Financing and Advisory	57	-	-	-	-	57
Total	**3,781**	**1,510**	**(4)**	**-**	**(338)**	**4,949**

(1) The increase is almost completely related to the acquisition of LeasePlan (see Note 2.1).

IMPAIRMENT TEST OF CGU

The Group performed an annual impairment test on 31 December 2023 for each CGU to which goodwill had been allocated.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from the Group's other assets or groups of assets. Impairment tests consist into assessing the recoverable value of each CGU and comparing it with its carrying value. An irreversible impairment loss is recorded in the income statement if the carrying value of a CGU, including goodwill, exceeds its recoverable value. This loss is booked under value adjustment on goodwill.

The recoverable amount of a CGU is calculated using the discounted cash flow (DCF) method applied to the entire CGU.

The key principles retained for the implementation of annual tests for the assessment of the recoverable value of CGUs are as follows:

- For each CGU, estimates of future distributable dividends are determined over a five-year period, based on a four-year budget trajectory (2024 – 2027) extrapolated to 2028, the latter year being used as a "normative" year to calculate the terminal value.
- These estimates consider the equity target allocated to each CGU, in increase compared to 31 December 2022 (12% of the risk-weighted assets of each CGU versus 11% for 2022).
- The growth rates used to calculate the terminal value are determined using forecasts on sustainable long-term economic growth and inflation. These rates are estimated using two main sources, namely the International Monetary Fund and the economic analyses produced by SG Cross Asset Research which provide 2027 or 2028 forecasts.
- The projected dividends are then discounted based on a rate equal to the risk-free rate grossed up by a risk premium based on the CGU's underlying activities. This risk premium, specific to each activity, is calculated from a series of equity risk premiums published by SG Cross Asset Research and from its specific estimated volatility (beta). Where appropriate, the risk-free rate is also grossed up by a sovereign risk premium, representing the difference between the risk-free rate available around monetary assignment (mainly US dollar area or Euro area) and the interest rate observed on liquid long-term treasury bonds issued (mainly US dollar area or Euro area), in proportion with risk-weighted assets for CGUs covering several countries.

As of December 31, 2023, the specific discount rates and long-term growth rates to the CGUs of the Group's 3 pillars are as follows:

Table 2.2.C

Assumptions as at 31 December 2023	Discount rate	Long-term growth rate
French Retail and Private Banking	9.6%	2.0%
Insurances	10.2%	2.5%
Global Markets and Investor Services	11.7%	2.0%
Financial Services	10,3%	2.0%
International Banking	11.9% to 13.7%	2.0% to 3.0%
Mobility and Leasing Services	10.5% to 10.6%	2.0%

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

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

Table 2.2.D

Pillars	
French Retail, Private Banking and Insurances	
French Retail and Private Banking	▪ Ongoing efforts to shift operations and relationship banking at Societe Generale towards a digital model ▪ Consolidation of commercial and operational efficiency in Wealth Management and continued development of synergies with retail banking network ▪ Confirmation of Boursorama's customer acquisition plan to reach more than 8 millions clients in 2026
Insurances	▪ Reinforcement of integrated bank insurance model and continued dynamic growth in France and abroad in synergy with the retail banking network, Private Banking and financial services to businesses
Global Banking and Investor Solutions	
Global Markets and Investor Services	▪ Thanks to the restructuring initiated, better balance of the portfolio of businesses securing future revenues and enabling an optimisation of the use of ressources in a standardised market context ▪ Consolidation of market-leading franchises (equities) and growth mainly supported by financing and investment solutions activities ▪ Continued of optimisation measures and investments in information systems
Financing and Advisory	▪ Consolidation of origination momentum of financing activities oriented towards capital consumption optimisation ▪ Consolidation of market-leading franchises (commodity and structured financing) and continued RSE business development
International Retail, Mobility and Leasing Services	
Europe	▪ Continued adaptation of our models to capture growth potential in the region and consolidate the competitive positions of our operations ▪ Strict discipline applied to operating expenses and normalisation of cost of risk
Africa, Mediterranean Basin and Overseas	▪ Continued development of Societe Generale's sales network ▪ Continued focus on operating efficiency (automatisation, dematerialisation, digitalisation and mutualisation initiatives) and gradual reduction cost of risk
Equipment and Vendor Finance	▪ Consolidation of leadership in these corporate financing businesses ▪ Strict discipline applied to operating expenses and scare ressources
Auto Leasing Financial Services	▪ Creation of a leading global player in mobility with the integration of LeasePlan ▪ New strategic plan articulated around 4 priorities: clients, operational efficiency, responsibility and profitability
Consumer Finance	▪ Continued adaptation of our models to capture growth potential in the region and consolidate the competitive positions of our operations ▪ Strict discipline applied to operating expenses and normalisation of cost of risk

The goodwill on Africa, Mediterranean Basin and Overseas and Equipment and Vendor Finance CGUs was fully written down on 30 September 2023 as a result of the appearance of indications of impairment.

As of 31 December 2023, the CGU impairment tests were carried out on both the old and the new CGUs, to neutralise any structural effect related to the splitting of the CGU Europe into two CGUs (Europe: KB and BRD and Consumer Credit: Fiditalia, Hanseatic Bank, BDK and CGL).

The tests carried out in this way show that the recoverable amount of these CGUs remains higher than their carrying value.

For CGUs, the tests carried out on 31 December 2023 show that the recoverable amount remains higher than the book value.

Sensitivity tests were performed to measure the impact of the change in the discount rate and in the long-term growth rate on the recoverable amount of each CGU. The results of these tests show that:

- A 50 basis point increase applied to all CGU discount rates shown in the table above would result in a decrease in the total recoverable amount of 6.5% without requiring additional impairment of any CGU;
- A 50 basis point reduction in long-term growth rates would result in a 2.4% decrease in the total recoverable amount without requiring additional depreciation of any CGU.
- By combining these two sensitivity cases, the total recoverable amount would result in a 8.4% decrease without requiring additional depreciation of any CGU.

NOTE 2.3 - 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.

1. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group's interests in an unconsolidated structured entity refer to contractual and non-contractual involvements that expose the Group to the variability of returns from the performance of this structured entity.

Such interests can be evidenced by:

- the holding of equity or debt instruments regardless of their rank of subordination;
- other funding (loans, cash facilities, loan commitments, liquidity facilities);
- credit enhancement (guarantees, subordinated instruments, credit derivatives…);
- issuance of guarantees (guarantee commitments);
- derivatives that absorb all or part of the risk of variability of the structured entity's returns, except Credit Default Swap (CDS) and options purchased by the Group;
- contracts remunerated by fees indexed to the structured entity's performance;
- tax consolidation agreements.

Table 2.3.A

(In EUR m)	Asset financing		Asset management		Others	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Total balance sheet [(1)] of the entity	**4,799**	**5,898**	**19,509**	**18,090**	**11,740**	**23,085**
Net carrying amount of Group interests in unconsolidated structured entities						
Assets	**2,664**	**2,646**	**769**	**2,579**	**8,044**	**8,719**
Financial assets at fair value through profit or loss	156	138	647	2,377	557	1,181
Financial assets at fair value through other comprehensive income	-	-	-	-	-	51
Financial assets at amortised cost	2,505	2,503	122	43	7,487	7,486
Others	3	5	-	159	-	1
Liabilities	**1,356**	**1,419**	**784**	**2,941**	**2,147**	**1,410**
Financial liabilities at fair value through profit or loss	105	99	422	2,530	456	175
Due to banks and customer deposits	1,159	1,257	294	384	1,635	1,235
Others	92	63	68	27	56	-

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

The Group may grant to these entities repayable advances related to the establishment of working capital, which remain insignificant.

However, this year, the Group has not provided any financial support to these entities, except if bound to by contract, and, as of 31 December 2023, does not intend to provide such support.

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

Table 2.3.B

	Asset financing		Asset management		Others	
(In EUR m)	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Amortised cost or fair value (according to the measurement of the financial instrument) of non-derivative financial assets entered into with the structured entity	2,633	2,538	2,395	4,340	514	1,932
Fair value of derivative financial assets recognised in the balance sheet	42	59	484	620	69	346
Notional amount of CDS sold (maximum amount to be paid)	-	-	-	-	-	-
Notional amount of loan or guarantee commitments granted	574	367	734	112	1,382	1,498
Maximum exposure to loss	**3,249**	**2,964**	**3,613**	**5,072**	**1,965**	**3,776**

The amount of maximum exposure to loss can be mitigated by:

- the notional amount of guarantee commitments received;
- the fair value of collateral received;
- the carrying amount of surety deposits received.

These mitigating amounts must be capped in case of legal or contractual limitation of their realisable or recoverable amounts. They amounted to EUR 1,006 million and mainly concern Asset financing.

2. INFORMATION ON UNCONSOLIDATED STRUCTURED ENTITIES SPONSORED BY THE GROUP

The Group may have no ownership interest in a structured entity, but still be considered as a sponsor of this structured entity if it acts or has acted as:

- a structurer;
- an originator for potential investors;
- an asset manager;
- an implicit or explicit guarantor of the entity's performance (in particular via capital or return guarantees granted to mutual fund unit holders).

A structured entity is also considered to be sponsored by the Group if its name includes the name of the Group or the name of one of its subsidiaries.

Conversely, entities that are structured by the Group according to specific needs expressed by one or more customers or investors are considered to be sponsored by said customers or investors.

As at 31 December 2023, the total amount of the balance sheet of these unconsolidated structured entities, sponsored by the Group, and in which the Group does not have any interest, was EUR 4,356 million.

In 2023, no significant revenue has been recognised for theses structured entities

NOTE 2.4 - NON-CURRENT ASSETS HELD FOR SALE AND RELATED DEBT

ACCOUNTING PRINCIPLES

A non-current asset or group of assets and liabilities is deemed to be “held for sale” if its carrying value will primarily be recovered through a sale and not through its continuing use. For this classification to apply, the asset or group of assets and liabilities must then be immediately available-for-sale in its present condition and it must be highly probable that the sale will occur within twelve months.

For this to be the case, the Group must be committed to a plan to sell the asset (or disposal group of assets and liabilities) and have begun actively searching for a buyer. Furthermore, the asset or group of assets and liabilities must be measured at a price that is reasonable in relation to its current fair value.

Assets and liabilities into this category are classified as Non-current assets held for sale and Non-current liabilities held for sale, with no netting.

If the fair value less selling costs of non-current assets and groups of assets and liabilities held for sale is less that their net carrying value, an impairment is then recognised in profit or loss. Moreover, Non-current assets held for sale are no longer amortised or depreciated.

Table 2.4.A

(In EUR m)	31.12.2023	31.12.2022
Assets	**1,763**	**1,081**
Fixed assets and Goodwill	122	839
Financial assets	1,335	95
Financial assets at fair value through profit or loss	*4*	-
Securities at the amortised cost	*350*	-
Due from banks	*20*	*93*
Customer loans	*961*	*2*
Other assets	306	147
Liabilities	**1,703**	**220**
Allowances	44	-
Financial liabilities	1,609	57
Financial liabilities at fair value through profit or loss	-	*1*
Due to banks	*42*	*56*
Customer deposits	*1,542*	-
Subordinated debt	*25*	-
Other liabilities	50	163

As on 31 December 2023, the Non-current assets held for sale and Non-current liabilities held for sale items encompass the assets and liabilities related to subsidiaries SOCIETE GENERALE DE BANQUES EN GUINEE EQUATORIALE, SOCIETE GENERALE MAURITANIE, SOCIETE GENERALE TCHAD and SOCIETE GENERALE BURKINA FASO.

NOTE 3 - FINANCIAL INSTRUMENTS

MAKING IT SIMPLE

The financial instruments represent the contractual rights or obligations to receive or to pay cash or other financial assets. The Group's banking activities generally take the form of financial instruments covering a broad spectrum of assets and liabilities, such as loans, investment portfolios (equity, bonds, etc.), deposits, regulated savings accounts, debt securities issued and derivative instruments (swaps, options, forward contracts, credit derivatives, etc.).

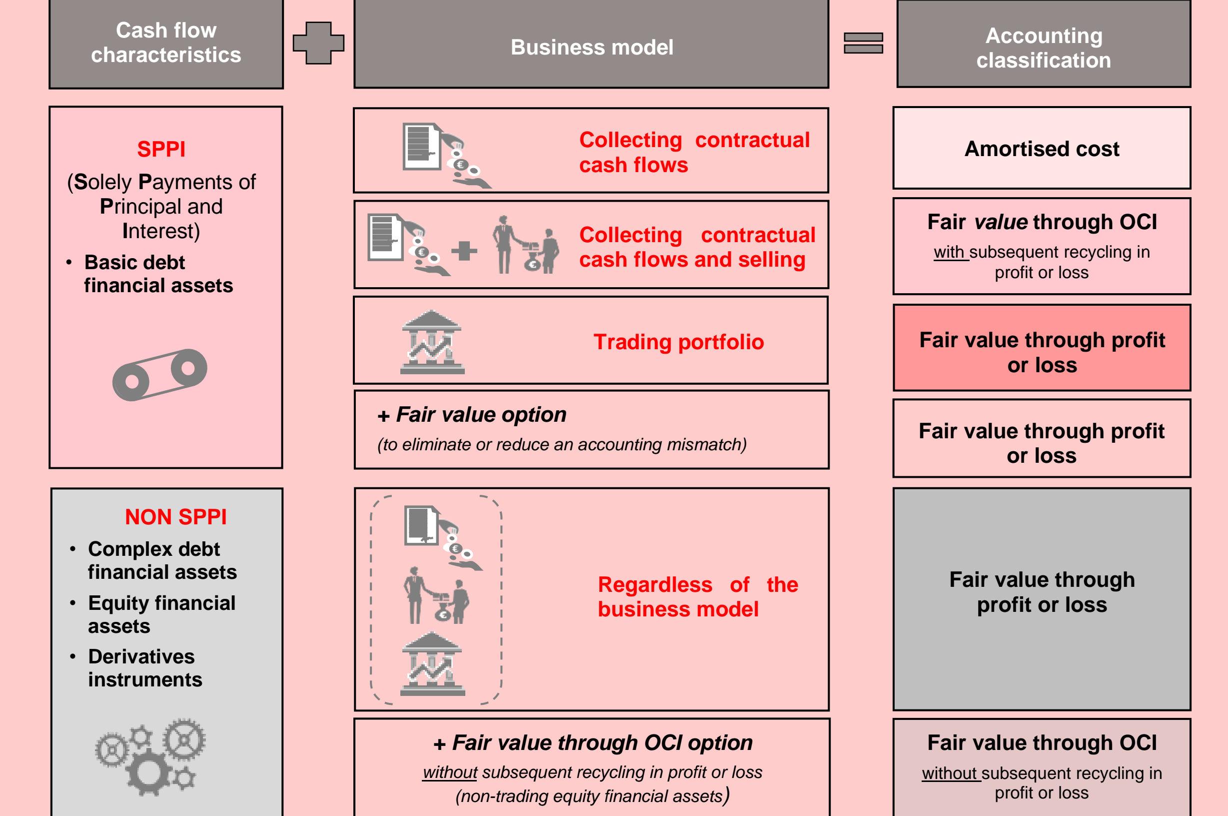
In the financial statements, the classification and valuation of financial assets and liabilities depend on their contractual characteristics and the way the entity manages those financial instruments.

However, this distinction is not applicable to derivative instruments, which are always measured at fair value in the balance sheet, no matter what their purpose is (market activities or hedging transactions).

ACCOUNTING PRINCIPLES

CLASSIFICATION OF FINANCIAL ASSETS

At initial recognition, financial instruments are classified in the Group balance sheet in one of three categories (amortised cost, fair value through profit or loss, and fair value through other comprehensive income) that determine their accounting treatment and subsequent measurement method. Classification is based on their contractual cash flow characteristics and the entity's business model for managing the assets.



The accounting principles for classifying the financial assets require the entity to analyse the contractual cash flows generated by the financial instruments and to analyse the business model for managing the financial instruments.

Analysis of contractual cash flow characteristics

The aim of the analysis of contractual cash flow characteristics is to limit the option of recognising revenues from financial assets using the effective interest method exclusively to the instruments whose characteristics are similar to those of a basic lending arrangement, meaning their associated cash flows are highly predictable. All other financial instruments that do not share these characteristics are measured at fair value through profit or loss, regardless of the business model used to manage them.

The contractual inflows that represent Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding are consistent with a basic lending arrangement.

In a basic lending arrangement, interest predominantly consists of a consideration for the time value of money and for credit risk. Interest may also include a consideration for liquidity risk, administrative costs, and a commercial profit margin. Negative interest is not inconsistent with this definition.

All financial assets that are not basic will be mandatorily measured at fair value through profit or loss, regardless of the business model for managing them.

Derivatives qualifying as hedging instruments for accounting purposes are recorded on a separate line in the balance sheet (see Note 3.2).

The Group can make the irrevocable decision on a security-by-security basis, to classify and measure any equity instrument (shares and other equity securities) that is not held for trading purposes at fair value through other comprehensive income. Subsequently, the profit or loss accumulated in other comprehensive income will never be reclassified to profit or loss (only dividends on these instruments will be recognised as income).

Analysis of the business model

The business model represents how the financial instruments are managed in order to generate cash flows and income.

The Group uses several business models in the course of exercising its different business lines. Business models are assessed on how groups of financial instruments are managed together to achieve a particular business objective. The business model is not assessed on an instrument-by-instrument basis, but at a portfolio level, considering relevant evidence such as:

- how the performance of the portfolio is evaluated and reported to the Group's Management;
- how risks related to financial instruments within that business model are managed;
- how managers of the business are compensated;
- sales of assets realised or expected (value, frequency, purpose).

To determine the classification and measurement of financial assets, three different business models shall be distinguished:

- a business model whose objective is to collect contractual cash flows ("Collect" business model);
- a business model whose objective is achieved by both collecting contractual cash flows on financial assets and selling these financial assets ("Collect and Sell" business model);
- a separate business model for other financial assets, especially those that are held for trading purposes, where collecting contractual cash flows is only incidental.

Fair value option

SPPI financial assets that are not held for trading purposes can be designated, at initial recognition, at fair value through profit or loss if such designation eliminates or significantly reduces discrepancies in the accounting treatment of the related financial assets and liabilities (accounting mismatch).

CLASSIFICATION OF FINANCIAL LIABILITIES

Financial liabilities are classified into one of the following two categories:

- Financial liabilities at fair value through profit or loss: these are financial liabilities held for trading purposes, which by default include derivative financial liabilities not qualifying as hedging instruments and non-derivative financial liabilities designated by the Group upon initial recognition to be measured at fair value through profit or loss using the fair value option;
- Debts: these include the other non-derivative financial liabilities and are measured at amortised cost.

Derivative financial liabilities qualifying as hedging instruments are presented on separate lines of the balance sheet (see Note 3.2).

RECLASSIFICATIONS OF FINANCIAL ASSETS

Reclassifications of financial assets are only required in the exceptional event that the Group changes the business model used to manage these assets.

These reclassifications are applied prospectively (no restatement of previously recognised profits, losses or interests).

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation methods used by the Group to establish the fair value of financial instruments are detailed in Note 3.4.

INITIAL RECOGNITION

Financial assets are recognised on the balance sheet:

- as at the settlement/delivery date for securities;
- as at the trade date for derivatives;
- as at the disbursement date for loans.

For instruments measured at fair value, changes in fair value between the trade date and the settlement-delivery date are recorded in net income or in other comprehensive income, depending on the accounting classification of the financial assets in question. The trade date is the date on which the contractual commitment becomes binding and irrevocable for the Group.

Upon initial recognition, the financial assets and liabilities are measured at fair value including the transaction costs directly attributable to their acquisition or issuance, except for the financial instruments recognised at fair value through profit or loss, for which these costs are booked directly to the income statement.

If the initial fair value is exclusively based on observable market data, any difference between the fair value and the transaction price, *i.e.* the sales margin, is immediately recognised in profit or loss. However, if one of the valuation inputs is not observable or if the used valuation model is not recognised by the market, the recognition of the sales margin is then generally deferred in profit or loss. For some instruments, due to their complexity, this margin is recognised at their maturity or upon disposal in the event of an early sale. When valuation inputs become observable, any portion of the sales margin that has not yet been recorded is then recognised in profit or loss (see Note 3.4.7).

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The Group derecognises all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards linked to ownership of the asset.

The Group also derecognises financial assets over which it has retained the contractual rights to the associated cash flows but is contractually obligated to pass these same cash flows through to a third party ("pass-through agreement") and for which it has transferred substantially all of the risks and rewards.

Where the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all of the risks and rewards of its ownership and has effectively not retained control of the financial asset, the Group derecognises it and, where necessary, recognises a separate asset or liability to cover any rights and obligations created or retained as a result of the transfer of the asset. If the Group has retained control of the asset, it continues to recognise it in the balance sheet to the extent of its continuing involvement in said asset.

When a financial asset is derecognised in its entirety, a gain or loss on disposal is recorded in the income statement for an amount equal to the difference between the carrying value of the asset and the payment received for it, adjusted where necessary for any unrealised profit or loss previously recognised directly in equity and for the value of any servicing asset or servicing liability. Indemnities billed to borrowers following the prepayment of their loan are recorded in profit or loss on the prepayment date in Interest and similar income.

The Group derecognises all or part of a financial liability when it is extinguished, *i.e.* when the obligation specified in the contract is discharged, cancelled or expired.

A financial liability may also be derecognised in the event of a substantial amendment to its contractual conditions or where an exchange is made with the lender for an instrument whose contractual conditions are substantially different.

FOREIGN EXCHANGE TRANSACTIONS

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the entity's functional currency at the prevailing spot exchange rate. Realised or unrealised foreign exchange losses or gains are recognised under Net gains and losses on financial instruments at fair value through profit or loss.

Forward foreign exchange transactions are recognised at fair value based on the forward exchange rate for the remaining maturity. Spot foreign exchange positions are valued using the official spot rates prevailing at the end of the period. Unrealised gains and losses are recognised in the income statement under Net gains and losses on financial instruments at fair value through profit or loss (see Note 3.1), except when hedge accounting is applied to a cash-flow hedge transaction or to a hedge of a net investment in a foreign currency operation (see Note 3.2).

At the balance sheet date, non-monetary assets and liabilities denominated in foreign currencies measured at fair value (in particular, shares and other equity instruments) are translated into the entity's functional currency at the prevailing spot exchange rate. Foreign exchanges losses or gains are recognised either in profit or loss under Net gains and losses on financial instruments at fair value through profit or loss, or under other comprehensive income (Unrealised and deferred gains and losses), depending on the accounting of the gains or losses relative to these assets/liabilities.

At the balance sheet date, non-monetary assets and liabilities denominated in foreign currencies measured at historical cost are translated into the entity's functional currency at the historical exchange rate on initial recognition.

TREATMENTS OF THE CHANGES IN THE BASIS FOR DETERMINING THE CONTRACTUAL CASH FLOWS OF FINANCIAL ASSETS AND LIABILITIES – IBOR REFORM

In the context of the reference interest rates reform (IBOR reform) the basis for determining the contractual cash flows of a financial asset or liability may be modified:

- either by amending the contractual terms and conditions set during the initial recognition of the financial instrument (example: when the agreement is renegotiated, the contractual terms and conditions are amended to replace the initial reference interest rate by an alternative one),
- either by applying the appropriate external disposals without requiring a change in contractual terms (example: the adoption of European regulations requiring the migration of all contracts still indexed to Libor CHF and Eonia in the European Union respectively on 1 January and 3 January 2022),
- or as a result of the activation of an existing contractual term or condition (example: application of the contractual rate replacement provision, or "Fallback").

If, in the context of the reference interest rates reform (IBOR reform), there is a change in the basis for determining the contractual cash flows of a financial asset or liability at amortised cost or of a financial asset at fair value through other comprehensive income, the modification is considered a simple forward-looking update of the interest rate applied to determine the interest income or expense and does not generate a gain or loss in the income statement.

This treatment depends on compliance with the following conditions:

- a change in the basis for determining the contractual cash flows is required and results directly from the IBOR reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the former basis used before the change.

The cases giving rise to a new basis for determining the contractual cash flows considered economically equivalent to the former basis are, for example:

- the replacement of an existing reference interest rate used to determine the contractual cash flows of a financial asset or liability by an alternative reference interest rate (or by changing the method used to determine the reference interest rate in question) and the addition of a fixed spread necessary to compensate for the difference in basis between the existing reference interest rate and the alternative one;
- the addition of a Fallback provision to the contractual terms and conditions of a financial asset or liability to allow for the implementation of the changes described above;
- changes in the determination of the amount of interest resulting from the use of a new reference interest rate (rate revision procedure, number of days between interest payment dates …).

Changes to a financial asset or liability, in addition to those deriving directly from the application of the IBOR reform, are treated according to the principles usually applicable to changes in financial instruments.

METHOD OF ANALYSIS OF CONTRACTUAL CASH FLOWS OF FINANCIAL ASSETS

The Group has established procedures for determining if financial assets pass the SPPI test at initial recognition (loans granting, acquisition of securities, etc.).

All contractual terms shall be analysed, particularly those that could change the timing or amount of contractual cash flows. A contractual term that permits the borrower or the lender to prepay or to return the debt instrument to the issuer before maturity remains consistent with SPPI cash flows, provided the prepayment amount primarily represents the principal remaining due and accrued but unpaid contractual interest, which may include a reasonable compensation. The fact that such compensation can be either positive or negative is not inconsistent with the SPPI nature of cash flows.

The prepayment compensation is considered as reasonable especially when:

- the amount is calculated as a percentage of the outstanding amount of the loan and is capped by regulations (in France, for example, compensation for the prepayment of mortgage loans by individuals is legally capped at an amount equal to six months of interest or 3% of the principal outstanding), or is limited by competitive market practices;
- the amount is equal to the difference between contractual interest that should have been received until the maturity of the loan and the interest that would be obtained by the reinvestment of the prepaid amount at a rate that reflects the relevant benchmark interest rate.

Some loans are prepayable at their current fair value, while others can be prepayable at an amount that includes the fair value cost to terminate an associated hedging swap. It is possible to consider such prepayment amounts as SPPI provided that they reflect the effect of changes in the relevant benchmark interest rate.

Basic financial assets (SPPI) are debt instruments which mainly include:

- fixed-rate loans,
- variable-rate loans that can include caps or floors,
- fixed or variable-rate debt securities (government or corporate bonds, other negotiable debt securities),
- securities purchased under resale agreements (reverse repos),
- guarantee deposits paid,
- trade receivables.

Contractual terms that would introduce exposure to risks or volatility in the contractual cash flows, unrelated to a basic lending arrangement (such as exposure to changes in equity prices or stock indexes for instance, or leverage features), could not be considered as being SPPI, except if their effect on the contractual cash flows remains minimum (de minimis character of their variability).

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Non-basic financial assets (non-SPPI) mainly include:

- derivative instruments,
- shares and other equity instruments held by the entity,
- equity instruments issued by mutual funds,
- debt financial assets that can be converted or redeemed into a fixed number of shares (convertible bonds, equity-linked securities, etc.),
- Structured instruments whose cash flows are indexed, in part or in whole, to a benchmark index.

The Basic financial assets (SPPI) held by the Group include the financing of sustainable development projects (labelled Environment Social and Governance) in the form of Sustainability-linked bonds, social bonds and Green bonds with SPPI-compliant contractual cash flows.

Non-basic financial assets (non-SPPI) include the structured instruments whose cash flows are indexed, in whole or in part, to an index that is not specific to the issuer, such as an ESG market index.

Impact loans have been granted by the Group to support enterprises in their sustainability approach through an incentive mechanism that reviews the margin according to ESG criteria specific to the borrower or to the achievement by the latter of sustainable development goals (Sustainability-linked loans). At the end of 2023, the outstanding amount of impact loans valued at amortised cost reached approximately EUR 6 billion and came jointly with financing commitments of EUR 24 billion. The sustainability objectives set can be, for example, the reduction of greenhouse gas emissions, the development of cultivated areas with alternatives to synthetic plant protection products, the increase in the representation of women in management bodies, the reduction of water use. As a result of their analysis, these loans have been classified as basic financial assets (SPPI) provided that their flows meet the SPPI criteria and the ESG component fulfills the *de minimis* criterion.

During the second half of 2022, the IASB decided to propose amendments to the IFRS 9 Implementation Guidance regarding classification as SPPI as well as new information to be disclosed for the financial instruments whose contractual conditions may change the timetable or the amount of contractual cash flows depending on a potential event. The objective of the project is to clarify how the SPPI qualification criteria apply to financial assets with ESG factors or similar characteristics. Societe Generale followed the IASB proposals included in the exposure draft published in 2023. To date, these proposals will not significantly change the classification of the assets concerned.

When the time value component of interest can be modified according to the contractual term of the instrument, it may be necessary to compare the contractual cash flow with the cash flow that would arise from a benchmark instrument. For instance, that is the case when an interest rate is periodically reset, but

the frequency of that reset does not match the tenor of the interest rate (such as an interest rate reset every month to a one-year rate), or when the interest rate is periodically reset to an average of short- and long-term interest rates.

If the difference between the undiscounted contractual cash flows and the undiscounted benchmark cash flows is or may become significant, then the instrument is not considered basic.

Depending on the contractual terms, the comparison with benchmark cash flow may be performed through a qualitative assessment; but in other cases, a quantitative test is required. The difference between contractual and benchmark cash flows has to be considered in each reporting period and cumulatively over the life of the instrument. When performing this benchmark test, the entity considers factors that could affect future undiscounted contractual cash flows: using the yield curve at the date of the initial assessment is not enough, and the entity also has to consider whether the curve could change over the life of the instrument according to reasonably possible scenarios.

Within the Group, the financial instruments concerned by a benchmark test include, for instance, variable-rate housing loans for which interest rates are reset every year based on the twelve-month Euribor average observed over the two months previous to the reset. Another example is loans granted to real estate professionals for which interest is revised quarterly based on the one-month Euribor average observed over the three months previous to the reset. Following the benchmark analysis performed by the Group, it has been concluded that these loans are basic.

Furthermore, a specific analysis of contractual cash flow is required when financial assets are instruments issued by a securitisation vehicle or a similar entity that prioritises payments to holders using multiple contractually-linked instruments that create concentrations of credit risk (tranches). When assessing whether contractual cash flows are SPPI or not, the entity must analyse the contractual terms, as well as the credit risk of each tranche and the exposure to credit risk in the underlying pool of financial instruments. To that end, the entity must apply a “look-through approach” to identify the underlying instruments that are creating the cash flows.

Following the initial application of IFRS 9 by insurance subsidiaries (see. Note 1). the data shown in Note 3 include those relating to the financial instruments entered into by these subsidiaries.

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

IMPACT ON GROUP FINANCIAL ASSETS AND LIABILITIES OF THE FIRST IFRS 9 APPLICATION BY INSURANCE SUBSIDIARIES (SEE NOTE 1)

	31.12.2021	**Reclassifications**				**Reclassified balances**	**Adjustment of book value related to investments**	**01.01.2022 R**	**31.12.2022 R**
(In EUR m)		of available for-sale financial assets	of non-SPPI loans and receivables	others	of financial liabilities of insurance activities		Reclassification effects		
Financial assets at fair value through profit or loss									
Trading portfolio	319,789			211		320,000	61	320,061	310,945
Financial assets measured mandatory at fair value through profit or loss	21,356	15,879	2,085	70,550		109,870	152	110,022	101,602
Financial instruments measured at fair value through profit or loss using the fair value option	1,569			15,065		16,634		16,634	14,604
Total	**342,714**	**15,879**	**2,085**	**83,826**	**-**	**446,504**	**213**	**446,717**	**427,151**
Financial liabilities at fair value through profit or loss									
Trading portfolio	243,112				520	243,632		243,632	235,433
Financial liabilities measured mandatory at fair value through profit or loss	64,451				3,620	68,071		68,071	68,742
Total	**307,563**	**-**	**-**	**-**	**4,140**	**311,703**	**-**	**311,703**	**304,175**

OVERVIEW

Table 3.1.A

	31.12.2023		**31.12.2022 R**	
(In EUR m)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Trading portfolio	366,087	281,335	310,945	235,433
Financial assets measured mandatorily at fair value through profit or loss	114,651		101,602	
Financial instruments measured at fair value through profit or loss using the fair value option	15,144	94,249	14,604	68,742
Total	**495,882**	**375,584**	**427,151**	**304,175**
o/w securities purchased/sold under resale/repurchase agreements	*159,119*	*139,145*	*122,786*	*103,365*

1. TRADING PORTFOLIO

ACCOUNTING PRINCIPLES

The trading book contains the financial assets and liabilities held or accrued for the purpose of capital markets activities.

This portfolio also includes, among other trading assets, the physical stocks of raw materials that the Group might hold a market-maker on commodity derivatives.

Derivative financial instruments are classified into the trading portfolio, unless they qualify as hedging instruments (see Note 3.2).

The financial instruments recorded in the trading portfolio are measured at fair value as at the closing date and recognised in the balance sheet under Financial assets or liabilities at fair value through profit or loss. The changes in fair value and revenues associated to those instruments are recorded in profit or loss under Net gains and losses on financial instruments at fair value through profit or loss.

TRADING ACTIVITIES

Financial assets held for trading are:

- acquired for the purpose of selling or repurchasing it in the near term; or
- held for market-making purposes; or
- acquired for the purposes of the specialised management of a trading portfolio, including derivative financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Global market activities

The trading business model is applied by Global Banking and Investor Solutions to manage its global market activities.

It is also applied for managing syndicated loan commitments and loans that are not intended to be kept by the Group and that have been identified since their origination as to be sold in the short term (within 6 to 12 months) on the secondary market, as well as for loans originated by the Group through originate-to-distribute activities and that are expected to be sold shortly.

Financial assets held in run-off portfolios are also monitored based on their fair value. Although those portfolios are not related to market activities, those assets are presented amongst trading portfolio and are measured at fair value through profit or loss.

Trading portfolio includes all the financial assets held for trading purpose regardless of the characteristics of their contractual cash flows. Only non-SPPI financial assets that are not held for trading are classified amongst Financial assets measured mandatorily at fair value through profit or loss (see section 3.1.2).

ASSETS

Table 3.1.B

(In EUR m)	31.12.2023	31.12.2022 R
Bonds and other debt securities	39,427	26,022
Shares and other equity securities	71,694	74,404
Securities purchased under resale agreements	159,073	122,752
Trading derivatives [1]	83,535	76,775
Loans, receivables and other trading assets	12,358	10,992
Total	**366,087**	**310,945**
o/w securities lent	*14,509*	*12,455*

(1) See Note 3.2 Financial derivatives.

LIABILITIES

Table 3.1.C

(In EUR m)	31.12.2023	31.12.2022 R
Amounts payable on borrowed securities	42,483	51,101
Bonds and other debt instruments sold short	7,306	5,186
Shares and other equity instruments sold short	2,091	1,244
Securities sold under repurchase agreements	137,019	102,673
Trading derivatives [1]	89,803	72,656
Borrowings and other trading liabilities	2,633	2,573
Total	**281,335**	**235,433**

(1) See Note 3.2 Financial derivatives.

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.

Table 3.1.D

(In EUR m)	31.12.2023	31.12.2022 R
Bonds and other debt securities	30,677	22,413
Shares and other equity securities	68,691	62,756
Loans, receivables and securities purchased under resale agreements	15,283	16,433
Total	**114,651**	**101,602**

BREAKDOWN OF LOANS AND RECEIVABLES AND SECURITIES PURCHASED UNDER RESALE AGREEMENTS

Table 3.1.E

(In EUR m)	31.12.2023	31.12.2022 R
Short-term loans	1,360	1,897
Equipment loans	10,052	11,338
Other loans	3,871	3,198
Total	**15,283**	**16,433**

The loans, receivables and securities purchased under resale agreements recorded in the balance sheet under Financial assets mandatorily at fair value through profit or loss are mainly:

- loans that include prepayment features with compensation that do not reflect the effect of changes in the benchmark interest rate;
- loans with indexation clauses that do not qualify them as basic loans (SPPI).

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

Table 3.1.F

(In EUR m)	31.12.2023	31.12.2022 R
Bonds and other debt securities	13,821	13,369
Loans, receivables and securities purchased under resale agreements	68	55
Separate assets for employee benefits plans [1]	1,255	1,180
Total	**15,144**	**14,604**

(1) Including, as at 31 December 2023, EUR 1,076 million of separate assets for defined post-employment benefits compared to EUR 1,002 million as at 31 December 2022 (see Note 5.1.2).

LIABILITIES

Financial liabilities measured at fair value through profit or loss in accordance with the fair value option predominantly consist of structured bonds issued by the Societe Generale group.

Table 3.1.G

	31.12.2023		**31.12.2022 R**	
(In EUR m)	Fair value	Amount redeemable at maturity	Fair value	Amount redeemable at maturity
Financial instruments measured using fair value option through profit or loss	94,249	99,500	68,742	70,288

The revaluation differences attributable to the Group's issuer credit risk are determined using valuation models taking into account the Societe Generale group's most recent financing terms and conditions on the markets and the residual maturity of the related liabilities.

Changes in fair value attributable to own credit risk generated an equity loss of EUR 257 million before tax. As at 31 December 2023, the total amount of changes in fair value attributable to own credit risk represents a total gain of EUR 68 million before tax.

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

Table 3.1.H

(In EUR m)	2023	2022 R
Net gain/loss on trading portfolio (excluding derivatives)	8,844	(5,644)
Net gain/loss on financial instruments at fair value through profit or loss [(1)]	6,272	(9,135)
Net gain/loss on financial instruments measured using fair value option	(4,793)	3,715
Net gain/loss on derivative instruments	(1,310)	12,353
Net gains/loss on hedging instruments [(2)]	169	(237)
Net gain/loss on fair value hedging derivatives	*3,141*	*(16,246)*
Revaluation of hedged items attributable to hedged risks [(3)]	*(2,973)*	*16,019*
Ineffective cut of the cash flow hedges	*1*	*(10)*
Net gain/loss on foreign exchange transactions	1,145	(8)
Total [(4)]	**10,327**	**1,044**
o/w gains on financial instruments at fair value through other comprehensive income	*1,148*	*1,181*

(1) This item includes realised and unrealised gains and losses on debt and equity instruments, with the exception of the income component of debt instruments representative of an interest rate, which is recorded under net interest margin (see Note 3.7).

(2) This item includes only the net gain/loss on hedging transactions related to financial instruments. For the hedging transactions related to non-financial assets and liabilities, the net gain/loss on hedging transactions is included under the income statement of the hedged item.

(3) This item includes the revaluation of fair value hedged items, including the change in revaluation differences in portfolios hedged against interest rate risk.

(4) Including EUR +5,638 million for insurance subsidiaries in 2023 (EUR -5,683 million in 2022). This amount shall be understood taking into account the financial income and expenses of the insurance contracts (see Note 4.3, table 4.3.D).

Insofar as income and expenses recorded in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through profit or loss must be assessed as a whole. It should be noted that the income shown here does not include the refinancing cost of these financial instruments, which is shown under interest expense and interest income.

NOTE 3.2 - FINANCIAL DERIVATIVES

MAKING IT SIMPLE

Derivative instruments are financial instruments for which the value changes according to that of an underlying item and can be accompanied by a leverage effect. The items underlying these instruments are various (interest rates, exchange rates, equity, indexes, commodities, credit rating…), as are their forms (forward contracts, swaps, calls and puts…).

The Group may use these derivative instruments for their market activities to provide to its customers solutions to meet their risk management or revenue optimisation needs. In that case, they are accounted for as trading derivatives.

The Group may also use derivative instruments to manage and hedge its own risks. In which case, they are qualified as hedging derivatives. Hedging transactions can concern individual items or transactions (micro-hedging relationships) or portfolios of financial assets and liabilities that can generate a structural interest-rate risk (macro-hedging relationships).

Contrary to other financial instruments, derivative instruments are always measured at fair value in the balance sheet, regardless their purpose (market activities or hedging transactions). The fair value adjustments of trading derivatives are directly recognised in the income statement. However, the hedge accounting method allows for the linking of the fair value adjustment of hedging derivatives with the accounting treatment of the transactions and hedged instruments in order to eliminate or reduce volatility in the income statement.

ACCOUNTING PRINCIPLES

Derivatives are financial instruments meeting the following three criteria:

- their value changes in response to a change in a specified interest rate, foreign exchange rate, share price, index of prices, commodity price, credit rating, etc.;
- they require little to no initial investment;
- they are settled at a future date.

All financial derivatives are recognised at fair value in the balance sheet as financial assets or financial liabilities. They are considered to be trading derivatives, unless they are designated as hedging instruments for accounting purposes.

SPECIAL CASE - DERIVATIVES HAVING SOCIETE GENERALE SHARES AS THEIR UNDERLYING INSTRUMENT

Financial derivatives having Societe Generale shares as their underlying instrument or shares in Group subsidiaries and whose liquidation entails the payment of a fixed amount in cash (or another financial asset) against a fixed number of Societe Generale shares (other than derivatives) are equity instruments. These instruments, and any related premiums paid or received, are recognised directly in equity, and any changes in the fair value of these derivatives are not recorded. For sales of put options on Societe Generale shares and forward purchases of Societe Generale shares, a debt is recognised for the value of the notional amount with a contra entry in equity.

Other financial derivatives having Societe Generale shares as their underlying instrument are recorded in the balance sheet at fair value in the same manner as derivatives with other underlying instruments.

EMBEDDED DERIVATIVES

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host instrument.

Where the host contract is a financial asset, the entire hybrid contract is measured at fair value through profit or loss because its contractual cash flows do not pass the SPPI test.

Where the host contract is a financial liability and is not measured at fair value through profit or loss, the embedded derivative is separated from the host contract if:

- at acquisition, the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host; and
- it would meet the definition of a derivative.

Once separated, the derivative is recognised at fair value in the balance sheet under Financial assets or Financial liabilities at fair value through profit or loss under the aforementioned conditions. The host contract is classified under one of the financial liability categories measured at amortised cost.

1. TRADING DERIVATIVES

ACCOUNTING PRINCIPLES

Trading derivatives are recorded in the balance sheet under Financial assets or liabilities at fair value through profit or loss. Changes in fair value are recorded in the income statement under Net gains and losses on financial instruments at fair value through profit or loss.

Changes in the fair value of financial derivatives involving counterparties that subsequently proved to be in default are recorded under Net gains and losses on financial instruments at fair value through profit or loss until the termination date of these instruments. On this termination date, the receivables and debts on these counterparties are recognised at fair value in the balance sheet. Any further impairment of these receivables is recognised under Cost of credit risk in the income statement.

FAIR VALUE

Table 3.2.A

	31.12.2023		31.12.2022 R	
(In EUR m)	Assets	Liabilities	Assets	Liabilities
Interest rate instruments	42,479	38,681	35,004	23,784
Foreign exchange instruments	18,805	20,025	24,272	25,324
Equities and index Instruments	19,772	28,612	15,517	21,209
Commodities Instruments	84	208	199	154
Credit derivatives	1,986	963	1,756	1,404
Other forward financial instruments	409	1,314	27	781
Total	**83,535**	**89,803**	**76,775**	**72,656**

The Group uses credit derivatives in the management of its corporate credit portfolio, primarily to reduce individual, sectorial and geographical concentration and to implement a proactive risk and capital management approach. All credit derivatives, regardless of their purpose, are measured at fair value through profit or loss and cannot be qualified as hedging instruments for accounting purposes. Accordingly, they are recognised at fair value among trading derivatives.

COMMITMENTS (NOTIONAL AMOUNTS)

Table 3.2.B

(In EUR m)	31.12.2023	31.12.2022 R
Interest rate instruments	**10,688,510**	**9,804,009**
Firm instruments	8,733,370	8,002,813
Swaps	*6,927,744*	*6,416,536*
FRAs	*1,805,626*	*1,586,277*
Options	1,955,140	1,801,196
Foreign exchange instruments	**4,515,280**	**4,163,080**
Firm instruments	3,389,444	3,047,062
Options	1,125,836	1,116,018
Equity and index instruments	**924,940**	**794,584**
Firm instruments	143,886	138,533
Options	781,054	656,051
Commodities instruments	**19,471**	**20,714**
Firm instruments	13,723	20,472
Options	5,748	242
Credit derivatives	**133,748**	**170,225**
Other forward financial instruments	**25,456**	**28,066**
Total	**16,307,405**	**14,980,678**

2. HEDGING DERIVATIVES

According to the transitional provisions of IFRS 9, the Group made the choice to maintain the IAS 39 provisions related to hedge accounting. Consequently, equity instruments held (shares and other equity securities) do not qualify for hedge accounting regardless of their accounting category.

ACCOUNTING PRINCIPLES

In order to be hedged against certain market risks, the Group sets up hedging derivatives. From an accounting standpoint, the Group designates the hedging transaction as a fair value hedge, a cash flow hedge, or a hedge of a net investment in a foreign operation, depending on the risk and on the instruments to be hedged.

To designate an instrument as a hedging derivative, the Group documents the hedging relationship in detail, from inception. This documentation specifies the asset, liability, or future transaction hedged, the risk to be hedged and the associated risk management strategy, the type of financial derivative used and the valuation method that will be used to measure its effectiveness.

The derivative designated as a hedging instrument must be highly effective in offsetting the change in fair value or cash flows arising from the hedged risk. This effectiveness is verified when changes in the fair value or cash flows of the hedged instrument are almost entirely offset by changes in the fair value or cash flows of the hedging instrument, with the expected ratio between the two changes ranging from 80% to 125%. Effectiveness shall be assessed both when the hedge is first set up and throughout its life. Effectiveness is measured each quarter prospectively (expected effectiveness over the future periods) and retrospectively (effectiveness measured on past periods). Where the effectiveness falls outside the range specified above, hedge accounting is discontinued.

Hedging derivatives are recognised in the balance sheet under Hedging derivatives.

FAIR VALUE HEDGES

The purpose of these hedges is to protect the Group against an adverse fluctuation in the fair value of an instrument which could affect profit or loss if the instrument were derecognised from the balance sheet.

Changes in the fair value of the hedging derivative are recorded in the income statement under Net gains and losses on financial instruments at fair value through profit or loss; for interest rate derivatives, however, accrued interest income and expenses on the derivative are recorded in the income statement under Interest and similar income / Interest and similar expense – Hedging derivatives symmetrically to the accrued interest income and expenses related to the hedged item.

In the balance sheet, the carrying value of the hedged item is adjusted for the gains and losses attributable to the hedged risk, which are reported in the income statement under Net gains and losses on financial instruments at fair value through profit or loss. To the extent that the hedge is highly effective, changes in the fair value of the hedged item and changes in the fair value of the hedging derivative are accurately offset through profit or loss, the difference corresponding to an ineffectiveness gain or loss.

Prospective effectiveness is assessed via a sensitivity analysis based on probable market trends or via a regression analysis of the statistical relationship (correlation) between the hedged risk component and the hedging instrument. Retrospective effectiveness is assessed by comparing any changes in the fair value of the hedging instrument with any changes in the fair value of the hedged item.

If it becomes apparent that the derivative has ceased to meet the effectiveness criteria for hedge accounting or if it is terminated or sold, hedge accounting is discontinued prospectively. Thereafter, the carrying amount of the hedged asset or liability ceases to be adjusted for changes in fair value attributable to the hedged risk and the cumulative adjustments previously recognised under hedge accounting are amortised over its remaining life. Hedge accounting is also discontinued if the hedged item is sold prior to maturity or early-redeemed, the valuation adjustments are then immediately recognised in the income statement.

CASH FLOW HEDGES

The purpose of interest rate cash flow hedges is to protect against changes in future cash flows associated with a financial instrument on the balance sheet (loans, securities or floating-rate notes) or with a highly probable future transaction (future fixed interest rates, future exchange rates, future prices, etc.). The purpose of these hedges is to protect the Group against adverse fluctuations in the future cash-flows of an instrument or transaction that could affect profit or loss.

The prospective effectiveness of the hedge is assessed via a sensitivity analysis based on probable market input trends or via a regression analysis of the statistical relationship (correlation) between the hedged risk component and the hedging instrument. The effectiveness of the hedge is assessed using the hypothetical derivative method, which consists in i) creating a hypothetical derivative which bears exactly the same characteristics as the instrument being hedged (in terms of notional amounts, date on which the rates are reset, interest rate, exchange rate, etc.), but moves in the opposite direction and whose fair value is nil when the hedge is set up, then ii) comparing the expected changes in the fair value of the hypothetical derivative with those of the hedging instrument (sensitivity analysis) or performing a regression analysis on the prospective effectiveness of the hedge.

The changes in fair value of the hedging financial instruments are recorded directly as Unrealised or deferred gains and losses for their effective portion, while the ineffective portion is recognised under Net gains and losses on financial instruments at fair value through profit or loss. With regard to interest rate derivatives, the portion corresponding to the rediscount of the derivative financial instrument is recorded in the income statement under Interest and similar income / Interest and similar expense symmetrically to the interest income or expense related to the hedged item.

The gains or losses, realised or unrealised, accumulated directly in equity for the effective portion of these changes in value, are carried in equity to be recycled in the income statement when the expected hedged cash flows impact the income statement. With regard to the hedging flows related to a variable-rate financial instrument recorded on the balance sheet, recycling is done as and when the hedged interest income or expenses are recognised in the income statement. In the case of hedging of future transactions, if it is the future sale of a financial instrument, recycling takes place on the date when the sold instrument is derecognised; if the transaction is settled through the recognition on the balance sheet of a financial instrument, the gains or losses accumulated in equity are carried in it, before being recycled in the income statement at the same pace as the hedged cash flows generated by the instrument then recognised on the balance sheet.

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold or if the future transaction hedged is no more probable, hedge accounting is discontinued prospectively. The amounts previously recognised directly in equity are reclassified in the income statement over the periods during which interest income is affected by the cash flows from the hedged item. If the hedged item is sold or redeemed earlier than expected or if the hedged forecast transaction ceases to be expected, the unrealised gains and losses recognised in equity are immediately reclassified in the income statement.

HEDGING OF A NET INVESTMENT IN A FOREIGN OPERATION

The purpose of a hedging of a net investment in a foreign company is to protect against exchange rate risk.

The hedged item is an investment in a country whose currency differs from the Group's functional currency. The hedge therefore serves to protect the net position of a foreign subsidiary or branch against an exchange rate risk linked to the entity's functional currency.

The hedge of a net investment in a foreign operation follows the same accounting principles as the cashflow hedge relationships. Thus, the effective portion of the changes in fair value of a hedging derivative designated for accounting purposes as the hedge of a net investment is recognised in equity under Unrealised or deferred gains and losses, while the ineffective portion is recognised in the income statement under Gains and losses on financial instruments at fair value through profit or loss.

PORTFOLIO HEDGES (MACRO-HEDGE)

In this type of hedge, interest rate derivatives are used to globally hedge the structural interest rate risk resulting mainly from Retail Banking activities.

In accounting for these transactions, are either documented as fair value hedges or as cash flow hedges, depending on the Group entities.

Group entities documenting a macro fair value hedge of fixed rate assets and liabilities portfolios, apply the IAS 39 "carve-out" standard as adopted by the European Union, which facilitates:

- the application of fair value hedge accounting to the macro-hedges used for asset-liability management, including customer demand deposits in the fixed-rate positions being hedged;
- the performance of the effectiveness tests.

The accounting treatment of the financial derivatives designated as macro fair value hedges is similar to that of other fair value hedging instruments. Changes in the fair value of the portfolio of macro-hedged instruments measured based on the modelled synthetic instrument are reported on a separate line in the balance sheet under Revaluation differences on portfolios hedged against interest rate risk through profit or loss.

Group entities documenting a macro cash flow hedge apply the same accounting principles as those presented above for cash flow hedge. Thus, macro-hedged assets or liabilities portfolios are not measured at fair value for the hedged risk.

In the case of macro cash flow hedge, hedged portfolios include assets or liabilities at variable rate.

Finally, regardless of the documentation used for these macro-hedges, they require the implementation of three tests to measure the effectiveness of the relationship:

- a non-over-coverage test to ensure, prospectively and retrospectively, that the nominal amount of the portfolios covered is higher than the notional amount of the hedging instruments for each future maturity band and each rate generation;
- a test of non-disappearance of the hedged item, which consists in prospectively and retrospectively ensuring that the historically covered maximum position is less than the notional amount of the hedging instruments on the closing date considered for each maturity band and each generation of rates;
- a quantitative test to retrospectively ensure that the fair value changes in the modelled synthetic instrument offset the changes in fair value of the hedging instruments.

The sources of ineffectiveness of the macro-hedges implemented in the Group result from the latest fixing of the variable leg of the hedging swaps, the two-curve valuation of the collateralised hedging instruments, the possible mismatches of interests between the hedged item and the hedging instrument and the consideration of counterparty risk on the hedging instruments.

TREATMENT OF THE CHANGES IN THE BASIS USED FOR DETERMINING THE CONTRACTUAL CASH FLOWS OF THE COMPONENTS OF A HEDGING RELATIONSHIP – IBOR REFORM

Non-discontinuation of hedging relationships

The documentation of the existing hedging relationships shall be updated to reflect the changes brought about by the reform of the reference interest rate (IBOR reform) on the basis for determining the contractual cash flows of the hedged items and/or of the hedging instruments.

These updates resulting from the IBOR reform do not cause the discontinuation of the hedging relationship nor the designation of a new accounting hedge as long as they meet the following conditions:

- the change in the basis for determining the contractual cash flows is required and results directly from the IBOR reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the former basis used before the change.

When those conditions are met, the update of the hedging documentation only consist in:

- designate the alternative reference interest rate (contractually or non-contractually specified) as a hedged risk;
- update the description of the hedged item, including a description of the hedged portion of cash flows or of the fair value;
- update the description of the hedging instrument;
- update the description of the method used to assess the effectiveness of the hedge.

These updates are performed as and when changes are made to the hedged items or the hedging instruments but before the end of the reporting period during which the change was made; an accounting hedge may be updated several successive times.

Changes not directly resulting from the application of the IBOR reform and impacting the basis used for determining the contractual cash flows of the hedging relationship components or the hedging documentation are analysed beforehand in order to confirm compliance with the qualifying criteria for hedge accounting.

Specific accounting treatments

Regarding fair value hedges and cash flow hedges, the applicable accounting requirements remain unchanged for the recognition of gains and losses resulting from the reassessment of the hedged component and the hedging instrument taking account of the changes described above.

For the purpose of the retrospective effectiveness assessment, the cumulative fair value changes may be reset to zero on a case by case basis for each hedging relationship modified.

With regard to hedged cash flows, when the benchmark rate on which the future hedged cash flows were based changes, the amounts of gains or losses recorded for the hedging instrument are carried in equity until the recording in the income statement of the adjusted hedged cash flows as long as the transaction remains highly probable.

An alternative reference interest rate used as a risk component not specified by an agreement (example, a 3-month alternative reference interest rate used to determine the fixed rate of a loan and for which the Group intends to hedge the changes in value) may be used, provided it is, as reasonably expected, separately identifiable (*i.e.*, quoted on a sufficiently liquid market) in the 24 months after its first use.

Table 3.2.C

(In EUR m)	31.12.2023 Assets	31.12.2023 Liabilities	31.12.2022 R Assets	31.12.2022 R Liabilities
Fair value hedge	**10,113**	**18,182**	**32,272**	**45,539**
Interest rate instruments	10,112	18,181	32,252	45,538
Foreign exchange instruments	1	1	20	1
Equity and index Instruments	-	-	-	-
Cash flow hedge	**321**	**475**	**469**	**511**
Interest rate instruments	309	394	420	443
Foreign exchange instruments	5	56	43	51
Equity and index Instruments	7	25	6	17
Net investment hedge	**151**	**51**	**230**	**114**
Foreign exchange instruments	151	51	230	114
Total	**10,585**	**18,708**	**32,971**	**46,164**

The Group sets up hedging relationships recognised for accounting purposes as fair value hedges in order to protect its fixed-rate financial assets and liabilities (primarily loans / borrowings, securities issued and fixed-rate securities) against changes in long-term interest rates. The hedging instruments used mainly consist of interest rate swaps.

Furthermore, through some of its Corporate and Investment Banking operations, the Group is exposed to future cash flow changes in its short and medium-term funding requirements and sets up hedging relationships recognised for accounting purposes as cash flow hedges. Highly probable funding requirements are determined using historic data established for each activity and representative of balance sheet outstanding. These data may be increased or decreased by changes in management methods.

Finally, as part of their management of structural interest rate and exchange rate risks, the Group's entities set up fair value hedge for portfolios of assets or liabilities for interest rate risk as well as cash flow hedge and net investment hedge for foreign exchange risk.

As part of its structural interest rate risk management, the Group has adjusted the level of hedging of the fixed rate liabilities (i.e., customer deposits). While fixed-rate receiver swaps were contracted to hedge the interest rate risk, fixed-rate payer swaps were used to reduce the hedge. Under IAS 39, these instruments were designated as portfolio hedging instruments (macro hedge accounting). In 2023, the Group transferred to a trading portfolio both the swaps taken out to reduce the macro-hedge and the corresponding initial hedging swaps (receiver interest rate). The tables in this note include the effect of this reclassification. The remaining negative cumulative remeasurement adjustment to be amortised over the residual life of the hedged instruments as at 31 December 2023, resulting from discontinued hedges corresponding to the swaps transferred to the trading portfolio, reduces liabilities by EUR 1,858 million.

As at 31 December 2023, the revaluation differences on macro-hedged fixed-rate assets portfolios and fixed-rate liabilities portfolios are still negative as a result of the high interest rate environment. On the asset side of the balance sheet, the revaluation difference on portfolios hedged against interest rate risk amounts to EUR -433 million as at 31 December 2023 (compared to EUR -2,262 million as at 31 December 2022); and on the liabilities side, the revaluation differences on portfolios hedged against interest rate risk amounts to EUR -5,857 million as at 31 December 2023 (against EUR -9,659 million as at 31 December 2022).

COMMITMENTS (NOTIONAL AMOUNTS)

Table 3.2.D

(In EUR m)	31.12.2023	31.12.2022 R
Interest rate instruments	**668,657**	**862,372**
Firm instruments	668,657	862,030
Swaps	*523,652*	*729,222*
FRAs	*145,005*	*132,808*
Options	-	342
Foreign exchange instruments	**8,355**	**8,333**
Firm instruments	8,355	8,333
Equity and index instruments	**226**	**179**
Firm instruments	226	179
Total	**677,238**	**870,884**

MATURITIES OF HEDGING FINANCIAL DERIVATIVES (NOTIONAL AMOUNTS)

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

Table 3.2.E

(In EUR m)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	31.12.2023
Interest rate instruments	69,087	203,984	264,416	131,170	668,657
Foreign exchange instruments	1,865	5,148	1,328	14	8,355
Equity and index instruments	65	35	125	1	226
Total	**71,017**	**209,167**	**265,869**	**131,185**	**677,238**

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

IMPACT ON GROUP FINANCIAL ASSETS AND LIABILITIES OF THE APPLICATION OF IFRS 9 BY INSURANCE SUBSIDIARIES (SEE NOTE 1)

	31.12.2021	**Reclassifications**		**Reclassified balances**	**Adjustment of book value related to investments**	**01.01.2022 R**	**31.12.2022 R**
(In EUR m)		of available for-sale financial assets	of loans and receivables regarding their business model		Reclassification effects		
Debt instruments	43,180	67,632	1,454	112,266	159	112,425	92,696
Bonds and other debt securities	*43,081*	*67,632*	*1,417*	*112,130*	*159*	*112,289*	*92,655*
Loans and receivables and securities purchased under resale agreements	*99*		*37*	*136*		*136*	*41*
Shares and other equity securities	270			270		270	264
Total financial assets at fair value through other comprehensive income	**43,450**	**67,632**	**1,454**	**112,536**	**159**	**112,695**	**92,960**

OVERVIEW

Table 3.3.A

(In EUR m)	**31.12.2023**	**31.12.2022 R**
Debt instruments	90,630	92,696
Bonds and other debt securities	*90,614*	*92,655*
Loans and receivables and securities purchased under resale agreements	*16*	*41*
Shares and other equity securities	264	264
Total	**90,894**	**92,960**
o/w securities lent	*228*	*249*

1. DEBT INSTRUMENTS

ACCOUNTING PRINCIPLES

Debt instruments (loans and receivables, bonds and bond equivalents) are classified as Financial assets at fair value through other comprehensive income when their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a Collect and Sell business model. At the time of original recognition, these financial assets are measured at fair value including the costs directly attributable to their acquisition or subscription.

Accrued or earned income on debt instruments is recorded in profit or loss based on the effective interest rate, under Interest and similar income.

At the reporting date, these instruments are measured at fair value and changes in fair value excluding income, are recorded in equity under Unrealised or deferred gains and losses, except for foreign exchange

differences on money market instruments denominated in local currencies, which are recorded in profit or loss. Furthermore, as these financial assets are subject to impairment for credit risk, the changes in expected credit losses are recorded in profit or loss under Cost of credit risk with a corresponding entry under Unrealised or deferred gains and losses. The applicable impairment rules are described in Note 3.8.

BUSINESS MODEL "HOLD TO COLLECT AND SELL"

The objective of this business model is to realise cash flows by both collecting contractual payments and selling financial assets. In this type of business model, the sales of financial assets are not incidental or exceptional, but they are integral to achieving the business' objectives.

Cash management

Within the Group, except for the insurance activities, the "hold to collect and sell" business model is mainly applied by cash management activities for managing HQLA securities (High Quality Liquid Assets) included in the liquidity reserve. Only a few subsidiaries apply a "hold to collect" business model for managing their HQLA securities.

CHANGES OF THE PERIOD

Table 3.3.B

(In EUR m)	2023
Balance as at 1 January	**92,696**
Acquisitions / disbursements	37,720
Disposals / redemptions	(42,448)
Transfers towards (or from) another accounting category	30
Change in scope and others	(132)
Changes in fair value during the period	3,607
Change in related receivables	(60)
Translation differences	(783)
Balance as at 31 December	**90,630**

CUMULATIVE UNREALISED GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

Table 3.3.C

(In EUR m)	31.12.2023	31.12.2022 R
Unrealised gains	993	798
Unrealised losses	(3,666)	(5,873)
Total (1)	**(2,673)**	**(5,075)**

(1) Including EUR -2,298 million for insurance sector subsidiaries as at 31 December 2023 (EUR -4,479 million as at 31 December 2022). This amount must be read together with the financial income and expenses recorded directly in equity as part of the measurement of the associated insurance contracts for EUR +2,314 million as at 31 December 2023 (EUR +4,448 million as at 31 December 2022).

2. EQUITY INSTRUMENTS

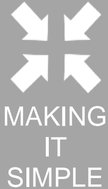
ACCOUNTING PRINCIPLES

Equity instruments (shares and share equivalents), that are not held for trading purposes, can be initially designated by the Group to be measured at fair value through other comprehensive income. This choice made instrument by instrument, is irrevocable.

These equity instruments are then measured at fair value and the changes in fair value are recognised under Unrealised or deferred gains and losses with no subsequent reclassification to profit or loss. If the instruments are sold, the realised gains and losses are reclassified to Retained earnings at the opening of the next financial year. Only dividend income, if it is considered as a return on investment, is recorded in profit or loss under Net gains or losses on financial assets at fair value through other comprehensive income.

The Group chose only in few rare cases to designate equity instruments to be measured at fair value through other comprehensive income.

NOTE 3.4 - FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE



MAKING IT SIMPLE

The financial assets and liabilities recognised in the Group balance sheet are measured either at fair value or at amortised cost. In the latter case, the fair value of the instruments is disclosed in the notes (see Note 3.9).

If an instrument is quoted on an active market, its fair value is equal to its market price.

But many financial instruments are not listed (for example, most customer loans and deposits, interbank debts and claims, etc.), or are only negotiable on illiquid markets or over-the-counter markets (which is the case for many derivative instruments).

In such situations, the fair value of the instruments is calculated using measurement techniques or valuation models. Market parameters are included in these models and must be observable; otherwise they are determined based on internal estimates. The models and parameters used are subject to independent validations and internal controls.

ACCOUNTING PRINCIPLES

DEFINITION OF FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

In the absence of observable prices for identical assets or liabilities, the fair value of financial instruments is determined using another measurement technique which maximises the use of observable market input based on assumptions that market operators would use to set the price of the instrument in question.

FAIR VALUE HIERARCHY

For information purposes, in the notes to the consolidated financial statements, the fair value of the financial instruments is classified using a fair value hierarchy that reflects the observability level of the inputs used. The fair value hierarchy is composed of the following levels:

Level 1 (L1): instruments valued on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 1 instruments carried at fair value on the balance sheet include in particular shares listed in an active market, government or corporate bonds priced directly by external brokers/dealers, derivatives traded on organised markets (futures, options), and units of funds (including UCITS) whose net asset value is available on the balance sheet date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and if they reflect actual and regular market transactions on an arm's length basis.

Determining whether a market is inactive requires the use of indicators such as a sharp decline in the trading volume and the level of activity in the market, a sharp disparity in prices over time and among the various above-mentioned market participants, or the fact that the latest transactions conducted on an arm's length basis did not take place recently enough.

Where a financial instrument is traded in several markets to which the Group has immediate access, its fair value is represented by the market price at which volumes and activity levels are highest for the instrument in question.

Transactions resulting from involuntary liquidations or distressed sales are usually not taken into account to determine the market price.

Level 2 (L2): instruments valued using inputs other than the quoted prices included in Level 1 and that are observable for the asset or liability concerned, either directly (*i.e.* as prices) or indirectly (*i.e.* derived from prices).

These are the instruments measured using a financial model based on market inputs. The inputs used shall be observable in active markets; using some unobservable inputs is possible only if the latter have only a minor impact on the fair value of the instrument. The prices published by an external source, derived from the valuation of similar instruments are considered as data derived from prices.

Level 2 instruments include in particular the non-derivative financial instruments carried at fair value on the balance sheet that are not directly quoted or do not have a quoted price on a sufficiently active market (e.g. corporate bonds, repos transactions, mortgage-backed securities, units of funds), and the firm derivatives and options traded over-the-counter: interest rate swaps, caps, floors, swaptions, equity options, index options, foreign exchange options, commodity options and credit derivatives. The maturities of these instruments are linked to ranges of terms commonly traded in the market, and the instruments themselves can be simple or offer a more complex remuneration profile (e.g. barrier options, products with multiple underlying instruments), with said complexity remaining however limited. The valuation techniques used in this category are based on common methods shared by the main market participants.

This category also includes the fair value of loans and receivables at amortised cost granted to counterparties whose credit risk is quoted via Credit Default Swap (see Note 3.9).

Level 3 (L3): instruments valued using inputs a significant part of which are not based on observable market data (referred to as unobservable inputs).

Level 3 instruments carried at fair value on the balance sheet are valued using financial models based on market inputs among which those which are unobservable or observable on insufficiently active markets, have a significant impact on the fair value of the financial instrument as a whole.

Accordingly, Level 3 financial instruments include derivatives and repo transactions with longer maturities than those usually traded and/or with specifically-tailored return profiles, structured debts including embedded derivatives valued based on a method using unobservable inputs or long-term equity investments valued based on a corporate valuation method, which is the case for unlisted companies or companies listed on an insufficiently liquid market.

The main L3 complex derivatives are:

- Equity derivatives: options with long maturities and/or incorporating bespoke remuneration mechanisms. These instruments are sensitive to market inputs (volatility, dividend rates, correlations, etc.). In the absence of market depth and an objective approach made possible by regularly observed prices, their valuation is based on proprietary methods (e.g. extrapolation from observable data, historical analysis). Hybrid equity instruments (*i.e.* having at least one non-equity underlying instrument) are also classified as L3 insofar as the correlations between the different underlying assets are generally unobservable;
- Interest rate derivatives: long-term and/or exotic options, products sensitive to correlation between different interest rates, different exchange rates, or between interest rates and exchange rates, for example for *quanto* products (in which the instrument is settled in a currency different from the currency of the underlying asset); they are liable to be classified as L3 because the valuation inputs are unobservable due to the liquidity of the correlated pair and the residual maturity of the transactions (e.g. exchange rate correlations are deemed unobservable for the USD/JPY);

- Credit derivatives: L3 credit derivatives mainly include baskets of instruments exposed to time to default correlation ("N to default" products in which the buyer of the hedge is compensated as of the 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).

1. FINANCIAL ASSETS MEASURED AT FAIR VALUE

Table 3.4.A

(In EUR m)	31.12.2023				31.12.2022 R			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio (excluding derivatives)	**104,493**	**171,245**	**6,814**	**282,552**	**96,221**	**131,547**	**6,402**	**234,170**
Bonds and other debt securities *	32,843	6,275	308	39,426	22,857	3,007	158	26,022
Shares and other equity securities *	71,524	170	-	71,694	73,362	1,042	-	74,404
Securities purchased under resale agreements	-	152,944	6,130	159,074	-	116,586	6,166	122,752
Loans, receivables and other trading assets	126	11,856	376	12,358	2	10,912	78	10,992
Trading derivatives	**6**	**81,276**	**2,253**	**83,535**	**-**	**73,393**	**3,382**	**76,775**
Interest rate instruments *	5	40,806	1,668	42,479	-	32,527	2,477	35,004
Foreign exchange instruments *	-	18,575	230	18,805	-	23,826	446	24,272
Equity and index instruments	1	19,581	189	19,771	-	15,411	106	15,517
Commodity instruments	-	84	-	84	-	199	-	199
Credit derivatives	-	1,820	166	1,986	-	1,403	353	1,756
Other forward financial instruments	-	410	-	410	-	27	-	27
Financial assets measured mandatorily at fair value through profit or loss	**72,451**	**27,128**	**15,072**	**114,651**	**60,538**	**27,681**	**13,383**	**101,602**
Bonds and other debt securities	26,750	2,579	1,347	30,676	19,645	1,904	864	22,413
Shares and other equity securities *	45,701	10,705	12,286	68,692	40,893	11,934	9,929	62,756
Loans, receivables and securities purchased under resale agreements	-	13,844	1,439	15,283	-	13,843	2,590	16,433
Financial assets measured using fair value option through profit or loss	**13,732**	**1,412**	**-**	**15,144**	**13,277**	**1,327**	**-**	**14,604**
Bonds and other debt securities	13,732	89	-	13,821	13,277	92	-	13,369
Loans, receivables and securities purchased under resale agreements	-	68	-	68	-	55	-	55
Separate assets for employee benefit plans	-	1,255	-	1,255	-	1,180	-	1,180
Hedging derivatives	**-**	**10,585**	**-**	**10,585**	**-**	**32,971**	**-**	**32,971**
Interest rate instruments	-	10,421	-	10,421	-	32,672	-	32,672
Foreign exchange instruments	-	157	-	157	-	293	-	293
Equity and index instruments	-	7	-	7	-	6	-	6
Financial assets measured at fair value through other comprehensive income	**88,231**	**2,384**	**279**	**90,894**	**91,430**	**1,250**	**280**	**92,960**
Bonds and other debt securities *	88,231	2,382	-	90,613	91,404	1,250	1	92,655
Shares and other equity securities	-	-	265	265	-	-	264	264
Loans and receivables	-	2	14	16	26	-	15	41
Total	**278,913**	**294,030**	**24,418**	**597,361**	**261,466**	**268,169**	**23,447**	**553,082**

* *The restatement of amounts as at 31 December 2022 includes some adjustments of the classification among levels in order to reflect the observability level of the inputs used to carry out the valuation of the considered financial instruments. They mainly concern a transfer within Shares and other equity securities of the trading portfolio from Level 2 to Level 1 (EUR 3,780 million).*

2. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

Table 3.4.B

	31.12.2023				31.12.2022 R			
(In EUR m)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio (excluding derivatives)	**9,396**	**177,622**	**4,514**	**191,532**	**6,424**	**152,967**	**3,386**	**162,777**
Amounts payable on borrowed securities	-	42,461	22	42,483	8	51,037	56	51,101
Bonds and other debt instruments sold short	7,305	1	-	7,306	5,172	-	14	5,186
Shares and other equity instruments sold short	2,091	-	-	2,091	1,244	-	-	1,244
Securities sold under repurchase agreements	-	132,532	4,487	137,019	-	99,366	3,307	102,673
Borrowings and other trading liabilities	-	2,628	5	2,633	-	2,564	9	2,573
Trading derivatives	**12**	**85,741**	**4,050**	**89,803**	**14**	**68,701**	**3,941**	**72,656**
Interest rate instruments *	11	36,343	2,327	38,681	-	21,122	2,662	23,784
Foreign exchange instruments *	1	19,563	461	20,025	6	25,046	272	25,324
Equity and index instruments	-	27,555	1,056	28,611	7	20,464	738	21,209
Commodity instruments	-	208	-	208	-	154	-	154
Credit derivatives	-	757	206	963	-	1,135	269	1,404
Other forward financial instruments	-	1,315	-	1,315	1	780	-	781
Financial liabilities measured using fair value option through profit or loss	**657**	**56,503**	**37,089**	**94,249**	**-**	**32,071**	**36,671**	**68,742**
Hedging derivatives	**-**	**18,708**	**-**	**18,708**	**-**	**46,164**	**-**	**46,164**
Interest rate instruments	-	18,575	-	18,575	-	45,981	-	45,981
Foreign exchange instruments	-	108	-	108	-	166	-	166
Equity and index instruments	-	25	-	25	-	17	-	17
Total	**10,065**	**338,574**	**45,653**	**394,292**	**6,438**	**299,903**	**43,998**	**350,339**

* *The restatement of amounts as at 31 December 2022 includes some adjustments of the classification among levels in accordance with the financial instruments observability. They mainly concern a transfer within Foreign exchange instruments of the trading derivatives portfolio from Level 1 to Level 2 (EUR 336 million).*

3. VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

Table 3.4.C

(In EUR m)	Balance as at 31.12.2022 R	Acquisitions	Disposals / redemp-tions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	Change in scope and others	Balance as at 31.12.2023
Trading portfolio (excluding derivatives)	**6,402**	**5,829**	**(3,368)**	**(1,451)**	**5**	**(589)**	**(14)**	**-**	**6,814**
Bonds and other debt securities	158	724	(570)	(65)	5	60	(4)	-	308
Securities purchased under resale agreements	6,166	4,802	(2,798)	(1,386)	-	(653)	(1)	-	6,130
Loans, receivables and other trading assets	78	303	-	-	-	4	(9)	-	376
Trading derivatives	**3,382**	**76**	**(4)**	**(382)**	**84**	**(809)**	**(94)**	**-**	**2,253**
Interest rate instruments	2,477	-	-	(348)	59	(451)	(69)	-	1,668
Foreign exchange instruments	446	-	-	-	3	(200)	(19)	-	230
Equity and index instruments	106	76	(4)	(5)	1	16	(1)	-	189
Credit derivatives	353	-	-	(29)	21	(174)	(5)	-	166
Financial assets measured mandatorily at fair value through profit or loss	**13,383**	**5,843**	**(4,489)**	**(1,256)**	**1,024**	**(293)**	**(69)**	**929**	**15,072**
Bonds and other debt securities	864	1,606	(1,523)	-	38	14	-	348	1,347
Shares and other equity securities	9,929	4,237	(2,897)	(472)	945	(37)	-	581	12,286
Loans, receivables and securities purchased under resale agreements	2,590	-	(69)	(784)	41	(270)	(69)	-	1,439
Financial assets measured at fair value through other comprehensive income	**280**	**4**	**(5)**	**-**	**-**	**-**	**-**	**-**	279
Debt instruments	1	4	(4)	-	-	(1)	-	-	-
Equity instruments	264	-	-	-	-	1	-	-	265
Loans and receivables	15	-	(1)	-	-	-	-	-	14
Total	**23,447**	**11,752**	**(7,866)**	**(3,089)**	**1,113**	**(1,691)**	**(177)**	**929**	**24,418**

FINANCIAL LIABILITIES

Table 3.4.D

(In EUR m)	Balance as at 31.12.2022 R	Issues	Redemptions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	Change in scope and others	Balance as at 31.12.2023
Trading portfolio (excluding derivatives)	**3,386**	**3,810**	**(1,488)**	**(295)**	**-**	**(818)**	**(81)**	**-**	**4,514**
Amounts payable on borrowed securities	56	-	-	-	-	(34)	-	-	22
Bonds and other debt instruments sold short	14	-	-	-	-	(14)	-	-	-
Securities sold under repurchase agreements	3,307	3,810	(1,488)	(295)	-	(766)	(81)	-	4,487
Borrowings and other trading liabilities	9	-	-	-	-	(4)	-	-	5
Trading derivatives	**3,941**	**1,382**	**(458)**	**(527)**	**274**	**(236)**	**(326)**	**-**	**4,050**
Interest rate instruments	2,662	-	-	(399)	246	119	(301)	-	2,327
Foreign exchange instruments	272	856	(403)	(1)	1	(263)	(1)	-	461
Equity and index instruments	738	526	(55)	(84)	18	(70)	(17)	-	1,056
Credit derivatives	269	-	-	(43)	9	(22)	(7)	-	206
Financial liabilities measured using fair value option through profit or loss	**36,671**	**13,184**	**(12,866)**	**(1,793)**	**188**	**2,397**	**(692)**	**-**	**37,089**
Total	**43,998**	**18,376**	**(14,812)**	**(2,615)**	**462**	**1,343**	**(1,099)**	**-**	**45,653**

4. VALUATION METHODS OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE ON THE BALANCE SHEET

For financial instruments recognised at fair value on the balance sheet, fair value is determined primarily on the basis of the prices quoted in an active market. These prices may be adjusted, if they are not available at the balance sheet date in order to incorporate the events that have an impact on prices and occurred after the closing of the stock markets but before the measurement date or in the event of an inactive market.

However, due notably to the varied characteristics of financial instruments traded over-the-counter on the financial markets, a large number of financial products traded by the Group does not have quoted prices in the markets.

For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for swaps or the Black & Scholes formula for certain options and using valuation parameters that reflect current market conditions at the balance sheet date. These valuation models are validated independently by the experts from the Market Risk Department of the Group's Risk Division.

Furthermore, the inputs used in the valuation models, whether derived from observable market data or not, are checked by the Finance Division of Market Activities, in accordance with the methodologies defined by the Market Risk Department.

If necessary, these valuations are supplemented by additional reserves (such as bid-ask spreads or liquidity) determined reasonably and appropriately after an analysis of available information.

Derivatives and security financing transactions are subject to a Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA). The Group includes all clients and clearing houses in this adjustment, which also reflects the netting agreements existing for each counterparty.

The CVA is determined based on the Group entity's expected positive exposure to the counterparty, the counterparty's probability of default and the amount of the loss given default. The DVA is determined symmetrically based on the negative expected exposure. These calculations are carried out over the life of the potential exposure, with a focus on the use of relevant and observable market data. Since 2021, a system has been in place to identify the new transactions for which CVA/DVA adjustments are significant. These transactions are then classified in Level 3.

Similarly, an adjustment to take into account the costs or profits linked to the financing of these transactions (FVA, Funding Value Adjustment) is also performed.

Observable data must be: independent, available, publicly distributed, based on a narrow consensus and backed up by transaction prices.

For example, consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For long maturities, these consensus data are not observable. This is the case for the implied volatility used for the valuation of equity options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable inputs.

In the event of unusual tensions on the markets, leading to a lack of the usual reference data used to measure a financial instrument, the Risk Division may implement a new model in accordance with pertinent available data, similar to methods used by other market players.

SHARES AND OTHER EQUITY SECURITIES

For listed shares, fair value is taken to be the quoted price on the balance sheet date.

The significant unlisted securities and the significant securities listed on an illiquid market will be valued primarily by using a developed valuation method: Discounted Cash Flows (DCF) or Discounted Dividend Model (DDM) and/or Market multiples.

For non-significant unlisted shares, fair value is determined depending on the type of financial instrument and according to one of the following methods:

- proportion of net asset value held;
- valuation based on a recent transaction involving the issuing company (third party buying into the issuing company's capital, appraisal by a professional valuation agent, etc.);
- valuation based on a recent transaction in the same sector as the issuing company (income multiple, asset multiple, etc.).

DEBT INSTRUMENTS HELD IN PORTFOLIO, ISSUES OF STRUCTURED SECURITIES MEASURED AT FAIR VALUE AND FINANCIAL DERIVATIVES INSTRUMENTS

The fair value of these financial instruments is determined based on the quoted price on the balance sheet date or prices provided by brokers on the same date, when available. For unlisted financial instruments, fair value is determined using valuation techniques. Concerning liabilities measured at fair value, the on-balance sheet amounts include changes in the Group's issuer credit risk.

OTHER DEBTS

For listed financial instruments, fair value is taken as their closing quoted price on the balance sheet date. For unlisted financial instruments, fair value is determined by discounting future cash flows to present value at market rates (including counterparty risks, non-performance and liquidity risks).

CUSTOMER LOANS

The fair value of loans and receivables is calculated, in the absence of an actively traded market for these loans, by discounting the expected cash flows to present value at a discount rate based on interest rates prevailing on the market at the reporting date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

5. ESTIMATES OF MAIN UNOBSERVABLE INPUTS

The following table provides, for Level 3 instruments, the ranges of values of the most significant unobservable inputs by main product type.

Table 3.4.E

(In EUR m)

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	1.00%	623.30%
			Equity dividends	0.00%	16.00%
			Correlations	-80.10%	99.90%
			Hedge fund volatilities	7.60%	7.60%
			Mutual fund volatilities	1.70%	26.80%
Interest rates and Forex	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	-80.00%	85.00%
	Forex derivatives	Forex option pricing models	Forex volatilities	1.00%	31.00%
	Interest rate derivatives whose notional is indexed to prepayment behaviour in European collateral pools	Prepayment modelling	Constant prepayment rates	0.00%	20.00%
	Inflation instruments and derivatives	Inflation pricing models	Correlations	72.00%	90.00%
Credit	Collateralised Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	0.00%	100.00%
			Recovery rate variance for single name underlyings	0.00%	100.00%
	Other credit derivatives	Credit default models	Time to default correlations	0.00%	100.00%
			Quanto correlations	0.00%	100.00%
			Credit spreads	0,0 bps	82,4 bps
Commodities	Derivatives on commodities baskets	Option models on commodities	Correlations	NA	NA
Long term equity investments	Securities held for strategic purposes	Net Book Value / Recent transactions	Not applicable	-	-

The table below shows the valuation of cash and derivative instruments on the balance sheet. When it comes to hybrid instruments, they are broken down according to the main unobservable inputs.

Table 3.4.F

	31.12.2023	
(In EUR m)	**Assets**	**Liabilities**
Equities/funds	11,298	22,771
Rates and Forex	11,121	22,676
Credit	166	206
Long term equity investments	1,833	-
Total	**24,418**	**45,653**

6. SENSITIVITY OF FAIR VALUE FOR LEVEL 3 INSTRUMENTS

Unobservable inputs are assessed carefully, particularly in this persistently uncertain economic environment and market. However, by their very nature, unobservable inputs inject a degree of uncertainty into the valuation of Level 3 instruments.

To quantify this, fair value sensitivity was estimated at 31 December 2023 on instruments whose valuation requires certain unobservable inputs. This estimate was based either on a "standardised" variation in unobservable inputs, calculated for each input on a net position, or on assumptions in line with the additional valuation adjustment policies for the financial instruments in question.

The "standardised" variation corresponds to the standard deviation of consensus prices (TOTEM...) used to measure an input nevertheless considered as unobservable. In cases of unavailability of these data, the standard deviation of historical data is then used to assess the input.

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

Table 3.4.G

	31.12.2023		31.12.2022	
(In EUR m)	**Negative impact**	**Positive impact**	**Negative impact**	**Positive impact**
Shares and other equity instruments and derivatives	**(31)**	**52**	**(30)**	**82**
Equity volatilities	(16)	16	-	5
Dividends	(10)	10	-	20
Correlations	(5)	25	(30)	56
Hedge Fund volatilities	-	0	-	-
Mutual Fund volatilities	(0)	1	(0)	1
Rates or Forex instruments and derivatives	**(13)**	**25**	**(15)**	**28**
Correlations between exchange rates and/or interest rates	(13)	24	(14)	27
Forex volatilities	(0)	0	(1)	1
Constant prepayment rates	-	-	-	-
Inflation/inflation correlations	(0)	0	(0)	0
Credit instruments and derivatives	**(4)**	**4**	**-**	**5**
Time to default correlations	(0)	0	-	0
Quanto correlations	(0)	0	-	3
Credit spreads	(3)	3	-	2
Commodity derivatives	**NA**	**NA**	**NA**	**NA**
Commodities correlations	NA	NA	NA	NA
Long term securities	**NA**	**NA**	**NA**	**NA**

It should be noted that, given the already conservative valuation levels, this sensitivity is higher for a favourable impact on results than for an unfavourable impact. Moreover, the amounts shown above illustrate the uncertainty of the valuation as at the computation date based on a "standardised" variation in inputs. Future variations in fair value cannot be deduced or forecast from these estimates.

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.

Table 3.4.H

(In EUR m)	2023	2022
Deferred margin as at 1 January	**1,248**	**1,191**
Deferred margin on new transactions during the period	470	794
Margin recorded in the income statement during the period	(638)	(737)
o/w amortisation	*(390)*	*(497)*
o/w switch to observable inputs	*(20)*	*(12)*
o/w disposed, expired or terminated	*(228)*	*(228)*
Deferred margin as at 31 December	**1,080**	**1,248**

NOTE 3.5 - LOANS, RECEIVABLES AND SECURITIES AT AMORTISED COST

IMPACT ON GROUP FINANCIAL ASSETS AND LIABILITIES OF THE APPLICATION OF IFRS 9 BY INSURANCE SUBSIDIARIES (SEE NOTE 1)

	31.12.2021	**Reclassifications**		**Reclassified balances**	**Adjustment of book value related to investments**			**01.01.2022 R**	**31.12.2022 R**
(In EUR m)		of available for-sale financial assets	others		Reclassification effects	Impairment and provisions for credit risk	Total		
Securities at amortised cost	19,371	4,975	22	24,368	(218)	(1)	(219)	24,149	26,143
Due from banks at amortised cost	55,972		1,232	57,204			-	57,204	68,171
Customer loans and receivables at amortised cost	497,164		69	497,233			-	497,233	506,635
Total	**572,507**	**4,975**	**1,323**	**578,805**	**(218)**	**(1)**	**(219)**	**578,586**	**600,949**

OVERVIEW

Table 3.5.A

	31.12.2023		**31.12.2022 R**	
(In EUR m)	**Carrying amount**	*o/w impairment*	**Carrying amount**	*o/w impairment*
Due from banks	77,879	*(23)*	68,171	*(39)*
Customer loans	485,449	*(10,070)*	506,635	*(10,634)*
Securities	28,147	*(84)*	26,143	*(63)*
Total	**591,475**	***(10,177)***	**600,949**	***(10,736)***

ACCOUNTING PRINCIPLES

Loans, receivables and debt securities are measured at amortised cost where their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a “Hold to Collect” business model.

Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, and their accrued or earned income are recorded in profit or loss under Interest and similar income. Furthermore, as these financial assets are subject to impairment for credit risk, changes in the expected credit losses are recorded in profit or loss under Cost of credit risk with a corresponding impairment of the amortised cost on the asset side of the balance sheet. The applicable impairment rules are described in Note 3.8. When a loan or a receivable is classified in Stage 3 for impairment (doubtful outstanding), the subsequent accrued interest incremented to the carrying amount of the financial asset before impairment is limited to the interest recognised in profit or loss. The amount of such interest is then calculated by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

Loans granted by the Group may be subject to renegotiations for commercial reasons, while the borrowing customer is not experiencing any financial difficulties or insolvency. Such efforts are undertaken for customers for which the Group agrees to renegotiate their debt at the new market conditions in the interest of preserving or developing a business relationship, in accordance with the credit approval procedures in

force and without relinquishing any principal or accrued interest. Except in specific cases where the modification due to the renegotiation would not be considered significant, renegotiated loans are derecognised as at the renegotiation date, and the new loans contracted under the renegotiated terms and conditions replace the previous loans in the balance sheet as at this same date. The new loans are subject to the SPPI test to determine how they are classified in the balance sheet. If a loan qualifies as a basic instrument (SPPI), the handling and implementation fees associated with the new transaction received are included in the effective interest rate of the new instrument.

Customer loans at amortised cost include lease receivables where they are classified as finance leases. Leases granted by the Group are classified as finance leases if they transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. Otherwise, they are classified as operating leases (see Note 4.2).

These finance lease receivables represent the Group's net investment in the lease, calculated as the present value of the minimum payments to be received from the lessee, plus any unguaranteed residual value, discounted at the interest rate implicit in the lease. In the event of a subsequent reduction in the estimated unguaranteed residual value used to calculate the lessor's investment in the finance lease, the present value of this reduction is recognised as a loss under Expenses from other activities in the income statement and as a reduction of the finance lease receivables on the asset side of the balance sheet.

BUSINESS MODEL "HOLD TO COLLECT"

Under this model, financial assets are managed to obtain cash flows by collecting contractual payments over the life of the instrument.

To achieve the objective of this business model, it is not necessary for the entity to hold all the instruments until maturity. Selling assets remains consistent with a business model whose objective is to collect contractual cash flows in the following cases:

- the financial asset is sold following an increase in the asset's credit risk; or
- the sale of the financial asset occurs close to its maturity and the proceeds from the sale are similar to the amount to be collected from the remaining contractual cash flows.

Other sales can be consistent with the objective of collecting contractual cash flows, as well, provided they are infrequent (even if significant in value) or insignificant in value, both individually and in aggregate terms (even if frequent). Such other sales include sales made to manage credit concentration risk (without an increase in the asset's credit risk). The Group has set up procedures for reporting and analysing all significant projected sales of financial assets held for collecting contractual cash flows, as well as a periodic review of sales that have occurred.

Financing activities

Within the Group, the "hold to collect" business model is mainly applied by financing activities managed by French Retail Banking, International Retail Banking and Financial Services and by Global Banking and Investor Solutions, except for the part of syndicated loans that is expected to be sold.

1. DUE FROM BANKS

Table 3.5.B

(In EUR m)	31.12.2023	31.12.2022 R
Current accounts	39,798	34,672
Deposits and loans	12,939	15,053
Securities purchased under resale agreements	24,622	17,669
Subordinated and participating loans	200	237
Related receivables	383	655
Due from banks before impairments (1)	**77,942**	**68,286**
Credit loss impairments	(23)	(39)
Revaluation of hedged items	(40)	(76)
Total	**77,879**	**68,171**

(1) As at 31 December 2023, the amount due from banks classified as Stage 3 impairment (credit impaired) is EUR 37 million compared to EUR 68 million as at 31 December 2022. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

2. CUSTOMER LOANS

Table 3.5.C

(In EUR m)	31.12.2023	31.12.2022 R
Overdrafts	21,629	29,244
Other customer loans	428,614	444,612
Lease financing agreements	31,165	29,499
Securities purchased under resale agreements	9,413	10,159
Related receivables	4,845	4,071
Customer loans before impairments (1)	**495,666**	**517,585**
Credit loss impairment	(10,070)	(10,634)
Revaluation of hedged items	(147)	(316)
Total	**485,449**	**506,635**

(1) As at 31 December 2023, the amount due from banks classified as Stage 3 impairment (credit impaired) is EUR 15,711 million compared to EUR 15,687 million as at 31 December 2022. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

BREAKDOWN OF OTHER CUSTOMER LOANS

Table 3.5.D

(In EUR m)	31.12.2023	31.12.2022 R
Trade notes	7,736	7,547
Short-term loans	138,568	146,274
Export loans	13,030	13,801
Equipment loans	74,205	70,293
Housing loans	145,076	152,282
Loans secured by notes and securities	84	246
Other loans	49,915	54,169
Total	**428,614**	**444,612**

ADDITIONAL INFORMATION ON LEASE FINANCING AND SIMILAR AGREEMENTS

Table 3.5.E

(In EUR m)	31.12.2023	31.12.2022
Gross investments	**33,438**	**31,339**
Amount for the next five years	28,206	26,129
Less than one year	*9,866*	*9,657*
From one to two years	*6,987*	*6,418*
From two to three years	*5,407*	*4,855*
From three to four years	*3,629*	*3,190*
From four to five years	*2,317*	*2,009*
More than five years	5,232	5,210
Present value of minimum payments receivable	**29,153**	**27,846**
Rental receivables due for the next five years	25,231	23,799
Less than one year	*9,098*	*8,982*
From one to two years	*6,361*	*5,926*
From two to three years	*4,780*	*4,403*
From three to four years	*3,140*	*2,831*
From four to five years	*1,852*	*1,657*
Rental receivables due for more than five years	3,922	4,047
Unearned financial income	**2,273**	**1,840**
Unguaranteed residual values receivable by the lessor	**2,012**	**1,653**

3. SECURITIES

Table 3.5.F

(In EUR m)	31.12.2023	31.12.2022 R
Government securities	14,303	13,480
Negotiable certificates, bonds and other debt securities	13,731	12,742
Related receivables	256	242
Securities before impairments	**28,290**	**26,464**
Impairment	(84)	(63)
Revaluation of hedged items	(59)	(258)
Total	**28,147**	**26,143**

NOTE 3.6 - DEBTS

ACCOUNTING PRINCIPLES

Debts include the non-derivative financial liabilities that are not measured at fair value through profit or loss (these instruments are described in Note 3.1.3).

They are recognised in the balance sheet, depending on the type of instrument and counterparty, under Due to banks, Customer deposits, Debt securities issued or Subordinated debt.

Subordinated debts are all dated or undated borrowings, whether or not in the form of debt securities, which in the event of the liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Debts are initially recognised at cost, *i.e.* at the fair value of the amount borrowed net of transaction fees. These liabilities are measured as at the reporting date at amortised cost using the effective interest rate method. As a result, issue or redemption premiums on bonds are amortised over the lifetime of the instruments concerned. Accrued or paid expenses are recorded in profit or loss under Interest and similar expense.

The Group's obligations arising from mortgage savings accounts and plans are recorded under Customer deposits – Regulated savings accounts. A provision may be recorded in respect of such mortgage savings instruments (see Note 8.3).

1. DUE TO BANKS

Table 3.6.A

(In EUR m)	31.12.2023	31.12.2022 R
Demand deposits and current accounts	11,131	10,455
Overnight deposits and borrowings	1,049	392
Term deposits [(1)]	100,307	120,163
Related payables	1,464	301
Revaluation of hedged items	(1,082)	(1,933)
Securities sold under repurchase agreements	4,978	3,633
Total	**117,847**	**133,011**

(1) Including term-deposits linked to central banks, and in particular long-term refinancing operations set up by the ECB (Targeted Longer-Term Refinancing Operations – TLTRO).

TLTRO

The European Central Bank (ECB) launched in 2019 a third series of Targeted Longer-Term Refinancing Operations (TLTRO) with the aim of maintaining favourable credit conditions in the euro area. As in the two previous systems, the return on these loans depended on the performance of the borrowing banking institutions in terms of loans granted to their household customers (excluding real estate loans) and business customers (excluding financial institutions); depending on these performances, it was possible for the borrowing institutions to benefit from a reduced interest rate and an additional temporary bonus applicable from 24 June 2020 to 23 June 2021 (reduction by 50 basis points of the average deposit facility rate with a floor rate set at -1%). These TLTRO III operations were conducted on a quarterly basis between September 2019 and December 2021, for a possible total of 10 drawdowns. Each such operation has a three-year maturity and includes an early repayment option.

Some terms and conditions were modified in March 2020, in particular the loan production objectives, rate conditions and drawdown limit, in order to further support the granting of loans at the outset of the Covid-19 crisis. In January 2021, the ECB decided to extend the additional temporary bonus over the period from

24 June 2021 to 23 June 2022 subject to performance in terms of number of granted loans observed over a new reference period from 1 October 2020 to 31 December 2021.

The Group, via Societe Generale and Crédit du Nord, subscribed to TLTRO III loans through quarterly drawdowns staggered between December 2019 and December 2021. The residual amount of TLTRO loans on the liability side of the balance sheet is 24 billion euros as at 31 December 2023, following the early repayments made in the 2023 financial year for an amount of 28.7 billion euros.

As at 31 December 2021, the Group had already achieved the stability objectives for outstanding loans allowing it to benefit from the reduced interest rate as well as from the two temporary additional bonuses applied respectively over the periods from 24 June 2020 to 23 June 2021 and from 24 June 2021 to 23 June 2022. The additional bonuses were qualified for accounting purposes as subsidies according to IAS 20 and the loans as liabilities at adjustable rates under IFRS 9.

On 27 October 2022, the ECB changed the methods for calculating the interest rate relating to the last period of TLTRO III. These new calculation methods have been applied since 23 November 2022.

As at 31 December 2023, the total cost of TLTRO borrowings including interest and bonuses is therefore between 2.80% and 3.10% depending on the drawdown dates. For the financial year 2023, the total amount of interests and bonuses on the TLTRO borrowings recorded under Interest and similar expense is EUR 1.2 billion.

2. CUSTOMER DEPOSITS

Table 3.6.B

(In EUR m)	31.12.2023	31.12.2022
Regulated savings accounts	122,172	111,496
Demand	*99,105*	*86,368*
Term	*23,067*	*25,128*
Other demand deposits [1]	262,954	295,933
Other term deposits [1]	146,878	115,651
Related payables	1,841	876
Revaluation of hedged items	(3)	(89)
Total customer deposits	**533,842**	**523,867**
Securities sold to customers under repurchase agreements	7,835	6,897
Total	**541,677**	**530,764**

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

BREAKDOWN OF OTHER DEMAND DEPOSITS BY CUSTOMER TYPE

Table 3.6.C

(In EUR m)	31.12.2023	31.12.2022
Professionals and corporates	107,168	151,687
Individual customers	83,449	88,450
Financial customers	55,842	42,982
Others [1]	16,495	12,814
Total	**262,954**	**295,933**

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

3. DEBT SECURITIES ISSUED

Table 3.6.D

(In EUR m)	31.12.2023	31.12.2022
Term savings certificates	173	230
Bond borrowings	31,285	25,974
Interbank certificates and negotiable debt instruments	130,393	110,543
Related payables	1,321	635
Revaluation of hedged items	(2,666)	(4,206)
Total	**160,506**	**133,176**
o/w floating-rate securities	*95,247*	*77,220*

NOTE 3.7 - INTEREST INCOME AND EXPENSE

MAKING IT SIMPLE

Interest is compensation for a financial service, consisting in a lender making a certain amount of cash available to a borrower for an agreed period of time. Such compensated financing arrangements can be loans, deposits or securities (bonds, negotiable debt securities…).

This compensation is a consideration for the time value of money, and additionally for credit risk, liquidity risk and administrative costs, all borne by the lender for the duration of the financing agreement. The interest can also include a margin used by the lending bank to remunerate equity instruments (such as ordinary shares) that are required by prudential regulation to be issued in relation to the amount of financing granted, so as to guarantee its own solvency.

Interest is recognised as expense or income over the life of the financing service granted or received, proportionally to the principal amount outstanding.

ACCOUNTING PRINCIPLES

Interest income and expense are recorded in the income statement under Interest and similar income and Interest and similar expense for all financial instruments measured using the effective interest method (instruments at amortised cost and debt instruments at fair value through other comprehensive income) and for all financial instruments mandatorily measured at fair value through profit and loss and interest rate risk hedging derivatives for the portion of income or expenses representative of the effective interest rate. Negative interest incomes on financial assets are recorded under Interest and similar expense; negative interest expenses on financial liabilities are recorded under Interest and similar income.

The effective interest rate is taken to be the rate used to net discount future cash inflows and outflows over the expected life of the instrument in order to establish the net book value of the financial asset or liability. The calculation of this rate considers the future cash flows estimated on the basis of the contractual provisions of the financial instrument without taking account of possible future credit losses and also includes commissions paid or received between the parties where these may be assimilated to interest, directly linked transaction costs, and all types of premiums and discounts.

Where a financial asset is classified in Stage 3 for impairment, subsequent interest income is recognised in profit or loss by applying the effective interest rate to the net carrying amount of the financial asset with an offsetting entry equal to the outstanding financial asset before impairment.

Moreover, except for those related to employee benefits, provisions recognised as balance sheet liabilities generate interest expenses which are calculated using the same risk-free interest rate as that used to discount the expected outflow of resources as soon as the effects of this update are significant.

SPECIFIC TREATMENT RELATED TO THE REPLACEMENT OF A REFERENCE INTEREST RATE BY AN ALTERNATIVE REFERENCE INTEREST RATE (POSSIBLY INCLUDING A FINANCIAL COMPENSATION) – IBOR REFORM

The replacement of a reference interest rate by an alternative reference interest rate (possibly including a financial compensation in the form of a margin adjustment expressed in basis points and/or a cash amount) is liable to change the basis for determining the contractual cash flows of a financial asset or liability (*i.e.*, the method for calculating the return on it).

The effective interest rate is then modified prospectively to reflect the change from the current reference interest rate to an alternative reference interest rate. This last is adjusted for the new margin expressed in basis points and, if needed, for the amortisation over the remaining term of the contract, of the cash amount paid at the time of the modification.

Table 3.7.A

(In EUR m)	2023 Income	2023 Expense	2023 Net	2022 R Income	2022 R Expense	2022 R Net
Financial instruments at amortised cost	32,266	(24,720)	7,546	17,546	(8,845)	8,701
Central banks	*6,698*	*(368)*	*6,330*	*1,255*	*(306)*	*949*
Bonds and other debt securities	*1,188*	*(4,096)*	*(2,908)*	*620*	*(1,690)*	*(1,070)*
Due from/to banks (1)	*3,972*	*(6,375)*	*(2,403)*	*1,935*	*(1,737)*	*198*
Customer loans and deposits	*17,997*	*(12,133)*	*5,864*	*12,172*	*(3,917)*	*8,255*
Subordinated debt	*-*	*(700)*	*(700)*	*-*	*(641)*	*(641)*
Securities lending/borrowing	*9*	*(13)*	*(4)*	*42*	*(14)*	*28*
Repo transactions	*2,402*	*(1,035)*	*1,367*	*1,522*	*(540)*	*982*
Hedging derivatives	15,919	(17,748)	(1,829)	9,739	(8,737)	1,002
Financial instruments at fair value through other comprehensive income (2)	2,779	(260)	2,519	2,208	(277)	1,931
Lease agreements	1,258	(47)	1,211	852	(37)	815
Real estate lease agreements	*295*	*(45)*	*250*	*181*	*(37)*	*144*
Non-real estate lease agreements	*963*	*(2)*	*961*	*671*	*-*	*671*
Subtotal interest income/expense on financial instruments using the effective interest method	**52,222**	**(42,775)**	**9,447**	**30,345**	**(17,896)**	**12,449**
Financial instruments mandatorily at fair value through profit or loss	865	(2)	863	393	(1)	392
Total Interest income and expense	**53,087**	**(42,777)**	**10,310**	**30,738**	**(17,897)**	**12,841**
o/w interest income from impaired financial assets	*273*	*-*	*273*	*250*	*-*	*250*

(1) In 2022, the interest, then negative, on TLTRO loans was recorded among the products of Loans/borrowings from credit institutions. In 2023, interest on TLTRO loans is recorded among the expenses of Due from/to banks. (see Note 3.6).

(2) Including EUR 1,237 million for insurance subsidiaries in 2023 (EUR 1,411 million in 2022). This amount must be read together with the financial income and expenses of insurance contracts (see Note 4.3, Detail of performance of insurance activities).

These interest expenses include the refinancing cost of financial instruments at fair value through profit or loss, the results of which are classified in net gains or losses on these instruments (see Note 3.1). Given that income and expenses booked in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through profit or loss must be assessed as a whole.

BREAKDOWN OF INCOME OF CUSTOMER LOANS AT AMORTISED COST

Table 3.7.B

(In EUR m)	2023	2022 R
Trade notes	852	507
Other customer loans	15,189	10,433
Short-term loans	*7,132*	*4,490*
Export loans	*576*	*366*
Equipment loans	*2,647*	*1,751*
Housing loans	*2,878*	*2,694*
Other customer loans	*1,956*	*1,132*
Overdrafts	1,692	989
Doubtful outstanding (stage 3)	264	243
Total	**17,997**	**12,172**

NOTE 3.8 - IMPAIRMENT AND PROVISIONS

MAKING IT SIMPLE

Some financial assets (loans, debt securities) involve credit risk which exposes the Group to a potential loss if the counterparty or the securities issuer were to be unable to respect their financial commitments. To compensate for this risk, the bank receives a portion of the contractual interest on those assets, called credit margin, compensates it.

For loans, receivables and debt securities measured at amortised cost or fair value through other comprehensive income, this potential loss, or expected credit loss, as estimated by the Group, is recognised in profit or loss without waiting for a payment default individually impacting the counterparty; the expenses partly offset the interest income and thus avoid overestimating the income during the periods prior to the counterparty default. On balance sheet, this potential loss is recognised as an impairment that reduces the carrying amount of assets measured at amortised cost. Impairment are written-back in case of a subsequent decrease of credit risk.

Potential losses recognised in the income statement represent initially the credit losses expected by the Group over the year to come. Subsequently, the amount is increased by the expected loss at maturity of the instrument in case of significant increase of risk.

For financial assets measured at fair value through profit or loss (including instruments held by global markets activities), their fair value includes already the expected credit loss, as assessed by the market participants, on the residual lifetime of the instrument.

ACCOUNTING PRINCIPLES

RECOGNITION OF EXPECTED CREDIT LOSSES

Debt instruments (loans, debt securities and bonds and similar) classified as financial assets at amortised cost or as financial assets at fair value through other comprehensive income, operating lease receivables, customer receivables and income to be received included amongst Other assets, as well as loan commitments granted and guarantee commitments issued, are systematically subject to impairment or provisions for expected credit losses. These impairments and provisions are recognised as the loans are granted, the commitments undertaken, or the debt securities purchased, without waiting for the occurrence of an objective evidence of impairment.

To determine the amount of impairment or provision to be recorded at each reporting date, these exposures are split among three categories based on the increase in credit risk observed since initial recognition. An impairment or provision shall be recognised for the exposures in each category as follows:

	Observed deterioration in credit risk since initial recognition of the financial asset		
Credit risk category	**Stage 1** Performing assets	**Stage 2** Under-performing or downgraded assets	**Stage 3** Credit-impaired or defaulted assets
Transfer criteria	Initial recognition of the instrument in stage 1 ⇨ *Maintained if the credit risk has not increased significantly*	Credit risk on the instrument has increased significantly since initial recognition / 30 days past due	Evidence that the instrument has become credit-impaired / 90 days past due
Measurement of credit risk	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses
Interest income recognition basis	Gross carrying amount of the asset before impairment	Gross carrying amount of the asset before impairment	Net carrying amount of the asset after impairment

EXPOSURES CLASSIFIED IN STAGE 1

At the initial recognition date, the exposures are systematically classified in Stage 1, unless they are purchased or originated credit-impaired instruments.

EXPOSURES CLASSIFIED IN STAGE 2

To identify Stage 2 exposures, the significant increase in credit risk compared to the date of initial recognition is assessed by the Group using all available past and forward-looking data (behavioural scores, loan to value indicators, macroeconomic forecast scenarios, sector analyses, cash flow projections for some counterparties, etc.).

The three criteria used to assess the significant changes in credit risk are detailed below. Once only one of these three criteria is met, the relevant outstanding is transferred from Stage 1 to Stage 2 and related impairment or provisions are adjusted accordingly. Furthermore, the Group does not apply the exemption for low credit risk; it thus carries out an assessment of a significant increase in credit risk for all loans and debt securities.

Criteria 1: the classification of the counterparty in "sensitive"

To determine the classification of the counterparty as "sensitive" (notion of watch list), the Group analyses:

- the counterparty's credit rating (where it is the subject of an internal analysis); and
- the changes in its operating sector, in macroeconomic conditions and in the behaviours of the counterparty which may also be indicative of a deterioration in credit risk.

If, after a review, a counterparty is deemed "sensitive" (notion of watch list), all existing contracts between the Group and this counterparty are transferred into Stage 2 (to the extent that this approach does not lead to a distortion compared with an analysis of the credit quality at the time of granting of each financial instrument) and the related impairment and provisions are increased up to the lifetime expected credit losses.

Once a counterparty has been placed on a watch list, all new transactions originated with that counterparty are recorded in Stage 1.

Criteria 2: the magnitude of the change in a counterparty's credit rating since the initial recognition

This magnitude is assessed from contract to contract, from the date of their initial recognition to the balance sheet date.

To determine whether a deterioration or improvement in the credit rating between the date of initial recognition and the balance sheet date is significant enough to prompt a change in the impairment Stage, thresholds are set once a year by the Risk Division. These transfer thresholds between Stage 1 and Stage 2 are determined for each homogeneous portfolio of contracts (notion of risk segment based on the customer typology and the credit quality) and are calculated based on their specific probability-of-default curves. These thresholds may be expressed as an absolute or relative increase in the probability of default. For example, the threshold is set at +50 bp for sovereign debt, +100 bp for the Very Large Enterprises (turnover exceeding EUR 500 million), +200 bp for SME and +10 bp for the French mortgages of the Societe Generale retail network.

In addition and in line with the recommendations issued by the EBA and the ECB, loans for which the probability of default has been multiplied by 3 between the date of first recognition and the balance sheet date are transferred to Stage 2.

Criteria 3: the existence of payments more than 30 days past due

There is a (rebuttable) presumption of a significant deterioration in credit risk when a payment on an asset is more than 30 days past due.

The three criteria are symmetrical: thus, a removal from the watch list of sensitive counterparties, a sufficient improvement in the debtor's credit rating or a settlement of payments more than 30 days overdue results in a return to Stage 1, without any probation period in Stage 2.

Particular case of exposures without credit rating

For exposures to counterparties for which no credit rating is available (retail customers and a limited portion of the "small- and medium- sized companies" segment), the transfer into Stage 2 is based on:

- the Basel behavioural score or the existence of payments more than 30 days past due for retail customers;
- the placement on the watch list or the existence of payments more than 30 days past due for Corporate.

EXPOSURES CLASSIFIED IN STAGE 3

To identify Stage 3 exposures (doubtful exposures), the Group has been applying to most of its entities, since July 2020, the new definition of default as detailed in the guidelines published by the European Banking Authority (EBA). This definition leads to applying the following criteria to classify exposures as Stage 3:

- one or more unpaid payments of over 100 euros for Retail (500 euros for Non-retail) during 90 consecutive days, representing at least 1% of the total exposure of the customer. This unpaid amount may or may not be accompanied by a recovery procedure except for restructured loans classified into Stage 1 or 2 which are retransferred into Stage 3 from the first amount unpaid after 30 days during the two-year probation period. In addition, only missed payments related to business litigations, specific contractual features or IT failures may avoid automatic transfer into Stage 3 after 90 days.
- identification of other criteria that evidence, even in the absence of missed payments, that this is unlikely that the counterparty could meet all its financial obligations:
- a significant deterioration in the counterparty's financial situation creates a strong probability that it will not be able to meet all of its commitments and thus represents a risk of loss for the Group;
- the granting of concessions to the clauses of the loan agreement, which would not have been granted if the counterparty wasn't experiencing financial difficulties (restructured loans) and which result in a decrease in the present value of the loan cash flows of more than 1% of its initial value;
- the existence of litigious proceedings (ad hoc mandate, bankruptcy protection, court-ordered settlement or compulsory liquidation or other similar proceedings in local jurisdictions).

The Group applies the impairment contagion principle to all of the defaulting counterparty's exposures. When a debtor belongs to a group, the impairment contagion principle may also be applied to all of the group's exposures.

The classification in Stage 3 is kept during the 3-month probation period after the disappearance of all default indicators described above. The probation period in Stage 3 is extended to one year for the restructured loans that have been transferred in Stage 3.

In the case of a return to Stage 2, the exposures are kept in Stage 2 during a probation period before assessing whether they could be transferred to Stage 1. This probation period in Stage 2 is from 6 months to two years according to the nature of the risk portfolio to which the exposures belong.

MEASUREMENT OF DEPRECIATION AND PROVISION

Stage 1 exposures are impaired for the amount of credit losses that the Group expects to incur within 12 months (12-month expected credit losses), based on past data and the current situation. Accordingly, the amount of impairment is the difference between the gross carrying amount of the asset and the present value of future cash flows deemed to be recoverable, taking into account the impact of collateral called up or liable to be called up and the probability of a default event occurring within the next 12 months.

Stage 2 and 3 exposures are impaired for the amount of credit losses that the Group expects to incur over the life of the exposures (lifetime expected credit losses), taking into consideration past data, the present situation and reasonable forecast changes in economic conditions, and relevant macroeconomic factors through to maturity. Accordingly, the amount of impairment is the difference between the gross carrying amount of the asset and the present value of future cash flows deemed to be recoverable, taking into account the impact of collateral called up or liable to be called up and the probability of a default event occurring through to the instrument's maturity.

Financial guarantees are taken into account in the estimation of the recoverable cash flows when they are integral part of the contractual characteristics of the related loans and they are not recognised separately.

If the financial guarantees don't meet these criteria and as a consequence their effects cannot be taken into account in the calculation of impairment, a separate asset is recorded in the balance sheet under Other Assets. The book value of this asset is representative of the expected credit losses, recorded in the balance sheet within the impairment of assets, for which the Group is almost certain to receive a compensation. Changes in the carrying amount of this asset are recorded in the income statement under Cost of credit risk.

Irrespective of the Stage in which the exposures are classified, cash flows are discounted using the initial effective interest rate of the financial asset. The amount of impairment is included in the net carrying amount of the credit impaired financial asset. Impairment allocations/reversals are recorded in the income statement under Cost of credit risk.

The expected credit losses on the financing commitments and financial collateral given are determined using a similar approach applied to the estimated amount of Group exposure in case of default (amount drawn from the financing commitment as at the default date, amount of collateral called up as at the default date). The credit loss amounts thus calculated at one year (Stage 1) or over the life of the commitments (Stages 2 and 3) are recognised as liabilities on the balance sheet under Provisions.

For operating leases and trade receivables, the Group uses the "simplified" approach, under which impairments are calculated as lifetime expected credit losses since their initial recognition, regardless of any subsequent changes in the counterparty's credit risk. The assessment of depreciation is mainly based on historical data on default rates and incurred losses in the event of default. Adjustments to take into account forward-looking information on economic conditions and macro-economic factors are determined by an expert.

RESTRUCTURED LOANS

Loans issued or acquired by the Group may be restructured due to financial difficulties. This takes the shape of a contractual modification of the initial terms of the loan (e.g. lower interest rates, rescheduled loan payments, partial debt forgiveness, or additional collateral). This adjustment of the contractual terms is strictly linked to the borrower's financial difficulties and/or insolvency (whether they have already become insolvent or are certain to do so if the loan is not restructured).

Where they still pass the SPPI test, restructured loans are still recognised in the balance sheet and their amortised cost before credit risk allowance is adjusted for a discount representing the restructuration loss. This discount is equal to the difference between the present value of the new contractual cash flows resulting from the restructuring of the loan and the amortised cost before credit risk allowance less any partial debt forgiveness; it is booked to Cost of credit risk in the income statement. As a result, the amount of interest income subsequently recognised into income is still computed using the initial effective interest rate of the loan and based on the net carrying amount of the asset after impairment during at least the first year following the restructuration.

Post-restructuring, these financial assets are classified in Stage 3 (credit-impaired exposures) whether the present value of modified cash flows decreases by more than 1% compared with the carrying amount of financial instruments before the restructuring or there is a high probability that the counterparty cannot meet all its commitments involving a risk of loss for the Group. In these two cases, the restructuring of financial assets leads to default. Stage 3 classification is maintained for at least one year, or longer if the Group is uncertain that the borrowers will be able to meet their commitments. Once the loan is no longer classified in Stage 3 or the loans which the present value does not decrease more than 1%, the assessment of the significant increase of credit risk will be performed by comparing the characteristics of the instrument at the closing date and the characteristics at the initial recognition date of the loan before restructuring, applying the transfer rules to Stage 1 and 2 previously mentioned in this note with specific conditions during the probation period (during the first two-years following the restructuration, loans are retransferred into Stage 3 as of payments more than 30 days past due).

The criteria to return to Stage 1 for the restructured loans are similar to those of all the other exposures, after a probation period in Stage 3 of a minimum of one year.

Given the new contractual terms arising from the restructuring where they no longer pass the SPPI test, restructured loans are derecognised and replaced by new loans recognised according to the restructured terms and conditions. These new assets are recognised as Financial assets measured at fair value through profit or loss; On the date of recognition, the difference between the present value of the new cash flows and the net carrying amount of the initial asset is recorded under Cost of credit Risk in the income statement. These new loans are then classified as Financial assets measured at fair value through profit or loss.

Restructured loans do not include loans and receivables subject to commercial renegotiations that are loans to customers for which the Group has agreed to renegotiate the debt with the aim of maintaining or developing a commercial relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest. The accounting treatment of renegotiations is detailed in Note 3.5.

TOTAL OR PARTIAL RECOVERY BY ACTIVATING THE GUARANTEE

A claim may be recovered in the form of an asset (financial or tangible) that passes into the ownership of the Group as a result of the activation of a guarantee. This asset substitutes for the guaranteed claim on the date when the Group becomes its owner and is initially recognised at fair value as an asset on the balance sheet. Its classification and subsequent valuation method depend on the management intent.

METHOD FOR ESTIMATING EXPECTED CREDIT LOSSES

The calculation method for the impairments and provisions for expected credit losses in Stage 1 and Stage 2 was developed in the Basel framework which served as a basis for selecting the assessment methods for the calculation parameters (probability of default and credit loss rate on the outstanding loans under an advanced Basel approach - IRBA and IRBF - and provisioning rate for the outstanding loans under the standardised Basel approach).

The Group’s portfolios have been segmented in order to ensure homogeneousness of the risk characteristics and a better correlation with the macroeconomic variables, both global and local. This segmentation allows for all the specificities of the Group to be addressed. It is consistent with or similar to the one specified in the Basel framework in order to ensure the uniqueness of the historical records of defaults and losses.

The measurement of expected credit losses is performed based on the parameters mentioned below, supplemented with the internal analyses relating to the credit quality of each counterparty, individually or statistically.

GEOPOLITICAL CRISES AND MACROECONOMIC CONTEXT

In 2023, the Group revised the parameters used in the models based on the based on the updated macroeconomic scenarios which take account of the recent economic developments and macroeconomic impacts related to the current geopolitical environment (see Note 1).

To account for the uncertainties related to the macroeconomic and geopolitical environment, the Group updated the model and post-model adjustments in 2023.

The effects of these adjustments in the determination of expected credit losses are described hereinafter.

UPDATE OF THE MODELS AND IMPACT ON THE ESTIMATION OF EXPECTED CREDIT LOSSES

As at 31 December 2023, the updates of macroeconomic variables and probabilities of default as well as the updated weighting of the scenarios have resulted in a EUR 77 million decrease in the amount of impairment and provisions for credit risk:

- the impact of the revision of the macroeconomic variables and probabilities of default is a EUR 62 million decrease,
- the impact of the updated weighting of the macroeconomic scenarios described in Note 1 is a EUR 15 million decrease.

Furthermore, owing to the geopolitical context related to the war in Ukraine, all our Russian counterparties including residual exposures on Rosbank (EUR 2.1 billion as at 31 December 2022) have been classified as “sensitive” (concept of watch list) from the beginning of the conflict and the associated outstanding loans have been transferred to Stage 2. As at 31 December 2023, they amount to EUR 1.1 billion. Further analysis has resulted in the identification amidst this population of the outstanding loans that have to be transferred to Stage 3, and this from the beginning of the war in Ukraine (EUR 0.3 billion for 2023). The impact of these transfers on the calculation of the expected credit losses amounts to EUR 167 million as at 31 December 2023 (including the additional adjustment detailed in the “Other adjustments” sub-section).

Adjustments supplementing the application of the models

As at 31 December 2023, the adjustment regarding the additional criterion for classification in Stage 2 set in 2020 following the Covid-19 crisis, has been removed (EUR 17 million as at 31 December 2022).

Sectoral adjustments

The Group may supplement the models with sectoral adjustments relating to the possible revision of the expected credit loss estimates (with no impact on the classification of the outstanding loans) for some sectors.

These adjustments allow for better anticipation of the default/recovery cycle in some sectors that have a cyclical business, have been subject to peaks of default in the past or are most exposed to the current crises and on which the Group’s exposure exceeds a threshold that is annually reviewed and set by the Risk Division.

These sectoral adjustments are examined and updated quarterly by the Risk Division and validated according to materiality thresholds by the General Management.

Along the revision of these adjustments, whenever compatible with the provisioning horizon, a qualitative analysis of the possible impact of climate risks on the calculation of expected credit losses has been introduced (see the “Incorporating the environment in the risk management framework” section of chapter 4 in the Universal Registration Document).

The main sectors concerned as at 31 December 2023 are commercial real-estate, non-food retail, construction and the hotel, restaurant and leisure industry.

The total sectoral adjustments (excluding the additional sectoral adjustments described in the “Other adjustments” paragraph below) thus amount to EUR 667 million as at 31 December 2023 (EUR 570 million as at 31 December 2022). This increase is mainly due to an increase on the commercial real-estate and non-food retail sectors, the future circumstances of which are deteriorating owing to multiple factors, such as the difficult situation on the real estate market, the effects of inflation and the changes in purchasing

behaviours. An increase of lesser magnitude has been observed on the construction sector. These increases are partly offset by a decrease on the oil and gas sector, and to a lesser extent on the hotel sector the situation of which has improved.

Other adjustments

Adjustments based on expert opinion and with no impact on the classification, have also been made to reflect the deterioration in credit risk on some portfolios when this deterioration has not been observed through a line-by-line analysis of the outstanding stock:

- for the scope of entities that have not developed models enabling them to estimate the correlations between macroeconomic variables and default rate; and
- for the scopes on which models have been developed but cannot reflect future risks not observed in the past.

These adjustments amount to EUR 699 million as at 31 December 2023 (EUR 967 million as at 31 December 2022). This change results from the account taken of:

- the specific risk on the portfolio of offshore loans to Russian corporate customers resulting from the geopolitical situation; this adjustment is estimated by applying to the expected credit losses of this portfolio degraded scenarios (weighted by a probability of occurrence) for which probabilities of default and recovery prospects take account of the uncertainty relating to this environment;
- the risks arising from the specific economic environment, such as the higher inflation and interest rates, regarding fragile customers and the more specifically exposed portfolios, as such risks are not taken into account in the models.

The Group uses two main methods to estimate these adjustments:

- application, to the parameters of the expected credit loss models, of more severe probabilities of default reflecting the economic shock expected according to the Group's economic scenarios;
- application of sectoral adjustments according to the methodology described above to the sectors identified by the Group's department of Economic and sectoral studies as particularly exposed in case of occurrence of a lasting stagflation scenario.

1. OVERVIEW

In accordance with the application of IFRS 9 "Financial instruments" by the insurance subsidiaries (see Note 1), the impairments and provisions of these subsidiaries are included in the tables below.

PRESENTATION OF BALANCE SHEET AND OFF-BALANCE SHEET OUTSTANDING AMOUNTS

Table 3.8.A

(In EUR m)		31.12.2023	31.12.2022 R
Debt instruments at fair value through other comprehensive income	Note 3.3	90,630	92,696
Securities at amortised cost	Note 3.5	28,147	26,143
Due from banks at amortised cost	Note 3.5	77,879	68,171
Due from central banks (1)		220,725	204,553
Customer loans at amortised cost	Note 3.5	485,449	506,635
Guarantee deposits paid	Note 4.4	51,611	67,768
Others		6,239	4,175
o/w other miscellaneous receivables bearing credit risk	*Note 4.4*	*6,076*	*3,913*
o/w due from clearing houses bearing credit risk	*Note 4.4*	*163*	*262*
Net value of accounting outstanding amounts (balance sheet)		**960,680**	**970,141**
Impairment of loans at amortised cost	Note 3.8	10,505	11,031
Gross value of accounting outstanding amounts (balance sheet)		**971,185**	**981,172**
Financing commitments		210,511	216,573
Guarantee commitments		80,560	94,727
Gross value of off balance-sheet accounting amounts		**291,071**	**311,300**
Total of accounting amounts (balance-sheet and off balance-sheet)		**1,262,256**	**1,292,472**

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

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

Table 3.8.B

	31.12.2023				31.12.2022 R			
	Group without Insurance activities		Insurance		Group without Insurance activities		Insurance	
(In EUR m)	Outstanding amounts	Impairment /provisions	Outstanding amounts	Impairment /provisions	Outstanding amounts	Impairment /provisions	Outstanding amounts	Impairment /provisions
Financial assets at fair value through other comprehensive income	**37,729**	**3**	**52,901**	**13**	**37,199**	**8**	**55,497**	**20**
Performing assets outstanding (Stage 1)	37,727	1	51,704	4	37,192	1	54,445	5
Underperforming assets outstanding (Stage 2)	2	2	1,197	9	1	1	1,046	15
Doubtful assets outstanding (Stage 3)	-	-	-	-	6	6	6	-
Financial assets at amortised cost [(1)]	**873,390**	**10,505**	**7,165**	**-**	**881,771**	**11,031**	**6,705**	**-**
Performing assets outstanding (Stage 1)	812,925	1,048	7,085	-	820,736	1,042	6,634	-
Underperforming assets outstanding (Stage 2)	44,063	1,973	80	-	44,689	2,134	71	-
Doubtful assets outstanding (Stage 3)	16,402	7,484	-	-	16,346	7,855	-	-
o/w lease financing	***31,165***	***883***	**-**	**-**	***29,500***	***896***	**-**	**-**
Performing assets outstanding (Stage 1)	*24,798*	*127*	-	-	*24,340*	*110*	-	-
Underperforming assets outstanding (Stage 2)	*4,668*	*163*	-	-	*3,536*	*169*	-	-
Doubtful assets outstanding (Stage 3)	*1,699*	*593*	-	-	*1,624*	*617*	-	-
Financing commitments	**210,511**	**447**	**-**	**-**	**216,571**	**467**	**2**	**-**
Performing assets outstanding (Stage 1)	195,733	154	-	-	204,724	166	2	-
Underperforming assets outstanding (Stage 2)	14,540	235	-	-	11,564	251	-	-
Doubtful assets outstanding (Stage 3)	238	58	-	-	283	50	-	-
Guarantee commitments	**80,560**	**372**	**-**	**-**	**94,727**	**431**	**-**	**-**
Performing assets outstanding (Stage 1)	76,503	59	-	-	90,332	57	-	-
Underperforming assets outstanding (Stage 2)	3,370	84	-	-	3,716	116	-	-
Doubtful assets outstanding (Stage 3)	687	229	-	-	679	258	-	-
Total of accounting amounts (balance-sheet and off balance-sheet)	**1,202,190**	**11,327**	**60,066**	**13**	**1,230,268**	**11,937**	**62,204**	**20**

(1) Including Central Banks for EUR 220,725 million as at 31 December 2023 (versus EUR 204,553 million as at 31 December 2022).

In order to disclose its exposure to credit risk, the Group has decided to tabulate its assets outstanding and impairment by stage of impairment of the financial assets at amortised cost by Basel category, by geographical area, and by rating of the counterparty. Due to the absence of significant exposure to credit risk for insurance activities, assets measured at fair value through other comprehensive income as well as for financing and guarantee commitments, this information is not presented below.

GROUP ASSETS AT AMORTISED COST WITHOUT INSURANCE ACTIVITIES: OUTSTANDING AMOUNTS AND IMPAIRMENTS BY BASEL PORTFOLIO

Table 3.8.C

	31.12.2023							
	Assets at amortised cost				Impairment			
(In EUR m)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Sovereign	255,852	4,492	73	**260,417**	5	3	59	**67**
Institutions	142,862	542	88	**143,492**	7	1	21	**29**
Corporates	227,438	20,608	8,663	**256,709**	622	1,312	3,709	**5,643**
o/w SME	*41,869*	*6,212*	*3,560*	***51,641***	*213*	*364*	*1,825*	***2,402***
Retail	185,088	18,373	7,564	**211,025**	411	655	3,688	**4,754**
o/w VSB	*24,447*	*2,911*	*2,690*	***30,048***	*104*	*236*	*1,412*	***1,752***
Others	1,685	48	14	**1,747**	3	2	7	**12**
Total	**812,925**	**44,063**	**16,402**	**873,390**	**1,048**	**1,973**	**7,484**	**10,505**

Table 3.8.D

	31.12.2022							
	Assets at amortised cost				Impairment			
(In EUR m)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Sovereign *	232,527	291	215	**233,033**	6	2	77	**85**
Institutions *	161,523	592	53	**162,168**	8	2	24	**34**
Corporates *	234,572	20,367	9,221	**264,160**	619	1,399	4,260	**6,278**
o/w SME *	*42,271*	*5,666*	*3,581*	***51,518***	*226*	*318*	*1,829*	***2,373***
Retail	190,709	23,391	6,841	**220,941**	406	728	3,488	**4,622**
o/w VSB	*23,972*	*4,746*	*2,343*	***31,061***	*95*	*271*	*1,306*	***1,672***
Others *	1,405	48	16	**1,469**	3	3	6	**12**
Total	**820,736**	**44,689**	**16,346**	**881,771**	**1,042**	**2,134**	**7,855**	**11,031**

* *Amounts restated compared to the financial statements published for 2022.*

The financial assets measured at fair value through other comprehensive income mainly correspond to cash management for own account and to the management of the portfolio of HQLA (High Quality Liquid Assets) securities included in the liquidity reserves. These assets mainly correspond to Sovereigns classified in Stage 1.

The financing and guarantee commitments mainly correspond to outstanding amounts not drawn by Corporate customers. These assets are mainly classified in Stage 1.

GROUP ASSETS AT AMORTISED COST WITHOUT INSURANCE ACTIVITIES: OUTSTANDING AMOUNTS AND IMPAIRMENTS BY GEOGRAPHICAL ZONE

The geographic area chosen corresponds to the country of the counterparty. When this information is unavailable, it is the country of the issuing entity that is used.

Table 3.8.E

	31.12.2023							
	Assets at amortised cost				Impairment			
(In EUR m)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
France	443,958	20,646	9,026	**473,630**	511	1,042	3,431	**4,984**
Western European countries (excl. France)	134,142	10,521	1,717	**146,380**	201	259	754	**1,214**
Eastern European countries EU	62,572	6,670	919	**70,161**	154	276	518	**948**
Eastern Europe excluding EU	3,503	1,173	206	**4,882**	2	103	32	**137**
North America	93,778	1,775	537	**96,090**	18	106	127	**251**
Latin America and Caribbean	5,582	468	367	**6,417**	2	8	106	**116**
Asia-Pacific	33,894	301	288	**34,483**	13	3	125	**141**
Africa and Middle East	35,496	2,509	3,342	**41,347**	147	176	2,391	**2,714**
Total	**812,925**	**44,063**	**16,402**	**873,390**	**1,048**	**1,973**	**7,484**	**10,505**

Over 80% of all financing and guarantee commitments have Western Europe, North America or France as their country of counterparty.

Table 3.8.F

	31.12.2022							
	Assets at amortised cost				Impairment			
(In EUR m)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
France	442,513	26,042	8,054	**476,609**	480	1,166	3,240	**4,886**
Western European countries (excl. France)	157,496	5,569	1,695	**164,760**	220	273	767	**1,260**
Eastern European countries EU	51,781	6,455	1,088	**59,324**	144	256	640	**1,040**
Eastern Europe excluding EU	2,945	2,032	524	**5,501**	2	149	121	**272**
North America	82,014	1,479	165	**83,658**	21	113	43	**177**
Latin America and Caribbean	5,757	472	319	**6,548**	5	11	88	**104**
Asia-Pacific	37,999	616	572	**39,187**	14	6	258	**278**
Africa and Middle East	40,231	2,024	3,929	**46,184**	156	160	2,698	**3,014**
Total	**820,736**	**44,689**	**16,346**	**881,771**	**1,042**	**2,134**	**7,855**	**11,031**

GROUP ASSETS AT AMORTISED COST WITHOUT INSURANCE ACTIVITIES: SUBJECT TO IMPAIRMENT AND PROVISIONS BY RATING OF COUNTERPARTY (1)

Classification in Stage 1 or Stage 2 does not depend on the absolute probability of default but on the elements that make it possible to assess the significant increase in credit risk (see accounting principles), including the relative change in the probability of default since initial recognition. Therefore, there is no direct relationship between the counterparty rating, presented in the table below, and the classification by stage of impairment.

Table 3.8.G

	31.12.2023							
	Assets at amortised cost				Impairment			
(In EUR m)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	67,873	888	-	**68,761**	1	3	-	**4**
2	189,026	3,834	-	**192,860**	2	1	-	**3**
3	53,862	1,409	-	**55,271**	9	6	-	**15**
4	85,123	505	-	**85,628**	68	7	-	**75**
5	85,404	4,486	-	**89,890**	282	103	-	**385**
6	23,247	9,546	-	**32,793**	195	536	-	**731**
7	3,162	5,432	-	**8,594**	20	477	-	**497**
Default (8, 9, 10)	-	-	8,522	**8,522**	-	-	3,646	**3,646**
Other method	305,228	17,963	7,880	**331,071**	471	840	3,838	**5,149**
Total	**812,925**	**44,063**	**16,402**	**873,390**	**1,048**	**1,973**	**7,484**	**10,505**

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

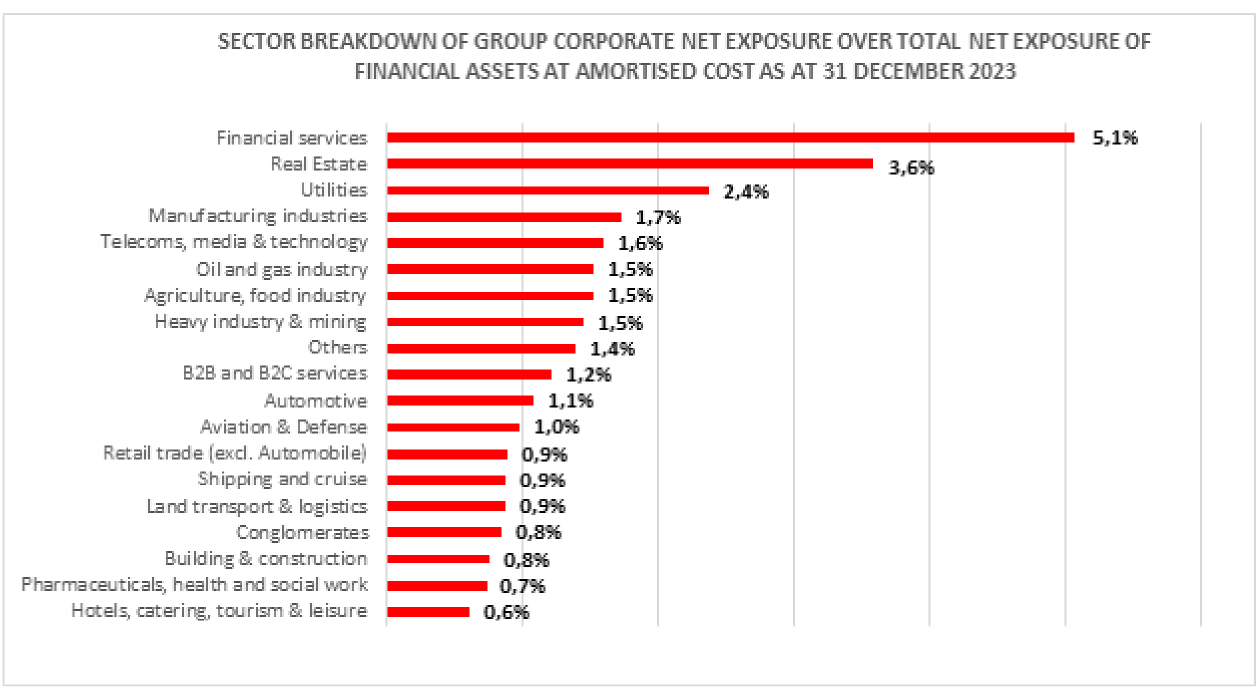
Table 3.8.H

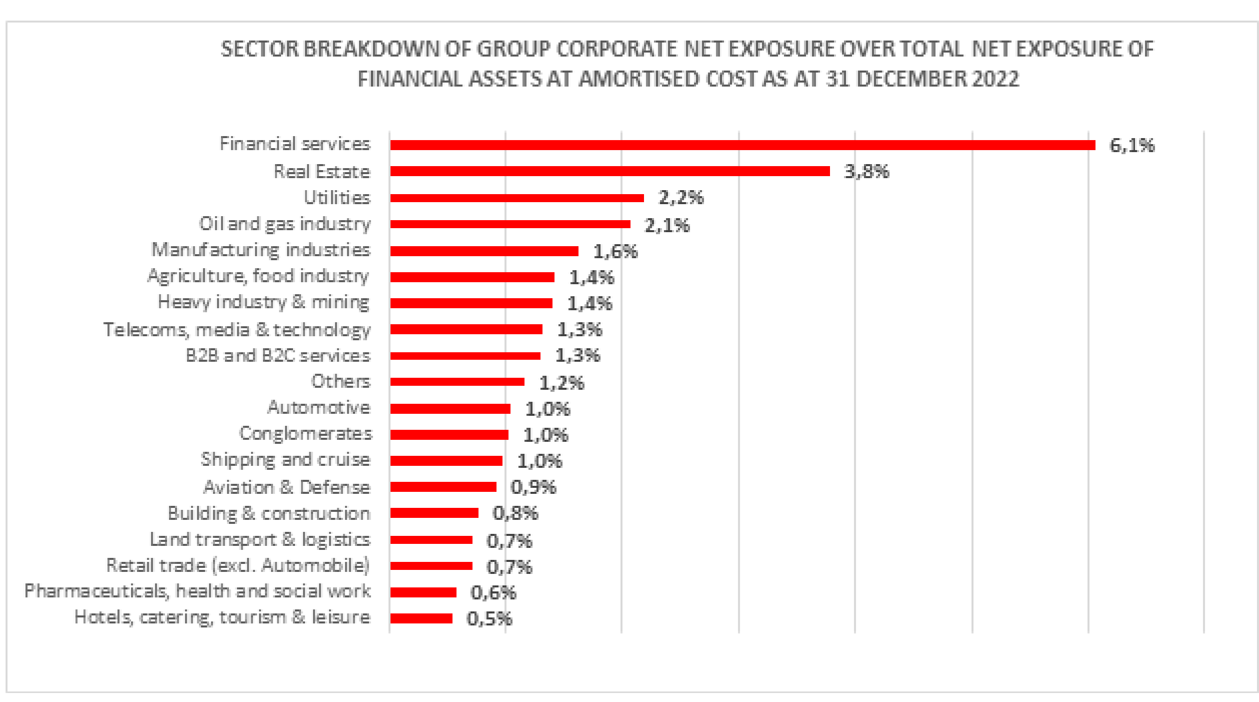
	31.12.2022							
	Outstanding amounts				Impairment			
(In EUR m)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	59,826	874	-	**60,700**	1	3	-	**4**
2	186,818	889	-	**187,707**	4	5	-	**9**
3	50,465	622	-	**51,087**	8	5	-	**13**
4	85,773	1,431	-	**87,204**	69	15	-	**84**
5	84,343	4,322	-	**88,665**	246	146	-	**392**
6	22,694	10,044	-	**32,738**	186	532	-	**718**
7	2,832	7,082	-	**9,914**	21	445	-	**466**
Default (8, 9, 10)	-	-	9,378	**9,378**	-	-	4,071	**4,071**
Other method	327,985	19,425	6,968	**354,378**	507	983	3,784	**5,274**
Total	**820,736**	**44,689**	**16,346**	**881,771**	**1,042**	**2,134**	**7,855**	**11,031**

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

ASSETS AT AMORTISED COST (INSURANCE ACTIVITIES EXCLUDED): SECTORAL BREAKDOWN OF CORPORATE EXPOSURES ON THE TOTAL GROUP EXPOSURE OF FINANCIAL ASSETS AT AMORTISED COST (ALL BASEL CATEGORIES)

The graphs below show the sectoral breakdown of the "Corporate" Basel portfolio (see Table 3.8.C and Table 3.8.D). The percentages presented correspond to the net amounts (gross amounts reduced by the corresponding impairment).





2. IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN

In accordance with the application of IFRS 9 “Financial instruments” by the insurance subsidiaries (see Note 1), the impairment booked in these subsidiaries is presented below.

Table 3.8.I

(In EUR m)	**Amount as at 31.12.2022 R**	Allocations	Write-backs available	**Net impairment losses**	**Write-backs used**	**Currency and scope effects**	**Amount as at 31.12.2023**
Financial assets at fair value through other comprehensive income							
Impairment on performing outstanding (Stage 1)	6	45	(46)	(1)		-	5
Impairment on underperforming outstanding (Stage 2)	16	1	(6)	(5)		-	11
Impairment on doubtful outstanding (Stage 3)	6	-	(6)	(6)	-	-	-
Total	**28**	**46**	**(58)**	**(12)**	**-**	**-**	**16**
Financial assets measured at amortised cost	-	-	-	-	-	-	-
Impairment on performing assets outstanding (Stage 1)	1,042	719	(715)	4		2	1,048
Impairment on underperforming assets outstanding (Stage 2)	2,134	1,372	(1,510)	(138)		(23)	1,973
Impairment on doubtful assets outstanding (Stage 3)	7,855	3,389	(2,303)	1,086	(1,188)	(269)	7,484
Total	**11,031**	**5,480**	**(4,528)**	**952**	**(1,188)**	**(290)**	**10,505**
o/w lease financing and similar agreements	***896***	***377***	***(315)***	***62***	***(101)***	***26***	***883***
Impairment on performing assets outstanding (Stage 1)	*110*	*64*	*(51)*	*13*		*4*	*127*
Impairment on underperforming assets outstanding (Stage 2)	*169*	*90*	*(106)*	*(16)*		*10*	*163*
Impairment on doubtful assets outstanding (Stage 3)	*617*	*223*	*(158)*	*65*	*(101)*	*12*	*593*

GROUP VARIATIONS OF DEPRECIATION WITHOUT INSURANCE ACTIVITIES ACCORDING TO CHANGES IN THE AMOUNT OF FINANCIAL ASSETS AT AMORTISED COST

Due to lack of significant variations of depreciations on financial assets measured at fair value through other comprehensive income and on financial assets at amortised cost of insurance activities, this information is not presented in the table below.

Table 3.8.J

(In EUR m)	Stage 1	*Of which lease financing receivables*	Stage 2	*Of which lease financing receivables*	Stage 3	*Of which lease financing receivables*	**Total**
Amount as at 31.12.2022	1,042	*110*	2,134	*169*	7,855	*617*	**11,031**
Production and Acquisition [(1)]	353	*39*	149	*15*	180	*14*	**682**
Derecognition [(2)]	(175)	*(12)*	(160)	-	(807)	*(106)*	**(1,142)**
Transfer from stage 1 to stage 2 [(3)]	(48)	*(6)*	519	*47*	-	-	**471**
Transfer from stage 2 to stage 1 [(3)]	29	*3*	(329)	*(30)*	-	-	**(300)**
Transfer to stage 3 [(3)]	(16)	*(2)*	(154)	*(16)*	988	*110*	**818**
Transfer from stage 3 [(3)]	2	-	41	*3*	(190)	*(19)*	**(147)**
Allocations and Write-backs without stage transfer [(3)]	(114)	*(5)*	(209)	*(25)*	(219)	*(33)*	**(542)**
Currency effect	(4)	-	(11)	-	(13)	*4*	**(28)**
Scope effect	(17)	-	(9)	-	(318)	-	**(344)**
Other variations	(4)	-	2	-	8	*6*	**6**
Amount as at 31.12.2023	**1,048**	***127***	**1,973**	***163***	**7,484**	***593***	**10,505**

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

(2) Including repayments, disposals and debt waivers.

(3) The amounts presented in the transfers include variations due to amortisation. Transfers to Stage 3 correspond to outstanding amounts initially classified as Stage 1 which, during the period, were downgraded directly to Stage 3, or to Stage 2 and later to Stage 3.

BREAKDOWN OF TRANSFERS BETWEEN STAGES FOR FINANCIAL ASSETS AT AMORTISED COST OF THE GROUP WITHOUT INSURANCE ACTIVITIES AS AT 30 JUNE 2023

The amounts presented in the transfers below include variations due to amortisation and new drawdowns on the contracts active during the financial year.

To describe the transfers between steps:

- The starting stage corresponds to the stage of the outstanding balance as at 31 December of the previous year.
- The end stage corresponds to the stage of the outstanding balance at the end of the financial year (even in the event of several changes during the financial year).

Table 3.8.K

	Stage 1		Stage 2		Stage 3		**Stock of outstanding amounts transferred as at 31 December**	**Stock of impairment associated with transferred outstanding amounts**
(In EUR m)	Outstanding amounts	Impairment	Outstanding amounts	Impairment	Outstanding amounts	Impairment		
Transfer from Stage 1 to Stage 2	(17,225)	(48)	13,051	519	-	-	**13,051**	**519**
Transfer from Stage 2 to Stage 1	11,315	29	(13,872)	(329)	-	-	**11,315**	**29**
Transfer from Stage 3 to Stage 1	240	2	-	-	(314)	(52)	**240**	**2**
Transfer from Stage 3 to Stage 2	-	-	726	41	(863)	(138)	**726**	**41**
Transfer from Stage 1 to Stage 3	(2,355)	(16)	-	-	2,214	554	**2,214**	**554**
Transfer from Stage 2 to Stage 3	-	-	(2,167)	(154)	1,928	434	**1,928**	**434**
Currency effect on contracts that change Stage	(114)	-	(48)	(2)	(5)	-	**(167)**	**(2)**

3. CREDIT RISK PROVISIONS

BREAKDOWN

In accordance with the application of IFRS 9 “Financial instruments” by the insurance subsidiaries (see Note 1), the provisions of these subsidiaries are presented below.

Table 3.8.L

(In EUR m)	**Amount as at 31.21.2022**	Allocations	Write-backs available	**Net impairment losses**	**Currency and scope effects**	**Amount as at 31.12.2023**
Financing commitments						
Provisions on performing assets outstanding (Stage 1)	166	133	(147)	(14)	2	154
Provisions on underperforming assets outstanding (Stage 2)	251	159	(173)	(14)	(2)	235
Provisions on doubtful assets outstanding (Stage 3)	50	54	(86)	(32)	40	58
Total	**467**	**346**	**(406)**	**(60)**	**40**	**447**
Guarantee commitments						
Provisions on performing assets outstanding (Stage 1)	57	47	(41)	6	(4)	59
Provisions on underperforming assets outstanding (Stage 2)	116	43	(72)	(29)	(3)	84
Provisions on doubtful assets outstanding (Stage 3)	258	92	(66)	26	(55)	229
Total	**431**	**182**	**(179)**	**3**	**(62)**	**372**

GROUP VARIATIONS OF PROVISIONS WITHOUT INSURANCE ACTIVITIES ACCORDING TO CHANGES IN THE AMOUNT OF FINANCING AND GUARANTEE COMMITMENTS

Due to the absence of significant variations in the provisions on financing and guarantee commitments for insurance activities, this information is not presented in the table below.

Table 3.8.M

	Provisions								
	On financing commitments				On guarantee commitments				Total
(In EUR m)	Stage 1	Stage 2	Stage 3	**Total**	Stage 1	Stage 2	Stage 3	**Total**	
Amount as at 31.12.2022	166	251	50	**467**	57	116	258	**431**	**898**
Production and Acquisition [1]	51	14	10	**75**	23	17	36	**76**	**151**
Derecognition [2]	(50)	(59)	(3)	**(112)**	(19)	(20)	(67)	**(106)**	**(218)**
Transfer from stage 1 to stage 2 [3]	(7)	56	-	**49**	(1)	11	-	**10**	**59**
Transfer from stage 2 to stage 1 [3]	5	(29)	-	**(24)**	3	(14)	-	**(11)**	**(35)**
Transfer to stage 3 [3]	(1)	(2)	8	**5**	-	(2)	18	**16**	**21**
Transfer from stage 3 [3]	-	-	(1)	**(1)**	-	1	(6)	**(5)**	**(6)**
Allocations and Write-backs without stage transfer [3]	(9)	6	(11)	**(14)**	(3)	(22)	(10)	**(35)**	**(49)**
Currency effect	(1)	(2)	-	**(3)**	-	-	(1)	**(1)**	**(4)**
Scope effect	-	-	-	**-**	(1)	-	(1)	**(2)**	**(2)**
Other variations	-	-	5	**5**	-	(3)	2	**(1)**	**4**
Amount as at 31.12.2023	**154**	**235**	**58**	**447**	**59**	**84**	**229**	**372**	**819**

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

(2) Including repayments, disposals and debt waivers.

(3) The amounts presented in transfers include variations due to amortisation. Transfers to Stage 3 correspond to outstanding amounts initially classified as Stage 1 which, during the period, were downgraded directly to Stage 3, or to Stage 2 and later to Stage 3.

DETAILS OF TRANSFERS BETWEEN STAGES FOR THE GROUP'S OFF-BALANCE SHEET COMMITMENTS EXCLUDING INSURANCE ACTIVITIES FOR THE PERIOD

The amounts presented in the transfers hereinafter include the variations due to amortisation and new drawdowns on the contracts active during the financial year.

To describe the transfers between steps:

- The starting stage corresponds to the stage of the outstanding balance as on 31 December of the previous year.
- The end stage corresponds to the stage of the outstanding balance at the end of the financial year (even in the event of several changes during the financial year).

Table 3.8.N

	Financing commitments							
	Stage 1		Stage 2		Stage 3			
(In EUR m)	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	**Stock of outstanding commitments transferred as at 31 December**	**Stock of provisions associated with transferred outstanding amounts**
Transfer from Stage 1 to Stage 2	(2,856)	(7)	1,794	56	-	-	**1,794**	**56**
Transfer from Stage 2 to Stage 1	775	5	(892)	(29)	-	-	**775**	**5**
Transfer from Stage 3 to Stage 1	5	-	-	-	(6)	-	**5**	**-**
Transfer from Stage 3 to Stage 2	-	-	24	-	(26)	(1)	**24**	**-**
Transfer from Stage 1 to Stage 3	(110)	(1)	-	-	61	6	**61**	**6**
Transfer from Stage 2 to Stage 3	-	-	(36)	(2)	23	2	**23**	**2**
Currency effect on contracts that change Stage	(37)	-	(19)	-	-	-	**(56)**	**-**

Table 3.8.O

	Guarantee commitments							
	Stage 1		Stage 2		Stage 3			
(In EUR m)	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	**Stock of outstanding commitments transferred as at 31 December**	**Stock of provisions associated with transferred outstanding amounts**
Transfer from Stage 1 to Stage 2	(1,583)	(1)	1,261	11	-	-	**1,261**	**11**
Transfer from Stage 2 to Stage 1	1,472	3	(1,711)	(14)	-	-	**1,472**	**3**
Transfer from Stage 3 to Stage 1	5	-	-	-	(8)	(1)	**5**	**-**
Transfer from Stage 3 to Stage 2	-	-	18	1	(26)	(5)	**18**	**1**
Transfer from Stage 1 to Stage 3	(82)	-	-	-	65	8	**65**	**8**
Transfer from Stage 2 to Stage 3	-	-	(62)	(2)	53	10	**53**	**10**
Currency effect on contracts that change Stage	(13)	-	(10)	-	-	-	**(23)**	**-**

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

The variation in credit risk impairment and provisions since 31 December 2022 is mainly linked to:

- Covered losses on Stage 3 loans (EUR 1 181 million) included in the line derecognition.

  This is in line with the Group's strategy for managing non-performing loans (NPL), through write-offs and disposals of its defaulted exposure portfolios.
  Uncovered losses amount to EUR 333 million.
- Transfer of loans to Stage 3 due to default for EUR 4.3 billion of outstanding amounts. This transfer resulted in an increase in impairment and provisions of EUR 840 million.

  Particularly, this variation concerns:
  - EUR 2.3 billion of outstanding amounts for which the impairment and provisions amount to EUR 553 million as at 31 December 2023. These contracts were in Stage 1 as at 31 December 2022;
  - EUR 2.0 billion of outstanding amounts for which the impairment and provisions amount to EUR 287 million as at 31 December 2023. These contracts were in Stage 2 as at 31 December 2022.
- Transfer of loans to Stage 2 due to downgraded ratings, transfer to “sensitive” or 30 days overdue for EUR 16.1 billion. This transfer resulted in an increase in impairment and provisions of EUR 530 million.
- The acquisition of LeasePlan resulted an increase in impairment and provisions of EUR 51 million, included in the line Scope effect.
- IFRS 5 entities classified as held for sale. This classification resulted a decrease in impairment and provisions of EUR 346 million, included in the line Scope effect.

5. COST OF RISK

ACCOUNTING PRINCIPLES

Cost of credit risk only includes net reversals of impairments and loss allowances for credit risk, losses on irrecoverable loans and amounts recovered on amortised receivables.

The Group proceed to a write off by recognising a loss on the bad loan and a reversal of impairment in Cost of credit risk when a debt is forgiven or when there are no longer any hopes of future recovery. The lack of future hopes of recovery is documented when a certificate issued as proof that the debt is uncollectible is delivered by the relevant authority or when strong circumstantial evidences are identified (years in default, provisions at 100%, lack of recent recoveries, specificities of the case).

However, a write-off in accounting terms does not imply debt forgiveness in the legal sense as recovery actions on cash due by the counterparty are pursued particularly if the latter’s fortune improve. In case of recoveries on an exposure previously written-off, such recoveries are recognised as Amounts recovered on irrecovrables loans on the year of collection.

SYNTHESIS

Table 3.8.P

(In EUR m)	31.12.2023	31.12.2022 R
Cost of credit risk of financial assets from insurance activities	7	1
Cost of credit risk	(1,025)	(1,647)
Total	**(1,018)**	**(1,646)**

Following the application of IFRS 9 “Financial instruments” by the insurance subsidiaries (see Note 1), the cost of credit risk for these subsidiaries is also presented below.

Table 3.8.Q

(In EUR m)	31.12.2023	31.12.2022 R
Net allocation to impairment losses	(940)	(1,464)
On financial assets at fair value through other comprehensive income	*12*	-
On financial assets at amortised cost	*(952)*	*(1,464)*
Net allocations to provisions	57	(23)
On financing commitments	*60*	*(10)*
On guarantee commitments	*(3)*	*(13)*
Losses not covered on irrecoverable loans	(333)	(318)
Amounts recovered on irrecoverable loans	200	132
Effect from guarantee not taken into account for the calculation of impairment	(2)	27
Total	**(1,018)**	**(1,646)**
o/w cost of risk on sound outstanding classified in Stage 1	*0*	*(58)*
o/w cost of risk on doubtful loans classified in Stage 2	*176*	*(618)*
o/w cost of risk on doubtful loans classified in Stage 3	*(1,194)*	*(970)*

NOTE 3.9 - FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

ACCOUNTING PRINCIPLES

DEFINITION OF FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In the absence of observable prices for identical assets or liabilities, the fair value of financial instruments is determined using another measurement technique that maximises the use of observable market inputs based on assumptions that market operators would use to set the price of the instrument in question.

The fair value of financial instruments includes accrued interest if applicable.

For financial instruments that are not recognised at fair value on the balance sheet, the figures disclosed in this note are estimates of their fair value broken down according to the fair value hierarchy as described in Note 3.4.

These estimates are disclosed for information purpose only, they are not used for the management of the Group's activities, and should not be taken as an estimate of the amount that would be realised if all such financial instruments were to be settled immediately.

1. FINANCIAL ASSETS MEASURED AT AMORTISED COST

Table 3.9.A

	31.12.2023				
(In EUR m)	**Carrying amount [(2)]**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Due from banks	77,879	77,853	-	60,577	17,276
Customer loans [(1)]	485,449	466,421	-	171,898	294,523
Debt securities	28,147	27,801	12,477	12,010	3,314
Total	**591,475**	**572,075**	**12,477**	**244,485**	**315,113**

(1) Carrying amount consists of EUR 158,237 million of assets floating rate and EUR 327,212 million of assets fixed rate (including EUR 69,811 million fixed rate less than 1 year).

(2) Carrying amount does not include the revaluation differences on portfolios hedged against interest rate risk for an amount of EUR -433 million.

Table 3.9.B

(In EUR m)	31.12.2022 R Carrying amount [2]	Fair value	Level 1	Level 2	Level 3
Due from banks	68,171	67,964	-	54,582	13,382
Customer loans [1]	506,635	480,914	-	196,255	284,659
Debt Securities	26,143	25,285	10,572	10,581	4,132
Total	**600,949**	**574,163**	**10,572**	**261,418**	**302,173**

(1) Carrying amount consists of EUR 157,180 million of assets floating rate and EUR 349,455 million of assets fixed rate (including EUR 101,969 million fixed rate less than 1 year).

(2) Carrying amount does not include the revaluation differences on portfolios hedged against interest rate risk for an amount of EUR -2,262 million.

2. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

Table 3.9.C

(In EUR m)	31.12.2023 Carrying amount [2]	Fair value	Level 1	Level 2	Level 3
Due to banks	117,847	117,793	189	114,909	2,695
Customer deposits [1]	541,677	540,624	-	524,565	16,059
Debt securities issued	160,506	159,282	31,590	124,590	3,102
Subordinated debt	15,894	15,129	1,014	14,115	-
Total	**835,924**	**832,828**	**32,793**	**778,179**	**21,856**

(1) Carrying amount consists of EUR 148,887 million of liabilities floating rate and EUR 392,790 million of liabilities fixed rate (including EUR 359,618 million fixed rate less than 1 year).

(2) Carrying amount does not include the revaluation differences on portfolios hedged against interest rate risk for an amount of EUR -5,857 million.

Table 3.9.D

(In EUR m)	31.12.2022 R Carrying amount [2]	Fair value	Level 1	Level 2	Level 3
Due to banks	133,011	133,009	255	118,331	14,423
Customer deposits [1]	530,764	529,099	-	457,003	72,096
Debt securities issued	133,176	131,290	22,838	106,619	1,833
Subordinated debt	15,948	15,949	-	15,949	-
Total	**812,899**	**809,347**	**23,093**	**697,902**	**88,352**

(1) Carrying amount consists of EUR 188,638 million of liabilities floating rate and EUR 342,126 million of liabilities fixed rate (including EUR 304,070 million fixed rate less than 1 year).

(2) Carrying amount does not include the revaluation differences on portfolios hedged against interest rate risk for an amount of EUR -9,659 million.

In a context of rising interest rates, financial assets, unlike financial liabilities, have a fair value significantly lower than their book value. This asymmetry can be explained in particular by the fact that debts to customers are mainly composed of demand deposits whose fair value is equal to their nominal value due to their immediate contractual maturity. This asymmetry is partially reduced by taking into account the interest rate hedges applicable to these deposits.

Since the contractual maturity of these deposits is immediate, the discounting effect is nil and their fair value is equal to their nominal amount.

3. VALUATION METHODS OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

LOANS, RECEIVABLES AND LEASE FINANCING AGREEMENTS

The fair value of loans, receivables and lease financing transactions for large corporates and banks is calculated, in the absence of an actively traded market for these loans, by discounting expected cash flows to present value based on the market rates (the benchmark actuarial rate published by Banque de France and the zero-coupon yield) prevailing on the balance sheet date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

The fair value of loans, receivables and lease financing transactions for retail banking customers, essentially comprised of individuals and small or medium-sized companies, is determined, in the absence of an actively traded market for these loans, by discounting the associated expected cash flows to present value at the market rates prevailing on the balance sheet date for similar types of loans with similar maturities.

For fixed-rate loans with an initial maturity less than or equal to one year and for variable-rate financial assets (loans, receivables, finance lease agreements), the fair value is assumed equal to the net book value of the impairments, assuming there has been no significant change in credit spreads on the counterparties in question since they were recognised in the balance sheet.

DEBTS

In the absence of an active debt market, the fair value of debts is assumed to be equal to the value of the future flows discounted according to the available market rates applicable to the product concerned on the closing date.

When the debt is a listed instrument, its fair value is its market value.

For debts with a floating-rate and debts with an initial maturity of less than or equal to one year, fair value is taken to be the same as the carrying amount. Similarly, the individual fair value of demand deposit accounts is equal to their carrying amount.

SECURITIES

Provided that the security is an instrument traded on an active market, its fair value is equal to the market price.

In the absence of an active market, the fair value of the securities is calculated taking into account the value of future cash flows discounted according to the interest rate parameters available on the market and applicable to the product concerned as at closing date. For variable-rate debt securities and fixed-rate debt securities with an agreed duration of up to one year, the fair value is assumed to be the gross carrying amount adjusted for any allowance provided there have been no significant change in credit spreads on the counterparties in question since they were recognised in the balance sheet.

NOTE 3.10 - COMMITMENTS AND ASSETS PLEDGED AND RECEIVED AS SECURITIES

ACCOUNTING PRINCIPLES

LOAN COMMITMENTS

The nominal amount of loan commitments is detailed in the table below. Loan commitments that are not considered as financial derivatives or that are not measured at fair value through profit or loss for trading purpose are initially recognised at fair value int the balance sheet. Thereafter, they are provisioned as necessary in accordance with the accounting principles for impairment and provisions (see Note 3.8).

GUARANTEE COMMITMENTS

The nominal amount of guarantee commitments is detailed in the table below. When considered as non-derivative financial instruments, the financial guarantees issued by the Group are initially recognised in the balance sheet at fair value. Thereafter, they are measured at either the amount of the obligation or the amount initially recognised (whichever is higher) less, when appropriate, the cumulative amortisation of a guarantee commission. Where there is objective evidence of impairment, a provision for financial guarantees given is recognised on the liabilities side of the balance sheet (see Note 3.8).

SECURITIES COMMITMENTS

Securities bought and sold, which are booked to Financial assets at fair value through profit or loss, Financial assets at fair value through other comprehensive income and Financial assets at amortised cost are recognised on the balance sheet at the settlement-delivery date. Between the trade date and the settlement-delivery date, securities receivable or deliverable are not recognised on the balance sheet. Changes in the fair value of the securities measured at fair value through profit or loss and the securities measured at fair value through other comprehensive income between the trade date and the settlement-delivery date are booked to profit or loss or to equity, depending on the accounting classification of the securities in question.

ASSETS PLEDGED AS AND RECEIVED AS COLLATERAL

The financial assets pledged as collateral are carried in the balance sheet whenever the Group has not transferred to the recipients of collateral the contractual rights to receive asset cash flows or substantially all the risks inherent to their ownership.

Likewise, the Group does not recognise on its balance sheet the assets received as collateral if the contractual rights to receive these asset cash flows and substantially all the risks and rewards inherent to their ownership have not been transferred to it.

1. COMMITMENTS

COMMITMENTS GRANTED

Table 3.10.A

(In EUR m)	31.12.2023	31.12.2022 R
Loan commitments		
To banks	97,092	84,882
To customers	224,548	228,036
Issuance facilities	*83*	*83*
Confirmed credit lines	*210,499*	*202,401*
Others	*13,966*	*25,552*
Guarantee commitments		
On behalf of banks	5,733	6,598
On behalf of customers (1)	75,685	88,779
Securities commitments		
Securities to be delivered	41,083	38,199
Acquisition of tangible assets commitments		
Purchase of vehicles and underlying assets subject to an operating lease	9,191	6,344

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

COMMITMENTS RECEIVED

Table 3.10.B

(In EUR m)	31.12.2023	31.12.2022 R
Loan commitments		
From banks	66,312	86,440
Guarantee commitments		
From banks	117,694	127,233
Other commitments (1)	199,747	178,486
Securities commitments		
Securities to be received	38,522	38,563

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

2. FINANCIAL ASSETS PLEDGED AND RECEIVED AS SECURITY

FINANCIAL ASSETS PLEDGED

Table 3.10.C

(In EUR m)	31.12.2023	31.12.2022 R
Book value of assets pledged as security for liabilities (1)	337,037	357,694
Book value of assets pledged as security for transactions in financial instruments (2)	69,447	85,717
Book value of assets pledged as security for off-balance sheet commitments	2,209	2,547
Total	**408,693**	**445,958**

(1) Assets pledged as security for liabilities mainly include loans given as guarantees for liabilities (guarantees notably provided to the central banks).

(2) Assets pledged as security for transactions in financial instruments mainly include security deposit.

FINANCIAL ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

Table 3.10.D

(In EUR m)	31.12.2023	31.12.2022 R
Fair value of securities purchased under resale agreements	**193,154**	**150,614**

The Group generally purchases securities under resale agreements under normal market terms and conditions. It may re-use the securities received under resale agreement by selling them outright, selling them under repurchase agreements or pledging them as security, provided that it returns these or equivalent securities to the counterparty to the resale agreement at its term. Securities purchased under resale agreements are not recognised on the balance sheet. Their fair value, as shown above, includes securities sold or pledged as collateral.

NOTE 3.11 - TRANSFERRED FINANCIAL ASSETS

ACCOUNTING PRINCIPLES

Transferred financial assets that are not derecognised include securities lending transactions and repurchase agreements as well as certain loans transferred to consolidated securitisation vehicles.

The tables below show securities lending and repurchase agreements that only concern securities recognised on the asset side of the balance sheet.

Securities involved in a repurchase agreement or securities lending transaction are held in their original position on the asset side of the Group's balance sheet. For repurchase agreements, the obligation to return the amounts deposited is recorded under Liabilities on the liabilities side of the balance sheet, with the exception of the transactions initiated under trading activities, which are recorded under Financial liabilities at fair value through profit or loss.

Securities involved in a reverse repurchase agreement or a securities borrowing transaction are not recorded in the Group's balance sheet. For securities received under a reverse repurchase agreement, the right to recover the amounts delivered by the Group is recorded under Customer Loans and receivables or Due from banks on the asset side of the balance sheet, with the exception of transactions initiated under trading activities which are recorded under Financial assets at fair value through profit or loss. If the borrowed securities are subsequently sold, a debt representing the return of these securities to their lender is recorded on the liabilities side of the Group's balance sheet, under Financial liabilities at fair value through profit or loss.

Securities lending and securities borrowing transactions that are fully matched by cash are assimilated to repurchase and reverse repurchase agreements and are recorded and recognised as such in the balance sheet.

With securities lending and repurchase agreements, the Group remains exposed to issuer default (credit risk) and to increases or decreases in the value of securities value (market risk). The underlying securities cannot simultaneously be used as collateral in other transactions.

1. TRANSFERRED FINANCIAL ASSETS NOT DERECOGNISED

REPURCHASE AGREEMENTS

Table 3.11.A

	31.12.2023		31.12.2022 R	
(In EUR m)	**Carrying amount of transferred assets**	**Carrying amount of associated liabilities**	**Carrying amount of transferred assets**	**Carrying amount of associated liabilities**
Securities at fair value through profit or loss	13,402	11,098	14,992	11,876
Securities at fair value through other comprehensive income	13,457	11,159	13,427	11,163
Securities at amortised cost	187	182	249	239
Total	**27,046**	**22,439**	**28,668**	**23,278**

SECURITIES LENDING

Table 3.11.B

(In EUR m)	31.12.2023 Carrying amount of transferred assets	31.12.2023 Carrying amount of associated liabilities	31.12.2022 R Carrying amount of transferred assets	31.12.2022 R Carrying amount of associated liabilities
Securities at fair value through profit or loss	14,509	-	12,455	-
Securities at fair value through other comprehensive income	228	-	249	-
Securities at amortised cost	8	-	8	-
Total	**14,745**	**-**	**12,712**	**-**

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

Table 3.11.C

(In EUR m)	31.12.2023	31.12.2022
Customers loans		
Carrying amount of transferred assets	8,663	4,613
Carrying amount of associated liabilities	6,869	4,188
Fair value of transferred assets (A)	8,857	4,750
Fair value of associated liabilities (B)	6,872	4,188
Net position (A)-(B)	**1,985**	**562**

The Group remains exposed to the majority of the risks and rewards associated with these receivables; furthermore, these receivables may not be used as collateral or sold outright as part of another transaction.

2. TRANSFERRED FINANCIAL ASSETS PARTIALLY OR FULLY DERECOGNISED

As at 31 December 2023, the Group carried out no material transactions resulting in the partial or full derecognition of financial assets leaving the Group with a continuing involvement in said assets.

NOTE 3.12 - OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

ACCOUNTING PRINCIPLES

A financial asset and a financial liability are offset and the net amount presented on the balance sheet when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The legal right to set off the recognised amounts must be enforceable in all circumstances, in both the normal course of business and in the event of default of one of the counterparties. In this respect, the Group recognises in its balance sheet the net amount of derivative financial instruments traded with certain clearing houses where they achieve net settlement through a daily cash margining process, or where their gross settlement system has features that eliminate or result in insignificant credit and liquidity risk, and that process receivables and payables in a single settlement process or cycle.

The following tables present the amounts of financial assets and financial liabilities set off on the Group's consolidated balance sheet. The gross outstanding amounts of these financial assets and financial liabilities are matched with the consolidated outstanding amounts presented in the balance sheet (net balance sheet amounts), after indicating the amounts set off on the balance sheet for these various instruments (amounts offset) and aggregating them with the outstanding amounts of other financial assets and financial liabilities not subject to a Master Netting Agreement or similar agreement (amounts of assets and liabilities not eligible for offsetting).

These tables also indicate the amounts which may be offset, as they are subject to a Master Netting Agreement or similar agreement, but whose characteristics make them ineligible for offsetting in the consolidated financial statements under IFRS. This information is provided in comparison with the accounting treatment applied under US GAAP. This affects in particular financial instruments that may only be offset in the event of the default, insolvency or bankruptcy of one of the counterparties, as well as instruments pledged by cash or securities collateral. These mainly include over-the-counter interest rate options, interest rate swaps and securities purchased/sold under resale/repurchase agreements.

Net positions resulting from these various offsettings are not intended to represent the Group's actual exposure to counterparty risk through these financial instruments, insofar as counterparty risk management uses other risk mitigation strategies in addition to netting and collateral agreements.

1. AT 31 DECEMBER 2023

ASSETS

Table 3.12.A

(In EUR m)	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]			
		Gross amount	Amount offset		Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments received as collateral	Net amount
Derivative financial instruments (see Notes 3.1 and 3.2)	33,268	189,137	(128,285)	94,120	(59,842)	(8,762)	1	25,517
Securities lent	1,165	13,580	-	14,745	(12,560)	(28)	-	2,157
Securities purchased under resale agreements (see Notes 3.1 and 3.5)	39,578	240,706	(87,130)	193,154	(17,786)	(551)	(92,883)	81,934
Guarantee deposits pledged (see Note 4.4)	38,854	12,757	-	51,611	-	(12,757)	-	38,854
Other assets not subject to offsetting	1,200,415	-	-	1,200,415	-	-	-	1,200,415
Total	**1,313,280**	**456,180**	**(215,415)**	**1,554,045**	**(90,188)**	**(22,098)**	**(92,882)**	**1,348,877**

(1) At 31 December 2023, the amount offset within the "Derivative financial instruments" section includes EUR 60 964 million of cash margin received.

LIABILITIES

Table 3.12.B

(In EUR m)	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]			
		Gross amount	Amount offset		Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments pledged as collateral [2]	Net amount
Derivative financial instruments (see Notes 3.1 and 3.2)	35,768	201,028	(128,285)	108,511	(59,842)	(12,757)	-	35,912
Amount payable on borrowed securities (see Note 3.1)	27,419	15,064	-	42,483	(12,559)	-	-	29,924
Securities sold under repurchase agreements (see Notes 3.1 and 3.6)	48,124	190,964	(87,130)	151,958	(17,787)	-	(81,541)	52,630
Guarantee deposits received (see Note 4.4)	43,912	9,341	-	53,253	-	(9,341)	-	43,912
Other liabilities not subject to offsetting	1,121,593	-	-	1,121,593	-	-	-	1,121,593
Total	**1,276,816**	**416,397**	**(215,415)**	**1,477,798**	**(90,188)**	**(22,098)**	**(81,541)**	**1,283,971**

(1) At 31 December 2023, the amount offset within the "Derivative financial instruments" section includes EUR 63 797 million of cash margin paid.

(2) Fair value of financial instruments and collateral, capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.

2. AT 31 DECEMBER 2022 R

ASSETS

Table 3.12.C

(In EUR m)	Amount of assets not subject to offsetting	Impact of offsetting on the balance sheet *		Net amount presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements [1]			Net amount
		Gross amount	Amount offset		Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments received as collateral	
Derivative financial instruments (see Notes 3.1 and 3.2)	12,359	229,575	(132,188)	109,746	(70,657)	(9,292)	-	29,797
Securities lent	3,951	8,809	-	12,760	(6,996)	(39)	-	5,725
Securities purchased under resale agreements (see Notes 3.1 and 3.5)	50,097	200,497	(99,980)	150,614	(7,927)	(1,634)	(61,768)	79,285
Guarantee deposits pledged (see Note 4.4)	53,614	14,154	-	67,768	-	(14,154)	-	53,614
Other assets not subject to offsetting	1,144,012	-	-	1,144,012	-	-	-	1,144,012
Total	**1,264,033**	**453,035**	**(232,168)**	**1,484,900**	**(85,580)**	**(25,119)**	**(61,768)**	**1,312,433**

* *2022 amounts restated to present the effects of offsetting on OTC derivative financial instruments and associated margin calls, in application of Collateralized-To-Market model by clearing houses.*

(1) At 31 December 2022, the amount offset within the "Derivative financial instruments" section includes EUR 62 652 million of cash margin received.

LIABILITIES

Table 3.12.D

(In EUR m)	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 [2]	
Derivative financial instrument (see Notes 3.1 and 3.2)	15,365	235,643	(132,188)	118,820	(70,657)	(14,154)	-	34,009
Amount payable on borrowed securities (see Note 3.1)	32,235	18,866	-	51,101	(6,996)	-	-	44,105
Securities sold under repurchase agreements (see Notes 3.1 and 3.6)	43,652	170,223	(99,980)	113,895	(7,927)	-	(51,400)	54,568
Guarantee deposits received (see Note 4.4)	63,341	10,965	-	74,306	-	(10,965)	-	63,341
Other liabilities not subject to offsetting	1,053,452	-	-	1,053,452	-	-	-	1,053,452
Total	**1,208,045**	**435,697**	**(232,168)**	**1,411,574**	**(85,580)**	**(25,119)**	**(51,400)**	**1,249,475**

* *2022 amounts restated to present the effects of offsetting on OTC derivative financial instruments and associated margin calls, in application of Collateralized-To-Market model by clearing houses.*

(1) At 31 December 2022, the amount offset within the "Derivative financial instruments" section includes EUR 65 574 million of cash margin paid.

(2) 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

Table 3.13.A

(In EUR m)	**Up to 3 months**	**3 months to 1 year**	**1 to 5 Years**	**More than 5 years**	**31.12.2023**
Due to central banks	9,718	-	-	-	9,718
Financial liabilities at fair value through profit or loss	239,500	35,406	56,145	44,533	375,584
Due to banks	62,587	43,357	10,724	1,179	117,847
Customer deposits	481,895	36,166	19,976	3,641	541,678
Debts securities issued	35,963	27,977	67,755	28,811	160,506
Subordinated debt	213	76	6,594	9,011	15,894
Other liabilities	84,028	2,548	3,822	3,260	93,658
Total liabilities	**913,904**	**145,530**	**165,016**	**90,435**	**1,314,885**
Loan commitments granted and others (1)	145,084	50,230	117,341	18,176	330,831
Guarantee commitments granted	40,697	16,653	15,861	8,207	81,418
Total commitments granted	**185,781**	**66,883**	**133,202**	**26,383**	**412,249**

(1) This line includes commitments relating to the purchase of vehicles and underlying equipment subject to an operating lease.

The flows presented in this note are based on contractual maturities. However, for certain elements of the balance sheet, assumptions could be applied.

When there are no contractual terms, as well as for trading financial instruments (*e.g.*: derivatives), maturities are presented in the first column (up to 3 months).

The guarantee commitments given are scheduled on the basis of the best possible estimate of flow; if not available, they are presented in the first column (up to 3 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.

Table 4.1.A

(In EUR m)	2023			2022 R		
	Income	Expense	Net	Income	Expense	Net
Transactions with banks	**134**	**(125)**	**9**	**133**	**(110)**	**23**
Transactions with customers	**2,979**		**2,979**	**3,088**		**3,088**
Financial instruments operations	**3,366**	**(2,976)**	**390**	**2,475**	**(2,447)**	**28**
Securities transactions	717	(1,268)	(551)	495	(1,008)	(513)
Primary market transactions	547		547	162		162
Foreign exchange transactions and derivatives instruments	2,102	(1,708)	394	1,818	(1,439)	379
Loan and guarantee commitments	**1,004**	**(429)**	**575**	**974**	**(424)**	**550**
Various services	**2,580**	**(945)**	**1,635**	**2,730**	**(1,202)**	**1,528**
Asset management fees	316		316	329		329
Means of payment fees	1,018		1,018	1,072		1,072
Insurance product fees	208		208	236		236
Underwriting fees of UCITS	82		82	75		75
Other fees	956	(945)	11	1,018	(1,202)	(184)
Total	**10,063**	**(4,475)**	**5,588**	**9,400**	**(4,183)**	**5,217**

NOTE 4.2 - INCOME AND EXPENSE FROM OTHER ACTIVITIES

ACCOUNTING PRINCIPLES

LEASING ACTIVITIES

Leases granted by the Group which do not transfer to the lessee virtually all the risks and benefits associated with ownership of the leased asset are classified as operating leases.

Assets held under operating leases, including investment property, are recorded on the balance sheet under Tangible and intangible fixed assets at their acquisition cost, less depreciation and impairment (see Note 8.3).

Leased assets are depreciated, excluding residual value, over the life of the lease; the latter corresponds to the non-cancellable lease term adjusted for any option to extend the contract that the lessee is reasonably certain to exercise and any early termination options that the lessee is reasonably certain not to exercise (see Note 8.3) .

Lease payments are recognised as income according to the straight-line method over the term of the lease. Meanwhile, the purpose of the accounting treatment of the income from invoices for maintenance services related to operating leases is to reflect, over the term of the service agreement, a constant margin between this income and the expenses incurred in providing the service.

Income and expenses, and capital gains or losses on investment properties and leased assets, as well as income and expense on maintenance services related to operating lease activities, are recorded under Income and expenses from other activities on the Real estate leasing and Equipment leasing lines.

These lines also include the losses incurred in the event of a decline in the unguaranteed residual value of finance-lease transactions, and the capital gains or losses on disposal related to unleased assets once the lease finance agreements are terminated.

The leases granted by the Group entities may include the maintenance service of the leased equipment. In this case, the portion of rentals corresponding to this maintenance service is spread over the duration of the service (generally the lease contract duration) and, when necessary, considers the progress of the service provided when it is not linear.

REAL ESTATE DEVELOPMENT ACTIVITIES

As the sale of real estate off plan (housing, office property, retail areas, etc.) is an ongoing service, the margin of this activity is progressively recognised over the construction programme's duration until the delivery date to the customer. It is recognised under income when this margin is positive and under expenses when this margin is negative.

The margin recognised at each closing period reflects the programme's estimated margin forecast and its stage of completion at the end of the period which depends on the progress in terms of marketing and the project.

Table 4.2.A

	2023			2022 R		
(In EUR m)	Income	Expense	Net	Income	Expense	Net
Real estate development	60	(4)	56	69	-	69
Real estate leasing	87	(174)	(87)	80	(151)	(71)
Equipment leasing [(1)]	20,107	(15,992)	4,115	12,490	(9,466)	3,024
Other activities	751	(1,224)	(473)	662	(1,008)	(346)
Total	**21,005**	**(17,394)**	**3,611**	**13,301**	**(10,625)**	**2,676**

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

NOTE 4.3 - INSURANCE ACTIVITIES

MAKE IT SIMPLE

Insurance activities (life insurance and non-life insurance) add to the range of products included in the banking services offered to Group customers.

These activities are carried out by dedicated subsidiaries, subject to regulations specific to the insurance sector.

The rules for measuring and accounting for risks associated with insurance contracts are specific to the Insurance sector. Based on a current estimate of the future cash flows from the insurance contracts issued (premiums, indemnification, benefits, associated costs, ...), the main objective of these rules is to recognise the expected profit progressively over the period during which the insurance services are provided.

ACCOUNTING PRINCIPLES

Insurance contracts subject to IFRS 17 “Insurance Contracts” are insurance contracts issued, reinsurance contracts issued (reinsurance assumed) or held (reinsurance ceded), as well as investment contracts issued including a discretionary participation clause provided that they are issued by an entity which also issues insurance contracts.

The accounting principles below do not apply to the insurance contracts for which the Group is the insured beneficiary except for the contracts identified as reinsurance treaties.

Investment contracts without discretionary participation features and with no insurance component (pure unit-linked contracts) do not meet the IFRS 17 definition of an insurance contract and are recognised as Financial liabilities measured at fair value through profit or loss (see Note 3.1 paragraph 3). These are financial liabilities indexed on the performance of underlying assets for which the Group has elected to exercise the option to measure the instruments at fair value without requiring the separation of the embedded derivatives.

GROUPING OF CONTRACTS

For their assessment, insurance contracts are grouped into homogeneous portfolios to take account of the pooling of risks specific to the insurance activity. These portfolios include insurance contracts that are exposed to similar risks and managed together.

Within each portfolio, three groups of contracts shall be distinguished on initial recognition of the later: onerous contracts, contracts with no significant possibility of becoming subsequently onerous, and other contracts.

Lastly, contracts issued more than one year apart cannot be included in the same group. Consequently, each group of contracts shall be subdivided into annual cohorts. However, while adopting IFRS 17, the European Union has provided European undertakings with an option not to implement this provision to contracts benefiting from an intergenerational mutualisation of returns on the underlying assets in countries where these undertakings market insurance contracts.

The Group uses this optional exemption on the life-insurance savings and retirement savings contracts issued (for instance, contracts invested in euro-denominated funds) as they include direct or discretionary profit-sharing items for which both risks and cashflows are shared between different generations of policyholders. These savings life-insurance contracts are also managed on an intergenerational basis in order to mitigate interest rate risk and longevity risk exposures.

The portfolios of contracts are determined by the Group, using *(i)* the product line to identify the insurance contracts exposed to similar risks and *(ii)* the country of issuance of the contract and/or the distribution entity.

When the materiality of the outstanding amounts of the contracts concerned is not significant in the context of the aggregates of the Group’s consolidated balance sheet, some of these portfolios may be grouped together.

The major portfolios identified by the Group are as follows:

Scope of products	Product line
Savings	Life Insurance Savings with accumulation of capital paid out upon surrender or death (investments in euro funds, unit-linked funds, multivehicle contracts).
Retirement	Individual and group insurance contracts such as Retirement savings plans (French *'Plan Epargne Retraite' – PER*) with payout in annuities and/or capital (single or multiple unit-linked investments).
Protection–Provident	Borrower insurance; Individual protection; Group protection; Individual health insurance; Group health insurance; Funeral insurance; Nursing care insurance.
Protection–Non-life insurance (property and casualty)	Personal injury accident; Insurance of the Means of payment; Multi-risk home insurance; Land motor vehicle insurance; Miscellaneous Risk Insurance.

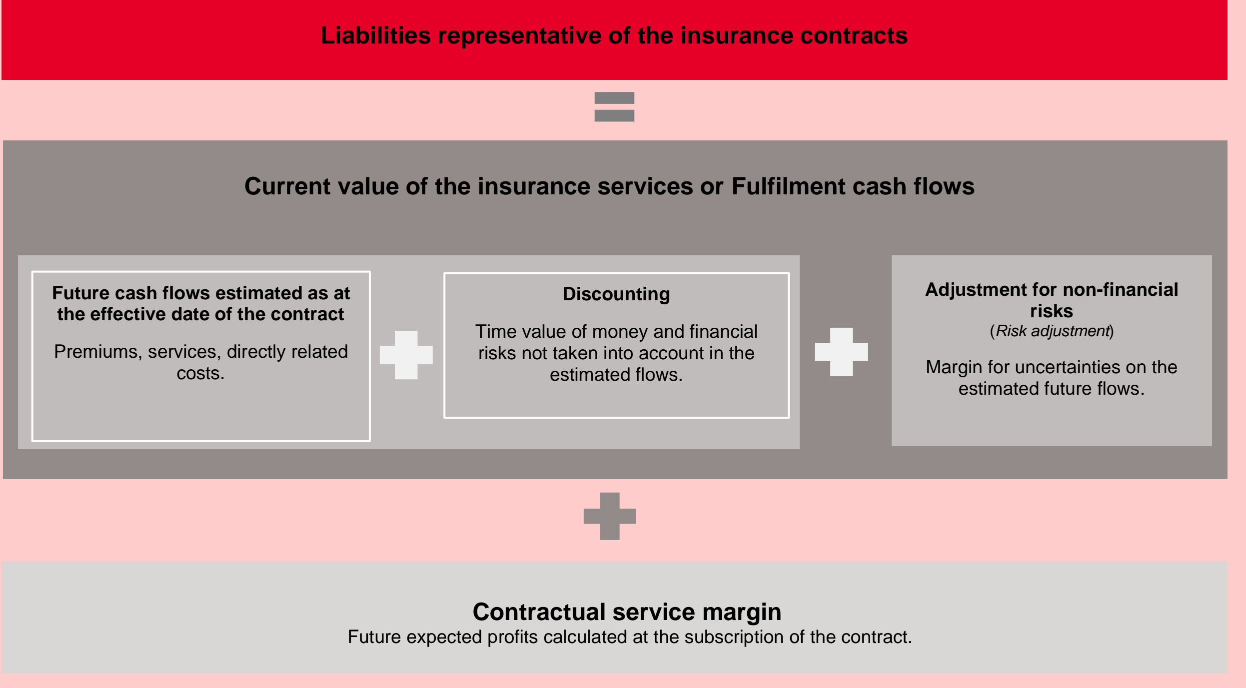
MEASUREMENT MODELS

Each group of insurance contracts is measured separately, and its value is presented in the balance sheet either under Insurance and reinsurance contract assets or under Insurance and reinsurance contract liabilities.

General model applicable to the insurance contracts issued

Initial measurement

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



Future estimated cash flows

These cash flows are the current estimates of all the amounts that the insurer expects to receive (for premiums…) or pay to the benefit of insurance policyholders (in relation to life insurance, claims to be

compensated, guaranteed benefits and other directly attributable expenses) as part of the fulfilment of insurance contracts, until their settlement.

These amounts are adjusted to reflect:

- the present value of the future cash flows taking into account the time value of money and the financial risks related to the future cash flows (see *Discounting*),
- the uncertainties about the amount and frequency of the cash flows (see Adjustment for non-financial risk).

Discounting

The future cash flows estimated are discounted using a risk-free yield curve (swap rate curve) adjusted for an illiquidity premium to represent the differences in characteristics between the liquid, risk-free financial instruments and the financial instruments backed insurance contracts (bottom-up approach).

Adjustment for non-financial risk

The discounted cash flows are adjusted to reflect the uncertainties about the amount and frequency of the future cash flows. This adjustment for non-financial risks is determined using a quantile approach based on a confidence level of 80% for the Retirement Savings business. Thus, the technical provisions supplemented with this risk adjustment will allow these estimated future cash flows to be covered in 80% of probable cases, a level of caution deemed appropriate. For the Protection business, this quantile level is between 80% and 90%.

The calculation method of the adjustment for non-financial risks does not take into account the diversification effect between the different insurance activities and between the different entities; however, it includes a diversification by products.

Contractual service margin (CSM)

The contractual service margin (CSM) represents the unearned profit that the entity will recognise in the income statement as the insurance services are provided in the future. Its amount is determined at the time of initial recognition of the group of insurance contracts so that, at that date, neither income nor expense is recorded in the income statement. In the event of onerous contracts, the expected loss shall immediately be recognised in profit or loss. This initial loss will later be reversed in profit or loss to offset the expense for incurred claims.

<u>Subsequent measurement</u>

On each closing date, the carrying amount in the balance sheet of the group of insurance contracts issued is remeasured. It is then equal to the sum of the following amounts:

- the liability for remaining coverage (LRC), for an amount equal to the reestimated value as at the date of the fulfilment cash flows related to future services (discounted value of the amounts receivable and payable related to the supply of insurance services on the remaining coverage period and the deposit components) and, when appropriate, the contractual service margin reestimated on the same date as described below;
- the liability for incurred claims (LIC), for an amount equal to the reestimated value as at the date of the fulfilment cash flows related to past services (discounted value of the amounts payable in relation to services on already incurred claims).

Income and expense are recognised for the changes in liabilities for remaining coverage and for incurred claims, as summarised below:

	Changes in liability for remaining coverage	Changes in liability for incurred claims
Insurance products	▪ Reversals related to the insurance services provided during the period	
Insurance services expenses	▪ Losses recognised on onerous contracts and reversal of these losses	▪ Allocations of liabilities for the incurred claims and the unfunded expenses incurred during the period ▪ Subsequent changes in the fulfilment cash flows relating to the incurred claims and the unfunded expenses incurred
Insurance financial expenses and income	▪ Account taken of the impacts of the time value of money	▪ Account taken of the impacts of the time value of money

On this same closing date, the amount of contractual service margin is adjusted to take notably account, for all contracts, of:

- the impact of the new contracts added to the Group;
- the interest capitalised on the carrying amount of the margin at the discounting rate used to determine the initial margin value;
- the reestimate of the fulfilment cash flows (discounted value of the amounts receivable and payable related to the insurance services provided during the remaining coverage period, excl. estimated amounts to be paid for already incurred claims that are subject to separate measurement);
- the amount recognised as insurance revenue because of the transfer of insurance contract services in the period.

Moreover, the contractual service margin is recognised in profit or loss according to coverage units that reflect the amount of service provided and the expected coverage period for the contracts remaining in the group of contracts.

The contractual service margin is not adjusted for the following changes in cash flows as they are not related to future services:

- inclusion of the impacts (and changes in them) of the time value of money and the financial risk (for example, the impact of a change in the discounting rate);
- changes in estimates of the fulfilment cash flows of liabilities for incurred claims;
- adjustments related to experience (difference between the estimate of the amounts expected for the period and the actual cash flows of the period).

Protection-Provident business

The Group mainly applies the General Model to measure its Protection-Provident contracts (borrower insurance, funeral, dependency contracts…).

For the Protection – Provident business, the insured value (for example the outstanding capital of the loan in the context of a borrower contract) is used to measure the quantity of service (or coverage units) provided or to be provided, in order to recognise a portion of the contractual service margin in the net income of the period.

General Model adapted to the insurance contracts issued with direct participation features (Variable Fee Approach)

Insurance contracts issued with direct participation features may be regarded as creating an obligation to pay to policyholders an amount equal to the fair value of the underlying items (for example, investments in units of funds), minus a variable fee for the service.

The variable fee:

a) represents the counterparty that a company receives to provide investment services;

b) is based on the portion of the performance of the underlying items that varies over time. Consequently, the variable fee reflects the performance of the underlying items and the other cash flows necessary for the fulfilment of the contracts.

The general accounting model is adapted to reflect that the consideration received for this type of contract is a variable fee (Variable Fee Approach - VFA).

This adaptation of the general accounting model is used to measure the groups of insurance contracts for which:

- the contractual clauses specify that the policy holder is entitled to a portion of a clearly defined portfolio of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the yield on the fair value of the underlying items; and
- the entity expects any change in the amounts payable to the shareholder to be attributable, substantially, to a change in fair value of the underlying items.

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

This measurement model is in line with the general model with regards to the following items:

- the fulfilment cash flows are measured the same way;
- during the initial measurement, the contractual service margin is identical;
- the subsequent changes in the fulfilment cash flows associated with the future services adjust the contractual service margin while the other changes, related to the services provided during the period or before impact the net income.

There are however several differences:

	General model	*Tailored General model - VFA*
Recognition of the changes in fulfilment cash flows in relation to the changes in discounting rates and other financial variables	▪ in full in the Statement of net income and unrealised or deferred gains and losses	▪ as an adjustment of the contractual service margin for the portion of this change associated with the insurer's share of underlying items
Determination of the interest expense for the capitalisation of interest on the contractual service margin	▪ explicitly applying the discount rate used during the initial measurement	▪ implicitly when taking account of the insurer's share in the change in fair value of the underlying items for the determination of the contractual service margin

Savings and Retirement business

The Group determined that the majority of life savings insurance contracts and individual and collective retirement savings contracts issued by its insurance subsidiaries meet the definition of contracts with direct participation features. These contracts, which make up the Group's predominant insurance activity (some 99% of the discounted estimated cash flows), are measured using the adapted General model known as Variable Fee Approach (VFA). The other contracts in these categories are measured based on the General Model or under IFRS 9 if they meet the definition of an investment contract.

For the Savings and Retirement business, the quantity of service (or coverage units) used for the amortisation of the contractual service margin (CSM) is intended to reflect, from an economic standpoint, the asset management service provided by the insurer during the period. This quantity is determined based on the future cash flows estimated over the ongoing and future periods. An adjustment is made in order to recognise the CSM at an appropriate pace, taking account of the financial performance of the underlying assets.

General Model adapted to the reinsurance contracts held

Following the issuance of insurance contracts, some risks may be ceded to another insurance company through reinsurance contracts.

The general accounting model is adapted to take account of the specificities of the reinsurance contracts held. These reinsurance contracts held are booked under the General Model, modified on the following features:

Estimate of the fulfilment cash flows	The fulfilment cash flows take into account the risk of non-fulfilment by the issuer of the reinsurance contract (i.e. the risk of not recovering the expected compensation in the event of default of the reinsurer).
Measurement of the contractual service margin during initial recognition	Any net cost or profit determined at initial recognition (determined based on the estimated amount of premiums payable, expenses to be paid and compensations to be received) is recognised as a contractual service margin.
Measurement of the contractual service margin in the context of onerous underlying contracts	The contractual service margin is adjusted and an income is recognised accordingly, when a loss is recognised at initial recognition of a group of onerous underlying insurance contracts or when onerous underlying insurance contracts are added to the group.

Simplified model (Premium Allocation Approach)

The standard also allows, under some conditions, for the application of a simplified accounting model for the contracts whose insurance coverage is lower or equal to 12 months, or for which the measurement of the Group's remaining coverage liabilities determined using this approach is not significantly different from the one that would result from the application of the general model.

The remaining coverage liabilities presented on the balance sheet corresponds to:

- the amount of premium received under the contract adjusted for the amounts recognised as insurance contracts income as the company provides the insurance coverage;
- minus the remaining depreciable acquisition costs paid.

If a group of contracts is onerous, the remaining coverage liability is increased up to the estimated future fulfilment cash flows and a loss is recognised in the income statement.

The incurred claim liability is measured based on the general model. The Group does not discount the liability when it expects the claims to be settled within one year.

The simplified approach does not require:

- an explicit measurement of the contractual service margin;
- an update of the remaining coverage liability for the changes in discount rate and financial variables.

Protection – non-life insurance activity

The Group mostly applies the simplified approach to measure its non-life insurance contracts (personal injuries, means of payment, multi-risk home insurance…).

PRESENTATION OF THE FINANCIAL PERFORMANCE OF INSURANCE CONTRACTS

Expenses and income relating to insurance contracts are presented in the income statement, distinguishing between:

- the income arising from insurance services which includes:
  - income from insurance contracts issued;
  - insurance services expenses;
  - net income or expenses from the reinsurance contracts held;
- the financial result of the insurance and reinsurance contracts.

Income from insurance contracts issued

The revenues from insurance contracts represent the consideration that the insurance subsidiary expects to receive (representative of the premium received) against the services provided under the contracts.

The revenues recognised for the period include the amount representative of the premium received as coverage of the insurance service expenses and the margin expected in relation to the services provided during the period.

Many insurance contracts providing investment services include a deposit component, which is an amount paid by the policyholder and repaid by the insurer even when the insured event does not take place. These deposit components are excluded from the income statement, as the collection and repayment of a deposit are not, respectively, an income and an expense.

Insurance services expenses

Insurance services expenses reflect the costs incurred to provide services over the period, including those associated with the claims incurred, and excluding the deposit component.

The expenses recorded over the period include the insurance services expenses related to the services provided for the incurred claims during the current or past periods and other amounts such as the amortisation of the insurance acquisition costs, the costs on onerous contracts and their reversals.

Income and expenses of the reinsurance contracts held.

Income and expenses are representative of the amounts recovered from reinsurers and of the allocation of the premiums paid for this coverage.

Financial income and expenses of insurance contracts

The fulfilment cash flows and contractual service margin are booked on a discounted basis reflecting the frequency of cash flows. Over time, the effect of the time value of money decreases, which is reflected in the income statement as an insurance financial expense (the present value of future disbursements increases). Indeed, the financing costs (financial expenses of the contracts) of insurance are similar to the interest paid by the insurer on an early payment (in the form of a premium) and reflect the fact that the insurer usually receives the premiums in advance and pays benefits at a later date.

Finance income or expenses from insurance also include the effects on the carrying amount of insurance contracts of some changes in financial assumptions (namely discount rate and other financial variables).

The effect of the changes in discount rates and other financial variables is recognised over the period during which the changes occurred. The Group has elected, for most of its groups of contracts, to present the effect of these changes in a disaggregated manner between the income statement and equity. The aim of this choice is to minimise accounting mismatch between the investments of the insurance activity (associated to the financial assets held to cover the insurance contracts) and the financial expenses of the insurance contracts. This choice is made for each group of insurance contracts.

The Group decided to present the Notes detailing the financial data of the insurance subsidiaries distinguishing between the data attributed to the insurance contracts within the scope of IFRS 17 (columns headed Insurance contracts) including the measurement of these contracts and the investments backing them. These data also distinguish between the insurance contracts issued with direct participation features measured using the VFA model and their underlying investments.

The financial data of the investment contracts without participation features and without insurance component (contracts within the scope of IFRS 9) as well as all financial instruments that are not backing insurance contracts within the scope of IFRS 17 (ex: financial instruments negotiated in the context of the investment of equity) are presented separately from the other financial data in the Others column.

As a reminder, on the transition date of 1 January 2022, the Group applied a modified retrospective approach for the measurement of savings life insurance contracts and retirement savings contracts which represent the vast majority of its contracts. Damage Protection contracts were subject to a complete

retrospective approach. For Personal protection contracts, a complete or modified retrospective approach has been implemented on a case-by-case basis.

The future cash flows of the assets and liabilities of the insurance contract assets and liabilities are discounted using a risk-free rate curve (swap rate curve) modified by an illiquidity premium per entity and per activity. The following table shows the average discount rates used:

Table 4.3.A

	31.12.2023						31.12.2022 R					
Average discount rate for the euro	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**	**40 years**	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**	**40 years**
Savings and retirement	4.27%	3.24%	3.31%	3.39%	3.34%	3.27%	3.73%	3.69%	3.66%	3.58%	3.32%	3.12%
Protection	3.74%	2.74%	2.77%	2.83%	2.74%	2.82%	3.21%	3.17%	3.14%	3.06%	2.80%	2.74%

1. EXCERPT FROM THE BALANCE SHEET OF THE INSURANCE ACTIVITY

The tables below present the carrying amount of the assets and liabilities recognised on the balance sheet of the Group's insurance subsidiaries for:

- Insurance contracts or investment contracts;
- Investments made (whether or not backed by insurance contracts).

DETAIL OF ASSETS

Table 4.3.B

	31.12.2023				31.12.2022 R			
	Insurance contracts		Other	Total	Insurance contracts		Other	Total
(In EUR m)	*With direct participations features*	*Other*			*With direct participations features*	*Other*		
Financial assets at fair value through profit or loss	**107,864**	**211**	**3,794**	**111,869**	**92,759**	**216**	**4,739**	**97,714**
Trading portfolio	547	-	20	567	833	-	25	858
Shares and other equity securities	*-*	*-*	*-*	*-*	*-*	*-*	*17*	*17*
Trading derivatives	*547*	*-*	*20*	*567*	*833*	*-*	*8*	*841*
Financial assets measured mandatorily at fair value through profit or loss	93,912	205	3,725	97,842	78,677	210	4,712	83,599
Bonds and other debt securities	*30,332*	*14*	*117*	*30,463*	*21,968*	*21*	*229*	*22,218*
Shares and other equity securities	*62,563*	*186*	*3,304*	*66,053*	*55,671*	*184*	*4,086*	*59,941*
Loans, receivables and securities puchased under resale agreements	*1,017*	*5*	*304*	*1,326*	*1,038*	*5*	*397*	*1,440*
Financial instruments measured using fair value option through profit or loss	13,405	6	49	13,460	13,249	6	2	13,257
Bonds and other debt securities	*13,405*	*6*	*49*	*13,460*	*13,249*	*6*	*2*	*13,257*
Hedging derivatives	**140**	**-**	**-**	**140**	**121**	**-**	**-**	**121**
Financial assets at fair value through other comprehensive income	**51,257**	**1,417**	**226**	**52,900**	**53,971**	**1,326**	**200**	**55,497**
Debt instruments	51,257	1,417	226	52,900	53,971	1,326	200	55,497
Bonds and other debt securities	*51,243*	*1,415*	*226*	*52,884*	*53,930*	*1,326*	*200*	*55,456*
Loans, receivables and securities purchased under resale agreements	*14*	*2*	*-*	*16*	*41*	*-*	*-*	*41*
Financial assets at amortised cost (1)	**718**	**614**	**5,368**	**6,700**	**1,155**	**263**	**4,670**	**6,088**
Investment Property	**729**	**-**	**1**	**730**	**876**	**-**	**1**	**877**
TOTAL INVESTMENTS OF INSURANCE ACTIVITIES (2)	**160,708**	**2,242**	**9,389**	**172,339**	**148,882**	**1,805**	**9,610**	**160,297**
Deferred acquisition costs	-	-	-	-	6	-	-	6
Insurance contracts issued assets	-	81	-	81	-	42	-	42
Reinsurance contracts held assets	-	378	-	378	-	305	-	305
TOTAL INSURANCE AND REINSURANCE CONTRACTS ASSETS	**-**	**459**	**-**	**459**	**6**	**347**	**-**	**353**

(1) The financial assets at amortised cost are mainly related to Debt securities at amortised cost and Loans and receivables due from banks at amortised cost

(2) The Group has chosen to keep in the consolidated accounts investments made with Group companies measured at fair value through profit or loss in representation of unit-linked liabilities

DETAIL OF LIABILITIES

Table 4.3.C

(In EUR m)	31.12.2023				31.12.2022 R			
	Insurance contracts		Other	Total	Insurance contracts		Other	Total
	With direct participations features	*Other*			*With direct participations features*	*Other*		
Financial liabilities at fair value through profit or loss	**82**	**-**	**4,017**	**4,099**	**78**	**-**	**3,520**	**3,598**
Trading portfolio	82	-	503	585	47	-	572	619
Borrowings and securities sold under repurchase agreements	*-*	*-*	*-*	*-*	*-*	*-*	*33*	*33*
Trading derivatives	*82*	*-*	*503*	*585*	*47*	*-*	*539*	*586*
Financial instruments measured using fair value option through profit or loss [1]	-	-	3,514	3,514	31	-	2,946	2,977
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debt securities issued	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Due to banks	**2,442**	**6**	**84**	**2,532**	**2,116**	**74**	**45**	**2,235**
Customer deposits	**-**	**-**	**4**	**4**	**-**	**-**	**3**	**3**
TOTAL OF FINANCIAL LIABILITIES FROM INSURANCE ACTIVITIES	**2,524**	**6**	**4,105**	**6,635**	**2,194**	**74**	**3,568**	**5,836**
Insurance contracts issued liabilities	138,976	2,746	-	141,722	133,795	2,079	-	135,874
Reinsurance contracts held liabilities	-	1	-	1	-	1	-	1
TOTAL INSURANCE AND REINSURANCE CONTRACTS LIABILITIES	**138,976**	**2,747**	**-**	**141,723**	**133,795**	**2,080**	**-**	**135,875**

(1) The financial instruments measured using the fair value option correspond to the unit-linked contracts without participation features.

2. PERFORMANCE OF INSURANCE ACTIVITIES

The tables below show the details of the income and expenses recognised in the income statement or in the gains and losses directly recognised in equity by the Group’s insurance subsidiaries for:

- the commercial performance of insurance services presented within the Net income of insurance services,
- the financial performance related to the management of contracts resulting from:
  - the financial income and expenses recognised on insurance contracts,
  - the financial income and expenses recognised on the investments backed on contracts,
- the financial performance of the other investments.

2.1 DETAIL OF PERFORMANCE OF INSURANCE ACTIVITIES

Table 4.3.D

(In EUR m)	2023				2022 R			
	Insurance contracts		Other	Total	Insurance contracts		Other	Total
	With direct participations features	*Other*			*With direct participations features*	*Other*		
Financial result of investments and other transactions from insurance activities	**6,527**	**110**	**124**	**6,761**	**(4,208)**	**(7)**	**(36)**	**(4,251)**
Interest and similar income	1,477	33	168	1,678	1,738	39	119	1,896
Interest and similar expense	(261)	(11)	(113)	(385)	(238)	(19)	(87)	(344)
Fee income	10	-	1	11	9	12	-	21
Fee expense	(16)	(3)	(3)	(22)	(16)	(1)	(1)	(18)
Net gains and losses on financial transactions	5,411	92	74	5,577	(5,723)	(23)	(91)	(5,837)
o/w gains and losses on financial instruments at fair value through profit or loss	*5,467*	*97*	*74*	*5,638*	*(5,581)*	*(20)*	*(82)*	*(5,683)*
o/w gains and losses on financial instruments at fair value through other comprehensive income	*(56)*	*-*	*-*	*(56)*	*(142)*	*-*	*-*	*(142)*
o/w gains and losses from the derecognition of financial instruments at amortised cost	*-*	*(5)*	*-*	*(5)*	*-*	*(3)*	*(9)*	*(12)*
Cost of credit risk from financial assets related to insurance activities	7	-	-	7	1	-	-	1
Net income from other activities [1]	(101)	(1)	(3)	(105)	21	(15)	24	30
Insurance service result	**958**	**620**		**1,578**	**930**	**549**		**1,479**
Income from insurance contracts issued	1,259	2,280		3,539	1,120	1,984		3,104
Insurance service expenses	(301)	(1,677)		(1,978)	(190)	(1,416)		(1,606)
Income and expenses from reinsurance contracts held	-	17		17	-	(19)		(19)
Financial result of insurance services	**(6,245)**	**(35)**		**(6,280)**	**4,053**	**22**		**4,075**
Net finance income or expenses from insurance contracts issued	(6,245)	(40)		(6,285)	4,053	(23)		4,030
Net finance income or expenses from reinsurance contracts held	-	5		5	-	45		45

(In EUR m)	2023 With direct participations features	2023 Other	2023 Other	2023 Total	2022 R With direct participations features	2022 R Other	2022 R Other	2022 R Total
Unrealised or deferred gains and losses from investments that will be reclassified subsequently into income	**2,137**	**72**	**10**	**2,219**	**(10,032)**	**(259)**	**(17)**	**(10,308)**
Revaluation of debt instruments at fair value through other comprehensive income	2,099	72	10	2,181	(9,843)	(259)	(17)	(10,119)
Revaluation of hedging derivatives	38	-	-	38	(189)	-	-	(189)
Unrealised or deferred gains and losses from insurance contracts that will be reclassified subsequently into income	**(2,150)**	**16**		**(2,134)**	**10,025**	**25**		**10,050**
Revaluation of insurance contracts issued	(2,147)	17		(2,130)	10,025	42		10,067
Revaluation of the reinsurance contracts held	(3)	(1)		(4)	-	(17)		(17)

(1) The item Net income from other activities corresponds to Income from other activities and Expenses from other activities

2.2 MONITORING OF THE AMOUNT OF THE GAINS AND LOSSES DIRECTLY RECOGNISED IN EQUITY FOR DEBTS INSTRUMENTS UNDERLYING CONTRACTS WITH DIRECT PARTICIPATION FEATURES PRESENT AS AT THE TRANSITION DATE

The Group elected, for the groups of contracts with direct participation features, to recognise in the Net income of the period the financial income or expenses that eliminate accounting mismatches with the income or expenses recognised in the Net income for the underlying items held. Consequently, insurance subsidiaries directly recognise in equity the difference between the total financial income or expenses to be booked for the period for the contracts with direct participation features and the amount recognised in the Net income to eliminate an accounting mismatch.

The table below shows the changes in cumulative amount of the financial income and expenses related to insurance activities recognised directly in equity in relation to the contracts with direct participation features identified as at 1 January 2022 (date of transition to the new measurement method of contracts provided by IFRS 17).

Table 4.3.E

	2023	2022 R
	Cumulative amounts included in OCI for debt instruments underlying direct participation contracts present on the date of transition	**Cumulative amounts included in OCI for debt instruments underlying direct participation contracts present on the date of transition**
Opening balance	(4,308)	5,577
Unrealised or deferred gains and losses for the period and Unrealised or deferred gains and losses reclassified in profit or loss	1,942	(9,885)
Closing balance	**(2,366)**	**(4,308)**

3. DETAILS RELATING TO OUTSTANDING INSURANCE CONTRACTS

The Group elected not to show detailed information regarding the reinsurance contracts held owing to their low materiality Group-wide.

SUMMARY OF THE OUTSTANDING STOCK

Table 4.3.F

	2023				2022 R			
	Insurance contracts				Insurance contracts			
(In EUR m)	*With direct participations features*	*Other*	**Other**	**Total**	*With direct participations features*	*Other*	**Other**	**Total**
Insurance contracts issued assets	-	81	-	81	-	42	-	42
o/w insurance contracts measured under the general model	*-*	*46*	*-*	*46*	*-*	*40*	*-*	*40*
Insurance contracts issued liabilities	138,976	2,746	-	141,722	133,795	2,079	-	135,874
o/w insurance contracts measured under the general model	*138,976*	*1,474*	*-*	*140,450*	*133,795*	*1,072*	*-*	*134,867*
Reinsurance contracts held assets	-	378	-	378	-	305	-	305
o/w reinsurance contracts measured under the general model	*-*	*137*	*-*	*137*	*-*	*110*	*-*	*110*
Reinsurance contracts held liabilities	-	1	-	1	-	1	-	1
o/w reinsurance contracts measured under the general model	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Investment contracts [(1)]	-	-	3,514	3,514	-	-	2,976	2,976

(1) Investment contracts with no discretionary participation features measured at fair value through profit or loss using the fair value option.

DETAILED NET INCOME FROM INSURANCE SERVICES

The table below shows the Net income from insurance services. The way in which the Insurance income and expenses are recognised are detailed in the accounting principles under the Presentation of the financial performance of insurance contracts heading.

Table 4.3.G

(In EUR m)	2023			2022 R		
	Insurance contracts			Insurance contracts		
	with direct participations features	Other	**Total**	with direct participations features	Other	**Total**
Income from insurance contracts issued	**1 259**	**2 280**	**3 539**	**1 120**	**1 984**	**3 104**
Contracts measured under the general model	1 259	1 040	2 299	1 120	998	2 118
Income of premiums (relating to changes in Liabilities for Remaining Coverage) relative to:						
- Deferred acquisition costs	*25*	*170*	*195*	*45*	*175*	*220*
- Expected claims and handling costs	*147*	*441*	*588*	*156*	*437*	*593*
- Expected non financial risk adjustment	*272*	*115*	*387*	*145*	*123*	*268*
- Expected contractual services margin	*815*	*314*	*1 129*	*774*	*263*	*1 037*
Contracts measured under the PAA	-	1 240	1 240	-	986	986
Insurance service expenses	**(301)**	**(1 677)**	**(1 978)**	**(190)**	**(1 416)**	**(1 606)**
Amortisation of acquisition costs	(25)	(288)	(313)	(45)	(304)	(349)
Net expenses for expected costs of claims, handling costs and non-financial risk adjustment (changes in Liabilities Incurred Claims) - Incurred in the period	(276)	(1 645)	(1 921)	(148)	(1 344)	(1 492)
Changes in net expenses for expected costs of claims and handling costs (changes in Liabilities Incurred Claims) - Past services	-	265	265	3	255	258
Losses and reversals of losses on onerous contracts (changes in Liabilities for Remaining Coverage)	-	(9)	(9)	-	(23)	(23)
Net income or expenses from reinsurance contracts held	**-**	**17**	**17**	**-**	**(19)**	**(19)**
INSURANCE SERVICE RESULT	**958**	**620**	**1 578**	**930**	**549**	**1 479**

3.1 INSURANCE CONTRACTS MEASURED UNDER THE GENERAL MODEL (INCLUDING INSURANCE CONTRACTS ISSUED WITH DIRECT PARTICIPATION FEATURES) AND THE SIMPLIFIED MODEL

TABLE OF RECONCILIATION OF THE INSURANCE CONTRACTS LIABILITIES BY TYPE OF COVERAGE (REMAINING COVERAGE AND CLAIMS INCURRED)

Table 4.3.H

	2023					
	Remaining coverage		**Incurred claims** (measured under the general model)	**Incurred claims** (measured under the PAA)		**Total**
(In EUR m)	*Excluding the loss component*	*Loss component*		Present value of the future cash flows	Non financial risk adjustment	
Insurance contracts issued liabilities	134,009	21	944	820	80	135,874
Insurance contracts issued assets	(39)	5	(10)	2	-	(42)
NET BALANCE AS AT 1 JANUARY	**133,970**	**26**	**934**	**822**	**80**	**135,832**
Income from insurance contracts issued [(1)]	**(3,539)**	**-**	**-**	**-**	**-**	**(3,539)**
Insurance service expenses	**313**	**9**	**796**	**854**	**6**	**1,978**
Amortisation of acquisition costs	313	-	-	-	-	313
Net expenses for expected costs of claims, handling costs and non-financial risk adjustment (changes in Liabilities Incurred Claims) - Incurred in the period	-	-	987	893	41	1,921
Changes in net expenses for expected costs of claims and handling costs (changes in Liabilities Incurred Claims) - Past services	-	-	(191)	(39)	(35)	(265)
Losses and reversals of losses on onerous contracts (changes in Liabilities for Remaining Coverage)	-	9	-	-	-	9
Net finance income or expenses from insurance contracts issued [(2)]	**8,394**	**1**	**(5)**	**23**	**2**	**8,415**
Changes relative to the deposits component including in the insurance contract	**(14,635)**	**-**	**14,635**	**-**	**-**	**-**
Other changes	**(328)**	**-**	**128**	**499**	**18**	**317**
Cash flows:	**14,893**	**-**	**(15,470)**	**(785)**	**-**	**(1,362)**
Premiums received (as a reduction of premiums to be received included in the remaining coverage)	15,348	-	-	-	-	15,348
Costs of claims and handling costs (as a reduction of the incurred claims liabilities)	-	-	(15,470)	(785)	-	(16,255)
Paid acquisition costs (as a net adjustment of the remaining coverage following the transfer of deferred amounts or amortisations)	(455)	-	-	-	-	(455)
NET BALANCE AS AT 31 DECEMBER	**139,068**	**36**	**1,018**	**1,413**	**106**	**141,641**
Insurance contracts issued liabilities	139,155	32	985	1,444	106	141,722
Insurance contracts issued assets	(87)	4	33	(31)	-	(81)

(1) Of which, for the insurance contracts present on the transition date (and measured under the general model excluding the VFA model): EUR 371 million using the modified retrospective approach. Products from insurance contracts issued with direct participation are not monitored because the Group does not subdivide these contracts into annual cohorts in accordance with the exemption adopted by the European Union.

(2) This heading includes the financial expenses and income that were recorded under the heading Revaluation of insurance contracts in equity within Gains and losses recognised directly in equity and which will be reclassified later in profit or loss.

Table 4.3.I

(In EUR m)	2022 R					
	Remaining coverage		Incurred claims (measured under the general model)	Incurred claims (measured under the PAA)		Total
	Excluding the loss component	*Loss component*		Present value of the future cash flows	Non financial risk adjustment	
Insurance contracts issued liabilities	148,665	4	1,060	780	56	150,565
Insurance contracts issued assets	(72)	-	27	2	-	(43)
NET BALANCE AS AT 1 JANUARY	**148,593**	**4**	**1,087**	**782**	**56**	**150,522**
Income from insurance contracts issued [1]	**(3,104)**	**-**	**-**	**-**	**-**	**(3,104)**
Insurance service expenses	**349**	**23**	**607**	**600**	**27**	**1,606**
Amortisation of acquisition costs	349	-	-	-	-	349
Net expenses for expected costs of claims, handling costs and non-financial risk adjustment (changes in Liabilities Incurred Claims) - Incurred in the period	-	-	792	665	35	1,492
Changes in net expenses for expected costs of claims and handling costs (changes in Liabilities Incurred Claims) - Past services	-	-	(185)	(65)	(8)	(258)
Losses and reversals of losses on onerous contracts (changes in Liabilities for Remaining Coverage)	-	23	-	-	-	23
Net finance income or expenses from insurance contracts issued [2]	**(14,043)**	**(1)**	**(16)**	**(31)**	**(4)**	**(14,095)**
Changes relative to the deposits component including in the insurance contract	**(14,132)**	**-**	**14,132**	-	-	-
Other changes	**293**	**-**	**(291)**	**(322)**	**1**	**(319)**
Cash flows	**16,014**	**-**	**(14,585)**	**(207)**	**-**	**1,222**
Premiums received (as a reduction of premiums to be received included in the remaining coverage)	16,375	-	-	-	-	16,375
Costs of claims and handling costs (as a reduction of the incurred claims liabilities)	-	-	(14,585)	(207)	-	(14,792)
Paid acquisition costs (as a net adjustment of the remaining coverage following the transfer of deferred amounts or amortisations)	(361)	-	-	-	-	(361)
NET BALANCE AS AT 31 DECEMBER	**133,970**	**26**	**934**	**822**	**80**	**135,832**
Insurance contracts issued liabilities	134,009	21	944	820	80	135,874
Insurance contracts issued assets	(39)	5	(10)	2	-	(42)

(1) Of which, for the insurance contracts present on the transition date (and measured under the general model): EUR 634 million using the modified retrospective approach. Products from insurance contracts issued with direct participation are not monitored because the Group does not subdivide these contracts into annual cohorts in accordance with the exemption adopted by the European Union.

(2) This heading includes the financial expenses and income that were recorded under the heading Revaluation of insurance contracts in equity within Gains and losses recognised directly in equity and which will be reclassified later in profit or loss.

3.2 CONTRACTS MEASURED UNDER THE GENERAL MODEL (INCLUDING INSURANCE CONTRACTS ISSUED WITH DIRECT PARTICIPATION)

TABLE OF RECONCILIATION OF THE INSURANCE CONTRACTS LIABILITIES ISSUED BY ESTIMATE COMPONENTS (DISCOUNTED FUTURE CASH FLOWS, ADJUSTMENT FOR NON-FINANCIAL RISK AND CONTRACTUAL SERVICE MARGIN

Table 4.3.J

	2023			
(In EUR m)	**Present value of the future cash flows**	**Non financial risk adjustment**	**Contractual services margin**	**Total**
Insurance contracts issued liabilities	123,297	3,452	8,118	134,867
Insurance contracts issued assets	(214)	40	134	(40)
NET BALANCE AS AT 1 JANUARY	**123,083**	**3,492**	**8,252**	**134,827**
Changes that relate to future services	**(3,018)**	**767**	**2,266**	**15**
Changes in estimates that adjust the CSM	(2,582)	622	1,960	-
Changes in estimates that result in losses and reversals on onerous contracts (ie, that do not adjust the CSM)	11	1	-	12
Effect of new contracts recognised in the year	(447)	144	306	3
Changes that relate to current services	**311**	**(308)**	**(1,129)**	**(1,126)**
Contractual services margin recognised in profit or loss for services provided	-	-	(1,129)	(1,129)
Change in non-financial risk adjustment for risk expired	-	(308)	-	(308)
Experiences adjustments	311	-	-	311
Changes that relate to past services (ie, changes in fullfilment cash flows relative to incurred claims)	**(137)**	**(54)**	**-**	**(191)**
Net finance income or expenses from insurance contracts issued [(1)]	**8,370**	**1**	**18**	**8,389**
Other changes	**376**	**3**	**(39)**	**340**
Cash flows	**(1,850)**	**-**	**-**	**(1,850)**
Premiums received (as a reduction of premiums to be received included in the remaining coverage)	13,954	-	-	13,954
Costs of claims and handling costs (as a reduction of the incurred claims liabilities)	(15,470)	-	-	(15,470)
Paid acquisition costs (as a net adjustment of the remaining coverage following the transfer of deferred amounts or amortisations)	(334)	-	-	(334)
NET BALANCE AS AT 31 DECEMBER	**127,135**	**3,901**	**9,368**	**140,404**
Insurance contracts issued liabilities [(2)]	127,374	3,844	9,232	140,450
Insurance contracts issued assets [(2)]	(239)	57	136	(46)

(1) This heading includes the financial income and expenses that were recorded under the heading Revaluation of insurance contracts in equity within Gains and losses recognised directly in equity and which will be reclassified later in profit or loss.

(2) Of which, for the contractual service margin of the insurance contracts present on the transition date (and measured under the general model excluding the VFA model): EUR 255 million using the modified retrospective approach. The stock of contractual service margin of the insurance contracts present on the transition date is not monitored on the VFA model because the Group does not distinguish between annual cohorts on this scope (see exemption on annual cohorts in the Accounting Principles on contract groupings).

Table 4.3.K

(In EUR m)	2022 R			
	Present value of the future cash flows	Non financial risk adjustment	Contractual services margin	Total
Insurance contracts issued liabilities	138,337	3,064	8,269	149,670
Insurance contracts issued assets	(229)	52	135	(42)
NET BALANCE AS AT 1 JANUARY [(1)]	**138,108**	**3,116**	**8,404**	**149,628**
Changes that relate to future services	**(1,586)**	**667**	**945**	**26**
Changes in estimates that adjust the CSM	(1,157)	439	718	-
Changes in estimates that result in losses and reversals on onerous contracts (ie, that do not adjust the CSM)	18	2	-	20
Effect of new contracts recognised in the year	(447)	226	227	6
Changes that relate to current services	**115**	**(194)**	**(1,036)**	**(1,115)**
Contractual services margin recognised in profit or loss for services provided	-	-	(1,036)	(1,036)
Change in non-financial risk adjustment for risk expired	-	(194)	-	(194)
Experiences adjustments	115	-	-	115
Changes that relate to past services (ie, changes in fullfilment cash flows relative to incurred claims)	**(108)**	**(77)**	**-**	**(185)**
Net finance income or expenses from insurance contracts issued [(2)]	**(14,037)**	**(39)**	**16**	**(14,060)**
Other changes	**254**	**19**	**(77)**	**196**
Cash flows	**337**	**-**	**-**	**337**
Premiums received (as a reduction of premiums to be received included in the remaining coverage)	15,261	-	-	15,261
Costs of claims and handling costs (as a reduction of the incurred claims liabilities)	(14,585)	-	-	(14,585)
Paid acquisition costs (as a net adjustment of the remaining coverage following the transfer of deferred amounts or amortisations)	(339)	-	-	(339)
NET BALANCE AS AT 31 DECEMBER	**123,083**	**3,492**	**8,252**	**134,827**
Insurance contracts issued liabilities [(3)]	123,297	3,452	8,118	134,867
Insurance contracts issued assets [(3)]	(214)	40	134	(40)

(1) Of which, for the contractual service margin of the insurance contracts and measured under the BBA general model: EUR 808 million using the modified retrospective approach and measured under the VFA model EUR 7,590 million using the modified retrospective approach.

(2) This heading includes the financial income and expenses that were recorded under the heading Revaluation of insurance contracts in equity within Gains and losses recognised directly in equity and which will be reclassified later in profit or loss.

(3) Of which, for the contractual service margin of the insurance contracts present on the transition date (and measured under the general model): EUR 390 million using the modified retrospective approach. The stock of contractual service margin of the insurance contracts present on the transition date is not monitored on the VFA model because the Group does not distinguish between annual cohorts on this scope (see exemption on annual cohorts in the Accounting Principles on contract groupings).

DETAILED EFFECT OF THE NEW CONTRACTS RECOGNISED DURING THE PERIOD

Table 4.3.L

(In EUR m)	2023 Insurance contracts issued	2023 *o/w transfer of contracts*	2022 R Insurance contracts issued	2022 R *o/w transfer of contracts*
Present value of:				
Estimated cash outflows	6,846	-	7,245	-
o/w acquisitions costs	334	-	339	-
o/w costs of claims and handling costs	6,512	-	6,906	-
Estimated cash inflows	(7,296)	-	(7,698)	-
Non-financial risk adjustment	**144**	**-**	**226**	**-**
Contractual services margin	**306**	**-**	**227**	**-**
Loss component on onerous contracts	**3**	**-**	**6**	**-**
Total	**3**	**-**	**6**	**-**

3.3 DETAILS ON THE PROJECTED ITEMS RELATING TO THE MEASUREMENT OF CONTRACTS

SCHEDULING OF THE CASH FLOWS RELATED TO THE INSURANCE AND REINSURANCE CONTRACTS LIABILITIES

Table 4.3.M

(In EUR m)	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31.12.2023
Insurance and reinsurance contracts liabilities	3,571	9,188	36,538	92,426	**141,723**

EXPECTED RECOGNITION IN THE INCOME STATEMENT OF THE CONTRACTUAL SERVICE MARGIN DETERMINED AT THE END OF THE PERIOD [(1)]

Table 4.3.N

(In EUR m)	31.12.2023	31.12.2022 R
Expected years before recognising CSM in profit or loss	**Insurance contracts issued**	**Insurance contracts issued**
1 to 5 years	3,901	3,520
6 to 10 years	1,913	1,973
> 10 years	3,554	2,759
Total	**9,368**	**8,252**

(1) The contractual service margin determined at the end of the period does not include future new insurance contracts, and insurance contracts valued according to the simplified model. Furthermore, this contractual service margin includes the discounting effect and the adjustment taking into account the financial performance of the underlying assets.

4. INSURANCE RISK MANAGEMENT

Insurance risk is the risk of loss inherent in the insurance business; the Group is exposed to it through its insurance subsidiaries. In addition to asset and liability risk management (interest rate, valuation, counterparty and exchange rate risk), this covers the risks related to premium pricing, mortality and increase in the number of claims.

1. MANAGEMENT OF INSURANCE RISK

There are two main types of insurance risk:

- **technical risks**, and particularly underwriting risk in life insurance, individual personal protection and non-life insurance. These risks may be biometric: disability, longevity, mortality, or related to policyholders' behaviour (risk of surrender). To a lesser extent, in non-life and health insurance, such risks may also arise from claims pricing, selection and management, or from disaster risk;
- **risks associated with financial markets and asset-liability management**: the Insurance business line, mainly through life insurance on the French market, is exposed to hazards in financial markets (changes in interest rates and stock market fluctuations). These market hazards can be aggravated by policyholder behaviour (particularly in the case of surrender of savings life insurance policies) insofar as the amount of benefits on savings life insurance policies depends on the financial performance of the assets. This interaction between assets and liabilities is considered in the valuation of future cash flows.

The savings life insurance portfolio constitutes the majority of commitments for an amount of EUR 138,976 million as at 31 December 2023 recognised as Insurance contracts issued liabilities with direct participation features (EUR 133,795 million as at 31 December 2022). In addition, the commitments of the protection portfolio recognised in Insurance contracts issued liabilities excluding direct participation feature amounted to EUR 2,746 million as at 31 December 2023 (EUR 2,079 million as at 31 December 2022).

Managing these risks is at the core of the Insurance business line activity. It is carried out by qualified and experienced teams, with significant and appropriate IT resources. Risks are regularly monitored and reported within the framework of risk policies validated by the Board of Directors of the entities.

1.1 TECHNICAL RISK MANAGEMENT

Technical risk management are based on the following:

- heightened security for the risk acceptance process, with the aim of ensuring that the ab initio pricing matches the policyholder's risk profile and underwritten guarantees;
- regular monitoring of claim indicators in order to adjust some product parameters, such as the pricing or the level of coverage, if necessary;
- implementation of a reinsurance plan to protect the business line against major/serial claims;
- establishment of committees to monitor portfolio risks and decide on the launch of significant new products;
- implementation of the policies on subscription, provisioning and reinsurance risks.

Risk concentration

The most material exposures in the portfolio are diversified on the French territory and do not show any specific concentration with regard to the French insurance market. The ALM and Risk Management Committee of the Insurance business line sets concentration limits per issuer and for certain sectors. This committee is regularly informed of the exposures and possible exceedances.

1.2 RISK MANAGEMENT RELATED TO FINANCIAL MARKETS AND ASSET-LIABILITY MANAGEMENT

The management of the risks linked to the financial markets and asset-liability management is an integral part of the investment strategy just like long-term performance objectives. The optimisation of these two factors is highly influenced by the asset/liability balances. Liability commitments (guarantees offered to customers, policies length of detention), as well as the amounts booked under the major items on the accounting and prudential balance sheet (shareholders' equity, net income, provisions etc.) are analysed by the Finance, Investments and Risk division of the Insurance business line.

The management of the risks related to financial markets (interest rate, credit and equity) and to asset-liability management is based on the following:

- monitoring short- and long-term cash flows (match between the duration of the liabilities and assets, liquidity risk management);
- particular monitoring of policyholder behaviour (surrender);
- close monitoring of financial markets;
- hedging against interest rate risks (both upside and downside);
- hedging against equity risk downside;
- determination of thresholds and limits per counterparty, per issuer rating and per asset class;
- performance of stress tests, the result of which are presented annually to the entities' Board of Directors, as part of the ORSA (*Own Risk and Solvency Assessment*), transferred to the ACPR after approval by the Board;
- organisation of committees to monitor the portfolio and to rule on investment decisions; implementation of the asset-liability management and investment risk policies.

Concentration of market risk and credit risk

The companies in the Insurance business line invest in the various types of financial products while respecting a prudent investment risk management policy. Within each type of securities, exposures are diversified in terms of geography, issuers and sectors. The implementation of this policy is characterised by the definition of thresholds, limits and constraints. The main concentrations are monitored within the framework of the ALM and Risk Management Committee. Similarly, the concentration of credit risk is subject to thresholds and limits. Any crossing of thresholds or limits is reported to the ALM and Risk Management Committee, an emanation of the Board of Directors.

1.3 REGULATORY FRAMEWORK

The Sogecap group is subject to the European "Solvency 2" framework. The capital requirement is determined using the standard formula and the yield curve with the volatility adjustment provided by the European Insurance and Occupational Pensions Authority.

2. INSURANCE RISK MODELING

In savings life insurance, the ALM stochastic model takes into account asset/liability interactions and integrates assumptions regarding policyholder behaviour (surrenders, death, arbitrage), the behaviour of the insurer (interest rate policy in line with the investment policy), the use of financial reserves, and the modelling of fees and commissions.

In protection, liabilities are projected based on adapted models that reflect the flows of premiums, claims and fees related to the management of these claims. They include assumptions and calculation parameters such as experience or mortality tables, fall or early repayment rates depending on the product, overhead rates, inflation, etc.

The models used in relation to Insurance activities are reviewed by the Risk and Actuarial Supervision Department, which is the second line of defence in the context of model risk management. The review work focuses on the theoretical robustness (evaluation of the quality of design and development) of the models, their use, the compliance of their implementation and the continuous monitoring of their relevance over time.

The independent review process ends with (i) the publication of a report describing the scope of the review, tests performed, results, conclusions or recommendations and by (ii) Validation committees.

3. INSURANCE RISK EXPOSURES AND SENSITIVITY ANALYSES

TECHNICAL INSURANCE RISKS

In life insurance, the Insurance business line is mainly exposed to surrender risks due to the preponderance of euro-denominated contracts in life insurance and borrower' insurance, and to a lesser extent, to mortality risk. The risk of surrender in life insurance is mitigated by the loss absorption capacity of the technical reserves (ability to reduce the level of discretionary profit-sharing attributed to policyholders). The Group implements a reinsurance program mainly to mitigate the mortality risks carried in the borrowers' insurance, individual personal protection and term life insurance contracts.

Sensitivity of the insurance business line to underwriting risk on the "Savings" scope (insurance contracts with direct participation features):

Table 4.3.O

		31.12.2023	
Risk factors	**Shock used**	**Impact On the Net Income**	**Impact on the capital**
Increase in surrender	5% of outstanding 2023 year end	(13)	(13)

In property and casualty insurance, the Group is exposed to underwriting risk, i.e. the risk of loss of capital resulting from the difference between the costs related to the claims expected when pricing and the actual costs resulting from unfavourable changes in one or more risk factors (deviation in the frequency, the average costs, occurrence of atypical events).

FINANCIAL RISKS

Market risk: Given the preponderance of savings life insurance among its insurance business line, the Group is mainly exposed to market risk, defined as the risk of loss of capital on the value of financial instruments resulting from variations in market parameters, the volatility of these parameters and correlations between these parameters. The parameters concerned are, in particular exchange rates, interest rates, as well as the prices of securities (shares, bonds), financial derivatives, real estate assets or any other assets.

Sensitivities have been identified in relation to the main financial risk factors analysed either alone or in combination. They take into account policyholder behaviours (in particular surrender) and are net of tax and net of the participation allocated to policyholders.

Sensitivity of the insurance business line to market risks in the Savings scope (insurance contracts with direct participation):

Table 4.3.P

		31.12.2023	
Risk factors	**Shock used**	**Impact On the Net Income**	**Impact on the capital**
Rising rates	+50 bps	(8)	(8)
Lower rates	-50 bps	11	11
Decline in equities	-10%	(17)	(17)

Liquidity risk: In the context of insurance operations, liquidity risk corresponds to the inability of the Insurance business line to meet its contractual obligations and settle reported claims (potential losses incurred in the event of forced sales of assets or when financial assets are invested in illiquid markets). Liquidity risk is governed by the investment risk management policy and the risk management policy of the Insurance business line; The rules for allocating asset portfolios lead to a diversification of these portfolios and a limitation of investments in low liquidity assets (private equity, real estate, etc.).

ALM studies on liquidity risk ensure that the investment structure of the Insurance business line is consistent with its insurance commitments. The framework for strategic asset allocation also makes it possible to limit this risk.

Credit risk: The implementation of thresholds and limits per counterparty makes it possible to limit this risk on financial assets. Information on the credit risk of the financial assets of the insurance business is detailed in Note 3.8. In addition, the default risk of reinsurers (representative of the claims receivable net of premiums to be paid) is mitigated by collateral received from reinsurers, mainly in the form of high-quality securities or cash.

NOTE 4.4 - OTHER ASSETS AND LIABILITIES

1. OTHER ASSETS

Table 4.4.A

(In EUR m)	31.12.2023	31.12.2022 R
Guarantee deposits paid [(1)]	51,611	67,768
Settlement accounts on securities transactions	2,835	3,895
o/w due from clearing houses bearing credit risk	*163*	*262*
Prepaid expenses	1,680	1,387
Miscellaneous receivables [(2)]	14,111	9,684
o/w miscellaneous receivables bearing credit risk [(3)]	*6,404*	*4,208*
Gross amount	**70,237**	**82,734**
Impairments	(472)	(419)
Credit risk [(3)]	*(328)*	*(295)*
Other risks	*(144)*	*(124)*
Net amount	**69,765**	**82,315**

(1) Mainly relates to guarantee deposits paid on financial instruments, their fair value is assumed to be the same as their book value net of impairment for credit risk.

(2) Miscellaneous receivables primarily include trade receivables, fee income and income from other activities to be received. The operating leases receivables equal to EUR 2,325 million as of 31 December 2023, compared to EUR 1,258 million as of 31 December 2022.

(3) Net value of miscellaneous receivables bearing credit risk amounts to EUR 6,076 million as of 31 December 2023, compared to EUR 3,913 million as of 31 December 2022 (see Note 3.8).

2. OTHER LIABILITIES

Table 4.4.B

(In EUR m)	31.12.2023	31.12.2022 R
Guarantee deposits received [(1)]	53,253	74,306
Settlement accounts on securities transactions	3,576	4,759
Expenses payable on employee benefits	2,566	2,610
Lease liability	2,065	2,104
Deferred income	1,643	1,297
Miscellaneous payables [(2)]	30,555	22,239
Total	**93,658**	**107,315**

(1) Mainly relates to guarantee deposits received on financial instruments, their fair value is assumed to be the same as their book value.

(2) Miscellaneous payables primarily include trade payables, fee expense and expense from other activities to be paid.

NOTE 5 - OTHER GENERAL OPERATING EXPENSES

Table 5.A

(In EUR m)		31.12.2023	31.12.2022 R
Personnel expenses [1]	Note 5.1	(10,645)	(10,052)
Other operating expenses [1]	Note 5.2	(6,887)	(7,009)
Other general operating expenses attributable to the insurance contracts [2]		683	636
Total		**(16,849)**	**(16,425)**

(1) The amount of Personnel expenses and Other administrative expenses detailed in Note 5.1 and Note 5.2 are presented in the income statement before reallocation in the Net Banking Income of the expenses attributable to insurance contracts.

(2) The Other general operating expenses attributable to insurance contracts are recognised during the period as service expenses relating to the insurance and reinsurance contracts issued, except for acquisition costs which are recorded in the balance sheet to be recognised in profit or loss in subsequent periods.

EVENT AFTER THE REPORTING PERIOD

Plan to implement organisational changes in Societe Generale head office in France

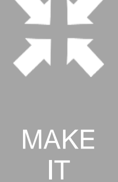
On 5 February 2024, Societe Generale has announced a plan to implement organisational changes in its head office in France to simplify its operations and structurally improve its operational efficiency.

Several French head office entities are considering organisational changes that require specific social support measures. The objective is to group and pool certain activities and functions, remove hierarchical layers to streamline decision-making, and resize certain teams due to reviews of projects or processes.

This reorganisation project has been submitted for consultation with the staff representative bodies. Following the completion of the consultation scheduled for the second quarter of 2024, the implementation of these organisational changes would result in approximately 900 job cuts at head office without forced departures (i.e. approximately 5% of head office staff).

The cost of the social support measures that will be recorded as provision during the first quarter of 2024 is estimated to be around EUR 0.3 billion.

NOTE 5.1 - PERSONNEL EXPENSES AND EMPLOYEE BENEFITS



Employee benefits correspond to the compensation granted by the Group to its employees in exchange for work carried out during the annual reporting period.

All forms of compensation for work rendered are recorded in the expenses:

- whether it be paid to employees or to outside social security agencies;
- whether it be paid during the annual reporting period or to be paid by the Group in the future as entitlements to employees (pension plans, retirement benefits…);
- whether it be paid in cash or in Societe Generale shares (free share plans, stock options).

NOTE 5.1.1 - PERSONNEL EXPENSES AND RELATED PARTY TRANSACTIONS

ACCOUNTING PRINCIPLES

Personnel expenses include all expenses related to personnel, including employee benefits and expenses related to payments based on Societe Generale shares.

Short-term employee benefits are recorded under Personnel expenses during the period according to the services provided by the employee.

The accounting principles relating to post-employment benefits and other long-term benefits are described in Note 5.1.2.

Personnel expenses include related party transactions, within the meaning of IAS 24.

The Group has selected as related parties:

– directors, corporate officers (the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers) and spouses and children living in their households;

– the following subsidiaries: subsidiaries controlled exclusively or jointly and companies over which Societe Generale exercises significant influence;

– entities controlled exclusively or jointly by a related party that is an individual.

1. PERSONNEL EXPENSES

Table 5.1.1.A

(In EUR m)	**2023**	**2022**
Employee compensation	(7,708)	(7,244)
Social security charges and payroll taxes	(1,749)	(1,655)
Net pension expenses - defined contribution plans	(772)	(709)
Net pension expenses - defined benefit plans	(69)	(61)
Employee profit-sharing and incentives	(347)	(383)
Total	**(10,645)**	**(10,052)**
Including net expenses from share - based payments	*(254)*	*(196)*

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.

Table 5.1.1.B

(In EUR m)	2023	2022
Short-term benefits	13.2	10.0
Post-employment benefits	0.5	0.4
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	2.2	2.4
Total	**15.9**	**12.8**

RELATED-PARTY TRANSACTIONS

The transactions with members of the Board of Directors, Chief Executive Officers and members of their families included in this note only comprise loans and guarantees outstanding as at 31 December 2023 for a total amount of EUR 2.5 million. All other transactions with these individuals are insignificant.

TOTAL AMOUNTS PROVISIONED OR BOOKED BY THE SOCIETE GENERALE GROUP FOR THE PAYMENT OF PENSIONS AND OTHER BENEFITS

The total amount provisioned or booked by the Societe Generale Group as at 31 December 2023 under IAS 19 for the payment of pensions and other benefits to Societe Generale's Chief Executive Officers (Mr. Krupa, Mr. Aymerich, Mr. Palmieri et Ms Lebot and the three staff-elected Directors) is EUR 7.4 million.

NOTE 5.1.2 - EMPLOYEE BENEFITS

ACCOUNTING PRINCIPLES

Employee benefits are divided into four categories:

- Short-term employee benefits;
- Post-employment benefits, including defined contributions plans and defined benefit plans such as pension plans and retirement benefits;
- Others long-term employee benefits which are employee benefits not expected to be settled wholly before twelve months, such as defined variable compensation paid in cash and not indexed to the Societe Generale share, long service awards and time saving accounts;
- Termination benefits.

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are recognised as Expenses payable on employee benefits. The settlement is expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, such as fixed and variable compensation, annual leave, taxes and social security contributions, mandatory employer contributions and profit-sharing.

POST-EMPLOYMENT BENEFITS

Post-employment benefits can be broken down into two categories: defined contribution pension plans or defined benefit pension plans.

Post-employment defined contribution plans

Defined contribution plans limit the Group's liability to the subscriptions paid into the plan but do not commit the Group to a specific level of future benefits. Contributions paid are recorded as an expense for the current year.

Post-employment defined benefit plans

Defined benefit plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits and therefore bare the associated medium or long-term risk.

Provisions are recognised on the liabilities side of the balance sheet under Provisions, to cover the whole of these retirement obligations. These provisions are assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

The Group can choose to finance defined benefit plans by assets held by a long-term employee benefit fund or by qualifying insurance policies. Funding assets, made by funds or insurance policies, are classified as plan assets if assets are held by an entity (fund) that is legally separate from the reporting entity and are available to be used only to pay employee benefits. When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations. When these plans are financed from funds not classified as plan assets, these funds, classified as separate assets, are displayed separately in the assets of the balance sheet under Financial assets at fair value through profit or loss.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) and differences between actuarial assumptions and real performance are recognised as actuarial gains and losses. Actuarial gains and losses, as well as the return on plan assets excluding amounts expensed as net interest on the net defined benefit liability (or asset) and any change in the effect of the asset ceiling are components used to re-measure the net defined benefit liability (or asset). These components are immediately and fully recognised in shareholder's equity among Unrealised or deferred gains and losses and they cannot be subsequently reclassified as income.

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 twelve months after the closing date shall be discounted.

DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

Table 5.1.2.A

(In EUR m)	**Provisions as at 31.12.2022**	Allocations	Write-backs available	**Net allocation**	**Write-backs used**	**Actuarial gains and losses**	**Currency and scope effects**	**Provisions as at 31.12.2023**
Post-employment benefits	**1,171**	92	(26)	**66**	**(78)**	**46**	**12**	**1,217**
Other long-term benefits	**604**	162	(54)	**108**	**(45)**	**-**	**(21)**	**646**
Termination benefits [(1)]	**227**	129	(50)	**79**	**(96)**	**(33)**	**33**	**210**
Total [(2)]	**2,002**	383	(130)	**253**	**(219)**	**13**	**24**	**2,073**

(1) Termination benefits include mainly the expenses from the cost of voluntary redundancy related to the New French Retail Banking organisation project presented by the Group in the 4th quarter of 2021, which led to the legal merger of Crédit du Nord and Societe Generale on 1 January 2023. The accounting treatment of the expenses for these measures has been assimilated with the post-employment benefits.

(2) In France, the Group has taken into account the effects of the Amending Social Security Financing Act of 14 April 2023 to assess its employee retirement obligations (impact of EUR 13 million under Other general operating expenses)

A provision of EUR 12 million was recorded to take into account, in France, the judgments of the Court of Cassation regarding the acquisition of rights to paid leave in the event of absence due to illness; this provision was calculated with 3-year retroactivity.

1. EMPLOYMENT DEFINED CONTRIBUTION PLANS

The main defined contribution plans provided to employees of the Group are located in France, in the United Kingdom and in the United States.

In France, they include state pension plans and other national pension plans such as AGIRC-ARRCO, as well as pension schemes put in place by certain Group entities whose only commitment is to pay annual contributions (PERCO).

In the United Kingdom, the employer pays contributions according to the age of the employees (from 2.5 to 10% of the salary) and can make extra contributions up to 4.5% for the voluntary additional employee contributions.

In the United States, employers fully match the first 8% of employee contributions, within the limit of USD 10,000.

2. POST-EMPLOYMENT DEFINED BENEFIT PLANS

Post-employment pension plans include schemes offering annuities, plans offering retirement bonuses and mixed plans (cash balance). Benefits paid out in annuities supplement the pensions paid by the mandatory basic plans.

The main defined benefit plans are located in France, in Switzerland, in the United Kingdom and in the United States.

In France, the supplementary pension plan for executive managers, set up in 1991, allocates an annual allowance to beneficiaries covered by Societe Generale. This allowance depends in particular on the beneficiary's seniority within Societe Generale. Since 4 July 2019, date of publication of the ordinance ending the so-called "random rights" defined benefit pension plans in application of the *Loi Pacte*, this plan is closed to new employees and the rights of beneficiaries were frozen on 31 December 2019.

In Switzerland, the plan is managed by a personal protection insurance institution (the Foundation), comprised of employer and employee representatives. The employer and its employees pay contributions to the Foundation. Pension benefits are revalued at a guaranteed rate of return and converted to annuities (or lump-sum payment) also at a guaranteed conversion rate ("cash balance" scheme). Because of this minimum guaranteed return, the plan is considered similar to a defined benefit plan.

In 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

Table 5.1.2.B

(In EUR m)	31.12.2023			
	France	United Kingdom	Others	**Total**
A - Present value of defined benefit obligations	882	582	962	**2,426**
B - Fair value of plan assets	78	617	555	**1,250**
C - Fair value of separate assets	1,076	-	-	**1,076**
D - Change in asset ceiling	-	-	1	**1**
A - B - C + D = Net balance	**(272)**	**(35)**	**408**	**101**
On the liabilities side of the balance sheet	**805**	**-**	**412**	**1,217**
On the assets side [(1)] of the balance sheet	**1,077**	**35**	**4**	**1,116**

(1) o/w EUR 1,076 million of separate assets recorded under Financial assets at fair value through profit or loss and EUR 40 million linked to surplus assets under Other assets.

Table 5.1.2.C

(In EUR m)	31.12.2022			
	France	United Kingdom	Others	**Total**
A - Present value of defined benefit obligations	875	576	847	**2,298**
B - Fair value of plan assets	72	604	506	**1,182**
C - Fair value of separate assets	1,002	-	-	**1,002**
D - Change in asset ceiling	-	-	22	**22**
A - B - C + D = Net balance	**(199)**	**(28)**	**363**	**136**
On the liabilities side of the balance sheet	**805**	**-**	**367**	**1,171**
On the assets side [(1)] of the balance sheet	**1,004**	**28**	**4**	**1,036**

(1) o/w EUR 1,002 million of separate assets recorded under Financial assets at fair value through profit or loss and EUR 33 million linked to surplus assets under Other assets.

COMPONENTS OF THE COST OF DEFINED BENEFITS

Table 5.1.2.D

(In EUR m)	2023	2022
Current service cost including social security contributions	58	90
Employee contributions	(7)	(5)
Past service cost/curtailments	(5)	(20)
Transfer via the expense	(0)	-
Net interest	3	2
A - Components recognised in income statement	**49**	**67**
Actuarial gains and losses on assets	(59)	802
Actuarial gains and losses due to changes in demographic assumptions	(14)	2
Actuarial gains and losses due to changes in economic and financial assumptions	60	(917)
Actuarial gains and losses due to experience	(0)	(1)
Change in asset ceiling	1	22
B - Components recognised in unrealised or deferred gains and losses	**(12)**	**(92)**
C = A + B Total components of the cost of defined benefits	**37**	**(25)**

CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

Table 5.1.2.E

(In EUR m)	2023	2022
Balance as at 1 January	**2,298**	**3,336**
Current service cost including social security contributions	58	90
Past service cost/curtailments	(7)	(20)
Settlements	(0)	-
Net interest	91	43
Actuarial gains and losses due to changes in demographic assumptions	(14)	2
Actuarial gains and losses due to changes in economic and financial assumptions	60	(917)
Actuarial gains and losses due to experience	1	(1)
Foreign exchange adjustment	15	(10)
Benefit payments	(152)	(190)
Change in consolidation scope	(3)	(33)
Transfers and others	79	(2)
Balance as at 31 December	**2,426**	**2,298**

CHANGES IN THE FAIR VALUE OF FUNDING ASSETS

Table 5.1.2.F

(In EUR m)	Plan assets		Separate assets	
	2023	2022	2023	2022
Balance as at 1 January	**1,160**	**1,699**	**1,002**	**1,331**
Interest expenses on assets	50	29	38	12
Actuarial gains and losses on assets	23	(466)	36	(336)
Foreign exchange adjustment	16	(10)	-	-
Employee contributions	5	5	-	-
Employer contributions to plan assets	20	13	-	-
Benefit payments	(69)	(79)	(0)	(5)
Change in consolidation scope	-	(9)	-	-
Transfers and others	45	-	-	-
Change in asset ceiling	(1)	(22)	-	-
Balance as at 31 December	**1,249**	**1,160**	**1,076**	**1,002**

INFORMATION AND TERMS REGARDING FUNDING ASSETS

Funding assets include plan assets and separate assets.

Funding assets represent around 96% of Group obligations, with different rates depending on the country.

Accordingly defined benefit plan obligations in France and the United Kingdom are fully hedged and hedged at 97% for the United States, while they are not funded in Germany.

The breakdown of the fair value of plan assets is as follows: 63% bonds, 15% equities and 22% other investments. Directly held Societe Generale shares are not significant.

Funding assets excess is EUR 338 million.

Employer contributions to be paid to post-employment defined benefit plans for 2024 are estimated at EUR 17 million.

Plan hedging strategies are defined locally in connection with the Finance and Human Resources departments of the entities, by *ad hoc* structures (Trustees, Foundations, Joint structures etc.) if necessary. Besides, liability investment or financing strategies are monitored at Group level through a global governance system. Committee meetings, with the participation of representatives of the Human Resources Department, the Finance Department and the Risk Division, are organised in order to define Group guidelines for employee benefits investment and management, to validate decisions and to follow up the associated risks for the Group.

Depending on the duration of each plan and local regulations, funding assets are invested in equities and/or in fixed income products, whether guaranteed or not.

The actual returns on plan and separate assets can be broken down as follows:

Table 5.1.2.G

(In EUR m)	2023	2022
Plan assets	73	(437)
Separate assets	74	(325)

MAIN ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

Table 5.1.2.H

	31.12.2023	31.12.2022
Discount rate		
France	3.19%	3.62%
United-Kingdom	4.52%	4.80%
Others	3.64%	4.07%
Long-term inflation		
France	2.21%	2.45%
United-Kingdom	3.10%	3.30%
Others	2.11%	2.01%
Future salary increase		
France	1.91%	2.20%
United-Kingdom	N/A	N/A
Others	1.50%	1.40%
Average remaining working lifetime of employees (in years)		
France	7.56	7.84
United-Kingdom	2.52	3.07
Others	8.46	8.83
Duration (in years)		
France	11.69	11.63
United-Kingdom	12.06	12.69
Others	11.44	11.94

Assumptions by geographical area are weighted average by the defined benefit obligations (DBO).

The discount yield curves used are AA corporate bonds yield curves (source: Merrill Lynch) observed at the end of October for USD, GBP and EUR, and corrected at the end of December if the change in discount rates had a significant impact.

Inflation rates used for EUR and GBP monetary areas are market rates observed at the end of October and corrected at the end of December if the change had a significant impact. Inflation rates used for the other monetary areas are the long-term targets of the central banks.

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

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

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

Table 5.1.2.I

(Percentage of item measured)	**31.12.2023**	**31.12.2022**
Variation in discount rate	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	-5%	-6%
Variation in long-term inflation	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	4%	4%
Variation in future salary increase	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	1%	1%

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

BREAKDOWN OF FUTURE PAYMENTS OF BENEFITS

Table 5.1.2.J

(In EUR m)	**2023**	**2022**
N+1	161	166
N+2	147	150
N+3	154	163
N+4	163	165
N+5	172	152
N+6 to N+10	855	853

NOTE 5.2 - OTHER OPERATING EXPENSES

ACCOUNTING PRINCIPLES

The Group records operating expenses under expenses, according to the type of services to which they refer and the rate of use of said services.

Rentals include real estate and equipment leasing expenses, which do not result in a recognition of a lease liability and right-of-use asset (see Note 8.3).

Taxes and levies are only booked when the triggering event provided for by law occurs. If the obligation to pay the tax arises from the gradual operation of an activity, the expense must be spread out over the same period. Finally, if the obligation to pay is generated when a threshold is reached, the expense is only recorded once the threshold is reached.

Taxes and levies cover all contributions levied by a public authority and include the contributions paid to the Single Resolution Fund and the Deposit Insurance and Resolution Fund, the systemic risk tax, and contributions for ACPR control costs, which are recognised in profit or loss at the start of the financial year. The company social solidarity contribution (C3S), based on income generated in previous financial year, is fully recognised in profit or loss as at 1 January of the current financial year.

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

Table 5.2.A

(In EUR m)	**2023**	**2022**
Rentals	(449)	(348)
Taxes and levies	(1,126)	(1,359)
Data and telecom (excluding rentals)	(2,440)	(2,574)
Consulting fees	(1,319)	(1,351)
Other	(1,553)	(1,377)
Total	**(6,887)**	**(7,009)**

CONTRIBUTION TO BANK RESOLUTION MECHANISMS

The European regulatory framework designed to enhance financial stability was updated by the Directive 2014/59/UE of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (Bank Recovery and Resolution Directive).

The European Regulation UE 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 SRF, established in January 2016, shall receive annual contributions from the participating European financial institutions. By the end of 2023, the available financial means of the Fund shall reach at least 1% of the amount of covered deposits of all these participating financial institutions. A share of the annual contributions can be provided through irrevocable payment commitments.

In 2023, the Group's contributions to the SRF and the NRF were as follows:

- cash contributions (77,5%) for a total of EUR 658 million (versus EUR 863 million in 2022) of which EUR 603 million for the SRF and EUR 55 million for the NRF. These contributions are non-tax-deductible in France and have been recorded in the income statement in Other operative expenses, among Taxes and levies;
- irrevocable payment commitments (22,5%) backed by a cash collateral for EUR 175 million related to the SRF (versus EUR 142 million in 2022) recorded as an asset in the balance sheet, among Other assets.

As at 31 December 2023, the amount of cash collateral paid to the SRF and stated as balance sheet assets under Other assets is EUR 772 million.

By a ruling of 25 October 2023, the General Court of the European Union dismissed the appeal of a French Credit institution against the Single Resolution Board (SRB) following the rejection, by the latter, of the request for return of collateral linked to ex ante contributions provided in the form of irrevocable payment commitments. The reimbursement of the collateral linked to the irrevocable payment commitments, requested by the institution after the withdrawal of its licence from the European Central Bank, had been refused by the SRB; the latter required, as a prior condition to return the collateral backing, the prior payment by the institution of an amount in cash corresponding to the amount committed under the irrevocable payment commitments entered into. The institution concerned decided to appeal to the European Court of Justice against the ruling of the General Court of the European Union. Societe Generale will stay updated with new developments in the field and analyse the possible consequences on its financial statements.

NOTE 6 - INCOME TAX

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.

1. BREAKDOWN OF THE TAX EXPENSE

Table 6.A

(In EUR m)	2023	2022 R
Current taxes	(1,470)	(1,274)
Deferred taxes	(209)	(209)
Total	**(1,679)**	**(1,483)**

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

Table 6.B

	2023		2022 R	
(In EUR m)	%	EUR m	%	EUR m
Income before tax, excluding net income from companies accounted for using the equity method and impairment losses on goodwill		**5,442**		**4,224**
Group effective tax rate	**30.85%**		**35.11%**	
Permanent differences	0.58%	**31**	0.92%	39
Differential on securities with tax exemption or taxed at reduced rate	-0.24%	**(13)**	-14.04%	(593)
Tax rate differential on profits taxed outside France	1.33%	**72**	2.56%	108
Changes in the measurement of deferred tax assets / liabilities	-6.69%	**(364)**	1.28%	54
Normal tax rate applicable to French companies (including 3.3% national contribution)	25.83%		25.83%	

In compliance with the French tax provisions that define the ordinary corporate tax rate, the latter is set to 25% in 2023 (article 219 of the French Tax code), plus the existing national contribution (CSB) of 3.3% (article 235 ter ZC of the French Tax code), i.*e.* a compound tax rate of 25.83%.

Long-term capital gains on affiliates are exempt from this corporate tax, except for a 12% fee on the gross amount in a net long term capital gains situation (article 219 I a quinquies of the French Tax code).

Furthermore, under the parent-subsidiary regime, dividends from companies in which Societe Generale's equity interest is at least 5% are tax exempt, subject to taxation of a portion of fees and expenses of 1% or 5% at the full statutory tax rate (article 216 of the French Tax code).

2. TAX ASSETS AND LIABILITIES

TAX ASSETS

Table 6.C

(In EUR m)	31.12.2023	31.12.2022 R
Current tax assets	1,026	819
Deferred tax assets	3,691	3,665
o/w deferred tax assets on tax loss carry-forwards	*1,832*	*1,662*
o/w deferred tax assets on temporary differences	*1,818*	*1,982*
o/w deferred tax on deferrable tax credits	*41*	*21*
Total	**4,717**	**4,484**

TAX LIABILITIES

Table 6.D

(In EUR m)	31.12.2023	31.12.2022 R
Current tax liabilities	933	735
Provisions for tax adjustments	41	72
Deferred tax liabilities	1,428	838
Total	**2,402**	**1,645**

The Group performs an annual review of its capacity to use tax loss carry-forwards, taking into account the tax system applicable to each tax entity (or tax group) concerned and a realistic forecast of its tax results. For this purpose, the tax results are determined based on the projected performance of the businesses. This performance corresponds to the estimated budget (scenario SG Central) over four years (from 2024 to 2027), extrapolated to 2028, which corresponds to a “normative” year.

These budgets notably take into account the impacts of the commitments to energy and environmental transition and regional development detailed in the Declaration of Non-Financial Performance.

The tax results also take into consideration the accounting and tax adjustments (including the reversal of the deferred tax assets and liabilities bases on temporary differences) applicable to the entities and jurisdictions concerned. These adjustments are determined on the basis of historical tax results and on the Group's tax expertise. An extrapolation of the tax results is performed from 2028 on and over a timeframe considered reasonable and depending on the nature of the activities carried out within each tax entity.

On principle, the appreciation of the selected macro-economic factors and the internal estimates used to determine the tax results involve risks and uncertainties about their materialisation over the estimated timeframe for the absorption of the losses. These risks and uncertainties are especially related to possible changes in the applicable tax rules (computation of the tax result, as well as allocation rules for tax loss carry-forwards) or materialisation of the assumptions selected. These uncertainties are mitigated by robustness checks of the budgetary and strategic assumptions.

As at 31 December 2023, discounted projections confirm the probability that the Group will be able to offset the tax losses covered by deferred tax assets against future profits.

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

As at 31 December 2023, based on the tax system of each entity and a realistic projection of their tax income, the projected period for deferred tax assets recovery is indicated in the table below:

Table 6.E

(In EUR m)	**31.12.2023**	**Statutory time limit on carry-forwards**	**Expected recovery period**
Total deferred tax assets relating to tax loss carry-forwards	**1,832**	**-**	**-**
o/w French tax group	*1,572*	*Unlimited [(1)]*	*8 years*
o/w US tax group	*88*	*20 years [(2)]*	*7 years*
Others	*172*	*-*	*-*

(1) In accordance with the 2013 French Finance Act, the deduction of previous losses is limited to EUR 1 million plus 50% of the fraction of the taxable income for the fiscal year exceeding this limit. The non-deductible portion of losses may be carried forward to the following fiscal years with no time limit and under the same conditions.

(2) Tax losses generated before 31 December 2011.

The main deferred taxes not recognised as assets in the balance sheet by tax group are presented in the table below. They may be recognised in the balance sheet when it becomes probable that a future taxable profit will allow their recovery.

Table 6.F

(In EUR m)	**31.12.2023**	**31.12.2022**
French tax group	890	520
US tax groups	228	277
SG Singapore	80	82
SG de Banques en Guinée Equatoriale [(1)]	34	36

(1) Including EUR 10 million of tax carry forward and EUR 24 million temporary differences as at 31 December 2023, versus respectively EUR 10 million and EUR 26 million as at 31 December 2022.

The other deferred taxes on tax loss carryforwards and temporary differences not recognised as assets on the balance sheet amount, respectively, to EUR 122 million and EUR 1 million as at 31 December 2023.

For the France tax group, deferred tax assets of EUR 370 million could not be recognised at the end of December 2023, bringing the amount of unrecognised deferred tax assets in France to EUR 890 million. If tax projections improve, all or part of these deferred taxes may be recognised as deferred tax assets in future years.

In parallel, the unrecognised deferred tax assets of U.S. tax groups decreased by EUR 49 million due to the recognition in the 2023 balance sheet of EUR 40 million deferred taxes and of EUR 9 million due to currency effects.

Regarding the tax treatment of the loss resulting from the actions of Jérôme Kerviel, Societe Generale considers that the judgment of the Versailles Court of Appeal of 23 September 2016 is not such as to call into question its validity in light of the 2011 opinion of the French Supreme Administrative Court (“Conseil d’Etat”) and its established case law. Consequently, Societe Generale considers that the related tax loss remains recoverable against future taxable income (see Note 9).

PILLAR II: TAX REFORM – GLOBAL MINIMUM CORPORATE TAX RATE ("GLOBE" RULES)

In October 2021, 137 of the 140 juridictions members of the OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) committed to the principle of establishing a global minimum corporate income tax rate of 15%. A set rules, referred to as "Pillar 2", published by the OECD on 20 December 2021, specifies the mechanism which will apply, in the states that will adopt it, to the profits by country of multinational groups with revenues exceeding EUR 750 million.

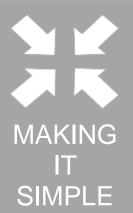
European Directive (EU) 2022/2523 incorporating the Pillar 2 rules was adopted and published in the Official Journal of the European Union on 22 December 2022.

Article 4 of the French Finance Act for 2024 incorporates the directive into French law. The minimum level of tax will take the form of an additional "top-up" tax determined according to rules compliant with the directive. Transitional Safe Harbour set out by the OECD for the first three fiscal years are also included in the law. These rules apply to the Group from 1 January 2024, in respect of any additional top-up tax due in France as well as of any qualified domestic top-up taxes implemented in jurisdictions where the Group operates.

Under the provisions introduced by the amendments to IAS 12, adopted by the European Union on 8 November 2023 with immediate and retrospective implementation (see Note 1), the Group applies, from 1 January 2023 on, the mandatory and temporary exception to the accounting recognition of the deferred taxes associated with the top-up taxes resulting from the Pillar 2 rules.

A project structure has been established at Group level to analyse the provisions of the Pillar 2 European directive and take the necessary measures to comply with them as soon as they enter into force. According to initial estimates based on the available data (in particular data from the country-by-country reports of years 2021 and 2022), the effective Pillar 2 tax rates would exceed 15% in most jurisdictions in which the Group operates. However, there is a limited number of jurisdictions in which a top-up tax would have to be paid.To date, the Group does not anticipate any material impact of this reform in respect of its current tax burden. Because of the calculation complexity resulting from these rules and the changes in the Group's consolidation scope, the effects of this reform are still being examined to refine the quantification in view of the first accounting recognition of any additional tax burden in the Group's consolidated accounts as at 30 June 2024.

NOTE 7 - SHAREHOLDERS' EQUITY



MAKING IT SIMPLE

Equity are the resources contributed to the Group by external shareholders as capital, as well as the cumulative and undistributed results (retained earnings). It also includes resources received when financial instruments are issued and for which the issuer has no contractual obligation to deliver cash to the holders of these instruments.

Equity has no contractual maturity, and when compensation is awarded to shareholders or holders of other equity instruments, it does not affect the income statement but directly reduces the retained earnings in the equity.

The statement "Changes in Shareholders' Equity" presents the various changes that affect the components of equity over the reporting period.

NOTE 7.1 - TREASURY SHARES AND SHAREHOLDERS' EQUITY ISSUED BY THE GROUP

ACCOUNTING PRINCIPLES

TREASURY SHARES

Societe Generale shares held by the Group are deducted from consolidated equity irrespective of the purpose for which they are held. Income on these shares is recognised in Retained earnings.

Recognition of shares issued by Group subsidiaries, which are bought and sold by the Group, is described in Note 2.

SHAREHOLDERS' EQUITY ISSUED BY THE GROUP

Financial instruments issued by the Group are booked in whole or in part to debt or to equity depending on whether or not they contractually oblige the issuer to deliver cash to the holders of the securities.

When they are classified as equity, securities issued by Societe Generale are recorded under Other equity instruments. If they are issued by Group subsidiaries, these securities are recognised under Non-controlling interests. External costs associated with issuing equity instruments are deducted directly from equity at their after-tax amount.

When they are classified as debt instruments, securities issued by the Group are recorded under Debt securities issued or Subordinated debt depending on their characteristics. They are accounted for in the same way as other financial liabilities measured at amortised cost (see Note 3.6).

1. ORDINARY SHARES AND CAPITAL RESERVES

Table 7.1.A

(In EUR m)	**31.12.2023**	**31.12.2022**
Issued capital	1,004	1,062
Issuing premiums and capital reserves	20,412	21,377
Elimination of treasury stock	(230)	(1,191)
Total	**21,186**	**21,248**

ORDINARY SHARES ISSUED BY SOCIETE GENERALE S.A.

Table 7.1.B

(Number of shares)	**31.12.2023**	**31.12.2022**
Ordinary shares	802,979,942	849,883,778
Including treasury stock with voting rights [(1)]	*6,736,010*	*48,737,016*
Including shares held by employees	*90,162,610*	*79,097,967*

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

As at 31 December 2022, 41,674,813 Societe Generale shares were acquired on the market at a cost price of EUR 914 million, for the purpose of cancellation, in accordance with the decision of the General Meeting of 17 May 2022. The capital reduction by cancellation of securities was carried out on 1 February 2023.

On 24 July 2023, a capital increase, reserved for Group employees and retirees as part of the Global Employee Share Ownership Plan open in 40 countries, was carried out for a total amount of EUR 221 million, resulting in the issuance of 12,548,674 new Societe Generale shares.

From 7 August 2023 to 22 September 2023, 17,777,697 Societe Generale shares were acquired on the market at a cost price of EUR 441 million, for the purpose of cancellation, in accordance with the decision of the General Meeting of 17 May 2022. The capital reduction by cancellation of securities was carried out on 17 November 2023.

As at 31 December 2023, Societe Generale S.A.'s fully paid up capital amounted to EUR 1,003,724,927.50 and was made up of 802,979,942 shares with a nominal value of EUR 1.25.

2. TREASURY STOCK

As at 31 December 2023, the Group held 4,425,083 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 0.55% of the capital of Societe Generale S.A.

The amount deducted by the Group from its equity for treasury shares (and related derivatives) came to EUR 230 million, including EUR 36 million in shares held for trading activities.

The change in treasury stock over 2023 breaks down as follows:

Table 7.1.C

(In EUR m)	**Liquidity contract**	**Trading activities**	**Treasury stock and active management of shareholders' equity**	**Total**
Disposals net of purchases	-	31	930	**961**
Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders' equity	0	(10)	(52)	**(62)**

The variation of EUR 930 million in treasury shares and active capital management is mainly due to EUR 914 million relating to the capital reduction on 1 February 2023 by cancellation of 41,674,813 Societe Generale shares acquired in 2022.

3. SHAREHOLDERS' EQUITY ISSUED BY THE GROUP

PERPETUAL DEEPLY SUBORDINATED NOTES

Given the discretionary nature of the decision to pay dividends to shareholders, the perpetual deeply subordinated notes have been classified as equity and recognised under Other equity instruments.

As at 31 December 2023, perpetual deeply subordinated notes issued by Societe Generale S.A. and recognised under Group shareholders' equity in Other equity instruments totalled EUR 8,924 million, valued at historical rate.

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

Table 7.1.E

Issuance Date	Amount in local currency at 31.12.2022	Repurchases and redemptions in 2023	Amount in local currency at 31.12.2023	Amount in millions of euros at historical rate	Remuneration
18 December 2013	USD 1,750 M	USD 1,750 M			7.875%, from 18 December 2023 USD 5-year Mid Swap Rate +4.979%
29 September 2015	USD 1,250 M		USD 1,250 M	1,111	8%, from 29 September 2025 USD 5-year Mid Swap rate +5.873%
6 April 2018	USD 1,250 M		USD 1,250 M	1,035	6.750%, from 6 April 2028 USD 5-year Mid Swap rate +3.929%
4 October 2018	USD 1,250 M	USD 1,250 M			7.375%, from 4 October 2023 USD 5-year Mid Swap rate +4.302%
16 April 2019	SGD 750 M		SGD 750 M	490	6.125%, from 16 April 2024 SGD 5-year Mid Swap rate +4.207%
12 September 2019	AUD 700 M		AUD 700 M	439	4.875%, from 12 September 2024 AUD 5-year Mid Swap rate +4.036%
18 November 2020	USD 1,500 M		USD 1,500 M	1,264	5.375%, from 18 November 2030 USD 5-year Mid Swap rate +4.514%
26 May 2021	USD 1,000 M		USD 1,000 M	818	4.75%, from 26 May 2026 USD 5-year Mid Swap rate +3.931%
15 July 2022	SGD 200 M		SGD 200 M	141	8.25%, from 15 December 2027 SGD 5-year Mid Swap rate +5.6%
22 November 2022	USD 1,500 M		USD 1,500 M	1,460	9.3750%, from 22 May 2028 USD 5-year Mid Swap rate +5.385%
18 january 2023			EUR 1,000 M	1,000	8.030%, from 18 July 2029 EUR 5-year Mid Swap rate +5.228%
14 November 2023			USD 1,250 M	1,166	10%, from14 May 2029 USD 5-year Mid Swap rate +5.448%

OTHER EQUITY INSTRUMENTS ISSUED BY SUBSIDIARIES

The perpetual subordinated notes that are issued by the Group's subsidiaries and include discretionary clauses relating to the payment of interest are classified as equity instruments.

As at 31 December 2023, the nominal of other equity instruments issued by the Group's subsidiaries and recognised under Non-controlling interests totalled EUR 1,300 million.

Table 7.1.F

Issuance Date	Amount	Remuneration
18 December 2014 (step-up clause after 12 years)	EUR 800 M	4.125%, from 2026 5-year Mid-Swap rate + 4.150%
29 May 2019 (step-up clause after 5 years)	EUR 500 M	7.375%, from 2024 5-year Mid swap rate + 7.556%

SUMMARY OF CHANGES IN EQUITY INSTRUMENTS ISSUED

Changes related to the perpetual subordinated notes and deeply subordinated notes included in Shareholder's equity, Group share are detailed below:

Table 7.1.G

	2023			2022		
(In EUR m)	**Deeply subordinated notes**	**Perpetual subordinated notes**	**Total**	**Deeply subordinated notes**	**Perpetual subordinated notes**	**Total**
Exchange rate effect on TSS/TSDI reimbursement	(404)	-	**(404)**	-	-	**-**
Remuneration paid booked under reserves	(734)	-	**(734)**	(581)	-	**(581)**
Changes in nominal values	(212)	-	**(212)**	1,602	-	**1,602**
Tax savings on remuneration payable to shareholders and recorded under profit or loss	190	-	**190**	150	-	**150**
Issuance fees relating to subordinated notes	(5)	-	**(5)**	(9)	-	**(9)**

4. EFFECT OF THE CHANGES IN THE SCOPE OF CONSOLIDATION

The impact of changes in the consolidation scope recognised in shareholders' equity (EUR -34 million in Group share and EUR 3,523 million in Non-controlling interests) is mainly explained by the acquisition of LeasePlan (see Note 2.1) with:

- the decrease in the ownership interest in ALD from 75.94% to 52.59% with EUR -4 million in Group share and EUR 3,003 million in Non-controlling interests;
- an impact of EUR 513 million on the Non-controlling interests linked to other equity instruments issued by LeasePlan.

NOTE 7.2 - EARNINGS PER SHARE AND DIVIDENDS

ACCOUNTING PRINCIPLES

The earnings per share are measured by dividing the net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, excluding treasury shares. The net earnings attributable to ordinary shareholders are adjusted for the preferred shareholders rights, such as holders of preferred shares, subordinated securities or deeply subordinated notes classified in equity. The diluted earnings per share take into account the potential dilution of shareholders' interests in the event where dilutive instruments (stock options or free share plans) are converted into ordinary shares. This dilutive effect is determined using the share buyback method.

1. EARNINGS PER SHARE

Table 7.2.A

(In EUR m)	**2023**	**2022 R**
Net income, Group share	2,493	1,825
Attributable remuneration to subordinated and deeply subordinated notes	(753)	(587)
Premium and issuance fees related and deeply subordinated notes	(5)	(9)
Net income attributable to ordinary shareholders	**1,735**	**1,229**
Weighted average number of ordinary shares outstanding [(1)]	799,315,070	822,437,425
Earnings per ordinary share (in euros)	**2.17**	**1.50**
Average number of ordinary shares used in the dilution calculation	-	-
Weighted average number of ordinary shares used in the calculation of diluted net earnings per share	799,315,070	822,437,425
Diluted earnings per ordinary share (in euros)	**2.17**	**1.50**

(1) Excluding treasury shares.

2. DIVIDENDS PAID

Dividends paid on ordinary shares by the Group in 2023 amounted to EUR 1,861 million and are detailed in the following table:

Table 7.2.B

	2023			**2022**		
(In EUR m)	**Group Share**	**Non-controlling interests**	**Total**	**Group Share**	**Non-controlling interests**	**Total**
Paid in shares	-	-	-	-	-	-
Paid in cash	(1,362)	(499)	(1,861)	(1,371)	(754)	(2,125)
Total	**(1,362)**	**(499)**	**(1,861)**	**(1,371)**	**(754)**	**(2,125)**

NOTE 7.3 - UNREALISED OR DEFERRED GAINS AND LOSSES

BREAKDOWN OF CHANGES OF UNREALISED OR DEFERRED GAINS AND LOSSES

Table 7.3.A

	31.12.2023				
				o/w	
(In EUR m)	**Gross value**	**Tax**	**Net value**	**Net Group share**	**Non-controlling interests**
Translation differences	997	(24)	973	996	(23)
Revaluation of debt instruments at fair value through other comprehensive income [3]	(2,673)	664	(2,009)	(1,907)	(102)
Revaluation of insurance contracts at fair value through other comprehensive income	2,315	(596)	1,719	1,708	11
Revaluation of hedging derivatives	(449)	30	(419)	(414)	(5)
Subtotal of unrealised gains and losses with subsequent recycling in the income statement	**190**	**74**	**264**	**383**	**(119)**
Actuarial gains and losses on defined benefit plans [1]	12	(1)	11	14	(3)
Revaluation of own credit risk of financial liabilities at fair value through profit or loss [2]	68	(18)	50	51	(1)
Revaluation of equity instruments at fair value through other comprehensive income	35	(2)	33	33	-
Subtotal of unrealised gains and losses without subsequent recycling in the income statement	**115**	**(21)**	**94**	**98**	**(4)**
Total	**305**	**53**	**358**	**481**	**(123)**

Table 7.3.B

(In EUR m)	Changes of the period				
				o/w	
	Gross value	Tax	Net value	Net Group share	Non-controlling interests
Allocation to retained earnings					
Actuarial gains and losses on defined benefit plans	(93)	26	(67)	(56)	(11)
Total	**(93)**	**26**	**(67)**	**(56)**	**(11)**
Translation differences	(356)	(12)	(368)	(389)	21
Revaluation of debt instruments at fair value through other comprehensive income [3]	2,402	(593)	1,809	1,734	75
Revaluation of insurance contracts at fair value through other comprehensive income	(2,134)	545	(1,589)	(1,583)	(6)
Revaluation of hedging derivatives	(68)	50	(18)	5	(23)
Variation of unrealised gains and losses with subsequent recycling in the income statement	**(156)**	**(10)**	**(166)**	**(233)**	**67**
Actuarial gains and losses on defined benefit plans [1]	12	-	12	14	(2)
Revaluation of own credit risk of financial liabilities at fair value through profit or loss [2]	(257)	67	(190)	(191)	1
Revaluation of equity instruments at fair value through other comprehensive income	1	-	1	2	(1)
Variation of unrealised gains and losses without subsequent recycling in the income statement	**(244)**	**67**	**(177)**	**(175)**	**(2)**
Total of variation	**(400)**	**57**	**(343)**	**(408)**	**65**
Total of changes	**(493)**	**83**	**(410)**	**(464)**	**54**

Table 7.3.C

(In EUR m)	31.12.2022 R				
				o/w	
	Gross value	**Tax**	**Net value**	**Net Group share**	**Non-controlling interests**
Translation differences	1,353	(12)	1,341	1,385	(44)
Revaluation of debt instruments at fair value through other comprehensive income (3)	(5,075)	1,257	(3,818)	(3,641)	(177)
Revaluation of insurance contracts at fair value through other comprehensive income	4,449	(1,141)	3,308	3,291	17
Revaluation of hedging derivatives	(381)	(20)	(401)	(419)	18
Subtotal of unrealised gains and losses with subsequent recycling in the income statement	**346**	**84**	**430**	**616**	**(186)**
Actuarial gains and losses on defined benefit plans (1)	93	(27)	66	56	10
Revaluation of own credit risk of financial liabilities at fair value through profit or loss (2)	325	(85)	240	242	(2)
Revaluation of equity instruments at fair value through other comprehensive income	34	(2)	32	31	1
Subtotal of unrealised gains and losses without subsequent recycling in the income statement	**452**	**(114)**	**338**	**329**	**9**
Total	**798**	**(30)**	**768**	**945**	**(177)**

(1) Gains and losses presented in these items are transferred into Retained earnings for the next financial year opening.

(2) When a financial liability is derecognised, unrealised gains and losses are attributable to Group own credit risk are subject to transfer into Retained earnings for the next financial year opening.

(3) Including EUR -2,298 million for insurance sector subsidiaries as at 31 December 2023 (EUR -4,479 million as at 31 December 2022). This amount must be read together with the financial income and expenses recorded directly in equity as part of the measurement of the associated insurance contracts (see Note 4.3, Detail of performance of insurance activities).

NOTE 8 - ADDITIONAL DISCLOSURES

NOTE 8.1 - SEGMENT REPORTING

1. DEFINITION OF SEGMENT REPORTING

The Group is managed on a matrix basis that takes into account its different business lines and the geographical breakdown of its activities. Segment reporting information is therefore presented under both criteria.

The Group includes in the results of each sub-division all operating income and expenses directly related to its activity. Income for each sub-division, except for the Corporate Centre, also includes the return on equity allocated to it, based on the estimated rate of return on Group equity. The return on the sub-division's book equity is then reallocated to the Corporate Centre. Transactions between sub-divisions are carried out under the same terms and conditions as those applying to non-Group customers.

Following changes in the Group's governance during the second half of 2023, the Group's core businesses are now managed through the three following strategic pillars:

- French Retail Banking, Private Banking and Insurance which includes:
  - French Retail and Private Banking including Boursorama;
  - Insurance activities;
- International Retail, Mobility and Leasing Services, which consists of:
  - International Retail;
  - Mobility and Leasing services which comprises Financial services to Corporates, operational vehicle leasing and fleet management, and consumer credit activities;
- Global Banking and Investor Solutions which comprises:
  - Global Markets and Investors Services;
  - Financing and Advisory.

In addition to the strategic pillars, the Corporate Centre acts as the Group's central funding department. As such, it recognises the carrying cost of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's Asset and Liability Management (ALM) and income from the Group's management of its assets (management of its industrial and bank equity portfolio and of its real estate assets). Income or expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Centre.

Segment income take intra-Group transactions into account, while these transactions are eliminated from segment assets and liabilities.

The tax rate levied on each business line is based on the standard tax rate applicable in each country where the division makes profits. Any difference with respect to the Group's tax rate is allocated to the Corporate Centre.

For the purpose of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the booking entities.

2. SEGMENT REPORTING BY DIVISION AND SUB-DIVISION

Table 8.1.A

	2023										
	French retail, Private Banking and Insurance			Global Banking and Investor Solutions			International Retail, Mobility and Leasing Services			Corporate Centre [1]	Total Group Societe Generale
(In EUR m)	French retail and Private Banking	Insurance	Total	Global Markets and Investors Services	Financial and Advisory	Total	Inter-National Retail Banking [4]	Mobility and Leasing Services	Total		
Net banking income	7,403	620	8,023	6,299	3,341	9,640	4,191	4,316	8,507	(1,066)	25,104
Operating expenses [2]	(6,577)	(131)	(6,708)	(4,755)	(2,032)	(6,787)	(2,374)	(2,391)	(4,765)	(264)	(18,524)
Gross operating income	**826**	**489**	**1,315**	**1,544**	**1,309**	**2,853**	**1,817**	**1,925**	**3,742**	**(1,330)**	**6,580**
Cost of risk	(505)	-	(505)	20	(50)	(30)	(185)	(301)	(486)	(4)	(1,025)
Operating income	**321**	**489**	**810**	**1,564**	**1,259**	**2,823**	**1,632**	**1,624**	**3,256**	**(1,334)**	**5,555**
Net income from investments accounted for using the equity method	7	-	7	7	-	7	-	10	10	-	24
Net income / expense from other assets [4]	10	-	10	-	-	-	(8)	(3)	(11)	(112)	(113)
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	(338)	(338)
Eearnings before Tax	**338**	**489**	**827**	**1,571**	**1,259**	**2,830**	**1,624**	**1,631**	**3,255**	**(1,784)**	**5,128**
Income tax	(86)	(127)	(213)	(371)	(146)	(517)	(429)	(394)	(823)	(126)	(1,679)
Consolidated Net Income	**252**	**362**	**614**	**1,200**	**1,113**	**2,313**	**1,195**	**1,237**	**2,432**	**(1,910)**	**3,449**
Non controlling interests	-	4	4	34	(1)	33	465	361	826	93	956
Net income, Group Share	**252**	**358**	**610**	**1,166**	**1,114**	**2,280**	**730**	**876**	**1,606**	**(2,003)**	**2,493**
Segment assets	**263,833**	**172,353**	**436,186**	**650,502**	**169,783**	**820,285**	**109,836**	**108,091**	**217,927**	**79,647**	**1,554,045**
Segment liabilities [3]	**289,846**	**158,076**	**447,922**	**670,821**	**80,101**	**750,922**	**88,969**	**53,760**	**142,729**	**136,225**	**1,477,798**

Table 8.1.B

	2022 R										
	French retail, Private Banking and Insurance			Global Banking and Investor Solutions			International Retail, Mobility and Leasing Services			Corporate Centre [1]	Total Group Societe Generale
(In EUR m)	French retail and Private Banking	Insurance	Total	Global Markets and Investors Services	Financial and Advisory	Total	Inter-Nationa Retaill Banking [4]	Mobility and Leasing Services	Total		
Net banking income	8,700	510	9,210	6,721	3,387	10,108	4,190	3,949	8,139	(302)	27,155
Operating expenses [2]	(6,791)	(105)	(6,896)	(4,878)	(1,954)	(6,832)	(2,368)	(1,589)	(3,957)	(309)	(17,994)
Gross operating income	**1,909**	**405**	**2,314**	**1,843**	**1,433**	**3,276**	**1,822**	**2,360**	**4,182**	**(611)**	**9,161**
Cost of risk	(483)	-	(483)	5	(426)	(421)	(464)	(241)	(705)	(38)	(1,647)
Operating income	**1,426**	**405**	**1,831**	**1,848**	**1,007**	**2,855**	**1,358**	**2,119**	**3,477**	**(649)**	**7,514**
Net income from investments accounted for using the equity method	8	-	8	6	-	6	-	1	1	-	15
Net income / expense from other assets [4]	57	-	57	3	3	6	11	-	11	(3,364)	(3,290)
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	-	-
Eearnings before Tax	**1,491**	**405**	**1,896**	**1,857**	**1,010**	**2,867**	**1,369**	**2,120**	**3,489**	**(4,013)**	**4,239**
Income tax	(383)	(106)	(489)	(420)	(118)	(538)	(363)	(478)	(841)	385	(1,483)
Consolidated Net Income	**1,108**	**299**	**1,407**	**1,437**	**892**	**2,329**	**1,006**	**1,642**	**2,648**	**(3,628)**	**2,756**
Non controlling interests	(1)	2	1	35	1	36	444	286	730	164	931
Net income, Group Share	**1,109**	**297**	**1,406**	**1,402**	**891**	**2,293**	**562**	**1,356**	**1,918**	**(3,792)**	**1,825**
Segment assets	**300,473**	**160,817**	**461,290**	**591,685**	**172,360**	**764,045**	**99,571**	**70,861**	**170,432**	**89,133**	**1,484,900**
Segment liabilities [3]	**308,606**	**146,586**	**455,192**	**637,899**	**72,072**	**709,971**	**83,940**	**21,201**	**105,141**	**141,270**	**1,411,574**

(1) Income and expenses, as well as assets and liabilities that are not directly related to business line activities are allocated to the Corporate Centre. Corporate Centre income includes, in particular, some consequences of the Group's centralised management of litigation and of transactions leading to changes in the consolidation scope. Management fees incurred by banking entities in connection with the distribution of insurance contracts are considered as costs directly related to the performance of the contracts and are therefore included in the valuation of the latter and presented under Insurance services expense (see Note 1); this restatement is allocated to the Corporate Centre.

(2) These amounts include Other operating expenses and Amortisation, depreciation and impairment of tangible and intangible fixed assets.

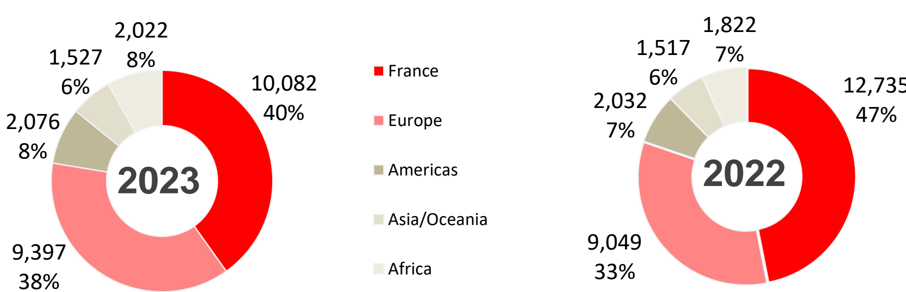
(3) Segment liabilities correspond to debts (i.e. total liabilities excluding equity).

(4) The Net income / expense from other assets items as at 31 December 2022, mainly includes the impacts of the sale of Rosbank and the Group's insurance subsidiaries in Russia.

2022 figures restated in compliance with IFRS 17 and IFRS 9 for insurance entities, and in accordance with changes in performance reporting.

3. SEGMENT REPORTING BY GEOGRAPHICAL REGION

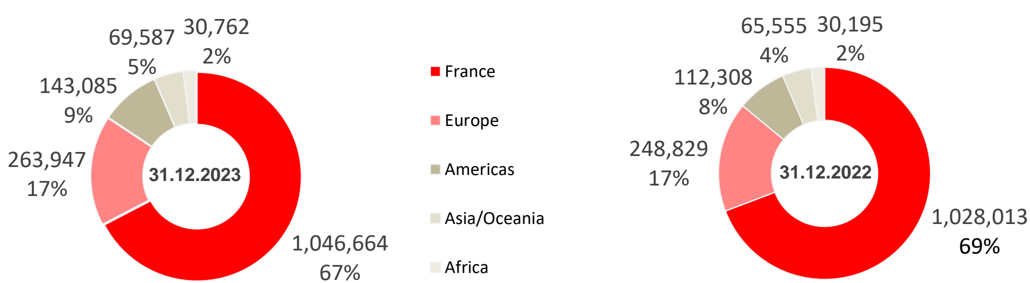
GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME (IN EUR M)



As at 31 December 2023, the amount of Net Banking Income is EUR 25,104 million compared to EUR 27,155 million as at 31 December 2022.

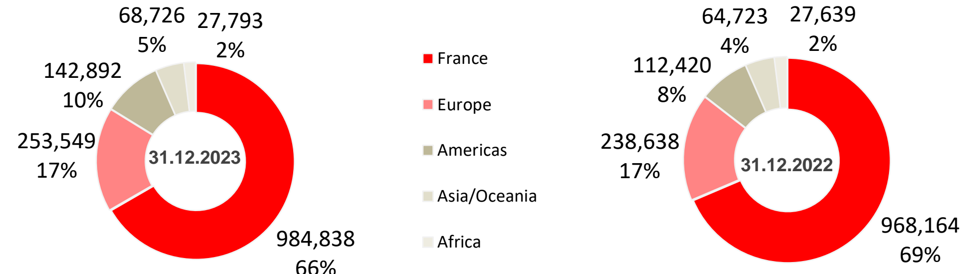
GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS (IN EUR M)

ASSETS



As at 31 December 2023, the amount of assets is EUR 1,554,045 million compared to EUR 1,484,900 million as at 31 December 2022.

LIABILITIES



As at 31 December 2023, the amount of liabilities (except shareholder equity) is EUR 1,477,798 million compared to EUR 1,411,574 million as at 31 December 2022.

Segment liabilities correspond to debts (total liabilities excluding equity).

NOTE 8.2 - PROVISIONS

ACCOUNTING PRINCIPLES

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

OVERVIEW

Table 8.2.A

(In EUR m)	**Provisions as at 31.12.2022**	Allocations	Write-backs available	**Net allocation**	**Write-backs used**	**Currency and others**	**Provisions as at 31.12.2023**
Provisions for credit risk on off balance sheet commitments (see Note 3.8)	**898**	528	(585)	**(57)**	**-**	**(22)**	**819**
Provisions for employee benefits (see Note 5.1)	**2,002**	383	(130)	**253**	**(219)**	**37**	**2,073**
Provisions for mortgage savings plans and accounts commitments	**125**	47	(51)	**(4)**	**-**	**-**	**121**
Other provisions [(1)]	**1,554**	313	(419)	**(106)**	**(160)**	**(66)**	**1,222**
Total	**4,579**	**1,271**	**(1,185)**	**86**	**(379)**	**(51)**	**4,235**

(1) Including provisions for legal disputes, fines, penalties and commercial disputes.

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

Table 8.2.B

(In EUR m)	**31.12.2023**	**31.12.2022**
PEL accounts	15,677	17,846
Less than 4 years old	*907*	*773*
Between 4 and 10 years old	*5,852*	*8,774*
More than 10 years old	*8,918*	*8,299*
CEL accounts	1,733	1,629
Total	**17,410**	**19,475**

OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO PEL/CEL ACCOUNTS

Table 8.2.C

(In EUR m)	**31.12.2023**	**31.12.2022**
Less than 4 years old	3	-
Between 4 and 10 years old	-	1
More than 10 years old	3	6
Total	**6**	**7**

PROVISIONS FOR COMMITMENTS LINKED TO PEL/CEL ACCOUNTS

Table 8.2.D

(In EUR m)	**31.12.2022**	**Allocations**	**Write-backs**	**31.12.2023**
PEL accounts	80	10	(51)	39
Less than 4 years old	*3*	*1*	-	*4*
Between 4 and 10 years old	*2*	*9*	-	*11*
More than 10 years old	*75*	-	*(51)*	*24*
CEL accounts	45	37	-	82
Total	**125**	**47**	**(51)**	**121**

The increase in interest rates (to which the level of provisioning is sensitive) explains the sharp decrease in the provisions for mortgage savings accounts and plans observed in 2023. These provisions are still mainly related to the commitment to remunerate cash deposits. The level of provisions amounts to 0.7% of the total outstanding stock as at 31 December 2023.

METHODS USED TO ESTABLISH PROVISION VALUATION INPUTS

The inputs used to estimate future customer behaviour are derived from historical observations of customer behaviour patterns over a long period (more than 10 years). The values of these inputs can be adjusted whenever changes are made to regulations that may undermine the effectiveness of past data as an indicator of future customer behaviour.

The values of the different market inputs used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate by Societe Generale, at the date of valuation, of the future value of these items for the period in question, in line with the Retail Banking division's policy of interest rate risk management.

The discount rates used are derived from the zero-coupon swaps versus Euribor yield curve at the valuation date, averaged over a 12-month period.

2. OTHER PROVISIONS

Other provisions include provisions for restructuring (except staff costs), provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.

The Group is subject to an extensive legal and regulatory framework in the countries where it operates. In this complex legal context, the Group and some of its former and current representatives may be involved in various legal actions, including civil, administrative and criminal proceedings. The vast majority of these proceedings are part of the Group's current business. In recent years, litigation with investors and the number of disputes involving financial intermediaries such as banks and investment advisors has increased, partly due to a difficult financial environment.

It is by nature difficult to foresee the outcome of disputes, regulatory proceedings and acts involving Group entities, particularly if they are initiated by various categories of complainants, if the amount of claims for damages is not specified or is indeterminate or if the proceedings have no precedent.

In preparing its financial statements, the Group assesses the consequences of the legal, regulatory or arbitration proceedings in which it is involved. A provision is booked when losses from these proceedings become probable and the amount can be estimated reliably.

To assess the probability of losses and the amount of these losses, and thus to determine the amount of provisions to book, estimations are important. Management makes these estimates by exercising its judgment and taking into account all information available when financial statements are prepared. In particular, the Group takes into account the nature of the dispute, the underlying facts, ongoing proceedings and court decisions already taken, as well as its experience and the experiences of other companies dealing with similar cases (assuming that the Group has knowledge thereof) and, where appropriate, the opinion and reports of experts and independent legal advisers.

Each quarter, the Group carries out a detailed examination of outstanding disputes that present a significant risk. The description of those disputes is presented in Note 9 "Information on risks and litigation".

NOTE 8.3 - TANGIBLE AND INTANGIBLE FIXED ASSETS

ACCOUNTING PRINCIPLES

TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible and intangible fixed assets include operating and investment fixed assets. Equipment assets held for operating leases purpose are included in operating tangible assets, while buildings held for leasing purposes are included in investment property.

Tangible and intangible fixed assets are carried at their purchase price on the asset side of the balance sheet, less depreciation, amortisation and impairment, except investment property held by insurance entities to back insurance contracts measured at fair value. The purchase price of fixed assets includes borrowing costs incurred to fund a lengthy construction period for the fixed assets, along with all other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets. Software developed internally is recorded on the asset side of the balance sheet in the amount of the direct cost of development.

As soon as they are fit for use, fixed assets are depreciated or amortised using the component-based approach. Each component is depreciated or amortised over its own useful life. The Group has applied this approach to its operating properties, breaking down its assets into components with depreciation periods of 10 to 50 years. Depreciation periods for fixed assets other than buildings depend on their useful life, which is usually estimated at 3 to 20 years.

Any residual value of the asset is deducted from its depreciable amount. If there is a subsequent decrease or increase in this initial residual value, the depreciable amount of the asset is adjusted, leading to a prospective modification of the depreciation schedule.

Depreciation and amortisation are recorded in the income statement under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

Fixed assets grouped into Cash Generating Units are tested for impairment whenever there is any indication that their value may have diminished. Allocations and reversals of provisions for impairment are recorded in profit or loss under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

Realised capital gains and losses on operating fixed assets are recognised under Net income from other assets.

Investment properties, insurance activities excluded, are depreciated using the component-based method. Each component is depreciated over its own useful life, ranging from 10 to 50 years.

Investment property held by insurance entities to back the insurance contracts issued, are measured at fair value through profit or loss, once a year, based on valuation reports by an independent expert. The fair value of investment property is based on unobservable inputs, thus corresponding to the level 3 category of fair value measurement (see Note 3.4).

Profits or losses on operating lease assets and on investment property, including amortisation, depreciation and revaluation are recognised under Income from other activities and Expense from other activities (see Note 4.2).

OPERATING LEASE ASSETS

The cars leased by the Group in the context of fleet management are depreciated on a straight-line basis over the lease term for an average of 3 to 5 years. The depreciable amount of these cars is their acquisition cost less their residual value.

The acquisition cost of rental cars includes their acquisition cost plus the direct initial costs necessary for making them available to rental customers. Their residual value is an estimate of its resale value at the end of the contract. The estimate is based on statistical data and is reviewed at least once a year to take into account of price developments in the second-end car market. In case of increase or decrease in the residual value compared to its initial estimate, this change in estimate leads to adjust, vehicle by vehicle, its remaining depreciable value in order to modify its depreciation plan prospectively.

Profits or losses on the operating lease assets, including depreciation and impairment, are recognised under “Income from other activities and Expense from other activities” (see Note 4.2).

RIGHTS-OF-USE FOR ASSETS LEASED BY THE GROUP

Lease

Definition of the lease

A contract is, or contains, a lease if it conveys to the lessor the right to control the use of an identified asset for a period of time in exchange for consideration:

- Control is conveyed when the customer has both the right to direct the identified asset's use, and to obtain substantially all the economic benefits from that use throughout the lease period;
- The existence of an identified asset will depend on the absence, for the lessor, of substantive substitution rights for the leased asset; this condition is measured with regard to the facts and circumstances existing at the commencement of the contract. If the lessor has the option of freely substituting the leased asset, the contract can not be qualified as a lease, since its purpose is the provision of a capacity and not an asset;
- A capacity portion of an asset is still an identified asset if it is physically distinct (*e.g.* a floor of a building). Conversely, a portion of the capacity or of an asset that is not physically distinct does not constitute an identified asset (*e.g.* the lease of co-working area within a unit with no pre-defined location inside that unit).

Separation of lease and non-lease components

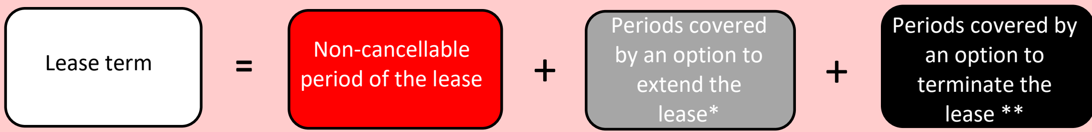
A contract may cover the lease of an asset by the lessor as well as the supply of additional services by that lessor. In this scenario, the lessee can separate the lease components from the non-lease components of the contract and treat them separately. The rental payments stipulated in the contract must be separated between the lease components and the non-lease components based on their individual prices (as directly indicated in the contract or estimated on the basis on all of the observable information). If the lessee cannot separate the lease components from the non-lease components (or services), the entire contract is treated as a lease.

Lease term

Definition of the lease term

The lease period to be applied in determining the rental payments to be discounted matches the non-cancellable period of the lease adjusted for:

- options to extend the contract that the lessee is reasonably certain to exercise;
- and early termination options that the lessee is reasonably certain not to exercise.



* *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

Table 8.3.A

(In EUR m)	31.12.2022 R	Increases / allowances	Disposals / reversals	Revaluation	Other movements	31.12.2023
Intangible Assets	**2,874**	**665**	**(155)**	**-**	**178**	**3,562**
of which gross value	*8,935*	*1,379*	*(728)*	-	*404*	*9,990*
of which amortisation and impairments	*(6,061)*	*(714)*	*573*	-	*(226)*	*(6,428)*
Tangible Assets (w/o assets under operating leases)	**4,289**	**96**	**(148)**	**-**	**(18)**	**4,219**
of which gross value	*11,031*	*652*	*(391)*	-	*(85)*	*11,207*
of which amortisation and impairments	*(6,742)*	*(556)*	*243*	-	*67*	*(6,988)*
Assets under operating leases (1)	**24,071**	**16,411**	**(11,204)**	**-**	**21,143**	**50,421**
of which gross value	*32,933*	*22,463*	*(16,618)*	-	*28,628*	*67,406*
of which amortisation and impairments	*(8,862)*	*(6,052)*	*5,414*	-	*(7,485)*	*(16,985)*
Investment Property (except insurancy activities)	**11**	**(1)**	**-**	**-**	**2**	**12**
of which gross value	*30*	-	*(2)*	-	*7*	*35*
of which amortisation and impairments	*(19)*	*(1)*	*2*	-	*(5)*	*(23)*
Investment Property (including insurancy activities)	**877**	**1**	**-**	**(148)**	**-**	**730**
Rights-of-use	**1,836**	**(33)**	**(152)**	**-**	**119**	**1,770**
of which gross value	*3,221*	*417*	*(280)*	-	*239*	*3,597*
of which amortisation and impairments	*(1,385)*	*(450)*	*128*	-	*(120)*	*(1,827)*
Total	**33,958**	**17,139**	**(11,659)**	**(148)**	**21,424**	**60,714**

(1) The other movements are mainly explained by the acquisition of LeasePlan (cf. Note 2.1).

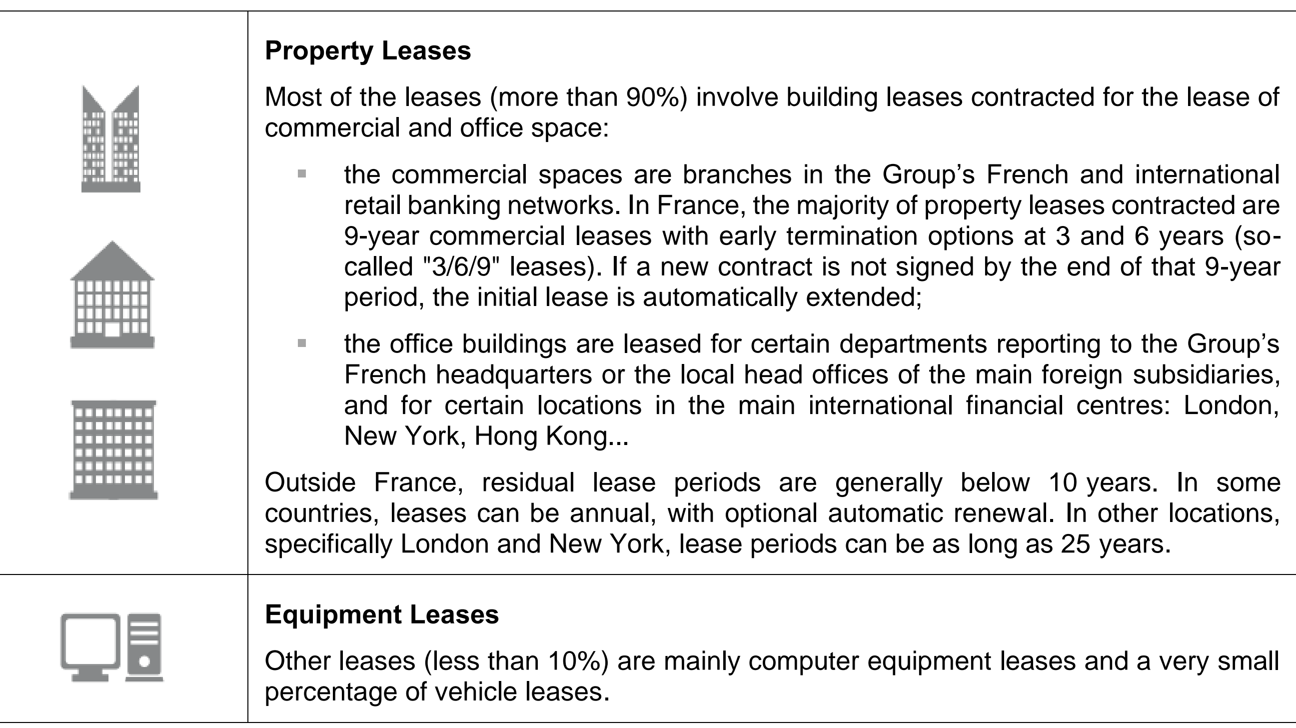
BREAKDOWN OF MINIMUM PAYMENTS RECEIVABLE ON OPERATING LEASE ASSETS

Table 8.3.B

(In EUR m)	31.12.2023	31.12.2022 *
Payments due in less than five years	**21,555**	**7,426**
Payments due in less than one year	*5,115*	*966*
Payments due from one to two years	*5,125*	*1,766*
Payments due from two to three years	*5,615*	*2,408*
Payments due from three to four years	*4,376*	*1,809*
Payments due from four to five years	*1,324*	*477*
Payments due in more than five years	146	27
Total	**21,701**	**7,453**

** Amounts restated compared to the financial statements published for 2022.*

INFORMATIONS RELATIVE TO LEASES ON TANGIBLE ASSETS USED BY THE GROUP



Property Leases

Most of the leases (more than 90%) involve building leases contracted for the lease of commercial and office space:

- the commercial spaces are branches in the Group's French and international retail banking networks. In France, the majority of property leases contracted are 9-year commercial leases with early termination options at 3 and 6 years (so-called "3/6/9" leases). If a new contract is not signed by the end of that 9-year period, the initial lease is automatically extended;
- the office buildings are leased for certain departments reporting to the Group's French headquarters or the local head offices of the main foreign subsidiaries, and for certain locations in the main international financial centres: London, New York, Hong Kong...

Outside France, residual lease periods are generally below 10 years. In some countries, leases can be annual, with optional automatic renewal. In other locations, specifically London and New York, lease periods can be as long as 25 years.

Equipment Leases

Other leases (less than 10%) are mainly computer equipment leases and a very small percentage of vehicle leases.

OVERVIEW TABLE OF LEASE TRANSACTION COSTS AND SUBLEASE INCOME

Table 8.3.C

	31.12.2023			
(In EUR m)	**Real estate**	**IT**	**Others**	**Total**
Lease	(458)	(47)	(9)	**(514)**
Interest expenses on lease liabilities	*(45)*	*(1)*	*(1)*	***(47)***
Depreciation charge for right-of-use assets	*(378)*	*(41)*	*(4)*	***(423)***
Expense relating to short-term leases	*(22)*	*(1)*	*(4)*	***(27)***
Expense relating to leases of low-value assets	*(2)*	*(4)*	-	***(6)***
Expense relating to variable lease payments	*(11)*	-	-	***(11)***
Sublease income	11	-	-	**11**

Table 8.3.D

	31.12.2022			
(In EUR m)	**Real estate**	**IT**	**Others**	**Total**
Lease	(440)	(47)	(8)	**(495)**
Interest expenses on lease liabilities	(37)	(0)	(0)	**(37)**
Depreciation charge for right-of-use assets	(361)	(42)	(4)	**(407)**
Expense relating to short-term leases	(29)	(1)	(3)	**(33)**
Expense relating to leases of low-value assets	(1)	(4)	(1)	**(6)**
Expense relating to variable lease payments	(12)	(0)	(0)	**(12)**
Sublease income	11	-	-	**11**

NOTE 8.4 - COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE

Table 8.4.A

Country			Activity	Method *	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
South Africa								
	(1)	SG JOHANNESBURG	Bank	FULL	100	100	100	100
Algeria								
		ALD AUTOMOTIVE ALGERIE SPA	Specialist Financing	FULL	52.59	75.94	99.99	99.99
		SOCIETE GENERALE ALGERIE	Bank	FULL	100	100	100	100
Germany								
		ALD AUTOLEASING D GMBH	Specialist Financing	FULL	52.59	75.94	100	100
		ALD INTERNATIONAL GMBH	Specialist Financing	FULL	52.59	75.94	100	100
		ALD INTERNATIONAL GROUP HOLDINGS GMBH	Specialist Financing	FULL	52.59	75.94	100	100
		ALD LEASE FINANZ GMBH	Specialist Financing	FULL	100	100	100	100
		BANK DEUTSCHES KRAFTFAHRZEUGG EWERBE GMBH	Specialist Financing	FULL	99.94	99.94	90	90
		BDK LEASING UND SERVICE GMBH	Specialist Financing	FULL	100	100	100	100
		CAR PROFESSIONAL FUHRPARKMANAGE MENT UND BERATUNGSGESELL SCHAFT MBH & CO. KG	Specialist Financing	FULL	52.59	75.94	100	100
		CARPOOL GMBH	Specialist Financing	FULL	52.59	75.94	100	100
		FLEETPOOL GMBH	Specialist Financing	FULL	52.59	75.94	100	100
		GEFA BANK GMBH	Specialist Financing	FULL	100	100	100	100
		GEFA VERSICHERUNGSDI ENST GMBH	Specialist Financing	EFS	100	100	100	100
		HANSEATIC BANK GMBH & CO KG	Specialist Financing	FULL	75	75	75	75
		HANSEATIC GESELLSCHAFT FUR BANKBETEILIGUNGE N MBH	Portfolio Management	FULL	75	75	100	100
		HSCE HANSEATIC SERVICE CENTER GMBH	Services	FULL	75	75	100	100
		INTERLEASING DELLO HAMBURG G.M.B.H.	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	LEAN AUTOVERMIETUNG GMBH	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN DEUTSCHLAND GMBH	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN SERVICES GMBH	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN VERSICHERUNGSVE RMITTLUNGSGESEL LSCHAFT MBH	Specialist Financing	FULL	52.59	0	100	0
	(6)	PHILIPS MEDICAL CAPITAL GMBH	Specialist Financing	FULL	60	0	60	0

	(6)	RED & BLACK AUTO GERMANY 10	Financial Company	FULL	100	0	100	0
		RED & BLACK AUTO GERMANY 4 UG (HAFTUNGSBESCHR ANKT)	Financial Company	FULL	100	100	100	100
	(2)	RED & BLACK AUTO GERMANY 6 UG	Financial Company	FULL	0	100	0	100
		RED & BLACK AUTO GERMANY 7	Financial Company	FULL	100	100	100	100
		RED & BLACK AUTO GERMANY 8	Financial Company	FULL	100	100	100	100
		RED & BLACK AUTO GERMANY 9 UG (HAFTUNGSBESCHR ANKT)	Financial Company	FULL	100	100	100	100
		SG EQUIPMENT FINANCE GMBH	Specialist Financing	FULL	100	100	100	100
	(1)	SG FRANCFORT	Bank	FULL	100	100	100	100
		SOCIETE GENERALE EFFEKTEN GMBH	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES SERVICES GMBH	Specialist Financing	FULL	100	100	100	100
	(1)	SOGECAP DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100	100	100	100
	(1)	SOGESSUR DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100	100	100	100
Arabie Saoudite								
	(6)	SOCIETE GENERALE SAUDI ARABIA JSC	Bank	FULL	100	0	100	0
Australia								
		SOCIETE GENERALE SECURITIES AUSTRALIA PTY LTD	Broker	FULL	100	100	100	100
	(1)	SOCIETE GENERALE SYDNEY BRANCH	Bank	FULL	100	100	100	100
Austria								
		ALD AUTOMOTIVE FUHRPARKMANAGE MENT UND LEASING GMBH	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	FLOTTENMANAGEM ENT GMBH	Specialist Financing	ESI	25.77	0	49	0
	(6)	LEASEPLAN OSTERREICH FUHRPARKMANAGE MENT GMBH	Specialist Financing	FULL	52.59	0	100	0
	(1)	SG VIENNE	Bank	FULL	100	100	100	100
Belarus								
	(4)	ALD AUTOMOTIVE LLC	Specialist Financing	FULL	0	75.94	0	100
Belgium								
		AXUS FINANCE SRL	Specialist Financing	FULL	52.59	75.94	100	100
		AXUS SA/NV	Specialist Financing	FULL	52.59	75.94	100	100
		BASTION EUROPEAN INVESTMENTS S.A.	Financial Company	FULL	60.74	60.74	100	100
	(6)	BUMPER BE	Financial Company	FULL	52.59	0	100	0
	(6)	LEASEPLAN FLEET MANAGEMENT N.V.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN PARTNERSHIPS & ALLIANCES	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN TRUCK N.V.	Specialist Financing	FULL	52.59	0	100	0
		PARCOURS BELGIUM	Real Estate and Real Estate Financing	FULL	52.59	75.94	100	100

	(1)	SG BRUXELLES	Bank	FULL	100	100	100	100
	(1)	SG EQUIPMENT FINANCE BENELUX B.V. BELGIAN BRANCH	Specialist Financing	FULL	100	100	100	100
		SOCIETE GENERALE IMMOBEL	Financial Company	FULL	100	100	100	100
Benin								
		SOCIETE GENERALE BENIN	Bank	FULL	93.43	93.43	94.1	94.1
Bermuda								
		CATALYST RE INTERNATIONAL LTD.	Insurance	FULL	100	100	100	100
Brazil								
		ALD AUTOMOTIVE S.A.	Specialist Financing	FULL	52.59	75.94	100	100
		ALD CORRETORA DE SEGUROS LTDA	Broker	FULL	52.59	75.94	100	100
		BANCO SOCIETE GENERALE BRASIL S.A.	Bank	FULL	100	100	100	100
	(6)	LEASEPLAN ARRENDAMENTO MERCANTIL S.A.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN BRASIL LTDA.	Specialist Financing	FULL	52.59	0	100	0
		SOCIETE GENERALE EQUIPMENT FINANCE S/A - ARRENDAMENTO MERCANTIL	Specialist Financing	FULL	100	100	100	100
Bulgaria								
		ALD AUTOMOTIVE EOOD	Specialist Financing	FULL	52.59	75.94	100	100
Burkina Faso								
		SOCIETE GENERALE BURKINA FASO	Bank	FULL	51.27	51.27	52.61	52.61
Cayman Islands								
		AEGIS HOLDINGS (OFFSHORE) LTD.	Financial Company	FULL	100	100	100	100
Cameroon								
		SOCIETE GENERALE CAMEROUN	Bank	FULL	58.08	58.08	58.08	58.08
Canada								
	(8)	13406300 CANADA INC.	Bank	FULL	100	100	100	100
	(6)	SG MONTREAL SOLUTION CENTER 2 INC.	Services	FULL	100	0	100	0
	(6)	SG MONTREAL SOLUTION CENTER INC.	Services	FULL	100	0	100	0
	(1)	SOCIETE GENERALE (CANADA BRANCH)	Bank	FULL	100	100	100	100
		SOCIETE GENERALE CAPITAL CANADA INC	Broker	FULL	100	100	100	100
Chile								
		ALD AUTOMOTIVE LIMITADA	Specialist Financing	FULL	52.59	75.94	100	100
China								
		SOCIETE GENERALE (CHINA) LIMITED	Bank	FULL	100	100	100	100
		SOCIETE GENERALE LEASING AND RENTING CO. LTD	Specialist Financing	FULL	100	100	100	100
Colombia								
		ALD AUTOMOTIVE S.A.S.	Specialist Financing	FULL	52.59	75.94	100	100
Congo								

	(4)	SOCIETE GENERALE CONGO	Bank	FULL	0	93.47	0	93.47
South Korea								
		SG SECURITIES KOREA CO., LTD.	Broker	FULL	100	100	100	100
	(1)	SG SEOUL	Bank	FULL	100	100	100	100
Côte d'Ivoire								
	(6)	SOCIETE GENERALE AFRICAN BUSINESS SERVICES ABIDJAN	Services	FULL	97.88	0	100	0
		SOCIETE GENERALE CAPITAL SECURITIES WEST AFRICA	Portfolio Management	FULL	71.27	71.25	100	99.98
		SOCIETE GENERALE COTE D'IVOIRE	Bank	FULL	73.25	73.25	73.25	73.25
Croatia								
		ALD AUTOMOTIVE D.O.O. ZA. OPERATIVNI I FINANCIJSKI LEASING	Specialist Financing	FULL	52.59	75.94	100	100
		ALD FLEET SERVICES D.O.O ZA TRGOVINU I USLUGE	Specialist Financing	FULL	52.59	75.94	100	100
Denmark								
		ALD AUTOMOTIVE A/S	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	AUTO CLAIM HANDLING DANMARK A/S	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN DANMARK A/S	Specialist Financing	FULL	52.59	0	100	0
		NF FLEET A/S	Specialist Financing	FULL	42.07	60.75	80	80
United Arab Emirates								
	(6)	LEASEPLAN EMIRATES FLEET MANAGEMENT - LEASEPLAN EMIRATES LLC, UAE	Specialist Financing	ESI	25.77	0	49	0
	(1)	SOCIETE GENERALE, DIFC BRANCH	Bank	FULL	100	100	100	100
Spain								
		ALD AUTOMOTIVE S.A.U.	Specialist Financing	FULL	52.59	75.94	100	100
		ALTURA MARKETS, SOCIEDAD DE VALORES, SA	Broker	EJV	50	50	50	50
	(6)	GARANTHIA PLAN S.L.	Broker	FULL	52.59	0	100	0
	(1)	GENEFIM SUCURSAL EN ESPANA	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(6)	LEASE PLAN SERVICIOS S.A.U.	Specialist Financing	FULL	52.59	0	100	0
	(6)	PAYXPERT SPAIN	Financial Company	FULL	60	0	100	0
	(6)	PIRAMBU S.L.	Financial Company	FULL	100	0	100	0
		SG EQUIPMENT FINANCE IBERIA, E.F.C, S.A.U.	Specialist Financing	FULL	100	100	100	100
		SOCGEN FINANCIACIONES IBERIA, S.L.	Bank	FULL	100	100	100	100
		SOCGEN INVERSIONES FINANCIERAS S.L.	Financial Company	FULL	100	100	100	100
	(1)	SOCIETE GENERALE SUCCURSAL EN ESPANA	Bank	FULL	100	100	100	100

		SODEPROM	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOLUCIONES DE RENTING Y MOVILIDAD, S.L. (SOCIEDAD UNIPERSONAL)	Specialist Financing	FULL	52.59	75.94	100	100
Estonia								
		ALD AUTOMOTIVE EESTI AS	Specialist Financing	FULL	39.45	56.96	75.01	75.01
United States of America								
		AEGIS HOLDINGS (ONSHORE) INC.	Financial Company	FULL	100	100	100	100
		SG AMERICAS EQUITIES CORP.	Financial Company	FULL	100	100	100	100
		SG AMERICAS OPERATIONAL SERVICES, LLC	Services	FULL	100	100	100	100
		SG AMERICAS SECURITIES HOLDINGS, LLC	Bank	FULL	100	100	100	100
		SG AMERICAS SECURITIES, LLC	Broker	FULL	100	100	100	100
		SG AMERICAS, INC.	Financial Company	FULL	100	100	100	100
	(5)	SG CONSTELLATION, INC.	Financial Company	FULL	0	100	0	100
		SG EQUIPMENT FINANCE USA CORP.	Specialist Financing	FULL	100	100	100	100
		SG MORTGAGE FINANCE CORP.	Financial Company	FULL	100	100	100	100
		SG MORTGAGE SECURITIES, LLC	Portfolio Management	FULL	100	100	100	100
		SG STRUCTURED PRODUCTS, INC.	Specialist Financing	FULL	100	100	100	100
	(1)	SOCIETE GENERALE (NEW YORK)	Bank	FULL	100	100	100	100
		SOCIETE GENERALE FINANCIAL CORPORATION	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE INVESTMENT CORPORATION	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE LIQUIDITY FUNDING, LLC	Financial Company	FULL	100	100	100	100
Finland								
		AXUS FINLAND OY	Specialist Financing	FULL	52.59	75.94	100	100
		NF FLEET OY	Specialist Financing	FULL	42.07	60.75	80	80
France								
		29 HAUSSMANN EQUILIBRE	Financial Company	FULL	87.1	87.1	87.1	87.1
	(6)	29 HAUSSMANN EURO CREDIT - PART-C	Financial Company	FULL	60.05	0	60.05	0
		29 HAUSSMANN EURO RDT	Financial Company	FULL	58.1	58.1	58.1	58.1
		29 HAUSSMANN SELECTION EUROPE - K	Financial Company	FULL	45.23	45.23	45.23	45.23
		29 HAUSSMANN SELECTION MONDE	Financial Company	FULL	68.7	68.7	68.7	68.7
		908 REPUBLIQUE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	(6)	ADMINISTRATIVE AND MANAGEMENT SERVICES	Specialist Financing	FULL	52.59	0	100	0

	AIR BAIL	Specialist Financing	FULL	100	100	100	100
	AIX - BORD DU LAC - 3	Financial Company	EJV	50	50	50	50
(2)	AIX - BORD DU LAC - 4	Real Estate and Real Estate Financing	EJV	0	50	0	50
	ALD	Specialist Financing	FULL	52.59	75.94	68.97	75.94
	ALFORTVILLE BAIGNADE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	AMPERIM	Real Estate and Real Estate Financing	EJV	50	50	50	50
(4)	AMUNDI CREDIT EURO - P	Financial Company	FULL	0	57.43	0	57.43
	ANNEMASSE-ILOT BERNARD	Real Estate and Real Estate Financing	FULL	80	80	80	80
	ANTALIS SA	Financial Company	FULL	100	100	100	100
	ANTARES	Real Estate and Real Estate Financing	ESI	45	45	45	45
	ANTARIUS	Insurance	FULL	100	100	100	100
	ARTISTIK	Real Estate and Real Estate Financing	ESI	30	30	30	30
(5)	BANQUE COURTOIS	Bank	FULL	0	100	0	100
	BANQUE FRANCAISE COMMERCIALE OCEAN INDIEN	Bank	FULL	50	50	50	50
(5)	BANQUE KOLB	Bank	FULL	0	100	0	100
(5)	BANQUE LAYDERNIER	Bank	FULL	0	100	0	100
(5)	BANQUE NUGER	Bank	FULL	0	100	0	100
(3)	BANQUE POUYANNE	Bank	ESI	0	35	0	35
(5)	BANQUE RHONE ALPES	Bank	FULL	0	99.99	0	99.99
(5)	BANQUE TARNEAUD	Bank	FULL	0	100	0	100
	BAUME LOUBIERE	Real Estate and Real Estate Financing	ESI	40	40	40	40
(6)	BERCK RUE DE BOUVILLE	Real Estate and Real Estate Financing	ESI	25	0	25	0
	BERLIOZ	Financial Company	FULL	84.05	84.05	84.05	84.05
(6)	BEZIERS-LA COURONDELLE	Real Estate and Real Estate Financing	EJV	50	0	50	0
	BOURSORAMA MASTER HOME LOANS FRANCE	Specialist Financing	FULL	100	100	100	100
	BOURSORAMA SA	Bank	FULL	100	100	100	100
	BREMANY LEASE SAS	Real Estate and Real Estate Financing	FULL	52.59	75.94	100	100
(6)	BUMPER FR 2022-1	Financial Company	FULL	52.59	0	100	0
	CARBURAUTO	Group Real Estate Management Company	EJV	50	50	50	50

(6)	CEGELEASE	Real Estate and Real Estate Financing	FULL	99.99	0	100	0
	CENTRE IMMO PROMOTION	Real Estate and Real Estate Financing	FULL	60	60	60	60
(2)	CHARTREUX LOT A1	Real Estate and Real Estate Financing	ESI	0	100	0	100
	COMPAGNIE FINANCIERE DE BOURBON	Specialist Financing	FULL	99.99	99.99	100	100
	COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)	Group Real Estate Management Company	FULL	100	100	100	100
	COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS	Specialist Financing	FULL	99.89	99.89	99.89	99.89
	CONTE	Group Real Estate Management Company	EJV	50	50	50	50
(5)	CREDIT DU NORD	Bank	FULL	0	100	0	100
(3)	DARWIN DIVERSIFIE 0-20	Portfolio Management	FULL	0	89.94	0	89.94
	DARWIN DIVERSIFIE 40-60	Financial Company	FULL	79.78	79.78	79.78	79.78
	DARWIN DIVERSIFIE 80-100	Financial Company	FULL	78.34	78.34	78.34	78.34
	DISPONIS	Specialist Financing	FULL	99.99	99.99	100	100
	ECHIQUIER AGENOR EURO SRI MID CAP	Financial Company	FULL	40.85	40.85	40.85	40.85
(2)	ESNI - COMPARTIMENT SG-CREDIT CLAIMS - 1	Financial Company	FULL	0	100	0	100
	ETOILE CAPITAL	Financial Company	FULL	100	99.99	100	99.99
(3)	ETOILE MULTI GESTION EUROPE-C	Insurance	FULL	0	51.59	0	51.59
(3)	ETOILE MULTI GESTION USA - PART P	Insurance	FULL	0	35.18	0	35.18
	F.E.P. INVESTISSEMENTS	Real Estate and Real Estate Financing	FULL	100	100	100	100
(4)	FCC ALBATROS	Portfolio Management	ESI	0	100	0	51
	FCT LA ROCHE	Specialist Financing	FULL	100	100	100	100
	FEEDER LYX E ST50 D6	Financial Company	FULL	100	100	100	100
	FEEDER LYXOR CAC40 D2-EUR	Financial Company	FULL	100	100	100	100
	FENWICK LEASE	Specialist Financing	FULL	99.99	99.99	100	100
	FINASSURANCE SNC	Insurance	FULL	98.89	98.89	99	99
	FRANFINANCE	Specialist Financing	FULL	99.99	99.99	99.99	99.99
	FRANFINANCE LOCATION	Specialist Financing	FULL	99.99	99.99	100	100
	GALYBET	Real Estate and Real Estate Financing	FULL	100	100	100	100
	GENEBANQUE	Bank	FULL	100	100	100	100
	GENECAL FRANCE	Specialist Financing	FULL	100	100	100	100

	GENECAR - SOCIETE GENERALE DE COURTAGE D'ASSURANCE ET DE REASSURANCE	Insurance	FULL	100	100	100	100
	GENECOMI FRANCE	Specialist Financing	FULL	100	100	100	100
	GENEFIM	Real Estate and Real Estate Financing	FULL	100	100	100	100
	GENEFINANCE	Portfolio Management	FULL	100	100	100	100
	GENEGIS I	Group Real Estate Management Company	FULL	100	100	100	100
	GENEGIS II	Group Real Estate Management Company	FULL	100	100	100	100
	GENEPIERRE	Real Estate and Real Estate Financing	FULL	60.34	56.56	60.34	56.56
	GENEVALMY	Group Real Estate Management Company	FULL	100	100	100	100
(3)	HAGA NYGATA	Specialist Financing	FULL	0	100	0	100
	HIPPOLYTE	Specialist Financing	FULL	100	100	100	100
	HYUNDAI CAPITAL FRANCE (EX SEFIA)	Specialist Financing	ESI	49.95	49.95	50	50
	ILOT AB	Real Estate and Real Estate Financing	FULL	80	80	80	80
	IMMOBILIERE PROMEX	Real Estate and Real Estate Financing	ESI	35	35	35	35
	INVESTIR IMMOBILIER NORMANDIE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	INVESTISSEMENT 81	Financial Company	FULL	100	100	100	100
(6)	IVRY CHAUSSINAND	Real Estate and Real Estate Financing	FULL	64	0	64	0
	JSJ PROMOTION	Real Estate and Real Estate Financing	ESI	45	45	45	45
	LA CORBEILLERIE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	LA FONCIERE DE LA DEFENSE	Real Estate and Real Estate Financing	FULL	100	100	100	100
(6)	LEASEPLAN FRANCE S.A.S.	Specialist Financing	FULL	52.59	0	100	0
	LES ALLEES DE L'EUROPE	Real Estate and Real Estate Financing	ESI	34	34	34	34
	LES JARDINS D'ALHAMBRA	Real Estate and Real Estate Financing	ESI	35	35	35	35
(2)	LES JARDINS DE L'ALCAZAR	Real Estate and Real Estate Financing	ESI	0	30	0	30

(6)	LES JARDINS DU VILLAGE	Real Estate and Real Estate Financing	FULL	80	0	80	0
	LES MESANGES	Real Estate and Real Estate Financing	FULL	55	55	55	55
	LES TROIS LUCS 13012	Real Estate and Real Estate Financing	FULL	100	100	100	100
	LES VILLAS VINCENTI	Real Estate and Real Estate Financing	ESI	30	30	30	30
	L'HESPEL	Real Estate and Real Estate Financing	ESI	30	30	30	30
	LOTISSEMENT DES FLEURS	Real Estate and Real Estate Financing	ESI	30	30	30	30
	LYON LA FABRIC	Real Estate and Real Estate Financing	EJV	50	50	50	50
	LYX ACT EURO CLIMAT-D3EUR	Financial Company	FULL	100	100	100	100
	LYX ACT EURO CLIMAT-DEUR	Financial Company	FULL	100	100	100	100
	LYXOR ACTIONS EURO CLIMAT D4 EUR	Financial Company	FULL	100	100	100	100
	LYXOR GL OVERLAY F	Financial Company	FULL	87.27	87.27	87.27	87.27
	LYXOR SKYFALL FUND	Financial Company	FULL	88.98	88.98	88.98	88.98
	MEDITERRANEE GRAND ARC	Real Estate and Real Estate Financing	EJV	50	50	50	50
(2)	NORBAIL IMMOBILIER	Real Estate and Real Estate Financing	ESI	0	100	0	100
	NORBAIL SOFERGIE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	NORMANDIE REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	ONYX	Group Real Estate Management Company	EJV	50	50	50	50
	OPCI SOGECAPIMMO	Financial Company	FULL	100	100	100	100
	ORADEA VIE	Insurance	FULL	100	100	100	100
	ORPAVIMOB	Specialist Financing	FULL	100	100	100	100
	PARCOURS	Real Estate and Real Estate Financing	FULL	52.59	75.94	100	100
	PARCOURS ANNECY	Real Estate and Real Estate Financing	FULL	52.59	75.94	100	100
	PARCOURS BORDEAUX	Real Estate and Real Estate Financing	FULL	52.59	75.94	100	100
	PARCOURS NANTES	Real Estate and Real Estate Financing	FULL	52.59	75.94	100	100

	PARCOURS STRASBOURG	Real Estate and Real Estate Financing	FULL	52.59	75.94	100	100
	PARCOURS TOURS	Real Estate and Real Estate Financing	FULL	52.59	75.94	100	100
(5)	PAREL	Services	FULL	0	100	0	100
(6)	PAYXPERT FRANCE	Financial Company	FULL	60	0	100	0
	PHILIPS MEDICAL CAPITAL FRANCE	Specialist Financing	FULL	60	60	60	60
	PIERRE PATRIMOINE	Real Estate and Real Estate Financing	FULL	100	100	100	100
(6)	PLEASE	Specialist Financing	ESI	52.23	0	99.31	0
	PRAGMA	Real Estate and Real Estate Financing	FULL	100	100	100	100
	PRIMONIAL DOUBLE IMMO	Real Estate and Real Estate Financing	FULL	100	100	100	100
	PRIORIS	Specialist Financing	FULL	94.89	94.89	95	95
	PROGEREAL	Real Estate and Real Estate Financing	ESI	25.01	25.01	25.01	25.01
	PROJECTIM	Real Estate and Real Estate Financing	FULL	100	100	100	100
	RED & BLACK AUTO LEASE FRANCE 1	Specialist Financing	FULL	52.59	75.94	100	100
(6)	RED & BLACK AUTO LEASE FRANCE 2	Financial Company	FULL	52.59	0	100	0
	RED & BLACK CONSUMER FRANCE 2013	Financial Company	FULL	100	100	100	100
	RED & BLACK HOME LOANS FRANCE 2	Financial Company	FULL	100	100	100	100
(6)	REEZOCORP	Specialist Financing	FULL	96.83	0	96.88	0
	RIVAPRIM REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	S.C.I. DU DOMAINE DE STONEHAM	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SAGEMCOM LEASE	Specialist Financing	FULL	99.99	99.99	100	100
	SAINTE-MARTHE ILOT C	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SAINTE-MARTHE ILOT D	Real Estate and Real Estate Financing	ESI	40	40	40	40
(2)	SAINT-MARTIN 3	Real Estate and Real Estate Financing	EJV	0	50	0	50
	SARL BORDEAUX-20-26 RUE DU COMMERCE	Real Estate and Real Estate Financing	ESI	30	30	30	30

	SARL D'AMENAGEMENT DU MARTINET	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SARL DE LA VECQUERIE	Real Estate and Real Estate Financing	ESI	32.5	32.5	32.5	32.5
	SARL SEINE CLICHY	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SAS AMIENS - AVENUE DU GENERAL FOY	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SAS BF3 NOGENT THIERS	Portfolio Management	ESI	20	20	20	20
	SAS BONDUES - COEUR DE BOURG	Real Estate and Real Estate Financing	ESI	25	25	25	25
	SAS COPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
(2)	SAS ECULLY SO'IN	Real Estate and Real Estate Financing	FULL	0	75	0	75
(2)	SAS FOCH SULLY	Real Estate and Real Estate Financing	FULL	0	90	0	90
	SAS MERIGNAC OASIS URBAINE	Real Estate and Real Estate Financing	FULL	90	90	90	90
(5)	SAS NORMANDIE HABITAT	Real Estate and Real Estate Financing	FULL	0	100	0	100
	SAS NORMANDIE RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
(2)	SAS NOYALIS	Real Estate and Real Estate Financing	ESI	0	28	0	28
	SAS ODESSA DEVELOPPEMENT	Real Estate and Real Estate Financing	ESI	49	49	49	49
(5)	SAS PARNASSE	Real Estate and Real Estate Financing	FULL	0	100	0	100
	SAS PAYSAGES	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SAS PROJECTIM IMMOBILIER	Real Estate and Real Estate Financing	FULL	100	100	100	100
(2)	SAS RESIDENCE AUSTRALIS	Real Estate and Real Estate Financing	FULL	0	77	0	77
(2)	SAS RESIDENCIAL	Real Estate and Real Estate Financing	FULL	0	68.4	0	68.4
	SAS ROANNE LA TRILOGIE	Real Estate and Real Estate Financing	ESI	41	41	41	41

	SAS SCENES DE VIE	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SAS SOAX PROMOTION	Real Estate and Real Estate Financing	FULL	58.5	58.5	58.5	58.5
(5)	SAS SOGEBROWN POISSY	Real Estate and Real Estate Financing	FULL	0	100	0	100
	SAS SOGEMYSJ	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SAS SOJEPRIM	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SAS TIR A L'ARC AMENAGEMENT	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SAS TOUR D2	Real Estate and Real Estate Financing	JO	50	50	50	50
	SAS VILLENEUVE D'ASCQ - RUE DES TECHNIQUES BUREAUX	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV 282 MONTOLIVET 12	Real Estate and Real Estate Financing	FULL	60	60	60	60
	SCCV ALFORTVILLE MANDELA	Real Estate and Real Estate Financing	ESI	49	49	49	49
	SCCV BAC GALLIENI	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SCCV BOIS-GUILLAUME PARC DE HALLEY	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV BOURG BROU	Real Estate and Real Estate Financing	FULL	60	60	60	60
	SCCV BRON CARAVELLE	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV CAEN CASERNE MARTIN	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCCV CAEN PANORAMIK	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCCV CANNES JOURDAN	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV CHARTREUX LOT C	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV CHARTREUX LOT E	Real Estate and Real Estate Financing	FULL	100	100	100	100
(2)	SCCV CHARTREUX LOTS B-D	Real Estate and Real Estate Financing	FULL	0	100	0	100

	SCCV CHOISY LOGEMENT	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCCV CLICHY BAC D'ASNIERES	Real Estate and Real Estate Financing	FULL	75	75	75	75
	SCCV CLICHY BRC	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV COLOMBES	Real Estate and Real Estate Financing	ESI	28.66	28.66	49	49
(6)	SCCV COMPIEGNE ROYALLIEU	Real Estate and Real Estate Financing	ESI	30	0	30	0
	SCCV COMPIEGNE - RUE DE L'EPARGNE	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCCV CUGNAUX-LEO LAGRANGE	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV DEVILLE-CARNOT	Real Estate and Real Estate Financing	FULL	60	60	60	60
	SCCV DUNKERQUE PATINOIRE DEVELOPPEMENT	Real Estate and Real Estate Financing	EJV	50	50	50	50
(4)	SCCV EIFFEL FLOQUET	Real Estate and Real Estate Financing	FULL	0	51	0	51
	SCCV EPRON - ZAC L'OREE DU GOLF	Real Estate and Real Estate Financing	FULL	70	70	70	70
(6)	SCCV ERAGNY GUICHARD	Real Estate and Real Estate Financing	FULL	51	0	51	0
	SCCV ESPACES DE DEMAIN	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV ETERVILLE ROUTE D'AUNAY	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV EURONANTES 1E	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV FAVERGES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCCV GAMBETTA LA RICHE	Real Estate and Real Estate Financing	ESI	25	25	25	25
	SCCV GIGNAC MOUSSELINE	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCCV GIVORS ROBICHON	Real Estate and Real Estate Financing	FULL	85	85	85	85
(6)	SCCV GOELETTES GRAND LARGE	Real Estate and Real Estate Financing	EJV	50	0	50	0

	SCCV HEROUVILLE ILOT A2	Real Estate and Real Estate Financing	ESI	33.33	33.33	33.33	33.33
	SCCV ISTRES PAPAILLE	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCCV JA LE HAVRE 22 COTY	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCCV JDA OUISTREHAM	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV KYMA MERIGNAC	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SCCV LA BAULE - LES JARDINS D'ESCOUBLAC	Real Estate and Real Estate Financing	ESI	25	25	25	25
	SCCV LA MADELEINE - PRE CATELAN	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SCCV LA MADELEINE SAINT-CHARLES	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV LA PORTE DU CANAL	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV LACASSAGNE BRICKS	Real Estate and Real Estate Financing	ESI	49	49	49	49
(2)	SCCV LE BOUSCAT CARRE SOLARIS	Real Estate and Real Estate Financing	ESI	0	25	0	25
	SCCV LE CENTRAL C1.4	Real Estate and Real Estate Financing	ESI	33.4	33.4	33.4	33.4
(6)	SCCV LE CENTRAL C1.5A	Real Estate and Real Estate Financing	ESI	33.3	0	33.3	0
(6)	SCCV LE CENTRAL C1.7	Real Estate and Real Estate Financing	ESI	33.3	0	33.3	0
	SCCV LES BASTIDES FLEURIES	Real Estate and Real Estate Financing	FULL	64.29	64.29	64.29	64.29
	SCCV LES ECRIVAINS	Real Estate and Real Estate Financing	FULL	70	70	70	70
(6)	SCCV LES HAUTS VERGERS	Real Estate and Real Estate Financing	FULL	55	0	55	0
	SCCV LES PATIOS D'OR DE FLEURY LES AUBRAIS	Real Estate and Real Estate Financing	FULL	64	64	80	80
	SCCV LES SUCRES	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV LESQUIN PARC	Real Estate and Real Estate Financing	EJV	50	50	50	50

	SCCV L'IDEAL - MODUS 1.0	Real Estate and Real Estate Financing	FULL	80	80	80	80
	SCCV LILLE - JEAN MACE	Real Estate and Real Estate Financing	ESI	33.4	33.4	33.4	33.4
	SCCV LOOS GAMBETTA	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCCV MARCQ EN BAROEUL GABRIEL PERI	Real Estate and Real Estate Financing	ESI	20	20	20	20
	SCCV MARQUETTE CALMETTE	Real Estate and Real Estate Financing	EJV	50	50	50	50
(6)	SCCV MASSY NOUAILLE	Real Estate and Real Estate Financing	FULL	80	0	80	0
	SCCV MEHUL 34000 (ex-SCCV MEHUL)	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCCV MONROC - LOT 3	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV MONS EQUATION	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV NICE ARENAS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCCV NOGENT PLAISANCE	Real Estate and Real Estate Financing	FULL	60	60	60	60
	SCCV NOISY BOISSIERE	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SCCV PARIS ALBERT	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV PRADES BLEU HORIZON	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV QUAI DE SEINE A ALFORTVILLE	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SCCV QUAI NEUF BORDEAUX	Real Estate and Real Estate Financing	ESI	35	35	35	35
(5)	SCCV ROUEN 27 ANGLAIS	Real Estate and Real Estate Financing	FULL	0	100	0	100
	SCCV ROUSSET - LOT 03	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCCV SAINT JUST DAUDET	Real Estate and Real Estate Financing	FULL	80	80	80	80
	SCCV SAY	Real Estate and Real Estate Financing	ESI	35	35	35	35

	SCCV SENGHOR	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCCV SENSORIUM BUREAUX	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV SENSORIUM LOGEMENT	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV SOGAB ILE DE FRANCE	Real Estate and Real Estate Financing	FULL	80	80	80	80
	SCCV SOGAB ROMAINVILLE	Real Estate and Real Estate Financing	FULL	80	80	80	80
	SCCV SOGEPROM LYON HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCCV SOPRAB IDF	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCCV ST MARTIN DU TOUCH ILOT S9	Real Estate and Real Estate Financing	EJV	50	50	50	50
(2)	SCCV SWING RIVE GAUCHE	Real Estate and Real Estate Financing	EJV	0	50	0	50
(2)	SCCV TALENCE PUR	Real Estate and Real Estate Financing	FULL	0	95	0	95
	SCCV TOULOUSE LES IZARDS	Specialist Financing	FULL	51	51	51	51
	SCCV TRETS CASSIN LOT 4	Real Estate and Real Estate Financing	FULL	70	70	70	70
(2)	SCCV VERNAISON - RAZAT	Real Estate and Real Estate Financing	EJV	0	50	0	50
	SCCV VERNONNET-FIESCHI	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SCCV VILLA CHANZY	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCCV VILLA VALERIANE	Specialist Financing	ESI	30	30	30	30
	SCCV VILLAS URBAINES	Real Estate and Real Estate Financing	FULL	80	80	80	80
	SCCV VILLENAVE D'ORNON GARDEN VO	Real Estate and Real Estate Financing	ESI	25	25	25	25
(6)	SCCV VILLENEUVE BONGARDE T2	Real Estate and Real Estate Financing	FULL	51	0	51	0
	SCCV VILLENEUVE D'ASCQ-RUE DES TECHNIQUES	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV VILLENEUVE VILLAGE BONGARDE	Specialist Financing	FULL	51	51	51	51

	SCCV VILLEURBANNE TEMPO	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCCV WAMBRECHIES RESISTANCE	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCI 1134, AVENUE DE L'EUROPE A CASTELNAU LE LEZ	Real Estate and Real Estate Financing	EJV	50	50	50	50
(2)	SCI 637 ROUTE DE FRANS	Real Estate and Real Estate Financing	ESI	0	30	0	30
	SCI AQPRIM PROMOTION	Real Estate and Real Estate Financing	FULL	79.8	79.8	50	50
(2)	SCI ASC LA BERGEONNERIE	Real Estate and Real Estate Financing	EJV	0	42	0	50
(2)	SCI AVARICUM	Real Estate and Real Estate Financing	FULL	0	99	0	99
	SCI CENTRE IMMO PROMOTION RESIDENCES	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SCI CHELLES AULNOY MENDES FRANCE	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCI DU PARC SAINT ETIENNE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCI ETAMPES NOTRE-DAME	Real Estate and Real Estate Financing	EJV	50	50	50	50
(5)	SCI LA MANTILLA COMMERCES	Real Estate and Real Estate Financing	FULL	0	100	0	100
	SCI L'ACTUEL	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SCI LAVOISIER	Real Estate and Real Estate Financing	FULL	80	80	80	80
(2)	SCI LE HAMEAU DES GRANDS PRES	Real Estate and Real Estate Financing	EJV	0	40	0	40
(2)	SCI LE MANOIR DE JEREMY	Real Estate and Real Estate Financing	ESI	0	40	0	40
(2)	SCI LES CASTELLINES	Real Estate and Real Estate Financing	ESI	0	30	0	30
(2)	SCI LES JARDINS DE LA BOURBRE	Real Estate and Real Estate Financing	ESI	0	40	0	40
	SCI LES JARDINS D'IRIS	Real Estate and Real Estate Financing	FULL	60	60	60	60
	SCI LES JARDINS DU BLAVET	Real Estate and Real Estate Financing	ESI	40	40	40	40

	SCI LES PORTES DU LEMAN	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCI LINAS COEUR DE VILLE 1	Real Estate and Real Estate Financing	FULL	70	71	70	71
	SCI LOCMINE-LAMENNAIS	Real Estate and Real Estate Financing	ESI	30	30	30	30
(2)	SCI L'OREE DES LACS	Real Estate and Real Estate Financing	FULL	0	70	0	70
	SCI MONTPELLIER JACQUES COEUR	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCI PRIMO E+	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI PRIMO N+	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI PRIMO N+2	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI PRIMO N+3	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI PROJECTIM HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
(2)	SCI PROJECTIM MARCQ COEUR DE VILLE	Real Estate and Real Estate Financing	FULL	0	60	0	60
(2)	SCI PRONY	Real Estate and Real Estate Financing	EJV	0	50	0	50
	SCI QUINTEFEUILLE	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SCI RESIDENCE DU DONJON	Real Estate and Real Estate Financing	EJV	40	40	40	40
	SCI RHIN ET MOSELLE 1	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI RIVAPRIM HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI RIVAPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
(2)	SCI SAINT OUEN L'AUMONE - L'OISE	Real Estate and Real Estate Financing	EJV	0	38	0	38
	SCI SAINT-DENIS WILSON	Real Estate and Real Estate Financing	FULL	60	60	60	60
	SCI SCS IMMOBILIER D'ENTREPRISES	Real Estate and Real Estate Financing	FULL	52.8	52.8	66	66

	SCI SOGECIP	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SCI SOGECTIM	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI SOGEPROM LYON RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
(2)	SCI TERRES NOUVELLES FRANCILIENNES	Real Estate and Real Estate Financing	FULL	0	80	0	80
	SCI TOULOUSE CENTREDA 3	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI VILLA EMILIE	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCI VITAL BOUHOT 16-22 NEUILLY SUR SEINE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SERVIPAR	Specialist Financing	FULL	52.59	75.94	100	100
	SG 29 HAUSSMANN	Financial Company	FULL	100	100	100	100
(3)	SG ACTIONS EURO	Insurance	FULL	0	47.75	0	47.75
	SG ACTIONS EURO SELECTION	Financial Company	FULL	40.05	40.05	40.05	40.05
	SG ACTIONS FRANCE	Financial Company	FULL	38.14	38.14	38.14	38.14
	SG ACTIONS LUXE-C	Financial Company	FULL	84.25	84.25	84.25	84.25
(3)	SG ACTIONS MONDE	Insurance	FULL	0	67.59	0	67.59
	SG ACTIONS MONDE EMERGENT	Financial Company	FULL	60.05	60.05	60.05	60.05
	SG ACTIONS US	Financial Company	FULL	65.06	65.06	65.06	65.06
(6)	SG AMUNDI ACTIONS FRANCE ISR - PART-C	Financial Company	FULL	60.05	0	60.05	0
(6)	SG AMUNDI ACTIONS MONDE EAU - PART-C	Financial Company	FULL	60.05	0	60.05	0
	SG AMUNDI MONETAIRE ISR	Financial Company	FULL	100	100	100	100
(6)	SG AMUNDI MONETAIRE ISR - PART P-C	Financial Company	FULL	60.05	0	60.05	0
(6)	SG AMUNDI OBLIG ENTREPRISES EURO ISR - PART-C	Financial Company	FULL	60.05	0	60.05	0
	SG BLACKROCK ACTIONS US ISR	Financial Company	FULL	100	100	100	100
	SG BLACKROCK FLEXIBLE ISR	Financial Company	FULL	100	100	100	100
(6)	SG BLACKROCK OBLIGATIONS EURO ISR - PART-C	Financial Company	FULL	60.05	0	60.05	0
	SG CAPITAL DEVELOPPEMENT	Portfolio Management	FULL	100	100	100	100
(6)	SG DNCA ACTIONS EURO ISR - PART-C	Financial Company	FULL	60.05	0	60.05	0
	SG FINANCIAL SERVICES HOLDING	Portfolio Management	FULL	100	100	100	100
	SG FLEXIBLE	Financial Company	FULL	92.48	92.48	92.48	92.48
(6)	SG OBLIG ETAT EURO - PART P-C	Financial Company	FULL	60.05	0	60.05	0

		SG OBLIG ETAT EURO-R	Financial Company	FULL	79.94	79.94	79.94	79.94
		SG OBLIGATIONS	Financial Company	FULL	82.92	82.92	82.92	82.92
		SG OPCIMMO	Financial Company	FULL	97.95	97.95	97.95	97.95
		SG OPTION EUROPE	Broker	FULL	100	100	100	100
		SG VALOR ALPHA ACTIONS FRANCE	Financial Company	FULL	72.77	72.77	72.77	72.77
		SGA 48-56 DESMOULINS	Real Estate and Real Estate Financing	FULL	99	99	99	99
		SGA AXA IM US CORE HY LOW CARBON	Financial Company	FULL	100	100	100	100
		SGA AXA IM US SD HY LOW CARBON	Financial Company	FULL	100	100	100	100
		SGA INFRASTRUCTURES	Financial Company	FULL	100	100	100	100
		SGB FINANCE S.A.	Specialist Financing	FULL	50.94	50.94	51	51
		SGEF SA	Specialist Financing	FULL	100	100	100	100
		SGI 10-16 VILLE L'EVEQUE	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SGI 1-5 ASTORG	Financial Company	FULL	100	100	100	100
		SGI HOLDING SIS	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SGI PACIFIC	Real Estate and Real Estate Financing	FULL	89.24	89.24	89.53	89.53
		SHINE	Financial Company	FULL	93.97	90.9	93.97	90.9
		SNC COEUR 8EME MONPLAISIR	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SNC D'AMENAGEMENT FORUM SEINE ISSY LES MOULINEAUX	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
	(6)	SNC HPL ARROMANCHES	Real Estate and Real Estate Financing	FULL	100	0	100	0
		SNC NEUILLY ILE DE LA JATTE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SNC PROMOSEINE	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
		SOCIETE ANONYME DE CREDIT A L'INDUSTRIE FRANCAISE (CALIF)	Bank	FULL	100	100	100	100
		SOCIETE CIVILE IMMOBILIERE CAP THALASSA	Real Estate and Real Estate Financing	ESI	45	45	45	45
		SOCIETE CIVILE IMMOBILIERE CAP VEYRE	Real Estate and Real Estate Financing	ESI	50	50	50	50
		SOCIETE CIVILE IMMOBILIERE DE DIANE	Real Estate and Real Estate Financing	ESI	30	30	30	30

	SOCIETE CIVILE IMMOBILIERE DE PIERLAS	Real Estate and Real Estate Financing	ESI	28	28	28	28
	SOCIETE CIVILE IMMOBILIERE DES COMBEAUX DE TIGERY	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOCIETE CIVILE IMMOBILIERE ESTEREL TANNERON	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SOCIETE CIVILE IMMOBILIERE FONTENAY - ESTIENNES D'ORVES	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SOCIETE CIVILE IMMOBILIERE GAMBETTA DEFENSE V	Real Estate and Real Estate Financing	ESI	20	20	20	20
(2)	SOCIETE CIVILE IMMOBILIERE LE BOTERO	Real Estate and Real Estate Financing	ESI	0	30	0	30
	SOCIETE CIVILE IMMOBILIERE LES HAUTS DE L'ESTAQUE	Services	ESI	35	35	35	35
	SOCIETE CIVILE IMMOBILIERE LES HAUTS DE SEPTEMES	Real Estate and Real Estate Financing	ESI	25	25	25	25
	SOCIETE CIVILE IMMOBILIERE MIRECRAU	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SOCIETE CIVILE IMMOBILIERE VERT COTEAU	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SOCIETE DE BOURSE GILBERT DUPONT	Financial Company	FULL	100	100	100	100
(6)	SOCIETE DE COURTAGES D'ASSURANCES GROUPE	Broker	FULL	52.59	0	100	0
	SOCIETE DE LA RUE EDOUARD VII	Portfolio Management	FULL	100	100	100	100
(6)	SOCIETE DE SERVICES FIDUCIAIRES (2SF)	Financial Company	EJV	33.33	0	33.33	0
	SOCIETE DES TERRAINS ET IMMEUBLES PARISIENS (STIP)	Group Real Estate Management Company	FULL	100	100	100	100
(2)	SOCIETE DU PARC D'ACTIVITE DE LA VALENTINE	Real Estate and Real Estate Financing	ESI	0	30	0	30
	SOCIETE GENERALE	Bank	FULL	100	100	100	100
(6)	SOCIETE GENERALE - FORGE	Services	FULL	90.9	0	90.9	0
	SOCIETE GENERALE CAPITAL FINANCE	Portfolio Management	FULL	100	100	100	100
	SOCIETE GENERALE CAPITAL PARTENAIRES	Portfolio Management	FULL	100	100	100	100
	SOCIETE GENERALE FACTORING	Specialist Financing	FULL	100	100	100	100
	SOCIETE GENERALE POUR LE DEVELOPPEMENT DES OPERATIONS DE CREDIT-BAIL IMMOBILIER "SOGEBAIL"	Real Estate and Real Estate Financing	FULL	100	100	100	100

	SOCIETE GENERALE REAL ESTATE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOCIETE GENERALE SCF	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE SECURITIES SERVICES HOLDING	Portfolio Management	FULL	100	100	100	100
	SOCIETE GENERALE SFH	Specialist Financing	FULL	100	100	100	100
	SOCIETE GENERALE VENTURES	Portfolio Management	FULL	100	100	100	100
	SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN	Group Real Estate Management Company	FULL	100	100	100	100
(5)	SOCIETE MARSEILLAISE DE CREDIT	Bank	FULL	0	100	0	100
(3)	SOFIDY CONVICTIONS IMMOBILIERES	Insurance	FULL	0	35.1	0	35.1
	SOGE BEAUJOIRE	Group Real Estate Management Company	FULL	100	100	100	100
	SOGE PERIVAL I	Group Real Estate Management Company	FULL	100	100	100	100
	SOGE PERIVAL II	Group Real Estate Management Company	FULL	100	100	100	100
	SOGE PERIVAL III	Group Real Estate Management Company	FULL	100	100	100	100
	SOGE PERIVAL IV	Group Real Estate Management Company	FULL	100	100	100	100
	SOGEACT.SELEC.MON.	Financial Company	FULL	99.78	99.78	99.78	99.78
	SOGEAX	Real Estate and Real Estate Financing	FULL	60	60	60	60
	SOGECAMPUS	Group Real Estate Management Company	FULL	100	100	100	100
	SOGECAP	Insurance	FULL	100	100	100	100
	SOGECAP - DIVERSIFIED LOANS FUND	Financial Company	FULL	100	100	100	100
(6)	SOGECAP ACTIONS PROTEGEES - PART-C/D	Financial Company	FULL	60.05	0	60.05	0
	SOGECAP DIVERSIFIE 1	Financial Company	FULL	100	100	100	100
	SOGECAP EQUITY OVERLAY (FEEDER)	Financial Company	FULL	100	100	100	100
	SOGECAP LONG TERME N°1	Financial Company	FULL	100	100	100	100
	SOGECAPIMMO 2	Financial Company	FULL	90.71	90.71	90.84	90.84
	SOGEFIM HOLDING	Portfolio Management	FULL	100	100	100	100
	SOGEFIMUR	Specialist Financing	FULL	100	100	100	100

	SOGEFINANCEMENT	Specialist Financing	FULL	100	100	100	100
	SOGEFINERG FRANCE	Specialist Financing	FULL	100	100	100	100
	SOGEFONTENAY	Group Real Estate Management Company	FULL	100	100	100	100
	SOGELEASE FRANCE	Specialist Financing	FULL	100	100	100	100
	SOGEMARCHE	Group Real Estate Management Company	FULL	100	100	100	100
	SOGEPARTICIPATIONS	Portfolio Management	FULL	100	100	100	100
	SOGEPIERRE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM ALPES HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM CENTRE-VAL DE LOIRE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM COTE D'AZUR	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM ENTREPRISES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM LYON	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM LYON AMENAGEMENT (ex-SAS NOAHO AMENAGEMENT)	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM PARTENAIRES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM SERVICES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM SUD REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGESSUR	Insurance	FULL	100	100	100	100
	SOGEVIMMO	Real Estate and Real Estate Financing	FULL	98.75	98.75	98.75	98.75
	ST BARNABE 13004	Real Estate and Real Estate Financing	EJV	50	50	50	50

		STAR LEASE	Specialist Financing	FULL	100	100	100	100
		TEMSYS	Specialist Financing	FULL	52.59	75.94	100	100
		TRANSACTIS	Services	EJV	50	50	50	50
		TREEZOR SAS	Financial Company	FULL	95.35	95.12	95.35	95.12
		URBANISME ET COMMERCE PROMOTION	Real Estate and Real Estate Financing	FULL	100	100	100	100
		VALMINCO	Portfolio Management	FULL	100	100	100	100
		VALMINVEST	Group Real Estate Management Company	FULL	100	100	100	100
		VG PROMOTION	Real Estate and Real Estate Financing	ESI	35	35	35	35
		VIENNE BON ACCUEIL	Real Estate and Real Estate Financing	EJV	50	50	50	50
		VILLA D'ARMONT	Real Estate and Real Estate Financing	ESI	40	40	40	40
Ghana								
		SOCIETE GENERALE GHANA PLC (ex-SOCIETE GENERAL GHANA PLC)	Bank	FULL	60.22	60.22	60.22	60.22
Gibraltar								
		HAMBROS (GIBRALTAR NOMINEES) LIMITED	Services	FULL	100	100	100	100
		SG KLEINWORT HAMBROS (GIBRALTAR) LIMITED (ex-SG KLEINWORT HAMBROS BANK (GIBRALTAR) LIMITED)	Bank	FULL	100	100	100	100
	(1)	SG KLEINWORT HAMBROS BANK LIMITED GIBRALTAR BRANCH	Bank	FULL	100	100	100	100
Greece								
		ALD AUTOMOTIVE S.A. LEASE OF CARS	Bank	FULL	52.59	75.94	100	100
	(6)	LEASEPLAN HELLAS COMMERCIAL VEHICLE LEASING AND FLEET MANAGEMENT SERVICES SINGLE-MEMBER SOCIETE ANON	Specialist Financing	FULL	52.59	0	100	0
Guinea								
		SOCIETE GENERALE GUINEE	Bank	FULL	57.93	57.93	57.93	57.93
Equatorial Guinea								

		SOCIETE GENERALE DE BANQUES EN GUINEE EQUATORIALE	Bank	FULL	52.44	52.44	57.23	57.23
Hong Kong								
		SG ASSET FINANCE (HONG KONG) LIMITED	Broker	FULL	100	100	100	100
		SG CAPITAL FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	100	100	100
		SG CAPITAL FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
		SG CORPORATE FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	100	100	100
		SG CORPORATE FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
		SG FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	100	100	100
		SG FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
	(1)	SG HONG KONG	Bank	FULL	100	100	100	100
		SG LEASING (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
		SG SECURITIES (HK) LIMITED	Broker	FULL	100	100	100	100
		SG SECURITIES ASIA INTERNATIONAL HOLDINGS LIMITED	Broker	FULL	100	100	100	100
	(1)	SGL ASIA HK	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOCIETE GENERALE ASIA LTD	Financial Company	FULL	100	100	100	100
		TH INVESTMENTS (HONG KONG) 1 LIMITED	Financial Company	FULL	100	100	100	100
		TH INVESTMENTS (HONG KONG) 5 LIMITED	Financial Company	FULL	100	100	100	100
Hungary								
		ALD AUTOMOTIVE MAGYARORSZAG AUTOPARK-KEZELO ES FINANSZIROZO KORLATOLT FELELOSSEGU TARSASAG	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	LEASEPLAN HUNGARIA GEPJARMU KEZELO ES FIANNSZIROZO RESZVENYTARSASA G	Specialist Financing	FULL	52.59	0	100	0
	(6)	SG EQUIPMENT FINANCE HUNGARY ZRT	Specialist Financing	FULL	100	0	100	0
Jersey Island								
		ELMFORD LIMITED	Services	FULL	100	100	100	100
		HANOM I LIMITED	Financial Company	FULL	100	100	100	100
	(5)	HANOM II LIMITED	Financial Company	ESI	0	100	0	100
	(5)	HANOM III LIMITED	Financial Company	ESI	0	100	0	100
		J D CORPORATE SERVICES LIMITED	Services	FULL	100	100	100	100

	(5)	KLEINWORT BENSON CUSTODIAN SERVICES LIMITED	Bank	ESI	0	100	0	100
	(5)	SG HAMBROS NOMINEES (JERSEY) LIMITED	Financial Company	ESI	0	100	0	100
	(2)	SG HAUSSMANN FUND	Financial Company	FULL	0	100	0	100
		SG KLEINWORT HAMBROS (CI) LIMITED (ex-SG KLEINWORT HAMBROS BANK (CI) LIMITED)	Bank	FULL	100	100	100	100
	(1)	SG KLEINWORT HAMBROS BANK LIMITED, JERSEY BRANCH	Bank	FULL	100	100	100	100
		SG KLEINWORT HAMBROS CORPORATE SERVICES (CI) LIMITED	Portfolio Management	FULL	100	100	100	100
		SG KLEINWORT HAMBROS TRUST COMPANY (CI) LIMITED	Financial Company	FULL	100	100	100	100
		SGKH TRUSTEES (CI) LIMITED	Services	FULL	100	100	100	100
Isle of Man								
		KBBIOM LIMITED	Bank	FULL	100	100	100	100
	(2)	KBTIOM LIMITED	Bank	FULL	0	100	0	100
Guernsey Island								
		CDS INTERNATIONAL LIMITED	Services	FULL	100	100	100	100
		HAMBROS (GUERNSEY NOMINEES) LTD	Services	FULL	100	100	100	100
	(5)	HTG LIMITED	Services	ESI	0	100	0	100
		KLEINWORT BENSON INTERNATIONAL TRUSTEES LIMITED	Bank	FULL	100	100	100	100
	(1) (2)	SG KLEINWORT HAMBROS BANK (CI) LIMITED, GUERNSEY BRANCH	Bank	FULL	0	100	0	100
	(1)	SG KLEINWORT HAMBROS BANK LIMITED GUERNSEY BRANCH	Bank	FULL	100	100	100	100
India								
		ALD AUTOMOTIVE PRIVATE LIMITED	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	LEASE PLAN INDIA PRIVATE LTD.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN FLEET MANAGEMENT INDIA PVT. LTD.	Specialist Financing	FULL	52.59	0	100	0
	(1)	SG MUMBAI	Bank	FULL	100	100	100	100
		SOCIETE GENERALE GLOBAL SOLUTION CENTRE INDIA	Services	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES INDIA PRIVATE LIMITED	Broker	FULL	100	100	100	100
Ireland								

	ALD RE PUBLIC LIMITED COMPANY (ex-ALD RE DESIGNATED ACTIVITY COMPANY)	Insurance	FULL	52.59	75.94	100	100
(6)	EURO INSURANCES DESIGNATED ACTIVITY COMPANY	Insurance	FULL	52.59	0	100	0
	IRIS SPV PLC SERIES MARK	Financial Company	FULL	100	100	100	100
	IRIS SPV PLC SERIES SOGECAP	Financial Company	FULL	100	100	100	100
(1) (6)	LEASEPLAN DIGITAL B.V. (DUBLIN BRANCH)	Services	FULL	52.59	0	100	0
(1) (6)	LEASEPLAN FINANCE B.V. (DUBLIN BRANCH OF LEASEPLAN FINANCE B.V.)	Specialist Financing	FULL	52.59	0	100	0
(6)	LEASEPLAN FLEET MANAGEMENT SERVICES IRELAND LTD.	Specialist Financing	FULL	52.59	0	100	0
(4)	MERRION FLEET MANAGEMENT LIMITED	Specialist Financing	FULL	0	75.94	0	100
	NB SOG EMER EUR - I	Financial Company	FULL	100	100	100	100
(1)	SG DUBLIN	Bank	FULL	100	100	100	100
(2)	SG KLEINWORT HAMBROS PRIVATE INVESTMENT OFFICE SERVICES LIMITED	Bank	FULL	0	100	0	100
	SGBT FINANCE IRELAND DESIGNATED ACTIVITY COMPANY	Specialist Financing	FULL	100	100	100	100
	SOCIETE GENERALE SECURITIES SERVICES, SGSS (IRELAND) LIMITED	Financial Company	FULL	100	100	100	100
Italy							
	ALD AUTOMOTIVE ITALIA S.R.L.	Specialist Financing	FULL	52.59	75.94	100	100
	FIDITALIA S.P.A.	Specialist Financing	FULL	100	100	100	100
	FRAER LEASING SPA	Specialist Financing	FULL	86.91	74.99	86.91	74.99
(6)	LEASEPLAN ITALIA S.P.A.	Specialist Financing	FULL	52.59	0	100	0
	MORIGI FINANCE S.R.L.	Specialist Financing	FULL	100	100	100	100
	RED & BLACK AUTO ITALY S.R.L.	Financial Company	FULL	100	100	100	100
	SG EQUIPMENT FINANCE ITALY S.P.A.	Specialist Financing	FULL	100	100	100	100
	SG FACTORING SPA	Specialist Financing	FULL	100	100	100	100
	SG LEASING SPA	Specialist Financing	FULL	100	100	100	100
(1)	SG LUXEMBOURG ITALIAN BRANCH	Bank	FULL	100	100	100	100
(1)	SG MILAN	Bank	FULL	100	100	100	100
	SOCIETE GENERALE SECURITIES SERVICES S.P.A.	Bank	FULL	100	100	100	100

	(1)	SOGECAP SA RAPPRESENTANZA GENERALE PER L'ITALIA (ex-SOCECAP SA RAPPRESENTANZA GENERALE PER L'ITALIA)	Insurance	FULL	100	100	100	100
	(1)	SOGESSUR SA RAPPRESENTANZA GENERALE PER L'ITALIA (ex-SOGESSUR SA)	Insurance	FULL	100	100	100	100
Japan								
	(1)	SG TOKYO	Bank	FULL	100	100	100	100
		SOCIETE GENERALE HAUSSMANN MANAGEMENT JAPAN LIMITED	Portfolio Management	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES JAPAN LIMITED	Broker	FULL	100	100	100	100
Latvia								
		ALD AUTOMOTIVE SIA	Specialist Financing	FULL	39.44	56.96	75	75
Lithuania								
		UAB ALD AUTOMOTIVE	Specialist Financing	FULL	39.44	56.96	75	75
Luxembourg								
		ALD INTERNATIONAL SERVICES S.A.	Specialist Financing	FULL	52.59	75.94	100	100
		AXUS LUXEMBOURG SA	Specialist Financing	FULL	52.59	75.94	100	100
		BARTON CAPITAL SA	Financial Company	FULL	100	100	100	100
	(6)	BUMPER DE S.A.	Financial Company	FULL	52.59	0	100	0
		CODEIS COMPARTIMENT A0084	Financial Company	FULL	100	100	100	100
		CODEIS COMPARTIMENT A0076	Financial Company	FULL	100	100	100	100
		CODEIS SECURITIES S.A.	Financial Company	FULL	100	100	100	100
		COVALBA	Financial Company	FULL	100	100	100	100
	(4)	GOLDMAN SACHS 2 G EM M DBP ID	Financial Company	FULL	0	100	0	100
	(6)	INFRAMEWA CO-INVEST SCSP	Financial Company	FULL	60.05	0	60.05	0
		IVEFI S.A.	Financial Company	FULL	100	100	100	100
	(1) (6)	LEASEPLAN GLOBAL PROCUREMENT (A LUXEMBOURGISH BRANCH OF LEASEPLAN GLOBAL B.V.)	Specialist Financing	FULL	52.59	0	100	0
	(6)	MERIBOU INVESTMENTS SA	Specialist Financing	FULL	100	0	100	0
	(6)	MOOREA FUND SG CREDIT MILLESIME 2028 RE (EUR CAP)	Financial Company	FULL	60.05	0	60.05	0
		MOOREA GLB BALANCED	Financial Company	FULL	68.08	68.08	68.08	68.08

	(6)	MOOREA SUSTAINABLE US EQUITY RE	Financial Company	FULL	60.05	0	60.05	0
		PIONEER INVESTMENTS DIVERSIFIED LOANS FUND	Financial Company	FULL	100	100	100	100
	(6)	RED & BLACK AUTO LEASE GERMANY 3 S.A.	Financial Company	FULL	52.59	0	100	0
		RED & BLACK AUTO LEASE GERMANY S.A.	Financial Company	FULL	52.59	75.94	100	100
		SALINGER S.A.	Bank	FULL	100	100	100	100
		SG ISSUER	Financial Company	FULL	100	100	100	100
	(6)	SG LUCI	Insurance	FULL	100	0	100	0
		SGBT ASSET BASED FUNDING SA	Financial Company	FULL	100	100	100	100
		SGBTCI	Financial Company	FULL	100	100	100	100
		SGL ASIA	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SGL RE	Insurance	FULL	100	100	100	100
		SOCIETE GENERALE CAPITAL MARKET FINANCE	Bank	FULL	100	100	100	100
		SOCIETE GENERALE FINANCING AND DISTRIBUTION	Bank	FULL	100	100	100	100
		SOCIETE GENERALE LIFE INSURANCE BROKER SA	Insurance	FULL	100	100	100	100
		SOCIETE GENERALE LUXEMBOURG	Bank	FULL	100	100	100	100
		SOCIETE GENERALE LUXEMBOURG LEASING	Specialist Financing	FULL	100	100	100	100
		SOCIETE GENERALE PRIVATE WEALTH MANAGEMENT S.A.	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE RE SA	Insurance	FULL	100	100	100	100
		SOCIETE IMMOBILIERE DE L'ARSENAL	Group Real Estate Management Company	FULL	100	100	100	100
		SOGELIFE	Insurance	FULL	100	100	100	100
	(2)	SOLYS	Financial Company	FULL	0	100	0	100
		SPIRE SA - COMPARTIMENT 2021-51	Financial Company	FULL	100	100	100	100
		SURYA INVESTMENTS S.A.	Specialist Financing	FULL	100	100	100	100
		ZEUS FINANCE LEASING S.A.	Specialist Financing	FULL	52.59	75.94	100	100
Madagascar								
		BFV - SOCIETE GENERALE	Bank	FULL	70	70	70	70
Malaysia								
		ALD MHC MOBILITY SERVICES MALAYSIA SDN BHD	Specialist Financing	FULL	31.55	45.56	60	60
Morocco								
		ALD AUTOMOTIVE SA (ex-ALD AUTOMOTIVE SA MAROC)	Specialist Financing	FULL	27.06	35.23	50	50
		ATHENA COURTAGE	Insurance	FULL	58.26	58.28	99.9	99.93

Country	Note	Company	Activity	Method	Group ownership interest Dec. 2023	Group ownership interest Dec. 2022	Group voting interest Dec. 2023	Group voting interest Dec. 2022
		FONCIMMO	Group Real Estate Management Company	FULL	57.67	57.67	100	100
	(6)	INVESTIMA SA	Bank	FULL	38.14	0	58.48	0
		LA MAROCAINE VIE	Insurance	FULL	79.24	79.24	99.98	99.98
		SG MAROCAINE DE BANQUES	Bank	FULL	57.67	57.67	57.67	57.67
		SOCIETE D'EQUIPEMENT DOMESTIQUE ET MENAGER "EQDOM"	Specialist Financing	FULL	32.37	31.19	57.09	53.98
	(6)	SOCIETE GENERALE AFRICAN BUSINESS SERVICES S.A.S	Services	FULL	97.88	0	100	0
		SOCIETE GENERALE DE LEASING AU MAROC	Specialist Financing	FULL	57.67	57.67	100	100
		SOCIETE GENERALE OFFSHORE	Financial Company	FULL	57.64	57.64	99.94	99.94
		SOGECAPITAL GESTION	Financial Company	FULL	57.65	57.64	99.95	99.94
		SOGECAPITAL PLACEMENT	Portfolio Management	FULL	57.66	57.66	99.97	99.98
	(8)	SOGEFINANCEMENT MAROC	Specialist Financing	FULL	57.67	57.67	100	100
Mauritius								
		SG SECURITIES BROKING (M) LIMITED	Broker	FULL	100	100	100	100
Mauritania								
		SOCIETE GENERALE MAURITANIE	Bank	FULL	100	95.5	100	95.5
Mexico								
		ALD AUTOMOTIVE S.A. DE C.V.	Specialist Financing	FULL	52.59	75.94	100	100
		ALD FLEET SA DE CV SOFOM ENR	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	LEASEPLAN MEXICO S.A. DE C.V.	Specialist Financing	FULL	52.59	0	100	0
		SGFP MEXICO, S.A. DE C.V.	Financial Company	FULL	100	100	100	100
Monaco								
	(5)	SOCIETE DE BANQUE MONACO	Bank	FULL	0	100	0	100
		SOCIETE GENERALE PRIVATE BANKING (MONACO)	Bank	FULL	99.99	100	99.99	100
	(1)	SOCIETE GENERALE (SUCCURSALE MONACAO)	Bank	FULL	100	100	100	100
Norway								
	(4)	ALD AUTOMOTIVE AS	Specialist Financing	FULL	0	75.94	0	100
	(6)	LEASEPLAN NORGE AS	Specialist Financing	FULL	52.59	0	100	0
		NF FLEET AS	Specialist Financing	FULL	42.07	60.75	80	80
New Caledonia								
		CREDICAL	Specialist Financing	FULL	88.34	88.34	98.05	98.05

	(6)	SOCALFI	Financial Company	FULL	88.34	0	100	0
		SOCIETE GENERALE CALEDONIENNE DE BANQUE	Bank	FULL	90.09	90.09	90.09	90.09
Netherlands								
	(6)	AALH PARTICIPATIES B.V.	Specialist Financing	FULL	52.59	0	100	0
	(6)	ACCIDENT MANAGEMENT SERVICES (AMS) B.V.	Specialist Financing	FULL	52.59	0	100	0
		ALVARENGA INVESTMENTS B.V.	Specialist Financing	FULL	100	100	100	100
		ASTEROLD B.V.	Financial Company	FULL	100	100	100	100
		AXUS FINANCE NL B.V.	Specialist Financing	FULL	52.59	75.94	100	100
		AXUS NEDERLAND BV	Specialist Financing	FULL	52.59	75.94	100	100
		BRIGANTIA INVESTMENTS B.V.	Financial Company	FULL	100	100	100	100
	(6)	BUMPER NL 2020-1 B.V.	Financial Company	FULL	52.59	0	100	0
	(6)	BUMPER NL 2022-1 B.V.	Financial Company	FULL	52.59	0	100	0
		CAPEREA B.V.	Specialist Financing	FULL	100	100	100	100
	(6)	FIRENTA B.V.	Specialist Financing	FULL	52.59	0	100	0
		FORD FLEET MANAGEMENT B.V.	Real Estate and Real Estate Financing	FULL	26.35	38.05	50.1	50.1
		HERFSTTAFEL INVESTMENTS B.V.	Specialist Financing	FULL	100	100	100	100
		HORDLE FINANCE B.V.	Financial Company	FULL	100	100	100	100
	(6)	LEASE BEHEER HOLDING B.V.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASE BEHEER VASTGOED B.V.	Real Estate and Real Estate Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN CN HOLDING B.V.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN CORPORATION N.V.	Financial Company	FULL	52.59	0	100	0
	(6)	LEASEPLAN DIGITAL B.V.	Services	FULL	52.59	0	100	0
	(6)	LEASEPLAN FINANCE B.V.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN GLOBAL B.V.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN NEDERLAND N.V.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN RECHTSHULP B.V.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LP GROUP B.V.	Specialist Financing	FULL	52.59	0	100	0
		MONTALIS INVESTMENT BV	Specialist Financing	FULL	100	100	100	100
	(1)	SG AMSTERDAM	Bank	FULL	100	100	100	100
		SG EQUIPMENT FINANCE BENELUX BV	Specialist Financing	FULL	100	100	100	100
		SOGELEASE B.V.	Specialist Financing	FULL	100	100	100	100
		SOGELEASE FILMS	Specialist Financing	FULL	100	100	100	100
	(6)	TRANSPORT PLAN B.V.	Specialist Financing	FULL	52.59	0	100	0

		TYNEVOR B.V.	Financial Company	FULL	100	100	100	100
Peru								
		ALD AUTOMOTIVE PERU S.A.C.	Specialist Financing	FULL	52.59	75.94	100	100
Poland								
		ALD AUTOMOTIVE POLSKA SP Z O.O.	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	FLEET ACCIDENT MANAGEMENT SERVICES SP Z O.O.	Broker	FULL	52.59	0	100	0
	(6)	LEASEPLAN FLEET MANAGEMENT (POLSKA) SP Z O.O.	Specialist Financing	FULL	52.59	0	100	0
		SG EQUIPMENT LEASING POLSKA SP Z.O.O.	Specialist Financing	FULL	100	100	100	100
	(1)	SOCIETE GENERALE S.A. ODDZIAL W POLSCE	Bank	FULL	100	100	100	100
	(1)	SOGECAP SPOLKA AKCYJNA ODDZIAL W POLSCE	Insurance	FULL	100	100	100	100
	(1)	SOGESSUR SPOLKA AKCYJNA ODDZIAL W POLSCE	Insurance	FULL	100	100	100	100
French Polynesia								
		BANQUE DE POLYNESIE	Bank	FULL	72.1	72.1	72.1	72.1
		SOGELEASE BDP "SAS"	Specialist Financing	FULL	72.1	72.1	100	100
Portugal								
	(6)	FLEET COVER-SOCIEDADE MEDIACAO DE SEGUROS, LDA.	Broker	FULL	52.59	0	100	0
	(6)	LEASEPLAN PORTUGAL COMERCIO E ALUGUER DE AUTOMÓVEIS E EQUIPAMENTOS UNIPESSOAL LDA.	Specialist Financing	FULL	52.59	0	100	0
	(4)	SGALD AUTOMOTIVE SOCIEDADE GERAL DE COMERCIO E ALUGUER DE BENS SA	Specialist Financing	FULL	0	75.94	0	100
Czech Republic								
		ALD AUTOMOTIVE S.R.O.	Specialist Financing	FULL	52.59	75.94	100	100
		ESSOX SRO	Specialist Financing	FULL	80	80	100	100
		FACTORING KB	Financial Company	FULL	60.73	60.73	100	100
		KB PENZIJNI SPOLECNOST, A.S.	Financial Company	FULL	60.73	60.73	100	100
		KB REAL ESTATE	Real Estate and Real Estate Financing	FULL	60.73	60.73	100	100
		KB SMARTSOLUTIONS, S.R.O.	Bank	FULL	60.73	60.73	100	100
		KOMERCNI BANKA A.S.	Bank	FULL	60.73	60.73	60.73	60.73
		KOMERCNI POJISTOVNA A.S	Insurance	FULL	80.76	80.76	100	100
		MODRA PYRAMIDA STAVEBNI SPORITELNA AS	Financial Company	FULL	60.73	60.73	100	100

	PROTOS	Financial Company	FULL	60.73	60.73	100	100
	SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O.	Specialist Financing	FULL	80.33	80.33	100	100
	SOGEPROM CESKA REPUBLIKA S.R.O.	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM MICHLE S.R.O.	Real Estate and Real Estate Financing	FULL	100	100	100	100
	STD2, S.R.O.	Group Real Estate Management Company	FULL	60.73	60.73	100	100
	VN 42	Real Estate and Real Estate Financing	FULL	60.73	60.73	100	100
	WORLDLINE CZECH REPUBLIC S.R.O.	Services	ESI	0.61	0.06	40	40
Romania							
(6)	ACCIDENT MANAGEMENT SERVICES S.R.L.	Specialist Financing	FULL	52.59	0	100	0
	ALD AUTOMOTIVE SRL	Specialist Financing	FULL	52.59	72.79	100	100
	BRD - GROUPE SOCIETE GENERALE SA	Bank	FULL	60.17	60.17	60.17	60.17
	BRD ASSET MANAGEMENT SAI SA	Portfolio Management	FULL	60.17	60.17	100	100
	BRD FINANCE IFN S.A.	Financial Company	FULL	80.48	80.48	100	100
	BRD SOGELEASE IFN S.A.	Portfolio Management	FULL	60.17	60.17	100	100
(6)	LEASEPLAN ROMANIA S.R.L.	Specialist Financing	FULL	52.59	0	100	0
(6)	LEASEPLAN SERVICE CENTER S.R.L.	Specialist Financing	FULL	52.59	0	100	0
	S.C. ROGARIU IMOBILIARE S.R.L.	Real Estate and Real Estate Financing	FULL	75	75	75	75
	SOCIETE GENERALE GLOBAL SOLUTION CENTRE ROMANIA	Services	FULL	100	100	100	100
	SOGEPROM ROMANIA SRL	Real Estate and Real Estate Financing	FULL	100	100	100	100
(1)	SOGESSUR S.A PARIS - SUCURSALA BUCURESTI	Insurance	FULL	100	100	100	100
United Kingdom							
	ACR	Financial Company	FULL	100	100	100	100
	ALD AUTOMOTIVE GROUP LIMITED	Specialist Financing	FULL	52.59	75.94	100	100
	ALD AUTOMOTIVE LIMITED	Specialist Financing	FULL	52.59	75.94	100	100
(6)	AUTOMOTIVE LEASING LIMITED	Specialist Financing	FULL	52.59	0	100	0

	(1)	BRIGANTIA INVESTMENTS B.V. (UK BRANCH)	Financial Company	FULL	100	100	100	100
	(6)	BUMPER UK 2019-1 FINANCE PLC	Financial Company	FULL	52.59	0	100	0
	(6)	BUMPER UK 2021-1 FINANCE PLC	Financial Company	FULL	52.59	0	100	0
	(1) (6)	COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS UK	Specialist Financing	FULL	99.89	0	100	0
	(6)	DIAL CONTRACTS LIMITED	Specialist Financing	FULL	52.59	0	100	0
	(6)	DIAL VEHICLE MANAGEMENT SERVICES LTD	Specialist Financing	FULL	52.38	0	99.6	0
		FENCHURCH NOMINEES LIMITED	Bank	FULL	100	100	100	100
		FORD FLEET MANAGEMENT UK LIMITED	Specialist Financing	FULL	26.35	38.05	100	100
		FRANK NOMINEES LIMITED	Bank	FULL	100	100	100	100
	(1)	HORDLE FINANCE B.V. (UK BRANCH)	Financial Company	FULL	100	100	100	100
	(6)	INTERNAL FLEET PURCHASING LIMITED	Specialist Financing	FULL	52.59	0	100	0
	(6)	INULA HOLDING UK LIMITED	Specialist Financing	FULL	52.59	0	100	0
		JWB LEASING LIMITED PARTNERSHIP	Specialist Financing	FULL	100	100	100	100
		KBIM STANDBY NOMINEES LIMITED	Bank	FULL	100	100	100	100
		KBPB NOMINEES LIMITED	Bank	FULL	100	100	100	100
		KH COMPANY SECRETARIES LIMITED	Bank	FULL	100	100	100	100
		KLEINWORT BENSON FARMLAND TRUST (MANAGERS) LIMITED	Bank	FULL	75	75	75	75
		LANGBOURN NOMINEES LIMITED	Bank	FULL	100	100	100	100
	(6)	LEASEPLAN UK LIMITED	Specialist Financing	FULL	52.59	0	100	0
	(6)	PAYXPERT SERVICES LTD	Financial Company	FULL	60	0	60	0
		RED & BLACK AUTO LEASE UK 1 PLC	Financial Company	FULL	52.59	75.94	100	100
		ROBERT BENSON, LONSDALE & CO. (CANADA) LIMITED	Bank	FULL	100	100	100	100
		SG (MARITIME) LEASING LIMITED	Specialist Financing	FULL	100	100	100	100
		SG EQUIPMENT FINANCE (DECEMBER) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG FINANCIAL SERVICES LIMITED	Financial Company	FULL	100	100	100	100
		SG HAMBROS TRUST COMPANY LIMITED	Financial Company	FULL	100	100	100	100
		SG HEALTHCARE BENEFITS TRUSTEE COMPANY LIMITED	Financial Company	FULL	100	100	100	100
		SG INVESTMENT LIMITED	Financial Company	FULL	100	100	100	100
		SG KLEINWORT HAMBROS BANK LIMITED	Financial Company	FULL	100	100	100	100
		SG KLEINWORT HAMBROS LIMITED	Bank	FULL	100	100	100	100

		SG KLEINWORT HAMBROS NOMINEES LIMITED (ex-SG HAMBROS (LONDON) NOMINEES LIMITED)	Financial Company	FULL	100	100	100	100
		SG KLEINWORT HAMBROS TRUST COMPANY (UK) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (ASSETS) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (GEMS) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (JUNE) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (MARCH) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (USD) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING IX	Specialist Financing	FULL	100	100	100	100
	(1)	SG LONDRES	Bank	FULL	100	100	100	100
		SG TITANIUM LIMITED (ex-SG LEASING (CENTRAL 3) LIMITED)	Specialist Financing	FULL	100	100	100	100
		SOCGEN NOMINEES (UK) LIMITED	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE EQUIPMENT FINANCE LIMITED	Specialist Financing	FULL	100	100	100	100
		SOCIETE GENERALE INTERNATIONAL LIMITED	Broker	FULL	100	100	100	100
		SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED	Financial Company	FULL	100	100	100	100
		STRABUL NOMINEES LIMITED	Financial Company	FULL	100	100	100	100
	(1)	TYNEVOR B.V. (UK BRANCH)	Financial Company	FULL	100	100	100	100
Russian Federation								
	(4)	ALD AUTOMOTIVE OOO	Specialist Financing	ESI	0	75.94	0	100
	(6)	LEASEPLAN RUS LLC	Specialist Financing	FULL	52.59	0	100	0
Senegal								
		SOCIETE GENERALE SENEGAL	Bank	FULL	64.45	64.45	64.87	64.87
Serbia								
		ALD AUTOMOTIVE D.O.O BEOGRAD	Specialist Financing	FULL	52.59	75.94	100	100
Singapore								
		SG MARKETS (SEA) PTE. LTD.	Broker	FULL	100	100	100	100
		SG SECURITIES (SINGAPORE) PTE. LTD.	Broker	FULL	100	100	100	100
	(1)	SG SINGAPOUR	Bank	FULL	100	100	100	100
		SG TRUST (ASIA) LTD	Financial Company	FULL	100	100	100	100
Slovakia								
		ALD AUTOMOTIVE SLOVAKIA S.R.O.	Specialist Financing	FULL	52.59	75.94	100	100
		ESSOX FINANCE S.R.O.	Specialist Financing	FULL	80	80	100	100

Country	Note	Entity	Activity	Method				
	(6)	INSURANCEPLAN S.R.O.	Specialist Financing	FULL	52.59	0	100	0
	(1)	KOMERCNI BANKA SLOVAKIA	Bank	FULL	60.73	60.73	100	100
	(6)	LEASEPLAN SLOVAKIA S.R.O.	Specialist Financing	FULL	52.59	0	100	0
	(1)	SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O. ORGANIZACNA ZLOZKA (SLOVAK RUPUBLIC BRANCH)	Specialist Financing	FULL	80.33	80.33	100	100
Slovenia								
		ALD AUTOMOTIVE OPERATIONAL LEASING DOO	Specialist Financing	FULL	52.59	75.94	100	100
Sweden								
		ALD AUTOMOTIVE AB	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	CLAIMS MANAGEMENT SVERIGE AB	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN SVERIGE AB	Specialist Financing	FULL	52.59	0	100	0
		NF FLEET AB	Specialist Financing	FULL	42.07	60.75	80	80
	(1)	SOCIETE GENERALE SA BANKFILIAL SVERIGE	Bank	FULL	100	100	100	100
Switzerland								
		ALD AUTOMOTIVE AG	Specialist Financing	FULL	52.59	75.94	100	100
	(6) (8)	ALL-IN A.G.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN (SCHWEIZ) A.G.	Specialist Financing	FULL	52.59	0	100	0
		SG EQUIPMENT FINANCE SCHWEIZ AG	Specialist Financing	FULL	100	100	100	100
	(1)	SG ZURICH	Bank	FULL	100	100	100	100
		SOCIETE GENERALE PRIVATE BANKING (SUISSE) S.A.	Bank	FULL	100	100	100	100
Taiwan								
	(1)	SG SECURITIES (HONG KONG) LIMITED TAIPEI BRANCH	Broker	FULL	100	100	100	100
	(1)	SG TAIPEI	Bank	FULL	100	100	100	100
Chad								
		SOCIETE GENERALE TCHAD	Bank	FULL	56.91	56.91	67.92	67.92
Thailand								
		SOCIETE GENERALE (THAILAND) LIMITED (ex-SOCIETE GENERALE SECURITIES (THAILAND) LTD.)	Broker	FULL	100	100	100	100
Togo								
	(1)	SOCIETE GENERALE TOGO	Bank	FULL	93.43	93.43	100	100
Tunisia								
		UNION INTERNATIONALE DE BANQUES	Bank	FULL	55.1	55.1	52.34	52.34

Turkey								
		ALD AUTOMOTIVE TURIZM TICARET ANONIM SIRKETI	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	LEASEPLAN OTOMOTIV SERVIS VE TICARET A.S.	Specialist Financing	FULL	52.59	0	100	0
	(1)	SG ISTANBUL	Bank	FULL	100	100	100	100
Ukraine								
		ALD AUTOMOTIVE UKRAINE LIMITED LIABILITY COMPANY	Specialist Financing	FULL	52.59	75.94	100	100

* *FULL: Full consolidation - JO: Joint Operation - EJV: Equity (Joint Venture) - ESI: Equity (significant influence) - EFS: Equity For Simplification (Entities controlled by the Group that are consolidated using the equity method for simplification because are not significant).*

(1) Branches.

(2) Entities wound up.

(3) Removal from the scope.

(4) Entities sold.

(5) Merged.

(6) Newly consolidated.

NOTE 8.5 - FEES PAID TO STATUTORY AUDITORS

The consolidated financial statements of the Societe Generale Group are jointly certified by *Ernst & Young et Autres*, represented by Micha Missakian and Vincent Roty, on the one hand, and *Deloitte et Associés*, represented by Jean-Marc Mickeler and Maud Monin, on the other.

On the proposal of the Board of Directors and following the recommendation of the Audit and Internal Control Committee (CACI) of Societe Generale, the General Meeting of 23 May 2018 renewed the mandates of *Ernst & Young et Autres* and *Deloitte et Associés* for a period of six years. Their terms of office will expire at the General Meeting approving the 2023 financial statements.

In accordance with European audit regulations, the CACI implements a specific policy for the approval of services other than the certification of accounts (SACC) provided by the Statutory Auditors and their networks in order to verify the compliance of the mission with these regulations prior to the launch of the mission.

A summary of the SACCs (approved or rejected) is presented at each meeting of the CACI.

Lastly, the Finance Departments of the entities or business lines make annual decisions on the quality of the audits of *Deloitte et Associés* and *Ernst & Young et Autres.* The findings of this investigation are also presented to the CACI.

The table below presents the fees invoiced by Ernst & Young et Autres, on the one hand, and Deloitte et Associés on the other hand, as well as by their respective networks, to Société Générale S.A. and its subsidiaries.

Table 8.5.A

		Ernst & Young et Autres		***Deloitte et Associés***		**Total**	
(In EUR m excluded VAT)		**2023**	**2022 R**	**2023**	**2022 R**	**2023**	**2022 R**
Statutory audit, certification, examination of parent company and consolidated accounts	Issuer	5	4	4	4	9	8
	Fully consolidated subsidiaries	15	15	16	16	31	31
Sub-total Audit		**20**	**19**	**20**	**20**	**40**	**39**
Non-audit services (SACC)	Issuer	1	1	1	1	2	2
	Fully consolidated subsidiaries	1	2	3	2	4	4
Total		**22**	**22**	**24**	**23**	**46**	**45**

Services other than the certification of accounts mainly consist of missions to review compliance with regulatory requirements, internal control reviews in the context of compliance with ISAE (International Standard on Assurance Engagements) standards and extended audit procedures (agreed procedures). They also include services expressly and exclusively entrusted to the Statutory Auditors for EUR 0.3 million.

NOTE 9 - INFORMATION ON RISKS AND LITIGATION

Every quarter, the Group reviews in detail the disputes presenting a significant risk. These disputes may lead to the recording of a provision if it becomes probable or certain that the Group will incur an outflow of resources for the benefit of a third party without receiving at least the equivalent value in exchange. These provisions for litigations are classified among the Other provisions included in the Provisions item in the liabilities of the balance-sheet.

No detailed information can be disclosed on either the recording or the amount of a specific provision given that such disclosure would likely seriously prejudice the outcome of the disputes in question.

- On 24 October 2012, the Court of Appeal of Paris confirmed the first judgment delivered on 5 October 2010, finding J. Kerviel guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. J. Kerviel was sentenced to serve a prison sentence of five years, two years of which are suspended, and was ordered to pay EUR 4.9 billion in damages to Societe Generale. On 19 March 2014, the Supreme Court confirmed the criminal liability of J. Kerviel. This decision puts an end to the criminal proceedings. On the civil front, on 23 September 2016, the Versailles Court of Appeal rejected J. Kerviel's request for an expert determination of the damage suffered by the bank, and therefore confirmed that the net accounting losses suffered by the Bank as a result of his criminal conduct amount to EUR 4.9 billion. It also declared J. Kerviel partially responsible for the damage caused to Societe Generale and sentenced him to pay to Societe Generale EUR 1 million. Societe Generale and J. Kerviel did not appeal before the Supreme Court. Societe Generale considers that this decision has no impact on its tax situation. However, as indicated by the Minister of the Economy and Finance in September 2016, the tax authorities have examined the tax consequences of this book loss and indicated that they intended to call into question the deductibility of the loss caused by the actions of J. Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by an adjustment notice sent by the tax authorities when Societe Generale will be in a position to deduct the tax loss carry forwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the Bank's forecasts. In view of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'Etat*) and its established case law which was recently confirmed again in this regard, Societe Generale considers that there is no need to provision the corresponding deferred tax assets. In the event that the authorities decide, in due course, to confirm their current position, Societe Generale Group will not fail to assert its rights before the competent courts. By a decision handed down on 20 September 2018, the Investigation Committee of the reviewing and reassessment Criminal Court has furthermore declared inadmissible the request filed in May 2015 by J. Kerviel against his criminal sentence, confirming the absence of any new element or fact that could justify the reopening of the criminal file.

- Between 2003 and 2008, Societe Generale set up gold consignment lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold stocks held by Goldas. These suspicions were rapidly confirmed following the failure by Goldas to pay or refund gold worth EUR 466.4 million. Societe Generale brought civil proceedings against its insurers and various Goldas Group entities. Goldas launched various proceedings in Turkey and in the UK against Societe Generale. In the action brought by Societe Generale against Goldas in the UK, Goldas applied to have the action of Societe Generale struck-out and applied to the UK court for damages. On 3 April 2017, the UK court granted both applications and will, after an inquiry into damages, rule on the amount due to Goldas, if any. On 15 May 2018, the London Court of Appeal discharged entirely the inquiry into damages granted by the London High Court to Goldas but rejected Societe Generale's arguments relating to service of the claims issued against Goldas, which are therefore time-barred. On 18 December 2018, the Supreme Court refused permission to appeal to both Societe Generale and Goldas, which has therefore become definitive. On 16 February 2017, the Paris Commercial Court dismissed Societe Generale's claims against its insurers. Societe Generale filed an appeal against the Paris Commercial Court's decision. On 1 February 2023, the Paris Court of Appeals confirmed this decision. Societe Generale filed an appeal before the Supreme Court against this decision.

- In the early 2000s, the French banking industry decided to transition to a new digital system in order to streamline cheque clearing. To support this reform (known as EIC – E*change d'Images Chèques*), which has contributed to the improvement of cheque payments security and to the fight against fraud, the Banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities.

  On 20 September 2010, the French competition authority ruled that the joint implementation and the setting of the amount of the CEIC and of two additional fees for related services were in breach of competition law. The authority fined all the participants to the agreement (including the Banque de France) a total of approximately EUR 385 million of penalties. On 2 December 2021, after several years of proceedings and two decisions of the Supreme Court, the Paris Court of Appeal overturned the decision of the French competition authority and ruled that (i) it was not proven that the establishment of the CEIC and the fees for related services on AOCT (cancellation of wrongly cleared transactions) as well as their collection had infringed the provisions of Article L. 420-1 of the French Commercial Code and of Article 101 of the Treaty on the Functioning of the European Union and, (ii) that its decision was giving rise to a right of restitution of the sums paid in execution of the overturned decision, namely approximatively EUR 53.5 million for Societe Generale and approximatively EUR 7 million for Crédit du Nord, together with interests at the legal rate. On 31 December 2021, the French competition authority filed an appeal before the Supreme court against this decision. The Supreme Court dismissed this appeal by a decision of June 28, 2023, putting a definitive end to this litigation.

- On 3 January 2023, Societe Generale Private Banking (Switzerland) ("SGPBS") entered into an agreement to settle litigation in the United States stemming from the Ponzi scheme of Robert Allen Stanford and his affiliates. On 21 February 2023, the US Receiver and the Official Stanford Investors Committee ("OSIC") filed a motion in US District Court for the Northern District of Texas seeking approval of the settlement. The settlement provides for the payment by SGPBS of USD 157 million in exchange for the release of all claims. During the 7 June 2023 hearing, the Court granted the US Receiver's motion to approve the settlement. This order is now subject to an appeal. The settlement amount that SGPBS must pay is fully covered by reserves in the accounts of Societe Generale S.A. following a financial guarantee provided by Societe Generale S.A. to SGPBS. Each of the other defendant banks in this litigation also announced settlements in the first quarter of 2023 with the US Receiver and OSIC resolving their claims. These settlements were reached in advance of a jury trial that had been scheduled to start on 27 February 2023 (which ultimately did not take place).

  In the same matter, a pre-contentious claim (*requête en conciliation*) was initiated in Geneva in November 2022 by the Joint Liquidators of Stanford International Bank Limited ("SIBL"), appointed by the courts in Antigua, representing the same investors as those represented by the US plaintiffs. SGPBS was served with the statement of claim on 20 June 2023 and will defend itself against the claims in this proceeding.

- Notwithstanding the agreements reached in 2018 with the US authorities regarding certain London Interbank Offered Rates and the Euro Interbank Offered Rate ("the IBOR matter") and the dismissal on 30 November 2021 of the legal proceedings brought by the DOJ in this matter (see Chapter 4 of the Universal Registration Document), the Bank continues to defend civil proceedings in the United States (as described below) and has responded to information requests received from other authorities, including the Attorneys General of various States of the United States and the New York Department of Financial Services.

  In the United States, Societe Generale, along with other financial institutions, has been named as a defendant in putative class actions involving the setting of US Dollar Libor, Japanese Yen Libor, and Euribor rates and trading in instruments indexed to those rates. Societe Generale has also been named in several individual (non-class) actions concerning the US Dollar Libor rate. All of these actions are pending in the US District Court in Manhattan (the "District Court").

As to US Dollar Libor, all claims against Societe Generale were dismissed by the District Court or voluntarily dismissed by the plaintiffs, except in two putative class actions and one individual action that were effectively stayed. The class plaintiffs and a number of individual plaintiffs appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit ("Second Circuit"). On 30 December 2021, the Second Circuit reversed the dismissal and reinstated the antitrust claims. These reinstated claims which have been returned to the District Court include those asserted by a proposed class of over-the-counter (OTC) plaintiffs and by OTC plaintiffs that have filed individual actions. On 21 June 2022, the U.S. Supreme Court denied a petition filed by Societe Generale and other defendants that sought review of the Second Circuit's ruling. Discovery is ongoing. The stayed putative class actions were voluntarily dismissed by plaintiffs on 10 August 2022 and 26 October 2023. On 9 January 2023, the claims against Societe Generale by one of the individual plaintiffs, National Credit Union Administration (as Liquidating Agent for certain credit unions) which included the stayed individual action referred to above, were voluntarily dismissed with prejudice. On 12 May 2023, Societe Generale and two other financial institutions entered into a settlement agreement to resolve the OTC class action for a combined USD 90 million. Societe Generale's portion of this settlement was fully covered by reserves. On 17 October 2023, the District Court granted final settlement approval.

As to Japanese Yen Libor, the District Court dismissed the complaint brought by purchasers of Euroyen over-the-counter derivative products. On 1 April 2020, the Second Circuit reversed the dismissal and reinstated the claims. On 30 September 2021, the District Court dismissed certain plaintiffs and all Racketeer Influenced and Corrupt Organizations Act claims but upheld certain federal antitrust and New York state law claims against Societe Generale. On 11 January 2024, plaintiffs and Societe Generale entered into a binding settlement term sheet. The settlement is covered by reserves. The settlement remains subject to Court approval. Discovery in that action is ongoing. In the other action, brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange on 27 September 2019, plaintiff filed a motion for class certification. On 25 September 2020, the District Court granted defendants' motion for judgment on the pleadings and dismissed plaintiff's remaining claims. Plaintiff appealed to the Second Circuit. On 18 October 2022, as amended on 8 December 2022, the Second Circuit affirmed the District Court's dismissal of plaintiff's claims. On 2 October 2023, the U.S. Supreme Court denied a petition filed by plaintiff that sought review of the Second Circuit's ruling. As a result, the action is now concluded.

As to Euribor, the District Court dismissed all claims against Societe Generale in the putative class action and denied the plaintiffs' motion to file a proposed amended complaint. Plaintiffs have appealed those rulings to the Second Circuit. Societe Generale reached a settlement of this action in an amount covered by reserves. Shortly thereafter, on 21 November 2022, the Second Circuit stayed plaintiffs' appeal as to Societe Generale and remanded that portion of the case to the District Court for consideration of the proposed settlement. On 31 October 2023, the District Court granted final settlement approval. As a result, this action is now concluded.

In Argentina, Societe Generale, along with other financial institutions, has been named as a defendant in litigation brought by a consumer association on behalf of Argentine consumers who held government bonds or other specified instruments that paid interest tied to US Dollar Libor. The allegations concern violations of Argentine consumer protection law in connection with alleged manipulation of the US Dollar Libor rate. Societe Generale has not yet been served with the complaint in this matter.

- Societe Generale, along with several other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the Commodities Exchange Act (CEA) in connection with foreign exchange spot and derivatives trading. The action was brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. Societe Generale reached a settlement of USD 18 million, which was approved by the Court on 6 August 2018. On 7 November 2018, a group of individual entities that elected to opt out of the settlement filed a lawsuit against Societe Generale, SG Americas Securities, LLC and several other financial institutions. SG Americas Securities, LLC was dismissed by order dated 28 May 2020.

On 11 November 2020, Societe Generale was named, along with several other banks, in a UK action alleging collusion in the market for FX instruments. The action was subsequently transferred to the Competition Appeal Tribunal. By orders dated 17 May 2023 and 23 May 2023 respectively, the US and UK actions were dismissed. These actions are now concluded.

- On 10 December 2012, the French Supreme Administrative Court (*Conseil d'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, which considered that the decisions handed down by the *Conseil d'Etat* on 10 December 2012, which were supposed to implement the decision rendered by the European Union Court of Justice (EUCJ) on 15 September 2011, breached a number of principles of European law. The European Commission subsequently brought infringement proceedings against the French Republic in November 2014, and since then confirmed its position by referring the matter to the EUCJ on 8 December 2016. The EUCJ rendered its judgement on 4 October 2018 and sentenced France on the basis that the *Conseil d'Etat* disregarded the tax on EU sub-subsidiaries in order to secure the *précompte* paid erroneously and failed to raise a preliminary question before the EUCJ. With regard to the practical implementation of the decision, Societe Generale has continued to assert its rights with the competent courts and the tax authorities. On 23 June 2020, the Administrative Court of Appeal of Versailles issued a ruling in favour of Engie on our 2002 and 2003 Suez claims, and ordered a financial enforcement in our favour. The Court held that the advance payment ("*précompte*") did not comply with the Parent-Subsidiary Directive. Further to proceedings brought before the *Conseil d'Etat*, the latter ruled that a question should be raised before the EUCJ in order to obtain a preliminary ruling on this issue. The EUCJ has confirmed on 12 May 2022 that the *précompte* did not comply with the Parent-Subsidiary Directive. The *Conseil d'Etat*, by an Engie judgment of 30 June 2023 took note of this incompatibility and confirmed the decision held by the Administrative Court of Appeal of Versailles with respect to the 2002 year, but referred the examination of the 2003 year to this same Court, which confirmed on 9 January 2024 the partial relief granted by the administration in the course of the proceedings. In parallel, a compensation litigation in relation to the Rhodia claim and the Suez claims (between 1999 and 2001) was brought in March 2023 before the European Commission and the Paris Administrative Court of Appeal, further to the negative judgements issued by the Conseil d'Etat in 2012 (Rhodia) and 2016 (Suez).

- Societe Generale, along with other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with its involvement in the London Gold Market Fixing. The action is brought on behalf of persons or entities that sold physical gold, sold gold futures contracts traded on the CME, sold shares in gold ETFs, sold gold call options traded on CME, bought gold put options traded on CME, sold over-the-counter gold spot or forward contracts or gold call options, or bought over-the-counter gold put options. Societe Generale, along with three other defendants, has reached a settlement to resolve this action for USD 50 million. By order dated 13 January 2022, the Court granted preliminary approval of the settlement. The final fairness hearing was held on 5 August 2022, and the settlement received final approval by order dated 8 August 2022. This matter is now concluded. Although Societe Generale's share of the settlement is not public, it was not material from a financial perspective. Societe Generale, along with other financial institutions, is also named as a defendant in two putative class actions in Canada (in the Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims. Societe Generale is defending the claims.

- Since August 2015, various former and current employees of the Societe Generale Group have been under investigation by German criminal prosecution and tax authorities for their alleged participation in the so called "CumEx" patterns in connection with withholding tax on dividends on German shares. These investigations relate inter alia to a fund administered by SGSS GmbH proprietary trading activities and transactions carried out on behalf of clients. The Group entities respond to the requests of the German authorities.

  Societe Generale Group entities may also be exposed to claims by third parties, including German tax offices, and become party to legal disputes initiated by clients involved in proceedings against the German tax administration.

- In May 2019, SGAS was named, along with other financial institutions, as a defendant in a putative class action in the US alleging anticompetitive behaviour in the pricing of "agency bonds" issued by US Government Sponsored Enterprises (GSEs), including Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae). On 16 June 2020, SGAS and twelve other bank defendants reached a final settlement with plaintiffs. Although SGAS's share of the settlement is not public, the amount was not material from a financial statement perspective. SGAS was also named in four separate individual opt-out litigations by the following plaintiffs: the State of Louisiana (filed September 2019), the City of Baton Rouge/East Baton Rouge Parish and related entities (October 2019), Louisiana Asset Management Pool (April 2020), and the City of New Orleans and related entities (September 2020). These suits also asserted antitrust claims (and in some cases other related claims) against SGAS and multiple other bank defendants based on these plaintiffs' purchases of GSE bonds. As to the opt-out litigations, a settlement was reached involving all defendants in June 2021, of which SGAS's share was immaterial, and these actions have been dismissed. SGAS also received a subpoena from the US Department of Justice (DOJ) in connection with its US agency bond business. SGAS responded to these requests and is cooperating with the DOJ investigation.
- Societe Generale and certain of its subsidiaries are defendants in an action pending in the US Bankruptcy Court in Manhattan brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS). The action is similar to those brought by the BLMIS Trustee against numerous institutions and seeks recovery of amounts allegedly received by the Societe Generale entities indirectly from BLMIS through so-called "feeder funds" that were invested in BLMIS and from which the Societe Generale entities received redemptions. The suit alleges that the amounts that the Societe Generale entities received are avoidable and recoverable under the US Bankruptcy Code and New York state law. The BLMIS Trustee seeks to recover, in the aggregate, approximately USD 150 million from the Societe Generale entities. The Societe Generale entities are defending the action. In decisions dated 22 November 2016 and 3 October 2018, the Court rejected most of the claims brought by the BLMIS Trustee. The Trustee appealed to the US Court of Appeals for the Second Circuit. By order dated 25 February 2019, the Second Circuit vacated the judgements and remanded for further proceedings. On 1 June 2020, the United States Supreme Court denied Defendant-Appellees' petition for a writ of certiorari. The case is now before the Bankruptcy Court for further proceedings. The Societe Generale defendants filed a motion to dismiss on 29 April 2022. The motion was denied by order dated 7 October 2022. Discovery is proceeding.

- On 10 July 2019, Societe Generale was named as a defendant in a litigation filed in the US District Court in Miami by plaintiffs seeking compensation under the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996 (known as the Helms-Burton Act) stemming from the expropriation by the Cuban government in 1960 of Banco Nunez in which they are alleged to have held an interest. Plaintiff claims damages from Societe Generale under the terms of this statute. Plaintiff filed an amended complaint on 24 September 2019 adding three other banks as defendants and adding several new factual allegations as to Societe Generale.

Societe Generale filed a motion to dismiss, which was fully briefed as of 10 January 2020. While the motion to dismiss was pending, plaintiffs filed an unopposed motion on 29 January 2020, to transfer the case to federal court in Manhattan, which the court granted on 30 January 2020. Plaintiffs filed a second amended complaint on 11 September 2020, in which it dropped the three other banks as defendants, added a different bank as an additional defendant, and added as additional plaintiffs who purport to be heirs of the founders of Banco Nunez. The court granted Societe Generale's motion to dismiss on 22 December 2021 but permitted plaintiffs to replead their claims. On 25 February 2022, plaintiffs filed an amended complaint, and on 11 April 2022, Societe Generale filed its motion to dismiss. By order entered 30 March 2023, the court granted Societe Generale's motion to dismiss. Plaintiffs have appealed.

- On 9 November 2020, Societe Generale was named as a defendant, together with another bank, in a similar Helms-Burton litigation filed in the US District Court in Manhattan (Pujol I) by the purported heirs of former owners, and personal representatives of estates of heirs or former owners, of Banco Pujol, a Cuban bank alleged to have been confiscated by the Cuban government in 1960. On 27 January 2021, Societe Generale filed a motion to dismiss. In response, as permitted by the judge's rules, plaintiffs chose to file an amended complaint and did so on 26 February 2021. Societe Generale filed a motion to dismiss the amended complaint on 19 March 2021, which was granted by the court on 24 November 2021. The court permitted plaintiffs to replead their claims. On 4 February 2022, plaintiffs filed an amended complaint, and on 14 March 2022, Societe Generale filed its motion to dismiss, which was granted by the court on 23 January 2023. Plaintiffs have appealed.

  On 16 March 2021, Societe Generale was named as a defendant, together with another bank, in a nearly identical Helms-Burton litigation filed in the US District Court in Manhattan (Pujol II) by the personal representative of one of the purported heirs to Banco Pujol who is also a plaintiff in Pujol I. The case was stayed pending developments in Pujol I. At the parties' request, following dismissal of Pujol I, the court lifted the stay on Pujol II and entered an order dismissing the case for the same reasons it dismissed Pujol I. Plaintiff has appealed.

- In the context of the sale of its Polish subsidiary Euro Bank to Bank Millennium on 31 May 2019 and of the indemnity granted to the latter against certain risks, Societe Generale continues to monitor the evolution of court cases related to CHF-denominated or CHF-indexed loans issued by Euro Bank.The reserve in this matter in Societe Generale SA's accounts takes into consideration the increase in the number of court cases regarding the loans subject of the sale and the substance of the decisions handed down by Polish courts.
- Like other financial institutions, Societe Generale is subject to audits by the tax authorities regarding its securities lending/borrowing activities as well as equity and index derivatives activities. The 2017, 2018, 2019 and 2020 audited years are subject to notifications of proposals of tax adjustments in respect of the application of a withholding tax. These proposals are contested by the Group. Given the significance of the matter, on 30 March 2023, the French Banking Federation has brought proceedings against the tax administration's doctrine. In this respect, on 8 December 2023, the French *Conseil d'Etat* ruled that the tax authorities may not extend the dividend withholding tax beyond its statutory scope, except if taxpayers engaged in an abusive behavior ("*abus de droit*"), thereby characterising the tax administration's position based on the concept of beneficial owner as illegal. In addition, further to raids conducted by the "*parquet national financier*" at the end of March 2023 at the premises of five banks in Paris, among which Societe Generale, the latter has been informed that it was subject to a preliminary investigation pertaining to the same issue. Societe Generale is defending the action.
- On 19 August 2022, a Russian fertiliser company, EuroChem North West-2 ("EuroChem"), a wholly owned subsidiary of EuroChem AG, filed a claim against Societe Generale S.A. and its Milan branch ("Societe Generale") before English courts. This claim relates to five on-demand bonds that Societe Generale issued to EuroChem in connection with a construction project in Kingisepp, Russia. On 4 August 2022, EuroChem made demands under the guarantees. Societe Generale explained it was unable to honour the claims due to international sanctions directly impacting the transactions, an assessment which EuroChem disputes. Societe Generale filed its defence submissions on 1 November 2022, to which EuroChem replied on 19 December 2022. A case management conference ("CMC") was held on 26 September 2023, in the course of which the court set the procedural timetable. As of the date of this update, the Parties' disclosures are due by the end of April 2024 and the trial (if any) is expected to take place in June 2025.

- SG Americas Securities, LLC ("SGAS") received a request for information in December 2022 from the US Securities and Exchange Commission ("SEC") focused on compliance with record-keeping requirements in connection with business-related communications on messaging platforms that were not approved by the firm. On 28 March 2023, SGAS and Societe Generale received a similar request from the US Commodity Futures Trading Commission ("CFTC"). These inquiries follow a number of regulatory settlements in 2022 with other firms covering similar matters. SGAS reached a settlement with the SEC, announced on 8 August 2023, and agreed to pay a penalty of USD 35 million, take certain remedial actions, and engage an independent compliance consultant. Societe Generale and SGAS reached a settlement with the CFTC, also announced on August 8, 2023, and agreed to pay a penalty of USD 75 million and take certain remedial actions.

NOTE 10 - RISK MANAGEMENT LINKED WITH FINANCIAL INSTRUMENTS

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

NOTE 10.1 - RISK MANAGEMENT

Implementing a high-performance and efficient risk management structure is a critical undertaking for the group Societe Generale in all businesses, markets and regions in which it operates, as is maintaining a balance between strong awareness of risks and promoting innovation. The Group's risk management, supervised at the highest level, is compliant with the regulations in force, in particular the Order of 3 November 2014 revised by the order of 25 February 2021 on the internal control of companies in the banking sector, payment services and investment services subject to the control of the French Prudential Supervisory and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution* – ACPR) and the final version of European Basel 3 Regulations (Capital Requirements Regulation/Capital Requirements Directive).

1. GOVERNANCE OF RISK MANAGEMENT

Two main high-level bodies govern Group risk management: the Board of Directors and General Management.

General Management presents regularly (more often if circumstances require so) the main aspects of, and notable changes to, the Group's risk management strategy to the Board of Directors.

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

The Board of Directors' Audit and Internal Control Committee ensures that the risk control systems operate effectively.

Chaired by the general management, the bank's executive committee, in terms of risks, is in charge of making sure that the Group has an efficient risks management frame and monitor and control this frame. This responsibility will be mainly assumed through the participation of the Executive Committee at the Group Risk Committee. In addition, the Executive Committee must:

- on an annual basis, review and validate the Group's Risk Appetite Statement, before submitting it to the Societe Generale Board of Directors;
- on an annual basis, review and validate the Group's Risk Appetite Framework, before submitting it to the Societe Generale Board of Directors;
- ensure that the Group has effective segregation of duties between the first, second and third lines of defense;
- on an annual basis, review, challenge and take note of the report of the Chief Risk Officer on the risk control and self-assessment process, as well as the Group's IT and cybersecurity risk assessment;
- on a monthly basis, review and challenge the Risk Report prepared by the Chief Risk Officer which includes: (a) an assessment of significant and emerging risks, risk deficiencies, risk management and mitigation within the Group and for all types of risks identified; (b) quantitative data on risk exposure and their use to enable the Executive Committee to regularly monitor compliance with the Group's risk appetite, risk tolerance and risk capacity; and (c) a summary of the quarterly meetings of the Enterprise Risk Committee at the Pillar level;
- review and challenge the important post-mortem analysis presented to it by the Operational Risk Department, which constitute the important post-mortem subjects within the Group.

Chaired by General Management, the Committees responsible for central oversight of internal control and risk management are as follows:

- **The Group Risk Committee (Group CORISQ)**, chaired by the Group CEO, has authority over the entire Societe Generale Group and aims to:
  - validate the main risk management processes, in particular the Group's risk taxonomy, risk identification, risk management and stress testing frameworks;
  - validate, before proposing to the Board of Directors, the Risk Appetite Framework (RAF);
  - validate the Risk Inventory;
  - for credit, counterparty, market, operational, model risks, ESG [1] and Country risk factors:
    - ensure the annual validation (before review by the Group ExCo and before final validation by the Board of Directors) of the Group's Risk Appetite (RAS) for these categories,
    - define or validate the Group's main guidelines in terms of risks policies in the context of the risk appetite previously validated by the Board of Directors,
    - monitor conformity with the Group's risk appetite and the material topics of the Pillars/BUs Risk Appetite reporting to it,
    - ensure a holistic view of all these risks through monthly risk reporting.

The validation of the Group's Risk Appetite (RAS), before being proposed to the Board of Directors for approval, is the responsibility of the Exco Group.

Along with the Risks Committee, the Large Exposures Committee (*Comité Grands Risques*) is an ad hoc Committee, responsible for approving the sales and marketing strategy and risk appetite regarding major client groups (Corporates, Insurance Companies and Asset Managers). The Large Exposures Committee is a decision-making body and has authority over the entire Societe Generale Group.

- **The Finance Group Committee (COFI)** is responsible for Societe Generale Group's financial strategy and for steering Societe Generale Group's strategic financial targets. In that capacity, the COFI oversees all key aspects of Societe Generale Group's:
  - Management of Societe Generale Group's strategic financial targets as defined in SG Group's Risk Appetite: rating, profitability, capital, liquidity, balance sheet;
  - ICAAP and ILAAP, including their validation ahead of submission to the Board of Directors for approval;
  - funding strategy and funding plan;
  - monitoring of Societe Generale's rating by credit agencies;
  - recovery and resolution planning;
  - monitoring of Societe Generale's Group tax capacity;
  - distribution policy and proposals;
  - financial management of the Corporate Centre and intragroup re-invoicing.

Operational management of structural risks within the Group Risk Appetite is addressed by the Group Assets and Liabilities Management Committee ("ALCO").

The COFI aims at setting and enforcing Societe Generale's own management practices while complying with all relevant regulations and ensuring the highest risk control standards.

(1) Environmental, Social and Governance.

The COFI has a Group-wide authority excluding insurance activities. However, the COFI is competent for scarce resources management for the financial conglomerate (reunion of the banking and insurance activities). The COFI has authority in normal as well as in stressed circumstances, subject to the provisions of the Contingency Funding Plan and Recovery Plan.

Some matters handled by the COFI are for its sole decision, while others are reviewed by the COFI ahead of the submission to the Board of Directors (e.g. ILAAP and ICAAP documents).

The COFI is chaired by the CEO or its delegate as per usual general management delegation rules.

- **The Group Assets and Liabilities Management Committee (ALCO)** is responsible for the management of SG Group’s structural risks within the Group Risk Appetite. Structural risks include:
  - interest rate risk and foreign exchange risk in the banking book;
  - Group structural risk;
  - liquidity risk of the entire banking and trading book.

The ALCO has a Group-wide authority in normal as well as in stressed circumstances, subject to the provisions of the Contingency Funding Plan and Recovery Plan.

The ALCO aims at setting and enforcing Societe Generale’s own management practices while complying with all relevant regulations and ensuring the highest risk control standards.

Some matters handled by the ALCO are for its own decision only, while others are reviewed by the ALCO ahead of the submission to the Board of Directors.

The ALCO is chaired by the CEO or his delegate as per usual general management delegation rules.

- **The Compliance Committee (COMCO)**, this Committee reviews the risks of non-compliance, the main issues and defines the Group's compliance principles and ensures the annual monitoring of the quality of the Sanctions and Embargoes risk management system:

  (i) review of the main compliance incidents of the period;

  (ii) review of key information related to relationships with supervisors;

  (iii) follow-up of potential ongoing remediations;

  (iv) review/challenge of compliance indicators on each non-compliance risk, including a biannual focus on financial crime prior to presentation to the Board of Directors;

  (v) validation of compliance risk appetite criteria and quarterly review of RAS indicators;

  (vi) review of permanent (CN1 and CN2) and periodic (IGAD) controls and main points of attention and Need for Action;

  (vii) monitoring of Group Policies and Procedures deployment;

  (viii) review of the Group annual mandatory trainings roadmap and validation of new modules for all employees;

  (ix) review of CACI / CR and Board documents not previously reviewed by DGLE;

  (x) ad hoc validation on Group compliance topics.

The COMCO is chaired by the CEO.

- **The Group Information Systems Committee (“ISCO”)** is responsible for SG Group’s Information System (“IS”) strategy and for steering SG Group’s strategic IS targets. In that capacity, the ISCO oversees all key aspects of SG Group’s:
  - validates major objectives of the IS sector;
  - steers investments (CTB) and run costs (RTB) and approves major or strategic projects for the Group's information systems, ensuring their consistency and alignment with the BU/SU Strategic Transformation Plans (TSP);
  - oversees IS sector operating on its pillars (IT Financial Steering, IT strategy and Architecture, Project Portfolio and CTB Management, Digital and Data Assets and Capabilities, Resource Management (HR and sourcing) and Model delivery, Operations, Quality of Service and Obsolescence, Cyber security and resilience, Green IS, IT Risk Management) and associated KPIs (financial trajectory, validation of budget adjustments and arbitrations, asset mutualisation, CTB allocation, major projects risks, review of key post-mortem points on incidents, deployment of norms and standards);
  - defines the priorities of the IS sectoy and, if necessary, arbitrates between local and global priorities.

The committee validates the elements that will be presented to the Board of Directors regarding strategies, risks, incidents, and status on IT production and projects.

- **The Group Internal Control Coordination Committee (GICCC),** is chaired by the Chief Executive Officer or, in his absence, by a Deputy Chief Executive Officer or by the Deputy Chief Executive Officer in charge of supervising the area under review. The purpose of the GICCC is to ensure the consistency and effectiveness of the Group's internal control, in response in particular to the obligation laid down in Art. 16 of the amended French Order of 3rd November 2014. The Committee meets approximately 20 times a year to deal with cross-cutting topics as well as the annual review of each Business Unit/Service Unit.

- **The Responsible Commitments Committee (CORESP)**, chaired by the Deputy Chief Executive Officer in charge of overseeing the ESG policy (Environmental Social Governance), deals with all matters falling within the Group's responsibility in Environmental and Social matters, or those having an impact on the Group's responsibility or reputation and not already covered by an existing Executive Management Committee. The Committee is decision-making and has authority over the whole Group.

- **The Group Provisions Committee (COPRO)**, chaired by the Chief Executive Officer, meets quarterly and presents and validates the net cost of risk of the Group (provisions for credit risk) which will be accounted in the quarter.

2. 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. In these Corporate Divisions, Risk and Compliance Divisions are part of 2nd Line of defense (LoD2).

As a reminder, the 2nd line of defense relies on the 1st line of defense, which is represented by the Group’s operational management, in the Business Units and Service Units for their own operations.

Operational management is responsible for the risks, takes charge of their prevention, as well as the implementation of corrective or palliative actions in response to any deficiencies detected by the controls and/or in the context of process management.

The Corporate Divisions provide the Group’s General Management with all the information needed to assume its role of managing Group strategy under the authority of the Chief Executive Officer. The Corporate Divisions report directly to General Management:

▪ **The Risk Division**

The Risk Management Function: RISQ’s main mission is to contribute to the strategy definition and to the sustainable development of the Societe Generale group’s activities and profitability. To that end, the Risk Management Function (i) proposes to the management and the Board of Directors the Group’s risk appetite based on its independent analysis of all existing and forecasted risks; (ii) is involved in all material risk management decisions through an effective challenge; (iii) defines, implements, and controls effectiveness of an holistic, relevant and robust risk management framework, validated by the board of directors, allowing to ensure the adherence to the risk appetite and to provide the management and the Board of Directors with an independent analysis and an opinion on group-wide holistic view on all the existing and forecasted risks the group is facing; (iv) proposes adjustment and remediation, if necessary.

Specifically, in order to contribute to the sustainable development of Societe Generale Group’s activities and profitability, the Risk Management Function, as an independent second line of defense, and in line with the principle of proportionality:

- informs the Board of Directors and the General Management of the institution's actual and potential risks, so that they can (i) make fully informed decisions on the Group's strategy and (ii) determine and approve the institution's risk appetite. Reports and provides all relevant information regarding risks, including major incidents and ensures that they are reviewed at the appropriate levels of the institution, including General Management (DGLE) and the Board of Directors;
- participates in the definition of the institution's risk strategy. Is responsible, with the contribution of the Financial Department, for proposing to the General Management a risk appetite for approval by the Board of Directors, assessing the soundness and sustainability of the risk strategy and risk appetite. Establishes and proposes to the General Management and the Board of Directors internal limits in line with the risk appetite of the institution, taking into account its framework, its operating model, its financial soundness, and its strategic objectives;
- participates in strategic risk-taking decisions, provides independent opinion, advice, and recommendations, delivers a holistic view of all risks at institutional and Group level, and ensures conformity with the risk strategy;
- anticipates the risks to which the Group may be exposed by taking into account trends and relevant data in the macroeconomic context, recognises new or emerging risks, as well as increased risks, related to changes in activities and market conditions, establishes frameworks for the identification and assessment of risks in hypothetical adverse scenarios to measure the institution's ability to take risks;
- defines an effective risk management framework, including risk policies, procedures, limits, and controls to be applied by all business lines and allowing to identify, evaluate, measure, monitor, manage, mitigate and report holistically the current risks to which the Group is exposed, and thus ensure the management of the latter;
- challenges, reviews independently and critically, controls and supports on a permanent basis adherence to and the deployment of the Risk Management Framework by the business lines, including adherence to the risk appetite, at all levels of the organisation as well as defined remediation actions (Group / BU / entities) via effective governance, frameworks, and processes. Ensures that related party transactions are reviewed and that the risks they pose to the institution are identified and properly assessed;
- contributes to the establishment of a risk culture by reporting a holistic view of risks and how they are managed, and by ensuring that the lines of activities are aware of their risks and the risk appetite in which they must operate;
- is in charge of the management of Group Risk division.

- The **Group Compliance Division** must ensure the Group's compliance with banking and financial regulations and provide a holistic view of non-compliance risks, based in particular on the analysis produced by the RISQ function and cross-functional expert functions. Its main missions are to:
  - ensure that all risks of non-compliance are identified and that the Group complies with all regulatory and supervisory obligations;
  - assess the impact of regulatory and legal changes on the Group's activities and compliance framework;
  - define standards and procedures to manage the risk of non-compliance;
  - provide notice on new products and activities, or material changes to products or activities;
  - ensure appropriate management of risks of non-compliance through LOD1 and the establishment of appropriate controls, including Level 2 controls;
  - identify, assess and escalate incidents and breaches of compliance;
  - train employees and promote a culture of compliance in the Group;
  - advise and inform General Management and the Board of Directors on non-compliance risks.

- The **Finance Department (DFIN)** coordinates the Finance Management Function and is responsible for the Group's financial management, oversight and production through several complementary tasks:
  - fueling General Management's discussions on strategic and financial aspects. To this end, DFIN takes care to provide a consistent overview of performance indicators and financial information,
  - managing, at consolidated level for Societe Generale S.A. and for certain subsidiaries, the establishment and analysis of financial, tax and regulatory statements (regulatory indicators regarding scarce resources, regulatory reports, ICAAP and ILAAP documentation) in compliance with applicable standards and obligations;
  - monitoring and overseeing P&L performance, profitability and scarce resources (capital, liquidity, balance sheet) in line with strategic objectives and in accordance with regulatory obligations;
  - supporting the Business Units and Service Units with financial and strategic oversight;
  - managing liquidity, in particular through the implementation of financing and resilience plans, in accordance with the objectives set by the Group and in compliance with the Group's risk appetite;
  - maintaining financial crisis management plans tailored to the Group's configuration;
  - ensuring the management and first-level monitoring of structural interest rate, foreign exchange and liquidity risks. RISQ assuming the role of second line of defence;
  - performing regulatory watch with respect to scarce resources, accounting and finance, and participating in institutional relations and advocacy with its main peers and with banking federations;
  - acting as enterprise architect for all activities performed by the Group's Finance Divisions.

- **The Group General Secretariat (SEGL)** within its fields of expertise, is assigned with the mission of protecting the bank so as to further its development. It assists the General Management on the subject of the Group's governance. Together with the SUs, BUs and other Societe Generale group entities, it ensures the administrative, legal and tax compliance of the Group's activities, both in France and abroad. It is in charge of managing legal and tax risks. It also oversees global Group security (together with the RESG SU in respect of IT systems security), designs and implements the risk insurance policy for the entire Group and its staff, and provides assistance in developing insurance products for the Group's clients. It oversees public affairs and institutional relations/advocacy initiatives within the Societe Generale group. In liaison with DGLE and the Group's BU/SUs, he coordinates the relationship with the authorities in charge of supervising the Societe Generale Group, on a consolidated basis. Lastly, it handles the Group's central administration and offers support to the Board of Directors and its Secretary as necessary. SEGL manages a number of executive and non-executive governance matters on behalf of the subsidiaries.

- **The Group Human Resources Division (HRCO)** is tasked with defining and implementing the general and individual policies designed to enable the Group to develop the skills and talent needed for its strategy to succeed. The Division's role as partner to the businesses is key to the Group's adaptation to its environment.

- **The Group resources and digital transformation Department (RESG)** accompanies the digital transformation and promotes operational efficiency for the Group. It supervises the Resource Management Functions (Information Systems, Sourcing and Property) as well the Group's Digital transformation and Innovation.

- **The Group Internal Audit and General Inspection Department**, under the authority of the General Inspector, is in charge of internal audit.

- Finally, the **Sustainable Development Division**, attached to the General Management, the Group Sustainable Development Division (DGLE/RSE) assists the Deputy Chief Executive Officer in charge of the whole ESG policies (CSR – Corporate Social Responsibility-) and their actual translation in the business lines and functions trajectories. It supports the Group ESG transformation to make it a major competitive advantage, in the business development as well as in the ESG (Environmental and Social) risks management.

3. INTEREST RATE BENCHMARK REFORM

Presentation of the reform

The interest rate benchmark reform (IBOR: Inter Bank Offered Rates) aimed at replacing these benchmark rates with alternative rates, in particular the Risk-Free Rates (RFR). This reform accelerated on 5 March 2021, when the British Financial Conduct Authority (FCA) announced the official dates for the cessation and loss of representativeness of these benchmarks:

- EUR LIBOR and CHF LIBOR (all terms); GBP LIBOR and JPY LIBOR (terms: overnight, one week, two months and twelve months); USD LIBOR (terms: one week and two months): the publication of these benchmark settings has permanently ceased as of 1 January 2022;
- GBP LIBOR and JPY LIBOR (terms one, three and six months): these settings have not been contributed by banks since 1 January 2022 and have been published in a synthetic form as follows:
  - JPY LIBOR (terms: one, three and six months): end December 2022;
  - GBP LIBOR (terms: one and six months): end March 2023;
  - GBP LIBOR (terms: three months): end March 2024.
- USD LIBOR (terms: overnight, one, three, six and twelve months): these settings have not been contributed by banks since June 30, 2023. A synthetic version of USD LIBOR (terms: one, three and six months) is reserved for extinctive management of the stock of transactions and will be published until 30 September 2024.

In parallel, other indices based on USD LIBOR have ceased on June 30, 2023: USD LIBOR ICE SWAP RATE; MIFOR (India), PHIREF (Philippines), SOR (Singapore) and THBFIX (Thailand).

Furthermore, the publication of the MosPrime (Russia) has also ceased on June 30, 2023.

Regarding EURIBOR, EMMI (European Money Markets Institute), the administrator of the benchmark, does not plan to cease its publication. The EURIBOR will thus be maintained in the coming years.

Impact of the reform for the Societe Generale group

The Group was actively preparing for these changes, through a specific transition program set up in the Summer of 2018 and supervised by the Finance Division.

To prepare for the announced cessation dates of LIBOR and other transitioning benchmarks, the public authorities and the working groups set up by the central banks issued recommendations to the banking industry.

To ensure a consistent approach throughout the Societe Generale group, several internal guidelines have been issued covering four main themes:

- strengthening of new contracts through the inclusion of fallback clauses and risk warnings;
- cessation of the production of new transactions referencing benchmarks and use of alternative solutions;
- fair and homogenous treatment of customers in contracts' renegotiations with the involvement of compliance teams;
- reporting obligation, and restrictions related to the use of certain interest rates.

All directives are being applied and widely circulated among the Group's staff.

In order to build the capacity to deal on products referencing RFRs and thus ensure the continuity of its business after the phasing out of IBOR, the Group SG updated its tools and processes. Moreover, the Group continues monitoring developments in the use of RFRs rates in order to meet its customers' needs.

Migration of USD LIBOR, USD LIBOR ICE SWAP RATE and some other benchmark rates (MIFOR, PHIREF, SOR, THBFIX and MosPrime)

The interest rate benchmark market reform is now complete. At the end of October, the Societe Generale group completed over 99.7% of its project for the legal migration of contracts on indices discontinued as of 30 June 2023. The remainder corresponds to contracts the renegotiations of which are currently being finalised and which are temporarily based on the synthetic USD Libor. The renegotiation of the residual contracts will be finalised at the latest before the end of the publication of the synthetic USD Libor (September 2024).

Risks associated with the benchmark rate reform

All the risks identified in the context of the transition are, today, no longer relevant:

- Program governance and execution risk: the IBOR Transition program is now closed, and its budget has been fully financed;
- Legal documentation risk: templates for fallback clauses are made available by market associations (ISDA, LMA, etc.) or are available within the Group when there is no market standard templates. Nevertheless, the contractual documentation may need to be adapted to the specificities of new cessations;
- Market risk: since benchmark cessations for the followed rates have already happened, this risk has disappeared;
- Operational risks in the execution of transactions' migration: all mass migrations have already been completed;

- Regulatory risk: all of the Group's guidelines related to ceasing and alternative interest rate benchmarks have been set up and disseminated in the Group's business lines;
- Conduct risk: with most negotiations finalised (99.7%), this risk has virtually disappeared.

NOTE 10.2 - CAPITAL MANAGEMENT AND ADEQUACY

1. THE REGULATORY FRAMEWORK

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

The general framework defined by Basel 3 is structured around three pillars:

- Pillar 1 sets the minimum solvency, leverage and liquidity requirements and defines the rules that banks must use to measure risks and calculate the related capital requirements, according to standard or more advanced methods;
- Pillar 2 concerns the discretionary supervision implemented by the competent authority, which allows them – based on a constant dialogue with supervised credit institutions – to assess the capital adequacy calculated in accordance with Pillar 1 and to calibrate additional capital requirements taking into account all the risks faced by these institutions;
- Pillar 3 promotes market discipline by developing a set of reporting requirements, both quantitative and qualitative, that allow market participants to better assess the capital, risk exposure, risk assessment procedures and hence the capital adequacy of a given institution.

Several amendments to European regulatory standards were adopted in May 2019 (CRR2/CRD5). The majority of the provisions came into effect in June 2021.

The amendments concern in particular the following items:

- NSFR (2): the text introduces the regulatory requirements for the NSFR ratio. A 100% ratio must be respected since June 2021;
- Leverage ratio: the minimum requirement of 3% to which will be added since January 2023, 50% of the buffer required as a systemic institution;
- Derivatives counterparty risk (SA-CCR (3)): the “SA-CCR” method is the Basel method replacing the old CEM (4) method for determining the prudential exposure on derivatives under the standardised approach;
- Large Exposure: the main change is the calculation of the regulatory limit (25%) on Tier 1 capital (instead of total capital), as well as the introduction of a specific cross-limit on systemic institutions (15%);
- TLAC: the ratio requirement for G-SIB is introduced in CRR. According to the Basel text, G-SIBs must comply with an amount of capital and eligible debt equal to the highest between 18% + risk-weighted assets buffers and 6.75% leverage since 2022.

In December 2017, the Group of Central Bank Governors and Heads of Banking Supervision (GHOS), which oversees the Basel Committee on Banking Supervision, approved regulatory reforms to complement Basel 3.

The transposition into European law of the finalisation of Basel 3 in CRR3 and CRD6 was completed at the end of 2023. The new rules will apply from 1 January 2025.

One of the main novelties is the introduction of a global output floor: the Group’s risk-weighted assets (RWA) will be applied a floor corresponding to a percentage of the standard method (credit, market and operational). The output floor level will gradually increase from 50% in 2025 to 72.5% in 2030.

(2) Net Stable Funding Ratio.

(3) Standardised Approach to Counterparty Credit Risk.

(4) Current Exposure Method.

Regarding FRTB, for the SA-Standard Approach: the reporting has been effective since the third quarter of 2021. The full implementation of FRTB, including the rules on the boundary between the banking and trading portfolio, should be aligned with the entry into force of CRR3. Nevertheless, the EU legislators reserve the right to postpone this application (up to 2 years) depending on how it is applied in other jurisdictions (in particular the US).

2. CAPITAL MANAGEMENT

As part of the management of its capital management, the Group ensures, under the monitoring of the Finance Department and the control of the Risk Department, that its solvency level is always compatible with the following objectives:

- maintaining its financial strength while respecting risk appetite;
- maintaining its financial flexibility to its internal and external development;
- appropriate allocation of capital between its various business lines in accordance with 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 capital investors, rating agencies and shareholders.

The Group therefore determines its internal solvency target, in accordance with these objectives and compliance with regulatory thresholds.

The Group has an internal capital adequacy assessment process that measures and explains changes in the Group's capital ratios over time, taking into account future regulatory constraints where appropriate.

NOTE 10.3 - CREDIT RISK

DEFINITION

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 may be further amplified by individual, country and sector concentration risk. It includes:

- the risk linked to securitisation activities;
- the underwriting risk which is the risk of loss arising from debt syndication activities where the bank fails to meet its final take target due to market conditions, inaccurate reading of investor demand, miscalculated credit profile of the borrower or credit deterioration of the borrower during the syndication phase of the loan/the bond.

1. GENERAL PRINCIPLES GOVERNING RISK-TAKING

Business Units translate the principles laid out in this section as necessary into credit policies, which must comply with all the following rules:

- A credit policy that defines lending criteria and, usually, limits on risk-taking by sector, type of loan, country/region or customer/customer category. These rules are defined particularly by the CORISQ and Credit Risk Committees (CRCs) and are drawn up in concert with the BU concerned;
- The credit policy forms part of the Group's risk management strategy in accordance with its risk appetite;
- Credit policies concerning major issues must be periodically approved by DGLE and the Group Risk Committee (CORISQ). Those involving smaller issues or more specific in scope can be approved at BU level;
- Credit policies rest on the principle that any commitment entailing credit risks depends on:
  - in-depth knowledge of the customer and their business;
  - an understanding of the purpose and nature of the transaction structure and the sources of income that will generate fund repayment;
  - the appropriateness of the transaction structure, to minimise risk of loss in the event of counterparty default.
- The analysis and the validation of the files, involving respectively and independently the responsibility of the Primary Customer Responsibility Unit (PCRU-SSC) and the dedicated risk units within the risk management function. To ensure a consistent approach to the Group's risk-taking, this PCRU-SSC and/or and this risk unit reviews all applications for authorisation relating to a given customer or category of customers except in the case of credit delegations granted by the PCRU-SSC and RISQ to certain SG entities, the monitoring being conducted on a consolidated customer basis for all these authorisations. The PCRU-SSC and risk unit must operate independently of each another;
- The allocation of rating or score, which is a key criterion of the granting policy. These ratings are validated by the dedicated risk unit. Particular attention is paid to the regular review of the ratings. On retail scope, see infra "Specificities of retail portfolios";
- For the non-retail scope, a delegation of authority regime, mainly based on the internal rating of counterparties, provides decision-making authority on the risk units on one hand and the PCRU-SSC on the other;
- Proactive management and monitoring of counterparties whose situation has deteriorated to contain the risk of loss given a default of a counterparty.

Specificities of individual and professional portfolios (Retail)

Individual and professional portfolio (retail portfolio) have specific features in terms of risk management. This management is based on a statistical approach and on the use of tools and methods in the industrialisation of processes.

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 outstanding 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 or any other relevant axes (economic sectors for the Professionals for instance).

In these circumstances, the risk monitoring system for the Retail portfolio cannot rely on the same procedures or the same tools as for corporates.

For instance, any change in marketing policy (shortening 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) generally allow the assessment of the significant increase in credit risk at the level of individual exposure. 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.

2. CREDIT RISK HEDGING

2.1 GUARANTEES AND COLLATERAL

The Group uses credit risk mitigation techniques for both market and commercial banking activities. These techniques provide partial or full protection against the risk of debtor insolvency.

There are two main categories:

- personal guarantees are commitments made by a third party to replace the primary debtor in the event of the latter's default. These guarantees encompass the protection commitments and mechanisms provided by banks and similar credit institutions, specialised institutions such as mortgage guarantors (*e.g. Crédit Logement* in France), monoline or multiline insurers, export credit agencies, states in the context of the health crisis linked to Covid-19 and consequences of Ukraine conflict, etc. By extension, credit insurance and credit derivatives (purchase of protection) also belong to this category;
- collateral can consist of physical assets in the form of personal or real property, commodities or precious metals, as well as financial instruments such as cash, high-quality investments and securities, and also insurance policies.

Appropriate haircuts are applied to the value of collateral, reflecting its quality and liquidity.

In order to reduce its risk-taking, the Group is pursuing active management of its securities, in particular by diversifying them: physical collateral, personal guarantees and others (including Credit Default Swaps).

For information, the mortgage loans of retail customers in France benefit overwhelmingly from a guarantee provided by the financing company *Crédit Logement*, ensuring the payment of the mortgage to the bank in the event of default by the borrower (under conditions of compliance with the terms of collateral call defined by *Crédit Logement*).

During the credit approval process, an assessment is performed on the value of guarantees and collateral, their legal enforceability and the guarantor's ability to meet its obligations. This process also ensures that the collateral or guarantee successfully meets the criteria set forth in the Capital Requirements Directive (CRD) and in the Capital Requirements Regulation (CRR).

The guarantors are subject to an internal rating updated at least annually. Regarding collateral, regular revaluations are made based on 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 based on 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'Etat*" framework of the loans guaranteed by the French State) and insurance companies.

In accordance with the requirements of European Regulation No. 575/2013 (CRR), the Group applies minimum collateralisation frequencies for all collateral held in the context of commitments granted (financial collateral, commercial real estate, residential real estate, other security interests, leasing guarantees).

More frequent valuations must be carried out in the event of a significant change in the market concerned, the default or litigation of the counterparty or at the request of the risk management function.

In addition, the effectiveness of credit risk hedging policies is monitored as part of the LGD.

It is the responsibility of the risk management function to validate the operational procedures put in place by the business lines for the periodic valuation of collateral (guarantees and collateral), whether automatic valuations or on an expert opinion and whether during the credit decision for a new competition or during the annual renewal of the credit file.

The amount of guarantees and collateral is capped at the amount of outstanding loans less provisions, *i.e.* EUR 374.2 billion as at 31 December 2023 (compared with EUR 388.5 billion as at 31 December 2022), of which EUR 152.8 billion for retail customers and EUR 221.4 billion for other types of counterparties (compared with EUR 159.5 billion and EUR 229.1 billion as at 31 December 2022, respectively).

The outstanding loans covered by these guarantees and collateral correspond mainly to loans and receivables at amortised cost, which amounted to EUR 290.6 billion as at 31 December 2023, and to off-balance sheet commitments, which amounted to EUR 74.4billion (compared with EUR 304.8 billion and EUR 75.2 billion as at 31 December 2022 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 3.8 billion as at 31 December 2023 (EUR 2.3 billion as at 31 December 2022), including EUR 1.2 billion on retail customers and EUR 2.6 billion

on other types of counterparties (versus EUR 0.89 billion and EUR 1.4 billion as at 31 December 2022 respectively).

The amount of guarantees and collateral received for non-performing outstanding loans as at 31 December 2023 amounted to EUR 5.6 billion (compared with EUR 5.3 billion as at 31 December 2022), of which EUR 1.5 billion on retail customers and EUR 4.1 billion on other types of counterparties (compared with EUR 1.4 billion and EUR 3.8 billion respectively as at 31 December 2022). These amounts are capped at the amount of outstanding.

2.2 USE OF CREDIT DERIVATIVES TO MANAGE CORPORATE CONCENTRATION RISK

The Group may use credit derivatives, in the management of its Corporate credit portfolio, primarily to reduce individual, sector and geographic concentrations and to implement a proactive risk and capital management approach.

Housed in the Corporate and Investment Banking arm, the Performance and Scarce Resources management (PSR) team works in close conjunction with the Risk Department and the businesses to reduce excessive portfolio concentrations, react quickly to any deterioration in the creditworthiness of a particular counterparty and recommend actions to improve the capital allocation. PSR is part of the department responsible for defining and effectively deploying the strategy, for monitoring performance and managing the scarce resources in the credit and loan portfolio.

Total outstanding purchases of protection through Corporate credit derivatives is stable at EUR 2.3 billion in nominal terms and a corresponding fair value of EUR -14.5 million at the end of December 2023 (compared to EUR 3.6 million at the end of December 2022). New operations have mainly been performed to reduce concentration risk (EUR 1.3 billion in nominal) and to a lower extend improve capital allocation (EUR 1 billion in nominal).

Over 2023, the credit default swaps (CDS) spreads of European investment grade issues (Itraxx index) experienced a significant change around an annual average of 78 bps (compared to 94 bps in 2022). The overall sensitivity of the portfolio (Price Value of a Basis Point) is slightly rising due to high market volatility.

The protection purchases (99 % of outstanding as 31 December 2023) are mostly made against European clearing houses, and all against counterparties with “Investment Grade” ratings (rating at least equal to BBB-).

Moreover, the amounts recognised as assets (EUR 2 billion as at 31 December 2023 versus EUR 1.8 billion as at 31 December 2022) and liabilities (EUR 1 billion as at 31 December 2023 versus EUR 1.4 billion as at 31 December 2022) correspond to the fair value of credit derivatives mainly held under a transaction activity.

2.3 CREDIT INSURANCE

The Group has been developed relationships with private insurers over the last several years to hedge some of its loans against commercial and political non-payment risks.

This activity is performed within a risk framework and monitoring system approved by the Group’s General Management. The system is based on an overall limit for the activity, along with sub-limits by maturity, and individual limits for each insurance counterparty, the latter being furthermore required to meet strict eligibility criteria. There is also a limit for insured transactions in Non-Investment Grade countries.

3. RISK MEASUREMENT AND INTERNAL RATINGS

3.1 GENERAL FRAMEWORK OF THE INTERNAL APPROACH

To calculate its capital requirements under the IRB (Internal Rating Based) method, Societe Generale estimates the Risk-Weighted Assets (RWA) and the Expected Loss (EL) that may be incurred in light of the

nature of the transaction, the quality of the counterparty (via internal rating) and all measures taken to mitigate risk.

The calculation of RWA is based on the Basel parameters, which are estimated using the internal risk measurement system:

- the Exposure at Default (EAD) value is defined as the Group's exposure in the event that the counterparty should default. The EAD includes exposures recorded on the balance sheet (such as loans, receivables, accrued income, etc.), and a proportion of off-balance sheet exposures calculated using internal or regulatory Credit Conversion Factors (CCF);
- the Probability of Default (PD): the probability that a counterparty will default within one year;
- the Loss Given Default (LGD): the ratio between the loss on an exposure in the event a counterparty defaults and the amount of the exposure at the time of the default.

The estimation of these parameters is based on a quantitative evaluation system which is sometimes supplemented by expert or business judgment.

In addition, a set of procedures sets out the rules relating to ratings (scope, frequency of review, grade approval procedure, etc...) as well as those for supervision, the review ROE-Review of Estimates- 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 where applicable, by substituting the PD, the LGD and the risk-weighting calculation of the guarantor for that of the obligor (the exposure is considered to be a direct exposure to the guarantor) in the event that the guarantor's risk weighting is more favourable than that of the obligor;
- collateral used as guarantees (physical or financial) taken into account via the LGD level.

3.2 CLIMATE RISK - MEASURING SENSITIVITY TO TRANSITION RISK

Transition risk's impact on Societe Generale Corporate clients' credit risk has been identified as one of the main climate change-related risk for the Group.

To measure this impact, the Group has progressively integrated a Corporate Climate Vulnerability Indicator (CCVI), which is based on an Industry Climate Vulnerability Indicator (ICVI) concerning credit risk assessments carried out on customers for whom a credit risk rating is carried out, excluding Financial Institutions.

The ICVI score reflects the vulnerability to climate change of the companies that are least advanced on climate strategies in each business sector. The CCVI is a function of the ICVI and a company climate questionnaire assessing the climate strategy of individual companies.

4. RESTRUCTURED DEBT

For the Societe Generale group, "restructured" debt refers to loans with amounts, terms or financial conditions contractually modified due to the borrower's financial difficulties (whether these financial difficulties have already occurred or will definitely occur unless the debt is restructured). Societe Generale aligns its definition of restructured loans with the EBA one.

Restructured debt does not include commercial renegotiations involving customers for whom the Bank has agreed to renegotiate the debt in order to maintain or develop a business relationship, in accordance with credit approval rules and without any financial difficulties.

Any situation leading to a credit restructuring and involving a loss of value greater than 1% of the original debt or in which the customer's ability to repay the debt according to the new schedule appears compromised must result in the classification of the customer concerned in default. Basel and the classification of outstandings as impaired, in accordance with the EBA directives on the application of the definition of default according to Article 178 of European Regulation No. 575/2013. In this case, customers

are kept in default as long as the Bank is uncertain about their ability to honor their future commitments and at least for one year from the date of the restructuring. In other cases, an analysis of the customer's situation makes it possible to estimate his ability to repay according to the new schedule. If this ability is proved, the client can be remained in performing loans. Otherwise, the customer is also transferred to Basel default.

The total balance sheet amount of restructured debt as at 31 December 2023 mainly corresponds to loans and receivables at amortised cost for an amount of EUR 5.8 billion.

NOTE 10.4 - COUNTERPARTY RISK

DEFINITION

Counterparty credit risk (CCR) is driven by market transactions (derivatives transactions and repos). Counterparty credit risk is therefore a multidimensional risk, combining credit and market risks, in the sense that the future value of the exposure to a counterparty and its credit quality are uncertain and variable in time (credit component), whilst also being impacted by changes in market parameters (market component). Counterparty credit risk can be broken down into the following categories:

- default risk: it corresponds to the replacement risk to which the Societe Generale group is exposed in the event of a counterparty's failure to comply with its payment obligations. In this case, following the counterparty's default SG must replace this transaction with a new transaction. Potentially, this must be done under stressed market conditions, with reduced liquidity and sometimes even facing a Wrong Way Risk (WWR).
- Credit Valuation Adjustment (CVA) risk: it corresponds to the variability of the value adjustment due to counterparty credit risk, which is the market value of the Counterparty Credit Risk (CCR) for derivatives and repos, that is an adjustment to the transaction price factoring in the credit quality of the counterparty. It is measured as the difference between the price of a contract with a risk-free counterparty and the price of the same contract factoring in the counterparty's default risk.
- risk on CCPs (Central Clearing Counterparty): it is related to the default of another clearing member of the central clearing house, which could result in losses for the Group on its contribution to the default fund.

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

1. LIMITS SETTING AND MONITORING FRAMEWORK

1.1 DETERMINATION OF THE LIMITS AND MONITORING FRAMEWORK

MAIN PRINCIPLES

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

Counterparty credit risk management mainly relies on dedicated first and second lines of defence as described below:

- the first lines of defence (LOD1) notably include the business lines that are subject to counterparty credit risk, the Primary Client Responsibility Unit that is in charge of handling the overall relationship with the client and the group to which it belongs, dedicated teams within Global Banking and Advisory and Global Markets Business Units responsible for monitoring and managing the risks within their respective scope of activities.
- The Risk Department acts as a second line of defence (LOD2) through the setup of a counterparty credit risk control system, which is based on standardised risk measures, to ensure the permanent and independent monitoring of counterparty credit risks.

The fundamental principles of limit granting policy are:

- The dedicated LOD1 and LOD2 must be independent of each other.;
- The Risk Department has a division dedicated to counterparty credit risk management in order to monitor and analyse the overall risks of counterparties whilst taking into account the specificities of counterparties;
- A system of delegated authorities, mainly based on the internal rating of counterparties, confers decision-making powers to LOD1 and LOD2;

- The limits and internal ratings defined for each counterparty are proposed by LOD1 and validated by the dedicated LOD2 [(5)]. The limits may be set individually, at the counterparty level, or globally through framing a (sub)set of counterparties (for example: supervision of stress test exposures).

These limits are subject to annual or *ad hoc* reviews depending on the needs and changes in market conditions.

A dedicated team within the Risk Department is in charge of production, reporting and controls on risk metrics, namely:

- ensuring the completeness and reliability of the risk calculation by taking into account all the transactions booked by the transaction processing department;
- producing daily certification and risk indicator analysis reports;
- controlling compliance with defined limits, at the frequency of metrics calculation, most often on a daily basis: breaches of limits are reported to Front Office and dedicated LoD2 for remediation actions.

In addition, a specific monitoring and approval process is implemented for the most sensitive counterparties or the most complex categories of financial instruments.

COMITOLOGY

While not a substitute for CORISQ or for the Risk Committee of the Board of Directors (see the section on Risk management governance), the Counterparty Credit Risk Committee (CCRC) closely monitors counterparty credit risk through:

- a global overview on exposure and counterparty credit risk metrics such as the global stress tests, the Potential Future Exposure PFE, etc., as well as focuses on specific activities such as collateralised financing, or agency business;
- dedicated analysis on one or more risks or customer categories or frameworks or in case of identification of emerging risk areas.

This Committee, chaired by the Risk Department on a monthly basis, brings together representatives from the Global Banking and Investment Solutions (GBIS), from the Market Activities and the Global Banking and Advisory Business Units, but also departments that, within the risk management function, are in charge of monitoring counterparty credit risks on market transactions and credit risk. The CCRC also provides an opinion on the changes to the risk frameworks within its authority. The CRCC also identifies key CCR topics that need to be escalated to the management.

REPLACEMENT RISK

The Group frames the replacement risks by limits that are defined by credit analysts and validated by LOD2 based on the Group's risk appetite.

The limits are defined at the level of each counterparty and then aggregated at the level of each client group, each category of counterparties and finally consolidated at the entire Societe Generale group portfolio level.

The limits used for managing counterparty credit risk are:

- 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.

(5) For Hedge Funds and PTG counterparties, the rating proposal is delegated to LOD2.

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.

CVA (CREDIT VALUATION ADJUSTMENT) RISK

In addition to the replacement risk, the CVA (Credit Valuation Adjustment) measures the adjustment of the value of the Group's derivatives and repos portfolio in order to take into account the credit quality of the counterparties facing the Group.

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 Societe Generale, notably in compliance with the EMIR (European Market Infrastructure Regulation) regulations in Europe and the DFA (Dodd-Frank Act) in the United States, which require that the most standardised over-the-counter transactions be compensated via clearing houses approved by the authorities and subject to prudential regulation.

As a member of the clearing houses with which it operates, the Group contributes to their risk management framework through deposits into the default funds, in addition to margin calls.

The counterparty credit risk stemming from the clearing of derivatives and repos with central counterparties (CCP) is subject to a specific framework on:

- initial margins, both for house and client activities (client clearing);
- the Group's contributions to the CCP default funds (guarantee deposits);
- a stress test defined to capture the impact of a scenario where a major CCP member should default.

1.2. MITIGATION OF COUNTERPARTY CREDIT RISK LINKED TO MARKET TRANSACTIONS

The Group uses various techniques to reduce this risk:

- the signing, in the most extensive way possible, of close-out netting agreements for over-the-counter (OTC) transactions and Securities Financing Transactions (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 [(6)]): an initial amount of collateral aiming at covering Potential Future Exposure (PFE), *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 [(7)]). 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.

(6) IA (Independent Amount) is the same concept as initial margin but applies to different perimeters (OTC swaps not cleared for IA).

(7) The Credit Support Annex (CSA) is a legal document under ISDA contract that regulates the management of collateral between two counterparties.

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). Compensated derivatives are subject to systematic margin calls to mitigate counterparty credit risk daily variation margins and initial margins, in order to cover current exposure and future exposure.

1.3 COUNTERPARTY CREDIT RISK MEASURES

REPLACEMENT RISK

The measure of replacement risk is based on an internal model that determines the Group's exposure profiles. As the value of the exposure to a counterparty is uncertain and variable over time, we estimate the potential future replacement costs over the lifetime of the transactions.

REGULATORY INDICATOR

With respect to the calculation of capital requirements for counterparty credit risk, the ECB, following the Targeted Review of Internal Models, has renewed the approval for using the internal model described above to determine the Effective Expected Positive Exposure (EEPE) indicator.

For products not covered by the internal model as well as for entities in the Societe Generale group that have not been authorised by the supervisor to use the internal model, the Group uses the market-price valuation method for derivatives [(8)] and the general financial security-based method for securities financing transactions (SFT [(9)]).

(8) In this method, the EAD (Exposure at Default) relating to the Bank's counterparty risk is determined by aggregating the positive market values of all transactions (replacement cost) supplemented by an add-on.

(9) Securities Financing Transactions.

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.

NOTE 10.5 - MARKET RISK

DEFINITION

Market risk is the risk of loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters, and the correlations between them. These parameters include, but are not limited to, exchange rates, interest rates, the price of securities (equities or bonds), commodities, derivatives and other assets.

1. ORGANISATION OF THE MARKET RISK MANAGEMENT

Although primary responsibility for managing risk exposure relies on the front office managers, the supervision system comes under the Market Risk Department of the Risk 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;
- coordination of the review by the Risk Department of the strategic initiatives of the Market Risk Department;
- 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;
- the risk assessment of new products or market activities.

In order to perform its tasks, the department also defines the architecture and the functionalities of the information system used to produce the risk and P&L indicators for market transactions, and ensures it meets the needs of the different businesses and of the Market Risk Department.

2. MARKET RISK MONITORING PROCESS

The business development strategy of the Group for market activities is primarily focused on meeting 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 Risk (VaR) and Stressed Value at Risk (SVaR): these global indicators are used for market risk calculations for RWA and for the day-to-day monitoring of the market risks incurred by the Group within the scope of its trading activities;
- stress test measurements, based on decennial shock-type indicators, which make it possible to restrict the Group's exposure to systemic risk and exceptional market shocks. These measurements can be global, multi-risk factor (based on historical or hypothetical scenarios), by activity or risk factor in order to take into account extreme risks on a specific market, or event-driven, to temporarily monitor a particular situation;

- sensitivity and nominal indicators used to manage the size of positions:
  - sensitivities are used to monitor the risk incurred locally on a given type of position (*e.g.* sensitivity of an option to changes in the underlying asset),
  - while nominal indicators are used for significant positions in terms of risk;
- additional indicators such as concentration risk or holding period, maximum maturity, etc.

3. MARKET RISK MAIN MEASURES

STRESS TEST ASSESSMENT

Societe Generale monitors its exposure using stress test simulations to take into account exceptional market disruptions.

A stress test estimates the loss resulting from an extreme change in market parameters over a period corresponding to the time required to unwind or hedge the positions affected.

Two major metrics are defined and used:

- the Global Stress Test on market activities, which estimates the losses linked to market risks, market/counterparty cross-risk, and dislocation and carry risk on exotic activities, that could arise simultaneously in the event of a severe but plausible systemic crisis. This stress test is modeled on five scenarios;
- the Market Stress Test, which focuses solely on market risk, applying the same scenarios as the Global Stress Test and additional scenarios corresponding to different market conditions.

The various scenarios for those stress tests are reviewed by the Risk Division on a regular basis. These reviews are presented during dedicated biannual Committees, chaired by the Market Risk Department and attended by economists and representatives of Societe Generale's trading activities. These Committees cover the following topics: changes in scenarios (introduction, removal, shock review), appropriate coverage of the risk factors by the scenarios, review of the approximations made in terms of calculation, correct documentation of the whole process. The delegation level needed to validate the changes in stress test methodology depends on the impact of the change in question.

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 related 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 system is complemented by stress-testing frameworks on four risk factors on individual risk factors, in particular equities and interest rates, on which the Group has significant exposures.

THE GLOBAL STRESS TEST ON MARKET ACTIVITIES

The Global Stress Test on market activities is the main risk indicator used on this scope. It covers all the risks on market activities that would occur simultaneously in case of a severe, but plausible, market crisis. The impact is measured over a short period of time with an expected occurrence of once per decade. The Global Stress Test uses five market scenarios and has three components, each of which are considered in each of the five scenarios in order to ensure consistency within the same scenario:

- market risk;
- dislocation and carry risks on exotic activities related to concentration effects and crowded trades;
- market/counterparty cross-risks arising in transactions with weak counterparties (hedge funds and proprietary trading groups).

The Global Stress Test corresponds to the least favorable results arising from the five scenarios and their respective components.

The market risk component

It corresponds to the results of the Market Stress Test [10] 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;

This component includes the impact of the stress test scenario on the counterparty credit risk reserves (Credit Value Adjustment) and funding risk reserves (Funding Value Adjustment) whose variation in case of a crisis affects the trading activities.

The dislocation and carry risk component

Additional market risks to those assessed in the Market Stress Test can occur in market situation in which one or more participants – generally structured products sellers – have concentrated or crowded trades. Dynamic risk hedging strategies can cause larger market dislocations than those calibrated in the Market Stress Test, and these dislocations can extend beyond the shock timeline used due to an imbalance between supply and demand.

Equity, credit, fixed income, currency and commodity trading activities are regularly reviewed to identify these areas of risk and to define a scenario that takes into account the specific features of each activity and position. Each scenario associated with an identified area of risk is added to the market risk component if – and only if – it is compatible with the market scenario in question.

Market/counterparty cross-risk component on weak counterparties

Some counterparties may be significantly affected by a major crisis on the financial markets and their probability of default may increase. The third component of the Global Stress Test therefore aims to take into account this increased risk on certain types of weak counterparties (hedge funds and proprietary trading groups).

Four measurements are used:

- the **collateralised financing stress test:** this stress test focuses on collateralised financing activities and more specifically on weak counterparties. It applies a dislocation shock to several asset classes with the assumption of extremely tight liquidity conditions. Collateral and counterparty default rates are stressed concomitantly, taking into account any consanguinity with the collateral posted;
- the **adverse stress test on hedge funds and proprietary trading groups (PTG):** this stress test applies three pairs of stress scenarios to all market transactions generating replacement regarding this type of counterparty. Each set of scenarios consists of a short-term scenario (scenario derived from the Market Stress Test) applied to positions with margin calls, and a long-term scenario (whose shocks are generally more severe) for positions without margin calls. Stressed current exposures are weighted by the probability of default of each counterparty and by the loss given default (LGD), then aggregated.
- the **adverse stress test on products whose underlying is a hedge fund:** this type of underlying poses a risk of illiquidity in the event of a crisis. The purpose of this stress test is to estimate the corresponding potential loss on transactions with this type of underlying and presenting a "gap risk".
- **the Clearing House (CCP) Member stress test**: it estimates the potential loss in the event of a default of a CCP member of which Societe Generale is also a member.

(10) Measurement of the impact on the Net Banking Income in case of shocks on all risk factors (refer to below description.

THE MARKET STRESS TEST

This metric focuses on market risk and estimates the loss resulting from shocks on the set of risk factors. This stress test is based on 12 scenarios [11] (3 historical and 9 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, 2 new historical scenarios related to the Covid-19 crisis were integrated: a crisis scenario (marked by a decline in equity indices and an increase in credit spreads) as well as a rebound scenario (marked by an increase in equity indices and a decrease in credit spreads). In 2023, the historical rebound scenario in financial markets observed in 2020 was replaced by two hypothetical scenarios based on the same market context. Societe Generale is currently using 3 historical scenarios in the calculation of the stress test, which cover the periods from October to December 2008 and March 2020.

Hypothetical scenarios

The hypothetical scenarios are defined with the Group's economists and are designed to identify possible sequences of events that could lead to a major crisis in the financial markets (*e.g.* European crisis, a drop in assets, etc.). The Group's aim is to select extreme but plausible events which would have major repercussions on all international markets. Accordingly, Societe Generale has defined 9 hypothetical scenarios. In 2023, an obsolete scenario corresponding to the Russian crisis of 1998 was replaced by a new theoretical scenario centered on an inflationary crisis and 2 new hypothetical scenarios corresponding to bull markets were added.

VALUE AT RISK 99% (VAR)

Methodology

The internal VaR model was introduced at the end of 1996 and has been approved by the French supervisor within the scope of the regulatory capital requirements. This approval was renewed in 2020 at the Target Review of Internal Models (TRIM).

The Value at Risk (VaR) assesses the potential losses on positions over a defined time horizon and for a given confidence interval (99% for Société Générale). 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;

(11) Including Global stress test scenarios on market activities.

- the application of these 260 scenarios to the market parameters of the day;
- revaluation of daily positions, on the basis of the 260 sets of adjusted market parameters: in most cases, this calculation involves a full re-pricing. Nonetheless, for certain risk factors, a sensitivity-based approach may be used.

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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 [(12)] of the second and third largest losses computed, without applying any weighting to the other scenarios.

The day-to-day follow-up of market risk is performed via the one-day VaR, which is calculated on a daily basis at various granularity levels. Regulatory capital requirements, however, oblige us to take into account a ten-day horizon, thus we also calculate a ten-day VaR, which is obtained by multiplying the one-day VaR aggregated at Group level by the square root of 10. This methodology complies with regulatory requirements and has been reviewed and validated by the supervisor.

The VaR assessment is based on a model and a certain number of conventional assumptions, the main limits of which are as follows:

- by definition, the use of a 99% confidence interval does not take into account losses arising beyond this point; VaR is therefore an indicator of the risk of loss under normal market conditions and does not take into account exceptionally significant fluctuations;
- VaR is computed using closing prices, meaning that intra-day fluctuations are not taken into account;
- the use of a historical model is based on the assumption that past events are representative of future events and may not capture all potential events.

The Market Risk Department monitors the limitations of the VaR model by measuring the impacts of integrating a risk factor absent from the model (RNIME [(13)] process). Depending on the materiality of these missing factors, they may be capitalised. Other complementary measures also allow to control the limitations of the model.

The same model is used for the VaR computation for almost all of Global Banking and Investor Solution's activities (including those related to the most complex products) and the main market activities of Retail Banking and Private Banking.

(12) 39% of the second highest risk and 61% of the third highest risk.

(13) Risk Not in Model Engine.

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

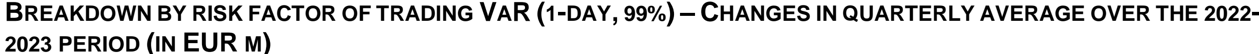
The relevance of the model is checked through continuous backtesting in order to verify whether the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval. The results of the backtesting are audited by the Risk Department in charge of the validation of internal models, which, as a second line of defense, also assesses the theoretical robustness (from a design and development standpoint), the correctness of the implementation and the adequacy of the model use. The independent review process ends with: (i) review and approval committees and (ii) an audit report detailing the scope of the review, the tests performed and their outcomes, the recommendations and the conclusion of the review. The model control mechanism gives rise to reporting to the appropriate authorities.

In compliance with regulations, the backtesting compares the VaR to the (i) actual and (ii) hypothetical change in the portfolio's value:

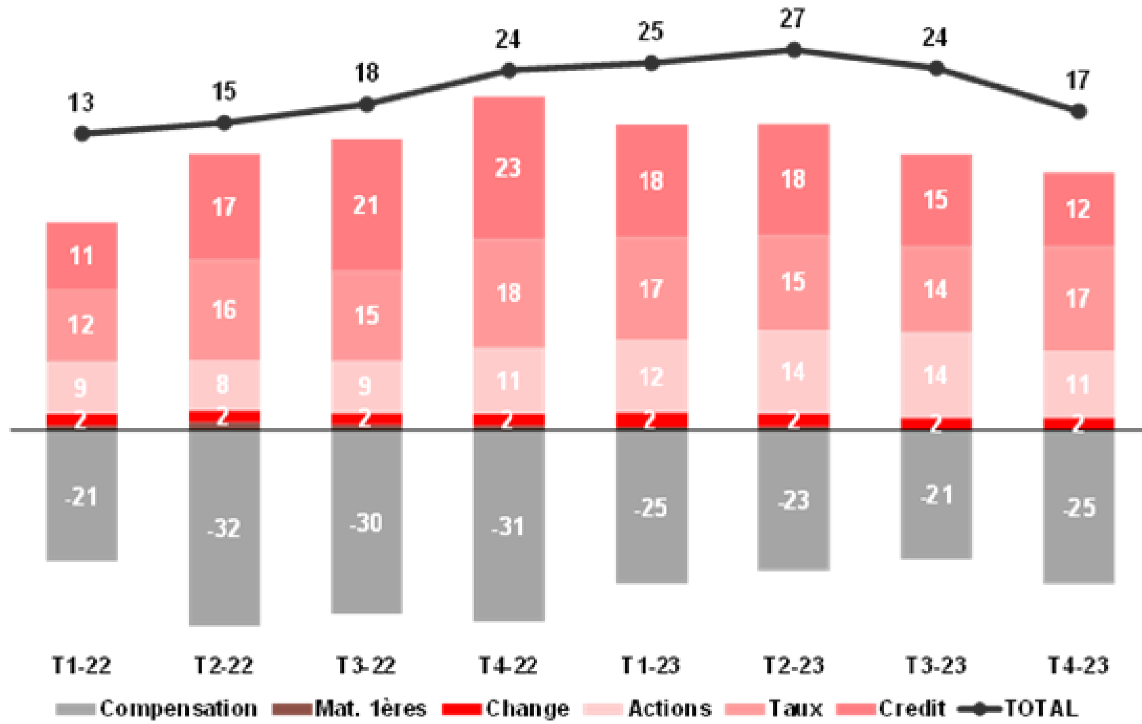
- in the first case (backtesting against "actual P&L"), the daily P&L [14] includes the change in book value, the impact of new transactions and of transactions modified during the day (including their sales margins)as well as provisions and values adjustments made for market risk;
- in the second case (backtesting against "hypothetical P&L"), the daily P&L [15] includes only the change in book value related to changes in market parameters and excludes all other factors.

(14) "Actual P&L" by agreement hereinafter.

(15) "Hypothetical P&L" by agreement hereinafter.



BREAKDOWN BY RISK FACTOR OF TRADING VAR (1-DAY, 99%) – CHANGES IN QUARTERLY AVERAGE OVER THE 2022-2023 PERIOD (IN EUR M)



The VaR was riskier in 2023 (EUR 23 million versus EUR 18 million in 2022 on average), mainly due to the entry of new and more volatile scenarios following the deterioration of market conditions related to the banking crisis in March. The increase in risk is particularly evident in the Equities and Rates activities.

STRESSED VAR (SVAR)

The Internal Stressed VaR model (SVaR) was introduced at the end of 2011 and has been approved by the Regulator within the scope of the regulatory capital requirements on the same scope as the VaR. As with the VaR model, this approval was renewed in 2020 at the Target Review of Internal Models (TRIM).

The calculation method used for the 99% one-day SVaR is the same as the one for the VaR. It consists in carrying out an historical simulation with one-day shocks and a 99% confidence interval. Contrary to VaR, which uses 260 scenarios for one-day fluctuations over a rolling one-year period, SVaR uses a fixed one-year historical window corresponding to a period of significant financial tension.

Following a validation of the ECB obtained at the end of 2021, a new method for determining the fixed historical stress window is used. It consists in calculating an approximate SVaR for various risk factors selected as representative of the Societe Generale portfolio (related to equity, fixed income, foreign exchange, credit and commodity risks): these historical shocks are weighted according to the portfolio's sensitivity to each of these risk factors and aggregated to determine the period of highest stress for the entire portfolio [16]. The historical window used is reviewed annually. In 2023 this window was "September 2008-September 2009".

The ten-day SVaR used for the computation of the regulatory capital is obtained, as for VaR, by multiplying the one-day SVaR by the square root of ten.

As for the VaR, the Market Risk Department controls the limitations of the SVaR model by measuring the impact of integrating a risk factor absent from the model (RNIME process). Depending on the materiality of these missing factors, they may be capitalised. Other complementary measures also control the limitations of the model.

(16) At the request of the ECB, a posteriori check is carried out to verify the relevance of this historical window by making calculations for full revaluation.

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 limits.

The relevance of the SVaR is regularly monitored and reviewed by the Risk Department in charge of the validation of internal models, as a second line of defense. The independent review process ends with (i) review and approval Committees and (ii) an Audit Report detailing the scope of the review, the tests performed and their outcomes, the recommendations and the conclusion of the review. The model control mechanism gives rise to recurrent reporting to the appropriate authorities.

SVaR increased on average in 2023 (EUR 37 million versus EUR 32 million in 2022). Slightly up over the year the SVaR has evolved with a variability comparable to that of 2022 mainly due to the activities on exotic equities. The level of the SVaR remains explained by the indexing and financing action activities, and by the interest rate scopes.

NOTE 10.6 – STRUCTURAL RISKS: INTEREST RATE AND EXCHANGE RATE

DEFINITION

Interest rate and foreign exchange risks are linked to:

- trading book activities
- positions relating to long term employee benefit commitments and their hedging, which are monitored under a dedicated system
- the Banking Book activities, including commercial transactions and their hedging, but excluding positions linked to employee commitments covered by the dedicated system. This is the Group's structural exposure to interest rate and foreign exchange risks.

The general principle for managing structural interest rate and exchange rate risks within consolidated entities is to ensure that movements in interest and foreign exchange rates do not significantly threaten the Group's financial base or its future earnings.

Within the entities, commercial and corporate center 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 variation of the Group's Common Equity Tier 1 (CET1) ratio to exchange rates fluctuations.

1. ORGANISATION OF THE MANAGEMENT OF STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

The principles and standards for managing these risks are defined at the Group level. The entities are first and foremost responsible for managing these risks. The ALM (Asset and Liability Management) Department within the Group's Finance Division leads the control framework of the first line of defense. The ALM department of the Risk Department assumes the role of second line of defense supervision.

1.2 THE GROUP ALM COMMITTEE, A GENERAL MANAGEMENT BODY

The purpose of the Group ALM Committee is to:

- validate and ensure the adequacy of the system for monitoring, managing and supervising structural risks;
- review changes in the Group's structural risks through consolidated reporting;
- review and validate the measures and the adjustments proposed by the Group's Finance Department.

The ALM Committee gives delegation to the Global Rate Forex Committee chaired by the Finance Department and the Risk Division for the validation of frameworks not exceeding defined amounts.

1.2 THE ALM DEPARTMENT WITHIN THE GROUP FINANCE DIVISION

The ALM (Asset and Liability Management) Department is responsible for:

- defining the structural risk policies for the Group and formalising risk appetite to structural risks;
- analysing the Group's structural risk exposure and defining hedging strategies;
- monitoring the regulatory environment concerning structural risk;
- defining the ALM principles for the Group;
- defining the modelling principles applied by the Group's entities regarding structural risks;
- identifying, consolidating and reporting on Group structural risks;

- monitoring compliance with structural risk limits.

1.3 THE ALM RISK CONTROL DEPARTMENT WITHIN THE RISK DIVISION

Within the Risk Division, the ALM Risk Department oversees structural risks and assesses the management system for these risks. As such, this department is in charge of:

- interest and foreign exchange rates risks identification of the Group;
- 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.

In addition, by delegation of MRM, this department ensures the validation of ALM models for which it organises and chairs the Validation Committee of Models.

Finally, he chairs the Model Validation Committee and the ALM Standards Validation Committee and thus ensures that the regulatory framework is correctly read and properly adapted to Societe Generale environment.

1.4 THE ENTITIES AND BU/SU ARE RESPONSIBLE FOR ALM RISK MANAGEMENT

Each entity, each BU/SU, manages its structural risks and is responsible for regularly assessing risks incurred, producing the risk report and developing and implementing hedging options. Each entity, each BU/SU is required to comply with Group standards and to adhere to the limits assigned to it.

As such, the entities and the BUs/SUs apply the standards defined at Group level and develop the models, with the support of the central modelling teams of the Finance Department.

An ALM manager reporting to the Finance Department in each entity is responsible for monitoring these risks. This manager is responsible for reporting ALM risks to the Group Finance Department. All entities have an ALM Committee responsible for implementing validated models, managing exposure to interest rate and exchange rate risks and implementing hedging programs in accordance with the principles set out by the Group and the limits validated by the Finance Committee and the BU/SU ALM Committees.

2. STRUCTURAL INTEREST RATE RISK

2.1 THE GROUP'S OBJECTIVE

The Group's objective is to ensure that each entity's exposure to interest rate risk remains within the Risk Appetite defined by the Group. To this end, the Board of Directors, the Group ALM Committee, the GRFC and the ALM Committees of the BU/SU set variation limits (in terms of value and income) for the Group, the BUs/SUs and the entities respectively.

2.2 MEASUREMENT AND MONITORING OF STRUCTURAL INTEREST RATE RISK

The Supersisory Outlier Test (SOT) regulatory metrics are calculated and monitored at Group level by applying the rate shocks specified in EBA's RTS 2022/10 (including the post-shock rate floor). The Group's standards require the inclusion of commercial margins in the calculation of value metrics. For regulatory income metrics based on constant outstandings, outstandings migration assumptions are made, in particular between non-interest-bearing deposits and interest-bearing deposits.

Societe Generale uses several further indicators to measure the Group's overall interest rate risk.

The three most important indicators are:

- the variation of the net present value (NPV) to the risk of interest rate mismatch. It is measured as the variation 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 variation of the interest margin to changes in interest rates in various interest rate scenarios. It takes into account the variation generated by future commercial production;

  Since 2023, this indicator has been supplemented by a measure of the change in the impact on accumulated other comprehensive income (OCI) or income from products recognised at fair value.
- the variation of NPV to basis risk (risk associated with decorrelation between different variable rate indices).

Limits on these indicators apply to the Group, the BUs/SUs and the various entities. The Group perimeter is obtained by adding together the perimeters that make up the Group. All these metrics are also calculated on a monthly basis for the significant perimeters, and the limit framework respect is checked at the same frequency at Group level.

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 variation and ±2% for income variation) without floor application. Only the variation 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). For value metrics, some limits are set for measurements made by taking into account only negative variations. An additional synthetic measurement of value variation – all currencies – is framed for the Group. In addition, a stressed value metric (application of an upward or downward shock differentiated by currency) is defined at Group level.

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 towards 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 behavior 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 affiliates securities and shareholders' equity items. The discount rate used for value steering metrics includes liquidity spreads for on-balance sheet products.

As at 31 December 2023, the main models applicable for the calculation of interest rate risk measurements are models – sometimes dependent rates– on part of the deposits without a maturity date leading to an average duration of less than 5 years– the schedule may in some cases to reach the maximum maturity of 20 years.

The automatic balance sheet options are taken into account:

- either via the *Bachelier* formula or possibly from *Monte-Carlo* type calculations for value variation calculations;
- or by taking into account the pay-offs depending on the scenario considered in the income variation calculations.

Changes in OCI or P&L of instruments recognised at fair value are not included in the controlled income variation measures.

Hedging transactions are mainly documented in the accounting plan: this can be carried out either as micro-hedging (individual hedging of commercial transactions) or as macro-hedging under the IAS 39 “carve-out” arrangement (global backing of portfolios of similar commercial transactions within a Treasury Department; macro-hedging concerns essentially French retail network entities).

Macro-hedging derivatives are essentially interest rate swaps in order to maintain networks’ net asset value and result variation 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.

The Group also measures and controls its change in value due to the credit spread in the Banking Book for a shock of +0.1% applied to items measured at fair value and to all bond portfolios within the scope of consolidation. A shock differentiated according to the quality of the counterparty is under consideration, as well as a review of the scope.

Lastly, the Group measures and monitors the difference between the fair value and amortised cost of fixed-income securities of the banking book.

VARIATION IN THE ECONOMIC VALUE OF OWN FUNDS AT THE 6 REGULATORY SHOCKS

		31.12.2023	
(In EUR m)		**Changes of the economic value of equity**	**Changes of the net interest income**
Supervisory shock scenarios *			
1	**Parallel up**	(1,821)	621
2	**Parallel down**	(1,231)	(741)
3	**Steepener**	1,621	
4	**Flattener**	(2,210)	
5	**Short rates up**	(1,890)	
6	**Short rates down**	2,223	

		31.12.2022	
(In EUR m)		**Changes of the economic value of equity**	**Changes of the net interest income**
Supervisory shock scenarios *			
1	**Parallel up**	(2,900)	375
2	**Parallel down**	1,011	(1,102)
3	**Steepener**	1,875	
4	**Flattener**	(2,547)	
5	**Short rates up**	(2,747)	
6	**Short rates down**	2,862	

* *Restatement STE IRRB.*

3. STRUCTURAL EXCHANGE RATE RISK

Structural exchange rate risk, understood as resulting from all transactions that do not belong to the Trading Book, results from:

- exposures related to net investments abroad in foreign currencies, *i.e.* in subsidiaries and branches. FX positions generated by an imperfect hedge are valued through other comprehensive income;
- exposures related to activities made by entities in currencies that are not their reporting currency;
- open positions taken on the balance sheet with the aim of making the CET1 ratio insensitive to changes in the exchange rate of currencies against the euro.

To achieve its objective of making the CET1 ratio insensitive to fluctuations in exchange rates against the euro, the following actions are taken:

- Group entities are asked to individually hedge the results related to activities in currencies other than their reporting currency;
- the foreign exchange position generated by investments in foreign holdings and branches, as well as by the conversion of their results into euros, is partially covered centrally: at the level of the Group Finance Division. Societe Generale retains a target exposure multiplied by the RWA generated in this currency in each RWA constituent currency equivalent to the level of the CET1 Target Group ratio and covers the balance by borrowings or forward foreign exchange transactions denominated in the currency of investments and recognised as investment hedging instruments (cf. Note 3.2).

For each currency, the difference between actual and target exposure is governed by limits validated by the Finance Committee and the Board of Directors.

Similarly, the sensitivities of the CET1 ratio to shocks of ±10% per currency are framed

NOTE 10.7 – STRUCTURAL RISK: LIQUIDITY

DEFINITION

Liquidity risk is defined as the risk that the bank does not have the necessary funds to meet its commitments. Funding risk is defined as the risk that the Group will no longer be able to finance its activities with appropriate column of assets and at a reasonable cost.

1. OBJECTIVES AND GUIDING PRINCIPLES

The liquidity and funding management set up at Societe Generale aims at ensuring that the Group can (i) fulfil its payment obligations at any moment in time, during normal course of business or under lasting financial stress conditions (management of liquidity risks); (ii) raise funding resources in a sustainable manner, at a competitive cost compared to peers (management of funding risks). Doing so, the liquidity and funding management ensures compliance with risk appetite and regulatory requirements

To achieve these objectives, Societe Generale has adopted the following guiding principles:

- liquidity risk management is centralised at Group level, ensuring pooling of resources, optimisation of costs and consistent risk management. Businesses must comply with static liquidity deadlocks in normal situations, within the limits of their supervision and the operation of their activities, by carrying out operations with the "own management" entity, where appropriate, according to an internal refinancing schedule. Assets and liabilities with no contractual maturity are assigned maturities according to agreements or quantitative models proposed by the Finance Department and by the business lines and validated by the Risk Division;
- funding resources are based on business development needs and the risk appetite defined by the Board of Directors (see section 2);
- financing resources are diversified by currencies, investor pools, maturities and formats (vanilla issues, structured, secured notes, etc.). Most of the debt is issued by the parent company. However, Societe Generale also relies on certain subsidiaries to raise resources in foreign currencies and from pools of investors complementary to those of the parent company;
- liquid reserves are built up and maintained in such a way as to respect the stress survival horizon defined by the Board of Directors. Liquid reserves are available in the form of cash held in central banks and securities that can be liquidated quickly and housed either in the banking book, under direct or indirect management of the Group Treasury. in the trading book within the market activities under the supervision of the Group Treasury;
- the Group has options that can be activated at any time under stress, through an Emergency Financing Plan (EFP) at Group level (except for insurance activities, which have a separate contingency plan), defining leading indicators for monitoring the evolution of the liquidity situation, operating procedures and remedial actions that can be activated in a crisis situation.

2. THE GROUP'S PRINCIPLES AND APPROACH TO LIQUIDITY RISK MANAGEMENT

The key operational steps of liquidity and funding management are as follows:

- risk identification is a process which is set out and documented by the Risk Division, in charge of establishing a mapping of liquidity risks. This process is conducted yearly with each Business Unit and within the Group Treasury Department, aimed at screening all material risks and checking their proper measurement and capturing the control framework. In addition, a Reverse Stress Testing process exists, which aims at identifying and quantifying the risk drivers which may weigh most on the liquidity profile under assumptions even more severe than used in the regular stress test metrics;
- definition, implementation and periodic review of liquidity models and conventions used to assess the duration of assets and liabilities and to assess the liquidity profile under stress. Liquidity models are

managed along the overall Model Risk Management governance, also applicable to other risk factors (market, credit, operational), controlled by the Group Risk division;

- yearly definition of the risk appetite for liquidity and funding risks, whereby the Board of Directors approves financial indicators framing that have been proposed by General Management. Such risk appetite targets are then cascaded down per Business Units. The risk appetite is framed along the following metrics:
  - key regulatory indicators (LCR, Adjusted LCR excess in USD, and NSFR),
  - the footprint of the Group in Short-Term Wholesale funding markets,
  - the survival horizon under an adverse stress scenario, combining a severe market and systemic shock and an idiosyncratic shock. In addition to the main adverse scenario, Societe Generale also checks its survival horizon under an extreme stress scenario. For both scenarios, the idiosyncratic shock is characterised by one of its main consequences, which would be an immediate 3-notch downgrade of Societe Generale's long-term rating. In such adverse or extreme scenarios, the liquidity position of the Group is assessed over time, taking into account the negative impacts of the scenarios, such as deposit outflows, drawing by clients of the committed facilities provided by Societe Generale, increase in margin calls related to derivatives portfolios, etc. The survival horizon is the moment in time when the net liquidity position under such assumptions becomes negative,
  - the overall transformation position of the Group (static liquidity deadlock in normal situation matured up to a maturity of 5 years),
  - the amount of free collaterals providing an immediate access to central bank funding, in case of an emergency (only collaterals which do not contribute to the numerator of the LCR are considered, *i.e.* non-HQLA collaterals);
- the financial trajectories under baseline and stressed scenarios are determined within the framework of the funding plan to respect the risk appetite. The budget's baseline scenario reflects the central assumptions for the macro-economic environment and the business strategy of the Group, while the stressed scenario is factoring both an adverse macro-economic environment and idiosyncratic issues;
- the funding plan comprises both the long-term funding program, which frames the issuance of plain vanilla bonds and structured notes, and the plan to raise short-term funding resources in money markets;
- the Funds Transfer Pricing (FTP) mechanism, drawn up and maintained within the Group Treasury, provides internal refinancing schedules that enable businesses to recover their excess liquidity and finance their needs through transactions carried out with its own management;
- production and 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 monthly basis and can be analysed along multiple axes (per product, Business Unit, currency, legal entity). Each key metric (LCR, NSFR, transformation positions, net liquidity position under combined stress) is reviewed formally on a monthly basis by the Group Finance and Risk divisions. Forecasts are made and revised weekly by the Strategic and Financial Steering Department and reviewed during a Weekly Liquidity Committee chaired by the Head of Group Treasury. This Weekly Liquidity Committee gives tactical instructions to Business Units, with the objective to adjust in permanence the liquidity and funding risk profile, within the limits and taking into account business requirements and market conditions;
- preparation of a Contingency Funding Plan, which is applicable Group-wide, and provides for: (i) a set of early warning indicators (*e.g.* market parameters or internal indicators); (ii) the operating model and governance to be adopted in case of an activation of a crisis management mode (and the interplay with other regimes, in particular Recovery management); (iii) the main remediation actions to be considered as part of the crisis management.

These various operational steps are part of the ILAAP (Internal Liquidity Adequacy Assessment Process) framework of Societe Generale.

Every year, Societe Generale produces for its supervisor, the ECB, a self-assessment of the liquidity risk framework in which key liquidity and funding risks are identified, quantified and analysed with both a backward and a multi-year forward-looking perspective. The adequacy self-assessment also describes

qualitatively the risk management set up (methods, processes, resources…), supplemented by an assessment of the adequacy of the Group's liquidity.

3. GOVERNANCE

The main liquidity risk governance bodies are as follows:

- the Board of Directors, which:
  - sets yearly the level of liquidity risk tolerance as part of the Group's risk appetite, based on a set of key metrics, which includes both internal and regulatory metrics, in particular the period of time during which the Group can operate under stressed conditions ("survival horizon"),
  - approves financial indicators framing including the scarce resources indicators framing,
  - reviews at least quarterly the Group's liquidity and funding situation: key liquidity metrics, including stressed liquidity gap metrics as evaluated through Societe Generale group models, the regulatory metrics LCR and NSFR, the pace of execution of the funding plan and the related cost of funds;
- General Management, which:
  - allocates liquidity and funding targets to the various Business Units and the Group Treasury entity, upon proposal from the Group Finance division,
  - defines and implements the liquidity and funding risk strategy, based on inputs from the Finance and Risk Divisions and the Business Units. In particular, the General Management chairs the Finance Committee, held every 6 weeks and attended by representatives from the Finance and Risk Divisions and Business Units, which is responsible for monitoring structural risks and managing scarce resources:
    - validation and monitoring of the set of limits for structural risks, including liquidity risk,
    - monitoring of budget targets and decisions in case of a deviation from the budget,
    - definition of principles and methods related to liquidity risk management (*e.g.* definition of stress scenarios),
    - assessment of any regulatory changes and their impacts;
- the Group Finance Division, which is responsible for the liquidity and funding risks as First Line of Defense, interacting closely with Business Units. Within the Group Finance Division, there are three main departments involved respectively in the preparation and implementation of decisions taken by the abovementioned bodies:
  - the Strategic and Financial Steering Department is responsible for framing and steering the Group's scarce resources, including liquidity, within the Group's risk appetite and financial indicators framing,
  - the Group Treasury Department is in charge of all aspects of the operational management of liquidity and funding across the Group, including managing the liquidity position, executing the funding plan, supervising and coordinating treasury functions, providing operational expertise in target setting, managing the liquidity reserves and the collateral used in funding transactions, managing the corporate centre,
  - the Asset and Liability Management Department is in charge of the definition of modelling and monitoring structural risks, including liquidity risk alongside interest rate and foreign exchange risks in the Banking Book.
  - also sitting with the Group Finance Division, the Metrics Production Department runs the management information system regarding liquidity and funding risks across the Group. For liquidity metrics, the Group relies on a centralised system architecture, with all Business Units feeding a central data repository from which all metrics are produced, either regulatory metrics (e.g. the LCR or the NSFR) or metrics used for internal steering (e.g. stress test indicators);
- the ALM Risk Department, which perform as the second line of defense functions, ensure the supervision of liquidity risks and evaluates the management system for these risks. As such, it is in charge of:
  - the definition of liquidity indicators and the setting of the main existing limits within the Group;

- the definition of the normative framework for measuring, modelling methods and monitoring these risks.

In addition, by delegation of MRM, this department ensures the validation of ALM models for which it organises and chairs the Validation Committee of Models.

Finally, it ensures the correct interpretation of the regulatory framework as well as an adequate implementation in the Societe Generale environment.