UNIVERSAL REGISTRATION DOCUMENT

2021

ANNUAL FINANCIAL REPORT 2020

SOCIETE GENERALE

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ABBREVIATIONS USED:

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

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

SOCIETE GENERALE

UNIVERSAL REGISTRATION DOCUMENT

2021

ANNUAL FINANCIAL REPORT 2020

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Universal Registration Document was filed on 17 March 2021 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

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

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

TRANSPARENCE LABEL OR 2020

This label recognises the most transparent documents and information materials according to the criteria of the *classement annuel de la Transparence* (Annual Transparency Ranking) (*https://www.grandsprixtransparence.com*).

MESSAGE FROM THE CHAIRMAN

Lorenzo Bini Smaghi
Chairman of the Board of Directors

Faced with this unprecedented crisis, Societe Generale Group has shown that it is mobilised, resilient, and ready to press ahead in preparing for the future, determined to act responsibly toward all its stakeholders, and guided by its corporate purpose.

Our purpose, in action

2020 was an exceptional year, characterised by the unprecedented global health and economic crisis, which continues to impact our daily lives and our work at the start of 2021.

Faced with this unprecedented crisis, Societe Generale group has shown that it is mobilised, resilient, and ready to press ahead in preparing for the future, determined to act responsibly toward all its stakeholders, and guided by its corporate purpose.

Mobilised

Our primary and ongoing concern has been the unconditional need to protect the health of our staff and our clients, while also preserving the vital importance of our business continuity to ensure the proper performance of our economies.

During this crisis, the banks, Societe Generale included, have demonstrated their essential role in providing everyday services and offering solutions to help customers absorb the economic shock, in particular by rolling out the measures put in place by governments. Thanks to the incredible commitment of our 133,000 members of staff around the world, we have risen to these multiple challenges, standing alongside our customers and our partners.

Resilience

Like many economic organisations, we ourselves have suffered the direct impact of this crisis on our earnings, but nevertheless have demonstrated our financial solidity and our capacity to bounce back. Beyond the widespread business downturn and the anticipated rise in the cost of risk, we have faced unheard-of market dislocation, which weighed heavily on certain structured products investment activities. We were able to react quickly and undertook a full review of these operations to lower their risk profile, while preserving our global leadership. After the impact on earnings in the first half of the year, we demonstrated our ability to rebound in the third quarter and confirmed this in the fourth quarter, with a return to normal in all our business lines.

On the whole, we proved how resilient we are, how strictly we manage costs and risks, and how sound our balance sheet is, with the quality of our credit portfolio holding up well, and our level of capital wholly above regulatory requirements – thereby meeting the targets we set ourselves. We are intent on meeting our shareholders' needs and will follow the European Central Bank's recommendations on the payment of dividends.

Preparing for the future

We also set to work preparing the future of our Group and launched new structural initiatives to lay the foundations of our next strategic phase for 2025. The three key priorities of this 2025 initiative are customer-centricity, social and environmental responsibility, and operational efficiency through the use of digital technology.

AND CHIEF EXECUTIVE OFFICER

Accordingly, we announced our ambitions for French Retail Banking, with a proactive policy to merge our two networks, Crédit du Nord and Societe Generale, as well as a very ambitious development plan for Boursorama. We presented the development plans for our Czech subsidiary KB and ALD Automotive, which is already launching itself into the mobility of tomorrow. We also took an important step with our remediation plans, which we are in the process of finalising, to strengthen our operations in terms of compliance and control, and to further embed our culture of ethics and responsibility.

In a world of profound changes, accelerated by the Covid crisis, we have made good progress with the major challenges of transformation by adapting our business lines; strengthening our digital strategy; and, as a leader in the energy transition, reinforcing our climate pledges as well as our initiatives in favour of greater diversity in the workplace. The Group's progress in every aspect of CSR has been recognised by the extra-financial rating agencies.

Executing and finalising our strategic roadmaps

In light of an uncertain future caused the pandemic that remains widespread in early 2021 and the resulting profound social and economic impacts, we will continue our efforts to combat its effects.

Now more than ever, our corporate purpose will serve as our compass for meeting these challenges over the short and medium term: responding to the many macroeconomic, environmental, and social issues, and working with our clients to find responsible, innovative solutions to this crisis and to the greener and more inclusive recovery we want to build together.

With the support of the Board of Directors and the new General Management team, we will focus on the success of all the projects we have launched, which are adding meaning and creating long-term value for all our stakeholders. We are also going to work on finalising strategic initiatives across our various business lines, such as Global Banking and Investor Solutions. Our objective will also be to define our proactive medium-term roadmaps for innovation and CSR, remaining open to our stakeholders, and fully integrating them into our business lines' strategies. We intend to support our customers during this crisis and over the longer term with their energy and digital transitions, reinforcing the added value and sharpening the competitive edge of our various business lines.

Despite the uncertainties, we are confident and determined to move forward, knowing we can count on the strengths of our model and our collective efforts. We will play our decisive role in moving past this crisis as soon as possible while continuing to spearhead positive transformations and building a sustainable and better future.

Frédéric Oudéa
Chief Executive Officer

1

KEY FIGURES AND PROFILE OF SOCIETE GENERALE

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2020, A YEAR OF RESILIENCE

UNDERLYING GROUP NET INCOME

€1.435 Bn

Ability to rebound in Q3 and Q4 after the effects of the crisis during Q1 and Q2

CET1 AT THE END OF 2020

13.4 %*

Reinforced financial solidity

*Phased-in ratio; fully-loaded ratio of 13.2%.

2020, A YEAR OF EXCEPTIONAL MOBILISATION

SUPPORTING OUR CLIENTS, SUPPLIERS AND PARTNERS

80% of retail banking branches open in France

SUPPORTING THE ECONOMY AND HELPING RECOVERY

+98,000 French government-guaranteed loans*

€18 Bn French government-guaranteed loans provided*

Exceptional financing guarantee for entrepreneurs in Africa

*French government-guaranteed loan scheme (PGE - *Prêts Garantis par l'État*).

2020, AN EXCEPTIONAL YEAR OF SOLIDARITY

WORLD SOLIDARITY PROGRAMME

€28 M

CONTINUITY OF INTERNSHIPS, APPRENTICESHIPS AND V.I.E.S(1)

+600 young graduates employed on permanent contracts(2)

2,800 internships and apprenticeship(2) contracts

SUPPORT PLAN FOR CLASSICAL MUSIC IN FRANCE

€2 M

(1) International volunteer programme.
(2) In France, in 2020.

2020, KEY MILESTONES TO PREPARE THE FUTURE

REINVENTING OUR TRADITIONAL BUSINESS ACTIVITIES

- Proposed merger of Crédit du Nord and Societe Generale
- Adaptation of the range of structured products
- Development plan of KB, our Czech subsidiary

BRINGING DIFFERENTIATING BUSINESS MODELS TO MATURITY

- Ambitious development plan for Boursorama
- Development plan for ALD, a leader in sustainable mobility solutions

INVESTING IN NEW BUSINESS MODELS

- Forge
- Treezor
- Shine
- Reezocar
- Prisméa

ACCELERATED DIGITAL DEVELOPMENT FOR CLIENTS

60% Clients using digital channels(1)

41% Digital Sales ROSBANK(2)

REINFORCING OUR CLIMATE COMMITMENTSS

- Aligning our financing portfolios, sector by sector
- -10% less global exposure to the oil and gas extraction sector by 2025

#2 worldwide in Renewable Energy Financing(3)

FUTURE OF WORK

- Widespread use of teleworking(4)
- Priority given to diversity

3 STRATEGIC PRIORITIES FOR 2025

CLIENT CENTRICITY

CORPORATE SOCIAL RESPONSIBILITY

OPERATIONAL EFFICIENCY THROUGH DIGITAL TECHNOLOGIES

(1) Average across Group's European entities, % digital clients = 30-day active customers in online or mobile channel / active customers (as of June 2020).
(2) Digital sales = digital core product sales/total core product sales (July 2019-June 2020).
(3) Source : IJ Global end-December 2020.
(4) 40,000 teleworkers in France, starting 1st June if the situation allows.

1.1 HISTORY

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

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

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

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

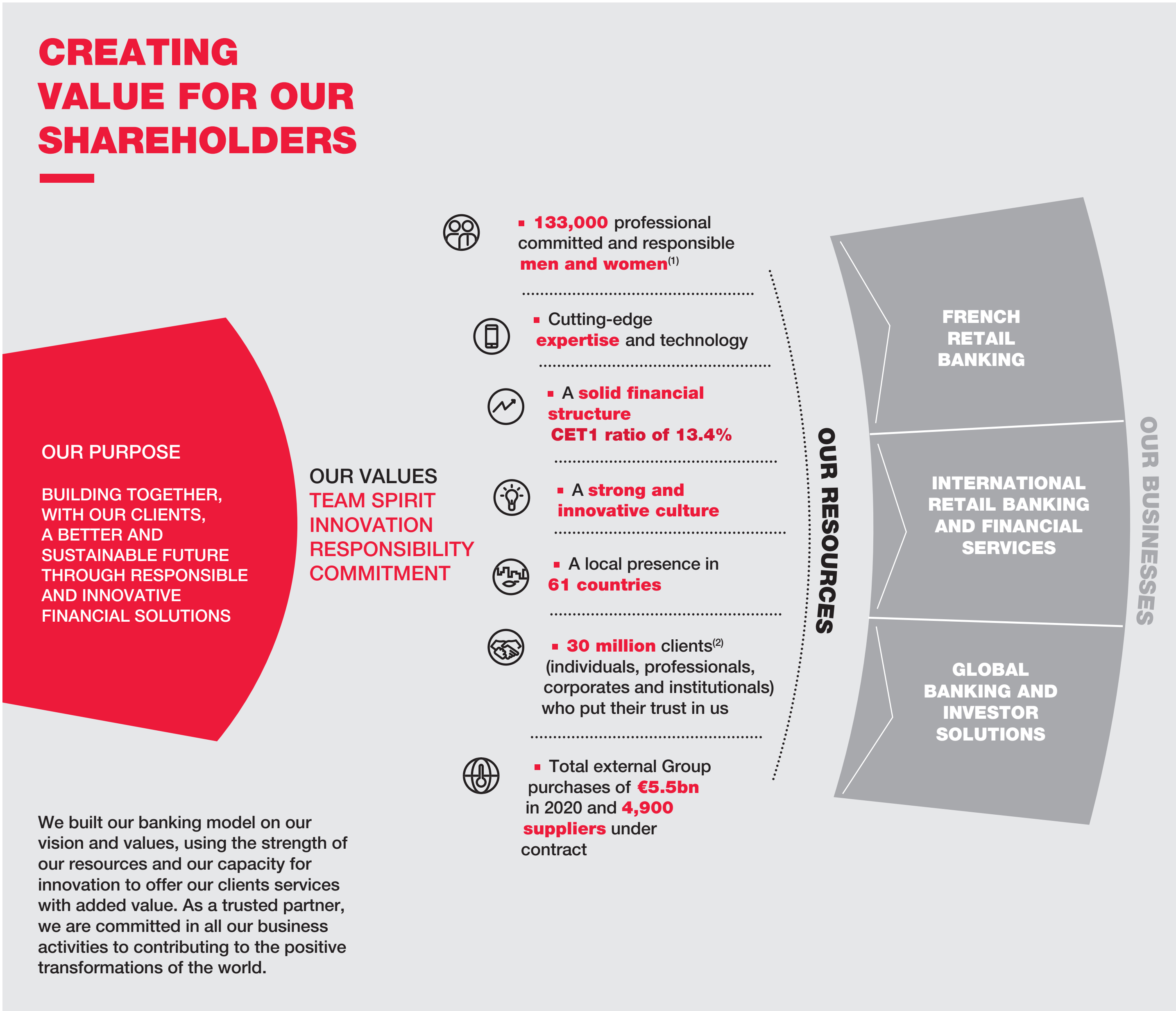
Societe Generale demonstrated its ability to adapt to a new environment by taking advantage of the banking reforms that followed the French Debré laws passed in 1966 and 1967. While continuing to support the businesses it partnered, the Group lost no time in focusing its business on individual customers.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

In June 1987, Societe Generale was privatised with a successful stock market launch and shares were offered to Group staff. The Group developed a universal banking strategy, in particular through its Corporate and Investment Banking arm, to support the worldwide development of its customers. In France, it expanded its networks by founding Fimatex in 1995, which later became Boursorama, now a leading online bank, and by acquiring Crédit du Nord in 1997. It expanded its international footprint by moving into Central and Eastern Europe through Komerční banka in the Czech Republic and BRD in Romania, and in Russia with Rosbank. At the same time, it consolidated its growth in Africa in Morocco, Côte d'Ivoire and Cameroon, and elsewhere on the continent. The Group has more than 133,000 members of staff(1) in 61 countries. It is moving forward with its transformation by adopting a sustainable growth strategy driven by its core values of team spirit, innovation, responsibility and commitment. Firmly focused on the future by helping clients bring their projects to life, Societe Generale has eagerly embraced the opportunities of the digital age to anticipate the needs of its customers and members of staff, and reflect 21st century banking. Drawing on more than 150 years of expertise at the service of its clients and the development of the real economy, in January 2020 Societe Generale group defined its purpose as "**Building together, with our clients, a better and sustainable future through responsible and innovative financial solutions**".

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

1.2 PROFILE OF SOCIETE GENERALE

BUSINESS MODEL



(1) Headcount at end of period, excluding temporary staff.
(2) Excluding Group insurance companies.

Societe Generale is one of the leading European financial services groups. Leveraging a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth. Committed to the positive transformations taking place in the world, its resolve is to be the trusted partner of its customers.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale employs over 133,000[1] members of staff in 61 countries and supports on a daily basis 30 million[2] individual customers, businesses and institutional investors around the world. The Group offers a wide range of advisory services and tailored financial solutions to secure transactions, protect and manage assets and savings, and help its clients finance their projects. Societe Generale seeks to protect them in both their day-to-day life and their professional activities, offering the innovative services and solutions they require. The Group's mission is to empower each and every one who wants to have a positive impact on the future.

(3) Average for Group's European and Russian entities.
(4) Source: IJ Global, 2020.
(5) Source: Vigeo Eiris 2020.

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

The Group is built on three complementary core businesses:

- French Retail Banking, which encompasses the Societe Generale, Crédit du Nord and Boursorama brands. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- International Retail Banking, Insurance and Financial Services to Corporates, with networks in Africa, Russia, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- Global Banking and Investor Solutions, which offers recognised expertise, key international locations and integrated solutions.

The Group has an agile organisation based on 16 Business Units (business lines and regions) and 9 Service Units (support and control functions) to encourage innovation and synergies, and best meet the evolving requirements and behaviour of its clients.

In a European banking sector undergoing radical industrial change, the Group enters a new phase of its development and transformation.

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

KEY FIGURES

Results *(In EURm)*	2020	2019	2018	2017	2016
Net banking income	22,113	24,671	25,205	23,954	25,298
o.w. French Retail Banking	7,315	*7,746*	*7,860*	*8,131*	*8,403*
o.w. International Retail Banking and Financial Services	7,524	*8,373*	*8,317*	*8,070*	*7,572*
o.w. Global Banking and Investor Solutions	7,613	*8,704*	*8,846*	*8,887*	*9,309*
o.w. Corporate Centre	(339)	(152)	*182*	*(1,134)*	*14*
Gross operating income	5,399	6,944	7,274	6,116	8,481
Cost/income ratio (excluding the revaluation of own financial liabilities and DVA)	75.6%	71.9%	71.1%	74.3%	65.6%
Operating income	2,093	5,666	6,269	4,767	6,390
Group net income	(258)	3,248	3,864	2,806	3,874
Equity *(In EURm)*					
Group shareholders' equity	61.7	63,5	61.0	59.4	62.0
Total consolidated equity	67.0	68,6	65.8	64.0	66.0
ROE after tax	-1.7%	5.0%	7.1%	4.9%	7.3%
Total Capital Ratio(1)	**18.9%**	**18.3%**	**16.5%**	**17.0%**	**17.9%**
Loans and deposits *(In EURm)*					
Customer loans	410	400	389	374	373
Customer deposits	451	410	399	394	397

(1) Figures based on CRR/CRD4 rules, excluding IFRS 9 phasing for 2020.

Note: figures as published for the respective financial years. Definitions and potential adjustments presented in methodological notes on pages 41 to 46.

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

The Societe Generale Group has built a solid diversified banking model suited to the needs of its 30 million corporate, institutional and individual customers. It is structured around three complementary and diversified businesses that benefit from strong market positions:

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

In the Retail Banking businesses, the Group focuses its development in Europe on selected markets with growth potential (France, Czech Republic and Romania), and in Russia and Africa, where it has a historic presence and a refined understanding of markets and first-tier positions. In Financial Services, Societe Generale relies on franchises with leadership positions worldwide, notably in the operational vehicle leasing and fleet management businesses, and in equipment finance. In the Global Banking and Investor Solutions businesses, the Group provides high value-added solutions to its clients in the EMEA region, the United States and Asia. Focused on Europe while being connected to the rest of the world, the Societe Generale Group capitalises on leadership positions driven by cross-business synergies to create value for stakeholders. The Group leverages its diversified model to meet the needs of its corporate and professional customers as well as its individual customers.

The year 2020 was dominated by an unprecedented pandemic and a highly challenging economic environment, which had a significant impact on the Group's results in the first half of 2020. Societe Generale demonstrated its ability to bounce back in the second half of 2020 by leveraging its solid, diversified and digitalised universal banking model that is firmly customer-oriented to manage an unparalleled blow to the economy and in so doing prove its resilience. In this new context, the Group has announced major strategic guidances, including in particular:

- the merger of its two banking networks in France (Vision 2025) and the accelerated development of its digital bank Boursorama;
- the accelerated development of the long-term vehicle leasing business (ALD) and of KB bank in the Czech Republic;
- adapting market activities by reducing the risk profile of the structured credit and equity products, thereby making income generated by the Global Markets business less sensitive to market dislocations.

The Group continued to move ahead with its selective resource allocation strategy and its efforts to refocus on the most relevant geographic-offer-customer mix for both customers and the Bank, and confirmed its strong drive to reduce costs. The adjustments that have been made are designed to mark out growing, high-margin businesses that enjoy strong commercial franchises.

Looking forward, the Group is fully committed to forging its 2025 trajectory, which will be based on three components in particular:

- digital transformation challenges, with the current crisis requiring accelerated efforts in this regard;
- commitments in the environmental, social and governance fields;
- continued disciplined management of costs and scarce resources, combined with risk control, thus contributing to the Bank's solid balance sheet.

One of the Group's priorities is to press on with its commercial development by focusing on quality of service, added value and innovation to ensure customer satisfaction. Its goal is to be the trusted partner of its customers by providing them with responsible and innovative financial solutions, relying in particular on its digital capabilities.

Organic development will continue to be driven by unlocking internal synergies not only within each business but also between businesses. This will entail greater cooperation between Private Banking and the Retail Banking networks, cooperation along the entire Investor Services chain, collaboration between the Insurance business and the French and International Retail Banking networks, and cooperation between geographic areas and the Global Transaction Banking activities.

Drawing on its expertise in financial engineering and innovation, the Group has integrated sustainability dimensions into its financial solutions to support its customers in this area and involve them in its sustainable development commitments. Corporate Social Responsibility (CSR) is a core priority for the businesses, which plan to contribute EUR 120 billion towards financing the energy transition between 2019 and 2023 (67% achieved by the end of 2020). The Group has also strengthened its climate commitments with a view to aligning its activities with the Paris Agreement. After starting to implement measures to end funding the coal sector in EU and OECD nations by 2030 and the rest of the world by 2040, Societe Generale announced plans in 2020 to reduce its oil and gas exposure by 10% between 2020 and 2025. The Group also decided to stop financing onshore oil and gas extraction in the United States.

In 2020, Societe Generale's progress in the environmental, social and governance fields was rewarded with the highest rating (A1+) from non-financial rating agency Vigeo Eiris. More broadly, the Group notched up some of the strongest non-financial ratings for the banking sector. Societe Generale ranked in the first decile of the ISS ESG ranking (C + Prime), placed in the top 14% of the MSCI ranking (AA) and in the first decile in the RobecoSAM (ranked 25th worldwide) after its No. 1 ranking worldwide for the environment in 2019. Societe Generale's responsibility in respect of human capital was also recognised, with the Group being ranked No. 1 worldwide for Human Resources by Vigeo Eiris and in the top 5% by Sustainalytics and ISS ESG. Lastly, Vigeo Eiris, which analyses customer relations and ethics, ranked the Group No. 2 worldwide for business behaviour.

The Group is continuting to forge a group-wide culture of responsibility and to reinforce its internal control system, particularly in the Compliance Department, to meet the banking industry's highest standards. Societe Generale has also finalised the rollout of its Culture and Conduct programme, instilling rules of conduct and strong shared values throughout the entire company.

Finally, the Group is determined to press on with stringent and disciplined risk management (maintaining credit portfolio quality, pursuing operational risk control and compliance efforts) and capital allocation management actions.

In line with its strategy to fully address its customers' needs and comply with the new, more demanding regulatory environment, the Group's prime focus is to continue optimising its consumption of scarce capital and liquidity resources, and maintain a highly disciplined approach to costs and risk management.

Outlook

The Group plans to reduce underlying operating expenses by 2023 relative to the 2020 level. Against the backdrop of an improved economic outlook, it aims to maintain a disciplined and strict approach with regards to costs and is targeting a positive jaws effect on the back of a minor increase in costs.

The cost of risk for 2021 is expected to decline relative to the 2020 level.

The Group is seeking to operate with a CET1 ratio more than 200 points higher than the regulatory requirement, including after the entry into force of legislation finalising the Basel 3 reform, which is expected to have a EUR 39bn[(1)] impact as of 2023, i.e. around 115 basis points[(2)].

In 2021, the CET1 ratio is expected to be significantly more than 200 basis points above the regulatory requirement. Regarding its dividend distribution policy for the 2021 financial year, the Board of Directors confirmed the target set before the outbreak of the Covid-19 crisis, *i.e.* a payout ratio of 50% of underlying Group net income[(3)],which may include a share buy-back component (up to 10%),[(4)] bearing in mind that the dividend component is paid in cash.

Last, the Group will present its Global Banking & Investor Solutions' strategy to the market on 10 May, 2021 and its focus on CSR during the second half of the year.

French Retail Banking

Societe Generale is the fourth-largest retail bank in France.

The French retail banking business has made sweeping changes to its model, in particular on back of rapid changes in customer behaviour and expectations for increasing proximity, expertise and customisation. The pace of transformation accelerated in 2020 after the Group achieved two major strategic initiatives: the merger of Crédit du Nord and Societe Generale, and moves to ramp up growth at Boursorama. In this way, the Group intends to stand out even more in the French market by relying on the complementary nature of a network banking model that combines digital and human expertise, and a fully digital banking model.

The combination of the Crédit du Nord and Societe Generale banking networks (Vision 2025) will create a new entity serving nearly 10 million customers (corporates, professionals and individuals). The goal is to rank No.1 for customer satisfaction with our core client base and to create a banking model that increases profitability and has the most stringent responsibility standards. From a financial perspective, the initiative will unlock considerable cost synergies with a net cost-base reduction target of more than EUR 350 million for 2024 and approximately EUR 450 million for 2025 compared with 2019. Project costs have been estimated at between EUR 700 million and EUR 800 million (including 70% in 2021). The return on normative equity under Basel 3 is expected to be around [11%; 11.5%] in 2025, equating to more than 10% under Basel 4.

The Group has also decided that Boursorama should enter a new phase of maturity regarding its client base. The aim is to have 4.5 million customers in 2025, and to post strong profitability based on a competitive service offering. In this respect, after an accelerated phase of new customer acquisition until 2023 resulting in a cumulative loss of approximately EUR 230 million over the period, Boursorama is targeting net profit of approximately EUR 100 million in 2024 and approximately EUR 200 million in 2025, representing a return on normative equity of more than 25% (under Basel 4).

French Retail Banking also aims to leverage and enhance its growth drivers, in particular by:

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

Last, Societe Generale will be the first and only major banking player in France to operate in open architecture to distribute savings solutions to all customers of its two networks. Innovative new agreements with six asset management companies will give Societe Generale network savers access to the best investment expertise in France and abroad while responding to their growing demand for socially responsible investment.

International Retail Banking and Financial Services

International Retail Banking and Financial Services is a profitable growth driver for the Group thanks to its leading positions in high-potential markets, its operational efficiency and digital transformation initiatives, and its ability to unlock synergies with other Group activities. These businesses have undergone a major transformation over the last few years after refocusing the portfolio, introducing a more optimised model, and improving the underlying risk profile.

International Retail Banking activities are mainly located outside the eurozone and benefit from positive long-term growth fundamentals despite a health and economic crisis that has slowed a historical trajectory of continuous growth. The Group thus plans to continue developing its international banking activities in Europe, Russia and Africa, where the Group has forged positions as a leader with recognised expertise:

- in Europe, the health crisis has been a genuine amplifier of underlying trends and has confirmed the strategic vision of the target retail banking model, as well as the relevance of the transformation plans undertaken, which place a special emphasis on ramping up digital transformation. Accordingly, the Group intends to put the finishing touches on its omnichannel banking model in the Czech Republic, particularly through its KB Change 2025 strategic plan, to consolidate its franchise among the country's three main banks in Romania, and to speed up the execution of its transformation plan in Russia by aiming for profitable and customer-oriented growth;

(1) Of risk weighted assets, including the credit risk, FRTB, operational risk and taking into account the main EU-specific assumptions communicated by the EBA in response to the European Commission's consultation paper (published in December 2020) and excluding the output floor which would not be binding before 2027/2028.
(2) On a prospective basis in 2023.
(3) After deducting interest on deeply subordinated notes and undated subordinated notes.
(4) Subject to the approval of the General Meeting of Shareholders and regulatory bodies.

- in Africa, the Group plans to take advantage of the continent's strong potential for economic growth and bank account penetration by building on its position as one of the three international banks with the largest footprint in Africa. It is the leading bank in Côte d'Ivoire, Cameroon and Senegal.

  As part of the Grow with Africa programme created in partnership with a panel of international and local players, Societe Generale announced several sustainable growth initiatives to foster positive transformations on the continent. Accordingly, the Group is placing emphasis on providing multidimensional support to African SMEs, funding infrastructures and developing innovative financing solutions.

Financial Services and Insurance enjoy competitive positions and strong profitability, in particular with ALD and Insurance, which have robust growth potential. All these businesses, which have emerged as the most resilient to the economic shock of 2020, are also in the process of rolling out programmes to innovate and transform their operational model.

- In Insurance, the Group plans to accelerate the rollout of its bancassurance model across all retail banking markets and all segments (life insurance, personal protection and non-life insurance), together with the implementation of its digital strategy. The goal is specifically to enhance its product range and customer experience in an integrated omnichannel system, while diversifying its business models and growth drivers through a strategy of innovation and partnerships. The growth strategy goes hand-in-hand with a larger number of responsible finance commitments at SG Assurances.
- In the vehicle leasing and car fleet management businesses, the Group intends to bolster its leading position (No. 1 in Europe and No. 2 worldwide, excluding captives and financial leasing companies, with a total fleet of 1.8 million vehicles at end-December 2020) by developing new activities and services in a mobility sector undergoing radical change. As part of its new "Move 2025" strategic plan, ALD has positioned itself at the core of the changing world of mobility and has asserted its market leadership to become a fully integrated player in sustainable mobility solutions and the world leader in the operational vehicle leasing industry. To this end, ALD pressed ahead with its active innovation and digitalisation strategy.
- Last, for Vendor and Equipment Finance, the Group plans to build on its position as European leader in markets where it holds a top-tier position to increase revenue and improve profitability. The Group is seeking to remain a major operator for vendors and customers by leveraging quality service, innovation, product expertise and its dedicated teams. As part of the initiative to refocus its business, the Group finalised the disposal of SG Finans AS, its equipment finance and factoring activities in Norway, Sweden and Denmark.

Societe Generale will also continue to move forward with its strategy to unlock synergies between the activities of the businesses in this division and with the rest of the Group: with Private Banking and the regional Corporate and Investment Banking platforms, by developing its commercial banking services such as trade finance, cash management, payment services and factoring, and by moving forward with developments in its bancassurance model.

Global Banking and Investor Solutions

The Global Banking and Investor Solutions business enjoys strong product expertise and an international network in the EMEA region, the United States and Asia. It serves the financing and investment needs of a broad and diversified customer base — businesses, financial institutions, asset managers, public-sector entities and high net worth individuals.

In the Financing and Advisory businesses, which posted a positive performance in 2020, Societe Generale has a solid customer base worldwide and relies on recognised sectoral and business expertise in structured and asset finance, and in investment banking. Societe Generale also has strong positions in Europe in investment banking dedicated to corporate clients. In 2020, Societe Generale strengthened its position as a leading player in the financing of renewable energies and in sustainable and responsible financing with several landmark operations (first green bond issue), in line with the Group's strategic priorities. Societe Generale has also consolidated its position as one of the leading European players in the financing of the telecom-media-technology sector, as well as in syndicated loans and project financing on a global scale.

In 2020, the Group performed a strategic review of its Global Markets business, which reduced the risk profile of the structured credit and equity product activities to make income generated by Global Markets less sensitive to market dislocations. In addition, a cost reduction plan was launched in 2020 with a net reduction target of approximately EUR 450 million expected by 2022-2023.

Last, the Group relies on its partners' expertise for its Asset & Wealth Management businesses. In 2020, Societe Generale and Amundi signed a new partnership agreement with the aim of further developing their relationship in Securities Services activities, in parallel with the distribution of investment solutions.

RECENT DEVELOPMENTS AND OUTLOOK

The Covid-19 pandemic triggered a global economic crisis of unprecedented scale. In 2020, most countries experienced a sharp contraction in GDP, resulting in a 4% decline at global level, as lockdown measures aimed at stopping the spread of the virus prompted a marked slowdown in global economic activity in the first half of 2020. Emergency responses by governments and central banks initially mitigated the socio-economic impacts of the crisis by preventing multiple business bankruptcies and bolstering the incomes of households forced to lock down. The lifting of the most stringent restrictions and the transition to partial lockdown allowed a gradual pick-up in economic activity from the second quarter of 2020, but the end of 2020 and the beginning of 2021 were marked by a rebound in the pandemic, leading to new lockdowns and their economic consequences. Although industrial activity and international trade at the beginning of 2021 came close to pre-crisis levels, certain service sectors have been affected in the longer term (passenger transport, hospitality and restaurants, cultural activities) due to their sensitivity to the measures intended to contain the pandemic.

Stock markets recovered when the rollout of a vaccine response was announced - even though vaccination campaigns will take time - and surged between November 2020 and January 2021. US equities reached new valuation records, also fuelled by perception that the risks associated with the US elections at the end of 2020 had eased. Emerging economy currencies appreciated against the dollar, while credit and sovereign spreads on the eurozone periphery tightened.

Much uncertainty still prevails over the intensity, duration and consequences of this crisis. The global economic recovery expected for 2021 and the market outlook will be strongly influenced by the rate at which vaccination campaigns are rolled out and how quickly social distancing measures will be relaxed, as the pace of recovery may vary according to short-term lockdown measures. Weaker corporate balance sheets are likely to put a dent in investment capacity, while softening of the labour market is expected to weigh on household consumption levels. Rising debt, low growth potential and higher rates of non-performing loans could disrupt growth stimulus mechanisms.

In the medium term, a number of challenges will need to be addressed. Public investments aimed at accelerating digital transformation and supporting the green economy are a priority for many government stimulus packages. However, the necessary retraining of the workforce will be a major challenge. As the infrastructure projects associated with these programmes have relatively long lead times, governments will also need to focus on short-term stimulus, in particular by upgrading existing infrastructure. The crisis could also exacerbate social and political tensions as the pandemic has deepened existing inequalities. Indeed, the most affected sectors generally employ large numbers of low-skilled workers.

International cooperation will prove key to the post-crisis phase. If prolonged, the health crisis could exacerbate existing differences between governments regarding their trade and technology policies, and the priority given to fighting climate change. Multilateral development banks have pledged emergency funding, the IMF has relaxed its financing rules, and several bilateral creditors have agreed to freeze the debt maturities of the hardest-hit countries. European Community authorities have made an unprecedented contribution with the ECB's Pandemic Emergency Purchase Programme (PEPP) and the Next Generation EU (NGEU) agreement for EUR 750 billion each. The purpose of the programmes is to supplement the somewhat diverse national response capacities to assist member states in their recovery. They aim to stimulate investments involving the two main European priorities: energy transition and digital transition. The repayment of the EUR 750 billion borrowed on the markets will depend on the European Commission's ability to generate new supranational resources (digital, financial and imported carbon taxes).

Over the longer term, the prospects for emerging from the crisis will continue to be strongly influenced by the economic policies endorsed to buoy global demand. In contrast to previous crises, some consensus in public debate appears to exist in favour of higher government debt to bolster budget support. Sustained low interest rates should help to alleviate the debt burden in an environment where public debt ratios have reached historical levels, especially in mature economies. The share of public debt in these economies as a percentage of GDP rose 20 points in 2020 to 125%, the largest year-on-year change ever recorded in peace time. Public debt ratios are more moderate in emerging countries, but the consequences of the crisis will be long-lasting and entail significant loss of income. More specifically in the eurozone, the consensus in favour of these public support policies could be challenged in the medium term.

In this context, the Group's central scenario provides for a gradual lifting of restrictions in 2021. World economic growth is expected to reach 5% in 2021 (or 2.1% if restrictions continue throughout 2021). China, one of the few economies to have posted positive GDP growth in 2020, is expected to maintain its strong momentum in 2021, thereby triggering a recovery in emerging countries (the central scenario forecasts 5.4% GDP growth for 2021). However, the effects of the crisis are likely to persist beyond the rebound, resulting in a potentially dimmer growth outlook.

In terms of regulatory changes, 2020 was dominated by the introduction of support measures with the aim of shaping the regulatory framework to the context of economic crisis and of enabling banks to fully underpin initiatives to buoy the economies in which they operate. In Europe, eurozone member states set up aid packages to support the financing of businesses to mitigate the impact of weaker activity on their financial equilibrium. In France, these support measures were reflected in the introduction of government-backed loans with nearly EUR 132 billion in loans granted in the space of ten months.

Regulatory changes introduced applied to capital and liquidity as well as anticipatory hedges to manage credit risk, and consisted of:

- an easing of the restrictions related to building counter-cyclical capital buffers with the option of implementing them subject to the application of automatic remedial measures provided for in prudential regulations (MDA mechanism and presentation of a capital conservation plan);
- temporary tolerance of non-compliance with minimum liquidity ratios;
- greater flexibility in applying the criteria for reclassifying the established moratoria and a recommendation to regulate the pro-cyclical impacts of the application of IFRS 9;

- more specifically in France, where softer lending standards for real estate loans benefited first-time home buyers in particular.

The European Commission (EC), the European Supervisor (ECB), the European Banking Authority (EBA) and the High Council for Financial Stability (HCSF) have thus used the full extent of the flexibility offered by the existing prudential regulations to act on the liquidity and solvency of banks, and guarantee their ability to fund ongoing economic activities and reboot the economy. The supervisor also agreed to reduce the volume of on-site tasks and to extend the period of remedial action. Last, the year 2020 was also marked by restrictions on dividend payments. The ECB expects dividends and share buybacks to remain below 15% of cumulative profits for 2019 and 2020, and not to exceed 20 basis points of the Common Equity Tier 1 (CET1) ratio, whichever is lower until the end of September 2021.

In addition to changes related to managing the health and economic crisis, certain aspects are likely to see further action in 2021, namely:

- finalisation of the transposition of Basel III (CRR3 draft version) approved by the Basel Committee on Banking Supervision, with special focus on the specific characteristics of the European banking sector and the impacts of the current crisis on banks;
- continuation of sustainable finance initiatives in line with regulations adopted in 2020 on the taxonomy of sustainable activities, sustainable investment reporting, and the integration of sustainability risks in banks' investment decisions and strategy;
- digital transition, in particular with discussions on the introduction of a "central bank digital currency" (CBDC), the European Payment Initiative (EPI) and the European Cloud (Gaia-X);
- tangible progress towards a genuine Capital Markets Union (CMU) through a European action plan;
- more work on the Brexit chapter, particularly concerning the equivalence issue to ensure suitable regulatory alignment and competitive conditions.

Against this backdrop, the Group is fully committed to achieving its ambition to support its customers in a currently deteriorated economic environment, but also in the longer term in their energy and digital transition, by enhancing the value-added and competitiveness of the various businesses. In particular, the Group is focusing on the disciplined rollout of its budget and transformation plan, and on finalising its 2025 trajectory with the goal of generating profitable and responsible growth. The priorities for 2021 will include:

- successful project execution, both commercially and when implementing major strategic projects (Vision 2025) for the merger of the two retail banking networks in France, Boursorama's growth plan, international retail ambitions with growth plans for KB and ALD).
- finalising the Group's strategic roadmap, over and above the business plans already announced for:
  - Global Banking and Investor Solutions: ensuring a rebound in the various businesses,
  - CSR: completing the medium-term roadmap after a very successful year, with key achievements, new commitments and recognition from the main extra-financial rating agencies,
  - Innovation: finalising the digital transformation guidelines, which will be key from both a commercial and operational perspective.

1.4 THE GROUP'S CORE BUSINESSES

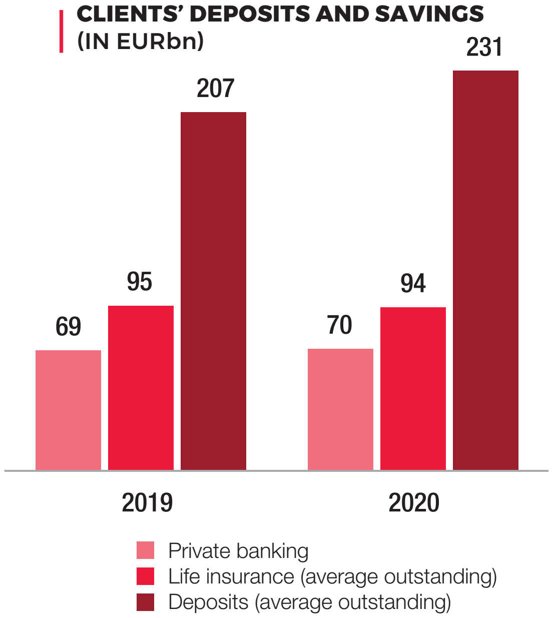
KEY FIGURES FOR THE CORE BUSINESSES

	French Retail Banking			International Retail Banking and Financial Services			Global Banking and Investors Solutions		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Number of employees *(in thousands)*[1]	34.3	35.3	36.0	59.3	62.8	73.3	20.2	21.3	22.8
Number of branches	2,484	2,598	2,742	2,156	2,409	3,191	n/s	n/s	n/s
Net banking income *(In EURm)*	7,315	7,746	7,860	7,524	8,373	8,317	7,613	8,704	8,846
Group net income *(In EURm)*	666	1,131	1,237	1,304	1,955	2,065	57	958	1,197
Gross loan book outstandings[2] *(In EURbn)*	217.6	201.1	191.4	135.5	138.2	135.7	154.7	158.1	164.8
Net loan book outstandings[3] *(In EURbn)*	212.8	196.2	186.0	130.1	111.3	110.2	153.1	157.1	163.8
Segment assets[4] *(In EURbn)*	256.2	232.6	222.1	331.9	333.7	320.2	725.4	674.4	660.8
Average allocated capital (regulatory)[5] *(In EURm)*	11,427	11,263	11,201	10,499	11,075	11,390	14,302	15,201	15,424

(1) Headcount at end of period excluding temporary staff.
(2) Customer loans, deposits and loans due from banks, lease financing and similar agreements and operating leases. Excluding repurchase agreements. Excluding entities that are reclassified under IFRS 5.
(3) Net book outstandings, excluding operating leases.
(4) Segment assets included in Note 8.1 to the Consolidated Financial Statements (segment reporting).
(5) Average allocated capital calculated on 11% of risk-weighted assets.
Datas as published in the respective financial year.

1.4.1 FRENCH RETAIL BANKING

CLIENTS' DEPOSITS AND SAVINGS (IN EURbn)



NET BANKING INCOME (IN EURbn)

€ 7.3bn

OPERATING EXPENSES (IN EURbn)

34,000 members of staff

€ 213bn in loan outstandings

€ 0.7bn contribution to Group Net income (€1.1 bn in 2019)

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

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

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

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

On 7 December 2020, the Societe Generale Group announced the launch of plans to merge the Societe Generale and Crédit du Nord banking networks (see boxed text below) and for Boursarama to enter a new phase of maturity, with a goal of 4.5 million customers in 2025.

VISION 2025 PROJECT

On 7 December 2020, the Societe Generale Group announced a major strategic initiative in French Retail Banking: the planned merger of Crédit du Nord and Societe Generale (called the Vision 2025 project). The combination of the Societe Generale and Crédit du Nord banking networks will create a new entity serving nearly 10 million customers (corporates, professionals and individuals). The goal is to be a leader in terms of customer satisfaction with our core client base and to establish a banking model offering strengthened profitability. We aim to become a frontrunner in positive impact finance, with a strong local presence.

This merger will allow us to provide a stronger value proposition for each of our customer categories (corporates, professionals, affluent and mass market), relying in particular on the respective strengths of each brand. The new model will offer the best combination of human expertise and digital prowess. We will boost digital capacity to satisfy customers' basic needs more efficiently, offering a more personalised experience. In-branch employees will be able to focus primarily on expert assessment and advisory services for their customers.

The new entity will rely on a strong territorial foothold and increased decision-making capacity at local and regional levels. The Group intends to retain the same territorial footprint while reducing the number of branches, which is possible due to the high geographic proximity of the two brands' branches in many towns and cities. The network will thus transition from around 2,100 full-service branches at the end of 2020 to around 1,500 at the end of 2025.

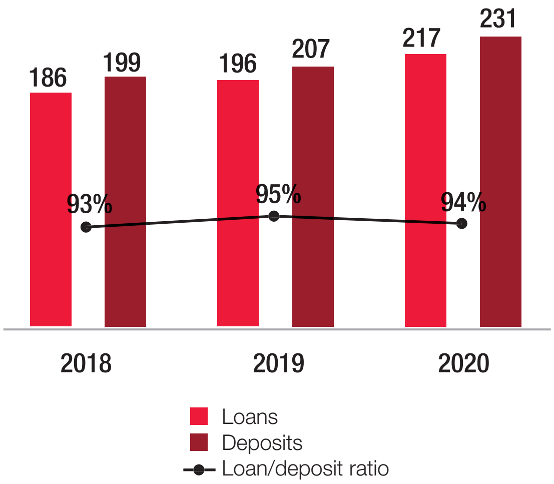
From a financial perspective, the merger will generate considerable cost synergies, in particular through the use of a single IT system by early 2023, network optimisation, and the consolidation of Group functions. We estimate there will be a net cost-base reduction of around EUR 450 million in 2025 compared with 2019, and a return on normative equity under Basel 3 of around 11-11.5% in 2025 (equating to more than 10% under Basel 4).

This project is subject to consultation with social partners and to approval from the competent authorities.

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

Life insurance outstandings amounted to EUR 93.6 billion at the end of 2020, compared with EUR 95.0 billion in 2019.

LOANS AND DEPOSITS (IN EURBN)*



** Average quarterly outstandings.*

The networks continue to support the economy and help customers finance their projects, with growth in average loan outstandings up from EUR 196 billion in 2019 to EUR 217 billion in 2020. At the same time, and amid rife competition, deposit inflows stood up well, resulting in a loan-to-deposit ratio of 93.8% in 2020, down just 1 point on the 2019 performance.

Réseau Societe Generale

The Societe Generale network offers solutions tailored to the needs of its individual customers as well as the nearly 440,000 professional customers, non-profit associations and corporate customers that trust it with their business. The network leverages three major strengths:

- nearly 1,720 branches and sites (of which 1,411 full-service branches) located mainly in urban areas where a large proportion of national wealth is concentrated;
- an exhaustive and diversified range of products and services, ranging from savings vehicles and asset management solutions to corporate finance and payment means;
- a comprehensive and innovative omnichannel system: Internet, mobile, telephone and service platforms.

Representing nearly 5.6 million[(1)] current accounts, the individual customer base is a key component of the Societe Generale network's portfolio.

Individual customer deposits amounted to EUR 101 billion in 2020, compared with EUR 96 billion in 2019. Outstanding loans granted to individual customers stood at EUR 83.6 billion in 2020, a 3% increase on 2019, with mortgage loans accounting for 88.5% of this total.

In 2020, Societe Generale mobilised all its resources to ensure continued operations for both its customers and the economy in general, despite the unprecedented Covid-19 crisis. Corporate, professional and individual customers alike were able to count on the availability, personal attention and expertise of their usual advisers (on average, 80% of branches were open during the first lockdown, with all necessary Covid-prevention measures in place), as well as the services available via Societe Generale's remote platforms, websites and apps.

The Bank adopted a flexible approach towards individuals facing particularly tough situations (such as those that had been put on furlough) offering them the possibility to defer repayments of their consumer and mortgage loans free of charge. Societe Generale continued to offer innovative developments in everyday remote banking services. For example, 2020 saw the launch of Kapsul, a full banking service for just EUR 2 per month, and of Banksup, a tool to help teenagers manage their allowance, as well as a new version of the app. Contactless payment cards and instant transfers proved particularly popular as payment means in light of the pandemic, cementing their early success.

In keeping with its customer relationship strategy, Societe Generale introduced its new private banking initiative, involving an 800-strong team of asset management specialists across France, and laid the groundwork for a new individual customer onboarding arrangement.

Societe Generale also continued its network specialisation strategy – entailing the creation of business centres for corporate customers and regional sales departments for individual and professional customers – seeing it through to completion by the end of 2020.

The Bank's advisers were on hand throughout 2020 to support businesses and professionals affected by the pandemic, helping them to manage their cash flow through government-backed loans, deferred repayments, online payment solutions, new options such as factoring, and cybersecurity solutions through Oppens.

Societe Generale continued to support close to 245,000 professional customers, each of whom is now assigned two expert advisers: one to deal with their work life and the other to deal with their private life. A specific system involving dedicated advisers has also been rolled out for self-employed customers.

Some 129 concept areas dedicated to professionals had also been opened by end-2020. These concept areas provide the experts and services that professional customers need to manage their everyday affairs and develop their business.

In addition, customers can take advantage of the extended opening hours of 958 open-plan concept areas to deposit cheques and make cash deposits and withdrawals.

With its acquisition of Shine in 2020, Societe Generale expanded its fully digitalised offer for professionals and VSEs, confirming the Bank's prominent role within the fintech ecosystem and its ability to work with start-ups.

On the corporates market, business remained strong in 2020, proving resilient in the face of the Covid-19 crisis. At end-2020, the Bank was serving just under 94,000 corporate customers.

As part of its commitment to support the economy, the Societe Generale network helps its customers finance their investment projects. Business customer deposits – for professionals, corporates, non-profit associations and the public sector combined – totalled EUR 61 billion in 2020, while loan outstandings came to EUR 73 billion, compared with EUR 52 billion and EUR 63 billion, respectively, in 2019. The Societe Generale network and advisers worked hard throughout 2020 to help customers weather the storm, issuing government-backed loans, deferring loan repayments where necessary and maintaining regular dialogue.

(1) Including the private accounts of professional customers.

In a bid to forge closer and stronger ties with its corporate customers, Societe Generale has pursued a network sales strategy specialised according to market. By end-2020, around 30 regional business centres had been created for corporate, public-sector, institutional and social-economy customers.

The SG Entrepreneurs programme combines strategic advice for business owners with tailor-made solutions, drawing on the expertise of Retail Banking, Corporate and Investment Banking, Private Banking and Real Estate Finance, grouped together in regional divisions. We are committed to being the preferred partner for business owners, offering a comprehensive package (Societe Generale Entrepreneurs) and supporting them throughout their career path as entrepreneurs by developing their business and assisting them both as private individuals and from a wealth management perspective.

To support businesses in the new economy, Societe Generale launched a programme aimed at start-ups in 2017. This programme includes initiatives such as a partnership with Bpifrance to strengthen relations between our two networks, and 150 specialist start-up advisers in French tech hubs, supported by experts from Private Banking and Corporate and Investment Banking.

Crédit du Nord network

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

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

After rethinking its purpose, now defined as “placing our energy at the service of the country’s entrepreneurs at all times”, Crédit du Nord introduced a sweeping transformation plan called Agir 3.0.

The strategy of the group’s banks is structured around three key elements:

- be the bank for entrepreneurs in France’s regions to ensure a strong presence with targeted customers in the Corporate, Professional and Retail markets;
- be the bank close enough to be able to reinforce network adaptability in the Group and organise fully complementary modes of interaction with customers;
- be the bank that uses a short decision-making circuit within a decentralised organisation, one that is agile and seeks to promote operational efficiency, responsibility and self-reliance and which is headed by a strong managerial culture.

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

Crédit du Nord serves 1.8 million individual customers[1], 216,000 professional customers and non-profit associations and 46,000 corporate and institutional customers. In 2020, Crédit du Nord’s average outstanding deposits totalled EUR 52.0 billion, compared with EUR 45.1 billion in 2019, while loan outstandings stood at EUR 50.1 billion, compared with EUR 43.9 billion in 2019.

Boursorama

Boursorama is a subsidiary of Societe Generale and a pioneer and leader in France for its three main businesses: online banking, online brokerage and online financial information at boursorama.com, ranked No. 1 for economic and stock market news.

The most price-competitive bank in France for the thirteenth consecutive year, Boursorama Banque now has 3.5 times the number of customers it had in 2015 (with a current total of more than 2.5 million customers registered). Its recommendation rate continues to rank at a high 90% and its Net Promoter Score stands at +48. An online bank accessible to everyone and free of revenue and financial wealth prerequisites, Boursorama Banque’s promise is the same as it was when it was first created, i.e. simplify customers’ lives at the most competitive price and furnish the best service possible, so as to boost their purchasing power.

In 2020, Boursorama expanded its range of products and services with three new SRI mandates, a solidarity-based savings account (CSL Solidarité), and the launch of its virtual payment card, its new budget coaching service (Wicount Patrimoine), its Alabri home insurance, a discount programme with partners from outside the banking sector (The Corner) and its Ultim Metal range of cards.

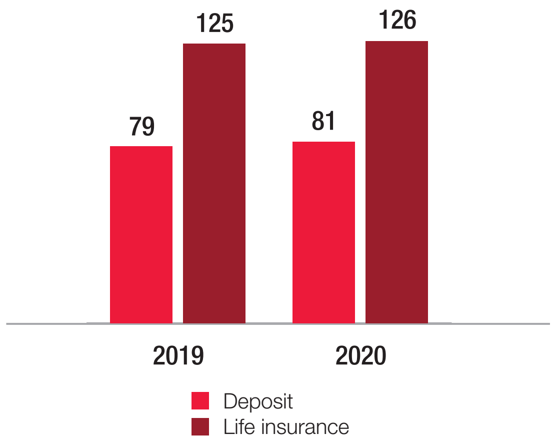
Its online portal, www.boursorama.com, launched over 20 years ago, is consistently ranked the No. 1 website for financial and economic news and receives 50 million visits a month (Source ACPM – monthly average over H1 2020).

By keeping development focused firmly on customers’ changing expectations, and on simplicity and efficiency, in addition to security and lower fees, Boursorama Banque has each year systematically reinforced its position as a leading French banking operator. It has now set itself new targets: to register more than four million customers in 2023 and lock in profitability in excess of 25% in 2025.

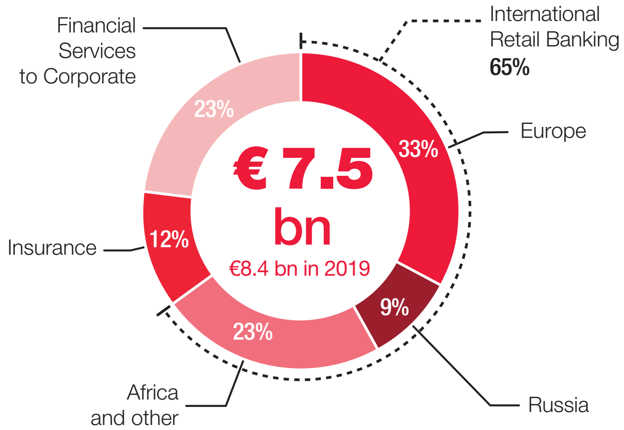
(1) *Number of active clients*

1.4.2 INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES (IBFS)

OUR CUSTOMERS'S DEPOSITS AND SAVINGS (IN EURBN)



BREAKDOWN OF NET BANKING INCOME

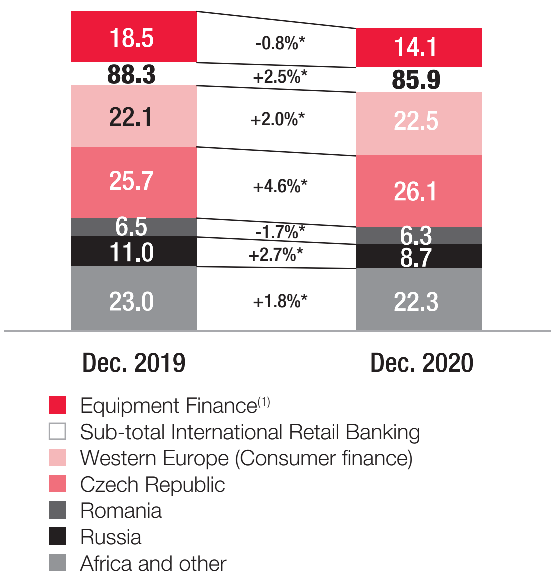


59,000 members of staff

€ 130bn in loan outstandings

€ 1.3bn contribution to Group Net income (€2.0 bn in 2019)

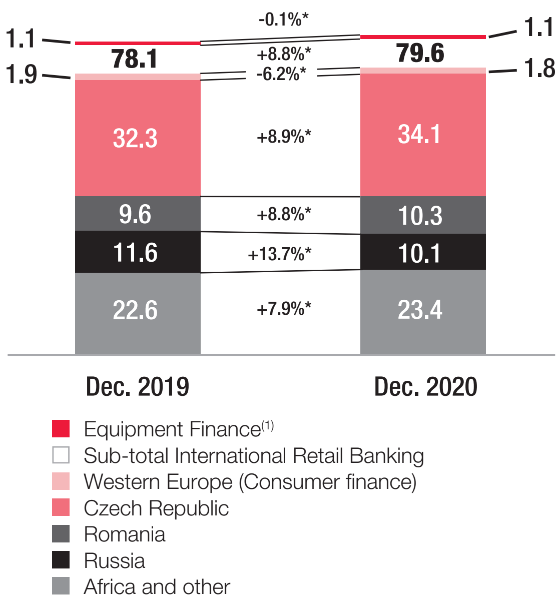
LOAN OUTSTANDING (IN EURBN)



** At constant scope and exchange rates*

(1) Excluding Factoring

DEPOSIT OUTSTANDING (IN EURBN)



** At constant scope and exchange rates*

(1) Excluding Factoring

International Retail Banking and Financial Services (IBFS) combines:

- International Retail Banking activities, divided into three Business Units: Europe, Russia and AFMO (Africa, Mediterranean Basin and Overseas France);
- three specialised businesses: Insurance, Operational Vehicle Leasing and Fleet Management, and Vendor and Equipment Finance.

Leveraging this pillar, the Group's ambition is to better serve all its individual and corporate customers by adapting to changes in the economic and social environments, in addition to supporting the international growth of the Group's customers by drawing on the strength of its network in fast-growing regions. IBFS bases its strategy on the relationship-focused universal banking model, the enhancement of its customer base through an extended range of products, and the distribution and pooling of expertise aimed at improving revenues while continually seeking to optimise risk management and the allocation of scarce resources. With around 59,000 employees(1) and commercial operations in 61 countries, IBFS is dedicated to offering a wide range of products and services to its clients (individuals, professionals and corporates). Boasting a complementary range of expertise, IBFS enjoys solid and recognised positions in its different markets.

International Retail Banking

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

EUROPE

The Group operates in Western Europe predominantly in consumer finance and car finance activities (in France, Germany and Italy). Outstanding loans grew by 2% in 2020 to EUR 22.5 billion, mainly due to the strong growth on car finance markets.

In Czech Republic, **Komerčni banka** (KB) is ranked third in terms of balance sheet size, with outstanding loans of EUR 26.1 billion, 242 branches and 7,658 employees (FTE) at December 2020. KB, which was created in 1990 and became a subsidiary of Société Générale in 2001, has developed its universal banking activities for individual customers and expanded its traditionally significant presence among corporate customers and municipalities. The KB Group also offers a range of products intended for individual customers with ESSOX (consumer loans and car financing), Modra Pyramida (mortgage facilities), as well as a range developed in collaboration with Private Banking.

In 2020, US financial magazine Global Finance again ranked **Komerčni banka the safest bank in Central and Eastern Europe.**

In Romania, BRD is the No. 3 bank in terms of balance sheet size, with market share of approximately 12% in deposits and 11% in loans at November 2020. The Societe Generale Group became BRD's main shareholder in 1999. The BRD Group's activity is divided into three major business lines: Retail Banking (individual and professional customers, SMEs), Corporate and Investment Banking, and Consumer Finance with BRD Finance. Outstanding loans and deposits totalled respectively EUR 6.3billion and EUR 10.3 billion.

In 2020, BRD received the **"Best Bank in Romania, 2020" award for the eighth time from The Banker magazine**.

RUSSIA

The Group is developing its universal banking model and has established itself as the No. 2 banking group financed by foreign capital in Russia based on balance sheet size. At end-2020, loan and deposit outstandings totalled EUR 8.7 billion and EUR 10.1 billion, respectively. Societe Generale operates in Russia covering the different activities of corporate and individual client segments, with notably a good dynamic in mortgage loans activity in 2020.

AFRICA, MEDITERRANEAN BASIN AND OVERSEAS FRANCE

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

In the **Mediterranean Basin**, the Group is mainly present in Morocco (since 1913), Algeria (since 1999), and Tunisia (since 2002). Overall, this set-up covers 665 branches with more than 2 million customers. At 31 December 2020, outstanding deposits came to EUR 10.5 billion and outstanding loans stood at EUR 11.3 billion.

In **sub-Saharan Africa**, the Group has an historic presence in 16 countries, with solid local positions, particularly in Côte d'Ivoire (leading bank for loans and deposits), Senegal (No. 2 for loans and deposits), and Cameroon (No. 1 for loans and No. 2 for deposits). In 2020, the region shows outstanding loans to EUR 6.6 billion and deposits to EUR 8.6 billion. Societe Generale is Western Africa's leading international bank.

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

In 2020, Societe Generale was awarded "Africa's Best bank for CSR" by the magazine EMEA Finance. For the sixth consecutive year, Societe Generale Cameroun and Societe Generale Côte d'Ivoire took out the "Best Bank" and "Best Investment Bank" awards for their respective countries. The finance magazine also bestowed Societe Generale Maroc (Morocco) with the "Best Foreign Bank" and "Best Investment Bank" awards. In addition, it conferred the "Best African CEO" award on its Managing Director. Societe Generale has won several other prizes on the African continent, in particular the "Excellence in leadership" award by industry magazine Euromoney, for its commitment in the fight against Covid-19, as well as in Algeria, Cameroon, Guinea and in Senegal (Global Finance).

In **Overseas France**, the Group is established in Reunion and Mayotte, French Polynesia and New Caledonia, where it has been present for more than 40 years. In these regions, Societe Generale offers the same services as in mainland France for individual and corporate customers.

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

Financial Services

INSURANCE (SOCIETE GENERALE ASSURANCES)

Societe Generale Assurances is at the core of Societe Generale Group's development strategy, in synergy with all its retail banking, private banking and financial services businesses. Societe Generale Assurances also pursues the expansion of its distribution model through the development of external partnerships. Societe Generale Assurances offers a full range of products and services to meet the needs of individual, professional and corporate clients in Life Insurance Savings, Retirement Savings and Personal Protection. Thanks to the expertise of its 2,700 employees (FTE), Societe Generale Assurances combines financial strength with dynamic innovation and a sustainable development strategy to be a trusted partner for its clients.In an environment marked by the sanitary crisis, Societe Generale Assurances has shawn its resilience. Even if, as in the market, the savings life insurance activity declined in France and abroad, Societe Generale Assurances relied on the quality of its production in terms of products mix and took advantage of the diversification engaged with new distribution partners. As a result, the share of unit-linked (UL) outstandings amounted to 44% and the outstandings in life insurance investment solutions reached EUR 126 billion of which 32% in UL. In personal protection and property and casualty, the activity remains in a growth mode by 1% compared to 2019.

In 2020, in a bid to constantly increase client satisfaction, Societe Generale Assurances accelerated the digital transformation of its bank insurance model by favouring the development of innovative and modular products (in car and home insurance, notably) and fully digital customer journeys. Societe Generale Assurances also continued the diversification of its business model, in synergy with the Group's other businesses, such as ALD (with the launch of the first connected insurance for fleet management), Boursorama (with the launch of Alabri, an 100% online and customised home insurance), and CGI as well as with external partners to test new markets and new offers.

Corporate Social Responsibility (CSR) has become a key element of Societe Generale Assurances strategy. It is divided into three areas: Responsible Insurer, Responsible Investor and Responsible Employer, which will become a true strategic differentiating marker. Numerous actions have benn undertaken and major projects have been launched in the framework of these three aspects, aligned with the objectives of the Paris Agreement and the ambitious commitments made by Societe Generale Group.

OPERATIONAL VEHICLE LEASING AND FLEET MANAGEMENT (ALD AUTOMOTIVE)

ALD Automotive offers mobility solutions centered on operational vehicle leasing and fleet management for businesses of all sizes in both local and international markets. It also serves individual customers. The business combines the financial benefits of operational leasing with a complete range of upscale services, including maintenance, tyre management, fuel consumption, insurance and vehicle replacement. The ALD Automotive Group employs more than 6,100 people (FTE).

ALD Automotive has the largest geographical coverage of any leasing company (43 countries) and manages more than 1.76 million vehicles. It has unique knowledge of emerging markets and has established partnerships with Wheels in North America, FleetPartners in Australia and New Zealand, Absa in South Africa, AutoCorp in Argentina, and Arrend Leasing in Central America. In 2020, the business ranked No. 1 in Europe for multi-brand operational vehicle leasing and fleet management, and No. 2 worldwide.

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

ALD has been listed on the Euronext Stock Market since June 2017 with the floatation of 20.18% of its shares. Societe Generale is ALD's controlling shareholder and ALD Automotive continues to benefit from the Group's financing capacity.

VENDOR AND EQUIPMENT FINANCE (SGEF)

Societe Generale Equipment Finance is specialised in vendor and professional equipment finance. The business is conducted through partnership agreements with international vendors (professional equipment manufacturers and distributors), and also directly with local manufacturers and distributors. Societe Generale Equipment Finance develops its expertise in four major sectors: transport, industrial equipment, technology and healthcare and green energy.

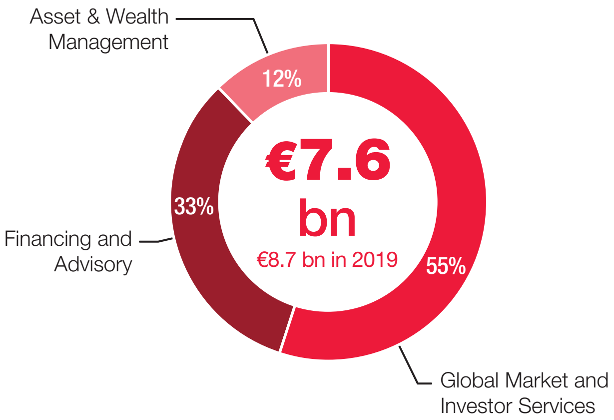
As a leading company for equipment finance, SGEF operates in 35 countries[(1)], employs over 1,300 people (FTE), and manages a portfolio of EUR 21.8 billion in outstandings[(1)]. It has a broadly diverse customer base, ranging from large international companies to SMEs, to which it offers a wide array of products such as financial leasing, loans, rentals, purchase of receivables, as well as services including insurance and marketing.

Industry-acclaimed, SGEF was singled out by Leasing Life in 2020 for the Editor's Award and was ranked No. 1 in the Annual Asset Finance Europe 50[(2)] rankings.

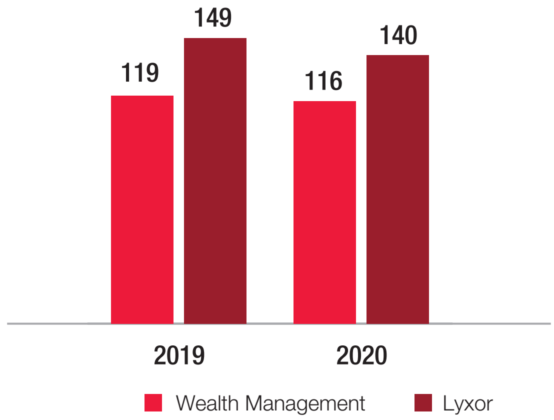
(1) At 31/12/2019 including Franfinance, Sogelease and Starlease.
(2) SGEF and ALD Automotive

1.4.3 GLOBAL BANKING AND INVESTOR SOLUTIONS (GBIS)

BREAKDOWN OF NET BANKING INCOME IN 2020



ASSETS UNDER MANAGEMENT (IN EURbn)



20,000 members of staff

€ 155bn in loan outstandings

€ 57m contribution to Group Net income (€ 1.0bn in 2019)

€ 4,315bn in asset under custody (global leader in derivatives, No. 2 custodian in Europe)

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

The linchpin of economic flows between issuers and investors, GBIS supports its customers over the long term, offering them a variety of services and integrated solutions tailored to their specific needs.

GBIS employs over 20,000 people located in 39 countries and fields operations[1] in more than 65 countries. It boasts extensive European coverage and representative offices in Central and Eastern Europe, the Middle East, Africa, the Americas and the Asia-Pacific region.

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

The Bank provides comprehensive access to equities and fixed income, credit and currencies to asset managers, pension funds, family offices, hedge funds, sovereign funds, public agencies, private banks, insurance companies and distributors, together with a range of unique cross-asset solutions and advisory services underpinned by first-rate research expertise. The offering is rounded out by a full range of investor services.

A pioneer in sustainable and positive-impact finance and one of the global leaders in renewable[2] energy financing, the Group furnishes advisory to its clients and offers concrete financing and investment solutions aimed at transitioning to a fairer and greener economy.

The Group's ambition is to become the leading partner bank, delivering the most relevant and value-added experience to its customers, both in Europe and the rest of the world. To meet the challenge, the Group is accelerating its platform strategy with the aim of building an unrivalled pioneering marketplace for Business-to-Business financial services, capitalising on the functionalities of the SG Markets tool.

Global Markets and Investor Services

The Global Markets and Investor Services (GMIS) Division is continuing to develop an integrated capital markets offering for its customers, combining the "Fixed Income and Currencies", "Equities" and "Securities Services" arms. As such, the division combines the strength of a leading financial institution offering global access to markets with the customer-oriented approach of a broker positioned as a market leader in its activities.

(1) In-country operations through partnerships in the Societe Generale Group.
(2) No.2 worldwide in Project Finance Renewable Energies; Source: IJ Global 2020.

To help customers navigate through today's landscape of increasingly interconnected financial markets, experts - financial engineers, salespeople, traders and specialist advisors - use SG Markets, a unique integrated digital platform, to furnish tailored solutions designed to meet the needs and specific risks of each customer.

In parallel, Societe Generale's Cross Asset Research Department assesses the impact of significant events on the different asset categories, weighs up the relationship existing between them and delivers a strategic summary of key information to provide an integrated picture. Since January 2020, the Bank has systematically included the Environmental, Social and Governance (ESG) aspects of companies in its Equity research, in addition to fundamental financial analyses.

In 2020, Societe Generale was named *ESG Provider of the Year 2020* (Asia Risk Awards 2020), *Best House in Europe*, *Best ESG House* and *Best Issuance Platform – SG Markets* (SRP Europe Awards 2020).

In 2020, the Group performed a strategic review of its Global Markets business, which contributed to reducing the risk profile of the structured credit and equity product activities to make income generated by Global Markets less sensitive to market dislocations. In addition, a cost reduction plan was launched in 2020 with a net cost reduction target of approximately EUR 450 million expected by 2022-2023.

FIXED INCOME AND CURRENCIES

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

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

EQUITIES

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

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

Clients voted the department best issuer of listed products in Germany for quality of service and offering (Börse Online Survey, Issuer Services survey 2020).

SECURITIES SERVICES

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

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

With EUR 4,315 billion in assets under custody at end-December 2020 (versus EUR 4,213 billion at 31 December 2019), SGSS ranks second among European custodians. It also offers custodian services to more than 3,325 mutual funds and provides valuation services to more than 4,182 mutual funds, with EUR 638 billion in total assets under management in Europe.

Financing and Advisory

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

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

The GLBA platform operates on a worldwide scale with expert teams located in France and Europe, the CEEMEA region, the Americas and in Asia. The teams' knowledge of customers and local regulations are key to conducting domestic, international and cross-border activities due to the international dimension of their business. Leveraging this global expertise and sectoral knowledge, the Group is ranked No. 1 worldwide for project finance advisory and No. 2 worldwide for renewable energy financing (source: IJ Global, 2020).

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

- the **Asset Finance Division**, which consists of five businesses: export finance, aircraft finance, shipping finance, real estate finance, and structured solutions and leasing. Through a wide range of products, experienced professionals design tailor-made solutions for customers, financial companies and public institutions, combining financial knowledge and industry expertise. the Group is a leader in syndicated real estate finance loans in EMEA (source: Dealogic, 2020), and is ranked No. 1 for export finance in Africa and No.2 worldwide (source: TXF 2020);
- the **Natural Resources and Infrastructures Division** is tasked with developing a global activity in the natural resources, energy and infrastructure sector by providing clients with financing solutions as well as advisory services. The customers of this division are producers, operators, refinery groups, traders, commodity service providers, commodity and distributor logistics companies, as well as public and private institutions. Societe Generale was named Energy & Commodity Finance House of the Year (Energy Risk awards 2020);
- the **Asset Backed Product Division**, which combines GLBA's primary markets expertise, blends sectoral skills, securitisation and structuring with know-how in secondary market trading, distribution channels and debt security refinancing, making it possible to capitalise on credit capacities and act as the single entry point for ABS-type products and structured loans, and assist the development of our issuer clients and investors. The Group is ranked No.1 for global securisations in euro (source: Dealogic 2020).

The **investment banking** teams offer customers, businesses, financial institutions and the public sector an integrated, comprehensive and tailored approach leveraging its in-depth sectoral knowledge and recognised execution capacity. This offer relies on an extensive strategic advisory services, covering mergers and acquisitions and IPO structurings, as well as secondary share offerings. Societe Generale holds a leading position in the equity capital markets and on euro-denominated issues for corporate and financial institutions.

Societe Generale's Investment Bank notched up several awards in 2020, including ECM Bank of the Year in France and Benelux (Global Capital), TMT Financing Bank of the Year in EMEA (TMT M&A awards 2020).

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

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

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

Global Transaction Banking teams are regular recipients of industry awards. The Group was named Best Trade Finance Provider in Western Europe and Emerging Markets, Best Bank for Cash Management in Western Europe and CEE 2021 and Best Bank for Payments and Collections in Africa 2021 by Global Finance.

Asset & Wealth Management

This business unit encompasses Asset Management through Lyxor Asset Management and Private Banking, which operates under the Societe Generale Private Banking brand. Lyxor has in the process added a retail segment to its institutional offering and furnishes a differentiating asset management service for Societe Generale customers. Societe Generale Private Banking leverages Lyxor's presence to increase market penetration and its expertise in asset and liability management. Thanks to these partnerships, the offer is available to internal and external customers, in particular in the responsible finance segment.

SOCIETE GENERALE PRIVATE BANKING

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

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

Societe Generale Private Banking's offering is available from three main centres: SGPB France, SGPB Europe (Luxembourg, Monaco and Switzerland) and Kleinwort Hambros (London, Jersey, Guernsey and Gibraltar). At the end of 2020, Private Banking held assets under management of EUR 116 billion.

Societe Generale Private Banking's expertise is a regular recipient of industry accolades. In 2020, Private Banking was singled out as Best European Private Bank – Credit Provider, and Private Bank – Best UHNW Team by Wealth Briefing Awards 2020, and Outstanding Private Bank in Western Europe and for Customer Relationship, Servicing and Engagement by Private Banker International.

LYXOR ASSET MANAGEMENT

Lyxor Asset Management (Lyxor), a wholly-owned subsidiary of the Societe Generale Group and founded in 1998, is a European asset management specialist with expertise in the full array of investment styles (active, passive or alternative). From ETFs to multi-management, Lyxor creates innovative investment solutions to meet the challenges of sustainable investment, and pays particular attention to the fight against climate change. Leveraging the know-how of its experts and its engineering and research tradition, the Lyxor group combines the quest for performance and risk management.

As a financial architect and asset manager, Lyxor furnishes customers with allocation advisory within a comprehensive investment universe, developed both internally and selected externally in an open architecture structure. Its fiduciary services and investment platforms help institutional investors meet their investment objectives while increasing their operational efficiency.

Lyxor pioneered the asset management industry by creating the first alternative managed accounts platform in 1998. The ability to carefully select relevant strategies from among the biggest names in the alternative investing universe has made Lyxor a trusted partner, both with clients and asset managers.

A trailblazer for climate-friendly solutions, Lyxor launched in 2017 the world's first ETF with exposure to green bonds, the Green Bonds ETF, and in 2020 crossed the EUR 500 million in assets under management threshold. Lyxor has also developed the first ETF Climate ecosystem with the launch of a range aligned with the Paris Agreement.

Lyxor is now ranked third-largest European ETF provider with a marketshare at 7.9%(1). At the end of 2020, Lyxor's total assets under management stood at EUR 140 billion.

In 2020, Lyxor was singled out for a number awards and, in particular, ETF Providers in the wealth management provider list and received the Investor Inspiration Award in the Developed Equity ETFs category at the European ETF Awards - *l'Agefi*.

(1) Source: ETFGI, ranking by total assets under management at end-December 2020.

2

GROUP MANAGEMENT REPORT

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2.1 SOCIETE GENERALE GROUP'S MAIN ACTIVITIES

SIMPLIFIED OWNERSHIP STRUCTURE AT 31 DECEMBER 2020

Societe Generale Group

Corporate Centre	International Retail Banking and Financial Services (IBFS)

FRANCE

Corporate Centre		IBFS	
Société Générale*		Sogessur	100%
Généfinance	100%	Sogecap	100%
SG Financial SH	100%	CGL	99.9%
Sogéparticipations	100%		
		Banque Française Commerciale Océan Indien	50%
Société Générale SFH	100%	SGEF SA	100%
Société Générale SCF	100%	ALD	80%
Sogefim Holding	100%		
Galybet	100%		
Genevalmy	100%		
Valminvest	100%		
Sogemarché	100%		
Sogecampus	100%		

EUROPE

Corporate Centre		IBFS	
		Hanseatic Bank *Germany*	75%
		Komercni Banka A.S *Czech Republic*	60.7%
		BRD-Groupe SG *Romania*	60.2%
		PJSC Rosbank *Russia*	100%
		Fiditalia S.P.A *Italy*	100%

AFRICA - MEDITERRANEAN

Corporate Centre		IBFS	
		SG Marocaine de Banques *Morocco*	57.6%
		Société Générale Algérie	100%
		Société Générale Côte d'Ivoire	73.2%
		Union Internationale de Banques	52.3%

AMERICAS

ASIA - AUSTRALIA

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

Societe Generale Group

French Retail Banking (RBDF)		Global Banking and Investor Solutions (GBIS)	
FRANCE			
Société Générale*		Société Générale*	
Crédit du Nord	100%	Lyxor Asset Management	100%
Boursorama	100%	CALIF	100%
Franfinance	100%	Société Générale Capital Partenaires	100%
Sogefinancement	100%		
Sogelease France	100%		
Sogeprom	100%		
EUROPE			
		Société Générale Luxembourg *Luxembourg*	100%
		SG Kleinwort Hambros Bank Limited *United Kingdom*	100%
		SG Investments (U.K.) Ltd *United Kingdom*	100%
		Société Générale International Ltd London *United Kingdom*	100%
		Société Générale Effekten *Germany*	100%
		SG Issuer, *Luxembourg*	100%
		SGSS Spa *Italy*	100%
		SG Private Banking *Switzerland*	100%
		SG Private Banking *Monaco*	100%
		Société Générale* branches in: London *United Kingdom*, Milan *Italy*, Frankfurt *Germany*, Madrid *Spain*	
AFRICA - MEDITERRANEAN			
AMERICAS			
		Banco SG Brazil SA *Brazil*	100%
		SG Americas, Inc. *United States*	100%
		SG Americas Securities Holdings, LLC *United States*	100%
		Société Générale* branches in: New York *United States*, Montreal *Canada*	
ASIA - AUSTRALIA			
		Société Générale (China) Ltd *China*	100%
		SG Securities Asia International Holdings Ltd *Hong Kong*	100%
		SG Securities Korea Co, Ltd *South Korea*	100%
		SG Securities Japan Limited *Japan*	100%
		Société Générale* branches in: Seoul *South Korea*, Taipei *Taiwan*, Singapore, Mumbai, Sydney	

2.2 GROUP ACTIVITY AND RESULTS

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

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

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

2.2.1 ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

(In EURm)	2020	2019	Change	
Net banking income	**22,113**	***24,671***	**-10.4%**	**-7.6%***
Operating expenses	(16,714)	(17,727)	-5.7%	-3.4%*
Gross operating income	**5,399**	**6,944**	**-22.2%**	**-18.8%***
Net cost of risk	(3,306)	(1,278)	x2.6	x2.7*
Operating income	**2,093**	**5,666**	**-63.1%**	**-61.6%***
Net income from companies accounted for by the equity method	3	(129)	-	-
Net profits or losses from other assets	(12)	(327)	-	-
Impairment losses on goodwill	(684)	0	-	-
Income tax	(1,204)	(1,264)	-4.8%	9.2%*
Net income	**196**	**3,946**	**-95.0%**	**-95.3%***
o.w. noncontrolling interests	*454*	*698*	*-35.0%*	*-33.6%**
Group net income	**(258)**	**3,248**	**n/s**	**n/s**
Cost-to-income ratio	75.6%	71.9%		
Average allocated capital	52,088	50,586		
ROTE	**-0.4%**	**6.2%**		

Net banking income

2020 was dominated by a global pandemic, reflected in Group net banking income of EUR 22,113 million, a -7.6% contraction relative to 2019. In the wake of a first half marked by the impact of the Covid-19 crisis and a dislocation in the businesses, their performances bounced back significantly in the second half of the year amid a durably uncertain environment.

- French Retail Banking's net banking income grew by +2% in the second half (excluding the PEL/CEL provision) relative to the first half of the year. The full-year contraction in revenues stood at -6.1% compared with 2019.
- International Retail Banking & Financial Services also experienced a strong rebound in revenues during the second half of the year (+2.6%* relative to H1 20). Revenues over the full year contracted by -2.9%*.
- Global Banking and Investor Solutions also registered a sharp +17% rebound in net banking income relative to the first half against a backdrop of normalising market conditions. Over the full year, revenues for this business declined by -12.5% (-11.8%*).

Operating expenses

Underlying operating expenses fell significantly over the year to EUR 16,504 million (-5.2% vs. 2019, -2.8%*), in line with the annual target.

Operating expenses included a EUR 210 million restructuring charge that was booked to the fourth quarter, which produced an actual result of EUR 16,714 million, down -5.7% on the 2019 level (-3.4%*). The figure included a EUR 316 million restructuring provision booked in 2019.

All three Group businesses contributed to the contraction in operating expenses. French Retail Banking's costs narrowed by -4.9% relative to 2019, while International Retail Banking & Financial Services' costs decreased by -9.6% over the year. Last, Global Banking and Investor Solutions' operating costs fell by -8.7%.

The Group is committed to reducing its underlying operating costs as of 2023 relative to 2020. Several initiatives already under way will fuel the cost-reduction trend. The benefits are expected to be reaped as soon as 2022. Global Markets' cost base is forecast to fall by around EUR 450 million by 2020-2023, while French Retail Banking's is also expected to decline by around EUR 450 million out to 2025, 80% of which is likely to be achieved by 2024. Additional cost reductions are also expected, particularly as a result of finalised remediation and process industrialisation efforts.

In 2021, the Group intends to push ahead with its disciplined cost management approach and is targeting a positive jaws effect, with marginally higher costs.

Cost of risk

The Group's commercial cost of risk totalled 64 basis points in 2020, i.e. a net cost of risk of EUR 3,306 million compared with EUR 1,278 million in 2019. The rise in this indicator can be chiefly explained by an increase in provisions on performing and under-performing loans (classified as Stage 1 and Stage 2 loans) for a total of EUR 1,367 million, including a EUR 1,010 million impact following a review of macroeconomic scenarios.

The gross doubtful outstandings ratio continued to remain low throughout 2020 and stood at 3.3%[(1)] at 31 December 2020, versus 3.1% at end-December 2019. The Group's gross coverage ratio for doubtful outstandings was 52%[(2)] at 31 December 2020 versus 56% at 31 December 2019.

The total amount of moratoria under the European Banking Authority's definition granted at end-September 2020 stood at approximately EUR 35 billion, including EUR 5 billion of unexpired moratoria at 31 December 2020. Out of the total moratoria granted at 31 December 2020, 2.2% were classified as Stage 3 (doubtful loans).

The Group also granted EUR 19 billion in government-guaranteed loans ("PGE") across all geographical regions in which it operates, including EUR 18 billion in France. Its net exposure on government-guaranteed loans in France stands at approximately EUR 2 billion. At 31 December 2020, 2.3% of government-guaranteed loans fell in the Stage 3 group (doubtful loans).

In 2021, the Group is targeting a lower commercial cost of risk than that of 2020.

Operating income

Book operating income totalled EUR 2,093 million in 2020 compared with EUR 5,666 million in 2019. Underlying operating income came to EUR 2,323 million compared with EUR 6,000 million in 2019.

Net profits or losses from other assets

Net profits or losses from other assets totalled EUR -12 million in 2020.

Net income from companies accounted for by the equity method

Net income from companies accounted for by the equity method includes an impairment of EUR -158 million corresponding to the Group's entire minority stake (16.8%) in SG de Banque au Liban.

Impairment losses on goodwill

Owing to the review of Global Banking and Investor Solutions' financial trajectory, the Group recorded two exceptional non-cash items in 2020: a EUR -684 million charge in relation to impaired goodwill of the Global Banking and Investor Solutions CGU and a EUR -650 million charge on depreciated deferred tax assets.

Net income

(In EURm)	2020	2019
Reported Group net income	(258)	3,248
Underlying Group net income[(1)]	1,435	4,061

(In %)	2020	2019
ROTE (reported)	-0.4%	6.2%
Underlying ROTE[(1)]	1.7%	7.6%

(1) Adjusted for exceptional items.

(1) NPL ratio calculated according to the new EBA methodology.
(2) Ratio between the amount of provisions for doubtful loan outstandings and the actual amount of said outstandings.

2.3 ACTIVITY AND RESULTS OF THE CORE BUSINESSES

2.3.1 RESULTS BY CORE BUSINESSES

	French Retail Banking		International Retail Banking and Financial Services		Global Banking and Investor Solutions		Corporate Centre		Group	
(In EURm)	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net banking income	**7,315**	**7,746**	**7,524**	**8,373**	**7,613**	**8,704**	**(339)**	**(152)**	**22,113**	**24,671**
Operating expenses	(5,418)	(5,700)	(4,142)	(4,581)	(6,713)	(7,352)	(441)	(94)	(16,714)	(17,727)
Gross operating income	**1,897**	**2,046**	**3,382**	**3,792**	**900**	**1,352**	**(780)**	**(246)**	**5,399**	**6,944**
Net cost of risk	(1,097)	(467)	(1,265)	(588)	(922)	(206)	(22)	(17)	(3,306)	(1,278)
Operating income	**800**	**1,579**	**2,117**	**3,204**	**(22)**	**1,146**	**(802)**	**(263)**	**2,093**	**5,666**
Net income from companies accounted for by the equity method	(1)	8	0	12	4	3	0	(152)	3	(129)
Net profits or losses from other assets	158	58	15	3	0	6	(185)	(394)	(12)	(327)
Impairment losses on goodwill	-	-	-	-	-	-	(684)	-	(684)	-
Income tax	(291)	(514)	(531)	(760)	100	(174)	(482)	184	(1,204)	(1,264)
Net income	**666**	**1,131**	**1,601**	**2,459**	**82**	**981**	**(2,153)**	**(625)**	**196**	**3,946**
o.w. non-controlling interests	-	-	*297*	*504*	*25*	*23*	*132*	*171*	*454*	*698*
Group net income	**666**	**1,131**	**1,304**	**1,955**	**57**	**958**	**(2,285)**	**(796)**	**(258)**	**3,248**
Cost-to-income ratio	74.1%	73.6%	55.1%	54,7%	88.2%	84.5%			75.6%	71.9%
Average allocated capital	**11,427**	**11,263**	**10,499**	**11,075**	**14,302**	**15,201**	**15,860**	**13,047**	**52,088**	**50,586**
RONE (businesses)/ROTE (Group)	**5.8%**	**10.0%**	**12.4%**	**17.7%**	**0.4%**	**6.3%**			**-0.4%**	**6.2%**

2.3.2 FRENCH RETAIL BANKING

(In EURm)	2020	2019	Change
Net banking income	**7,315**	**7,746**	**-5.6%**
Operating expenses	(5,418)	(5,700)	-4.9%
Gross operating income	**1,897**	**2,046**	**-7.3%**
Net cost of risk	(1,097)	(467)	x2.3
Operating income	**800**	**1,579**	**-49.3%**
Net income from companies accounted for by the equity method	(1)	8	n/s
Net profits or losses from other assets	158	58	x2.7
Impairment losses on goodwill	-	-	-
Income tax	(291)	(514)	-43.4%
Net income	666	1,131	-41.1%
o.w. non-controlling interests	-	-	-
Group net income	**666**	**1,131**	**-41.1%**
Cost-to-income ratio	74.1%	73.6%	
Average allocated capital	11,427	11,263	

Activity and net banking income

After the lockdown's heavy impact on activity at the beginning of the year, French Retail Banking's commercial performance pressed ahead with growth in Q4.

The brands continued to grow their activity in core businesses.

French Retail Banking maintained its support for the economy, accompanying individual, corporate and professional customers.

In the Corporate and Professional customers segment, the Bank supported its customers in France primarily through the grant of government-guaranteed Loans ("PGE"), for which it received more than 98,200 applications for a total disbursed amount of EUR 18 billion.

In insurance activities, property/casualty premiums and protection insurance delivered solid performances, with premiums up +3.9% *vs.* 2019. The number of personal protection policies was up +5.3% *vs.* 2019.

Private Banking's net inflow remained buoyant at EUR 2.5 billion in 2020.

Boursorama consolidated its position as France's leading online bank, resistering more than 2.6 million clients at end-December 2020. Client onboarding at Boursorama reached a record level, with around 590,000 new clients added to the books in 2020. In addition, the number of stock market orders tripled compared to 2019.

Average investment loan outstandings (including leases), rose by 25.0% *vs.* 2019 to EUR 88.9 billion (+2.3% excluding government-guaranteed loans). Average outstanding loans to individuals were up 2.8% at EUR 123.2 billion, bolstered by housing loans which were up +3.5% *vs.* Q4 19. Private Banking's assets under management totalled EUR 70.4 billion at end-December 2020.

Average outstanding balance sheet deposits[1] were 15.1% higher than in Q4 19 at EUR 242.6 billion and were continued to be driven by sight deposits (+18.7% *vs.* Q4 19). As a result, the average loan/deposit ratio stood at 92% in Q4 20 *vs.* 96% in Q4 19.

Revenues (excluding PEL/CEL) totalled EUR 7,381 million, down -6.1% vs. 2019, reflecting the effects of Covid-19 and the low interest rate environment. Net interest income (excluding PEL/CEL) was 3.6%[2] lower and commissions declined by -5.7%[2].

Operating expenses

Operating expenses were lower at EUR 5,418 million (-4.9% vs. 2019 and -5.5% excluding Boursorama). The cost to income ratio (restated for the PEL/CEL provision) stood at 73.4%.

Cost of risk

The commercial cost of risk amounted to EUR 1,097 million or 52 basis points, which was higher than in 2019 (when it stood at EUR 467 million or 24bp). The cost of risk was divided between EUR 646 million of Stage 1-Stage 2 provisioning and EUR 451 million of Stage 3 provisioning on non-performing loans.

Contribution to Group net income

The contribution to Group net income totalled EUR 666 million (-41.1% *vs.* 2019). RONE (restated for the PEL/CEL provision) stood at 6.2% in 2020.

(1) Including BMTN (negotiable medium-term notes).
(2) Reallocation of pro forma revenues following a change in accounting treatment in Q4 20.

2.3.3 INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES

(In EURm)	2020	2019	Change	
Net banking income	**7,524**	**8,373**	**-10.1%**	**-2.9%***
Operating expenses	(4,142)	(4,581)	-9.6%	-1.6%*
Gross operating income	**3,382**	**3,792**	**-10.8%**	**-4.5%***
Net cost of risk	(1,265)	(588)	x2.2	x2.3*
Operating income	**2,117**	**3,204**	**-33.9%**	**-29.2%***
Net income from companies accounted for by the equity method	0	12	-100%	-100%*
Net profits or losses from other assets	15	3	x5.0	x5.5*
Impairment losses on goodwill	0	0	-	-
Income tax	(531)	(760)	-30.1%	-25.4%*
Net income	1,601	2,459	-34.9%	-29.9%*
o.w. non-controlling interests	*297*	*504*	*-41.1%*	*-39.7%**
Group net income	**1,304**	**1,955**	**-33.3%**	**-27.1%***
Cost-to-income ratio	55.1%	54.7%		
Average allocated capital	10,499	11,075		

* *At constant structure and exchange rates.*

Revenues amounted to EUR 7,524 million in 2020, down -2.9%* (-10.1%) *vs.* 2019.

Operating expenses contracted by -1.6%* (-9.6%) *vs.* 2019. When restated for restructuring costs related to the simplification of the head office (EUR 34 million in 2019), the tax on financial assets in Romania (EUR 16 million in 2019) and the contribution to Covid guarantee funds in the Mediterranean Basin (EUR 15 million in 2020), operating expenses were 0.8%* lower than in 2019. The cost to income ratio stood at 55.1% in 2020.

The cost of risk stood at 96 basis points (or EUR 1,265 million) in 2020, compared with 43 basis points in 2019. The estimate for expected Stage 1 and Stage 2 credit losses stood at EUR 389 million.

The contribution to Group net income totalled EUR 1,304 million in 2020 (-27.1%*, -33.3% *vs.* 2019) and underlying RONE stood at a high 12.4% in 2020, *vs.* 17.9% in 2019.

International Retail Banking

(In EURm)	2020	2019	Change	
Net banking income	**4,902**	**5,592**	**-12.3%**	**-3.4%***
Operating expenses	(2,870)	(3,218)	-10.8%	-1.4%*
Gross operating income	**2,032**	**2,374**	**-14.4%**	**-6.0%***
Net cost of risk	(1,080)	(504)	x2.1*	x2.3*
Operating income	**952**	**1,870**	**-49.1%**	**-43.6%***
Net income from companies accounted for by the equity method	0	11	-100%	-100%*
Net profits or losses from other assets	4	3	33.3%	29.2%*
Impairment losses on goodwill	0	0	-	-
Income tax	(227)	(421)	-46.1%	-40.7%*
Net income	729	1,463	-50.2%	-44.3%*
o.w. non-controlling interests	*198*	*394*	*-49.7%*	*-48.4%**
Group net income	**531**	**1,069**	**-50.3%**	**-42.5%***
Cost-to-income ratio	58.5%	57.5%		
Average allocated capital	5,882	6,661		

* *At constant structure and exchange rates.*

In International Retail Banking, further confirmation of the rebound observed in H2 materialised on loan and deposit production despite renewed lockdown measures in Q4. Outstanding loans totalled EUR 85.9 billion. They rose +2.5%* *vs.* end-December 2019 (-2.8% at current structure and exchange rates, particularly as a result of the disposal of SG Antilles and the currency effect in Russia). Outstanding deposits climbed +8.8%* (+2.0% at current structure and exchange rates) vs. December 2019, to EUR 79.6 billion.

For Europe, outstanding loans were up +2.8%* *vs.* December 2019 at EUR 54.9 billion (+1.0% at current structure and exchange rates), driven by the Czech Republic (+4.6%*, +1.2%) and to a lesser extent Western Europe (+2.0%). Outstanding deposits were up +8.2%* (+5.3% at current structure and exchange rates), with healthy momentum seen in the Czech Republic (+8.9%*, +5.4%).

In Russia, outstanding loans rose +2.7%* at constant exchange rates (-21.5% at current exchange rates) while outstanding deposits climbed +13.7%* (-13.0% at current exchange rates).

In Africa, Mediterranean Basin and French Overseas Territories, outstanding loans rose +1.8%* (or -2.7%) *vs.* December 2019. Outstanding deposits experienced robust momentum and climbed +7.9%* (+3.4%).

In International Retail Banking, net banking income totalled EUR 4,902 million in 2020, down -3.4%* (-12.3%) vs. 2019, marked in particular by reduced activity due to the lockdowns and a decrease in net interest income in the Czech Republic and Romania related to falling interest rates.

In International Retail Banking, operating expenses were down -1.4%* (-10.8%) *vs.* 2019.

Insurance

(In EURm)	2020	2019	Change	
Net banking income	**887**	**909**	**-2.4%**	**-2.1%***
Operating expenses	(356)	(349)	2.0%	2.5%*
Gross operating income	**531**	**560**	**-5.2%**	**-5.0%***
Net cost of risk	0	0	-	-
Operating income	**531**	**560**	**-5.2%**	**-5.0%***
Net income from companies accounted for by the equity method	0	0	-	-
Net profits or losses from other assets	0	0	-	-
Impairment losses on goodwill	0	0	-	-
Income tax	(165)	(174)	-5.2%	-5.0%*
Net income	366	386	-5.2%	-5.0%*
o.w. non-controlling interests	*3*	*3*	*0.0%*	*2.4%**
Group net income	**363**	**383**	**-5.2%**	**-5.0%***
Cost-to-income ratio	40.1%	38.4%		
Average allocated capital	1,865	1,506		

* *At constant structure and exchange rates.*

In the Insurance business, the life insurance savings business saw outstandings increase +0.5%* *vs.* December 2019. The recovery in gross life insurance inflows was confirmed in the last quarter, buoyed by sound inflow composition. Protection insurance increased +1.6%* vs. 2019. Growth was driven partially by a 9.9%* increase in property/casualty premiums *vs.* 2019.

The Insurance business saw net banking income decline by -2.1%**vs.* 2019 to EUR 887 million. Adjusted for the contribution to the solidarity fund in France, net banking income was down -0.9%* *vs.* 2019, illustrating a resilient financial performance. Gross inflows were sound in 2020, with the unit-linked share accounting for 44%.

Operating expenses for the business rose +2.5%* (+2.0%) *vs.* 2019 to EUR 356 million on back of cost-control efforts.

Financial Services to Corporates

(In EURm)	2020	2019	Change	
Net banking income	**1,735**	**1,872**	**-7.3%**	**-2.1%***
Operating expenses	(916)	(980)	-6.5%	-0.3%*
Gross operating income	**819**	**892**	**-8.2%**	**-4.0%***
Net cost of risk	(185)	(84)	x2.2	x2.2*
Operating income	**634**	**808**	**-21.5%**	**-17.4%***
Net income from companies accounted for by the equity method	0	1	-100%	-100%*
Net profits or losses from other assets	11	0	-	-
Impairment losses on goodwill	0	0	-	-
Income tax	(139)	(176)	-21.0%	-16.0%*
Net income	506	633	-20.1%	-16.0%*
o.w. non-controlling interests	*96*	*107*	*-10.3%*	*-9.3%**
Group net income	**410**	**526**	**-22.1%**	**-17.5%***
Cost-to-income ratio	52.8%	52.4%		
Average allocated capital	2,730	2,870		

* *At constant structure and exchange rates.*

Financial Services to Corporates delivered a resilient commercial performance. The number of contracts for Operational Vehicle Leasing and Fleet Management was stable *vs.* end-December 2019, with 1.76 million contracts at end-December 2020. Equipment Finance's outstanding loans were slightly lower (-0.8%*) *vs.* end-December 2019, at EUR 14.1 billion (excluding factoring).

Financial Services to Corporates' net banking income was down -2.1%* (-7.3%) in 2020, at EUR 1,735 million. However, in 2020, ALD posted a used car sale result (EUR 201 per unit) above the guidance, while margins were higher in Equipment Finance.

In Financial Services to Corporates, operating expenses were down -0.3%* (-6.5%) *vs.* 2019.

2.3.4 GLOBAL BANKING AND INVESTOR SOLUTIONS

(In EURm)	2020	2019	Change	
Net banking income	**7,613**	**8,704**	**-12.5%**	**-11.8%***
Operating expenses	(6,713)	(7,352)	-8.7%	-7.9%*
Gross operating income	**900**	**1,352**	**-33.4%**	**-33.0%***
Net cost of risk	(922)	(206)	x4.5	x4.5*
Operating income	**(22)**	**1,146**	**n/s**	**n/s**
Net income from companies accounted for by the equity method	4	3	-	-
Net profits or losses from other assets	0	6	-	-
Impairment losses on goodwill	0	-	-	-
Income tax	100	(174)	n/s	n/s
Net income	82	981	-91.6%	-91.6%*
o.w. non-controlling interests	*25*	*23*	-	-
Group net income	**57**	**958**	**-94.1%**	**-94.0%**
Cost-to-income ratio	88.2%	84.5%		
Average allocated capital	14,302	15,201		

* *At constant structure and exchange rates.*

Global Banking & Investor Solutions' revenues were down -12.5% vs. 2019. When restated for the impact of restructuring in Global Markets in 2019 and the revaluation of SIX securities (EUR +66 million), revenues were down -10.0%*.

In 2020, a strategic review performed by the Group of its Global Markets business helped ease the risk profile on equity and credit structured products to reduce the sensitivity of Global Markets' revenues to market dislocations. A cost reduction plan was also launched in 2020, the objective being to lock in expected net cost savings of around EUR 450 million out to 2022-2023.

Underlying operating expenses (restated for the restructuring provision recognised in Q2 19 for EUR 227 million and the restructuring charge recognised in Q4 20 for EUR 157 million related to the new EUR 450 million cost savings plan out to 2022-2023) were substantially lower (-7.2%*) than in 2019. Th decline reflects the successful cost savings plan (EUR 500 million) implemented in Global Banking & Investor Solutions in 2018. They were down -7.9%* on a reported basis.

The cost of risk amounted to 57 basis points (or EUR 922 million) vs. 13 basis points in 2019. It includes EUR 310 million of S1/S2 provisioning and EUR 612 million of S3 (non-performing loans) provisioning.

The underlying contribution to Group net income (adjusted for restructuring charges in 2020 and the restructuring provision in 2019) came to EUR 183 million.

In 2020, underlying RONE stood at 1.3% *vs.* 7.4% in 2019 .

Global Markets & Investor Services

(In EURm)	2020	2019	Change	
Net banking income	**4,164**	**5,210**	**-20.1%**	**-19.3%**
Operating expenses	(4,337)	(4,788)	-9.4%	-8.7%
Gross operating income	**(173)**	**422**	**n/s**	**n/s**
Net cost of risk	(24)	(13)	84.6%	83.0%
Operating income	**(197)**	**409**	**n/s**	**n/s**
Net income from companies accounted for by the equity method	4	4	-	-
Net profits or losses from other assets	11	4	-	-
Impairment losses on goodwill	0	0	-	-
Income tax	40	(89)	n/s	n/s
Net income	(142)	328	n/s	n/s
o.w. non-controlling interests	*23*	*20*	*15.0%*	*17.7%*
Group net income	**(165)**	**308**	**n/s**	**n/s**
Cost-to-income ratio	104.2%	91.9%		
Average allocated capital	7,960	8,454		

* *At constant structure and exchange rates.*

In **Global Markets & Investor Services**, revenues were down -20.1% (-19.3%*) in 2020 *vs.* 2019 to EUR 4,164 million, after a H1 impacted by the Covid pandemic. When restated for the impact of restructuring in Global Markets in 2019 and the revaluation of SIX securities, revenues decreased by -16.9%*.

The performance of **Fixed Income & Currency** activities was up +14.9% in 2020 *vs.* 2019 (+21.3% when restated for the impact of activities discontinued in 2019). Revenues, which totalled EUR 2,292 million, were driven by healthy commercial momentum and particularly favourable market conditions in H1 across all regions. Activities normalised in H2 2020.

Equity activities' net banking income was down -49.0% in 2020 *vs.* 2019 to EUR 1,275 million, with structured products hit hard by market dislocation in H1. Losses were mitigated by increased revenues for listed products and equity flow products. Revenues rebounded in H2 amid a normalising market environment. The integration of EMC activities was successfully finalised in Q1 20.

Securities Services' assets under custody amounted to EUR 4,315 billion at end-December 2020, up +102 million over the year, while assets under administration were down -1.4% at EUR 638 billion.

Divisional revenues totalled EUR 597 million in 2020, down -12.2% (restated for the revaluation of SIX securities) *vs.* 2019 (-16.4% on a reported basis).

Financing and Advisory

(In EURm)	2020	2019	Change	
Net banking income	**2,546**	**2,547**	**0.0%**	**0.6%**
Operating expenses	(1,563)	(1,676)	-6.7%	-5.9%
Gross operating income	**983**	**871**	**12.9%**	**12.9%***
Net cost of risk	(861)	(195)	x4.4	x4.5*
Operating income	**122**	**676**	**-82.0%**	**-82.0%***
Net income from companies accounted for by the equity method	0	(1)	-	-
Net profits or losses from other assets	(3)	0	-	-
Impairment losses on goodwill	0	0	-	-
Income tax	69	(70)	n/s	n/s
Net income	188	605	-68.9%	-69.1%*
o.w. non-controlling interests	*0*	*0*	*n/s*	*n/s*
Group net income	**188**	**605**	**-68.9%**	**-69.1%***
Cost-to-income ratio	61.4%	65.8%		
Average allocated capital	5,445	5,732		

* *At constant structure and exchange rates.*

Financing and Advisory revenues totalled EUR 2,546 million in 2020, up +0.6%* vs. 2020 (stable at current structure and exchange rates). Franchise activity strengthened and clients received ongoing support during this challenging year.

Investment Banking performed particularly well, benefiting from a high level of issues in the debt and equity capital markets and buoyant acquisition financing activity.

Asset and Wealth Management

(In EURm)	2020	2019	Change	
Net banking income	**903**	**947**	**-4.6%**	**-4.3%***
Operating expenses	(813)	(888)	-8.4%	-7.6%*
Gross operating income	**90**	**59**	**52.5%**	**41.3%***
Net cost of risk	(37)	2	n/s	n/s
Operating income	**53**	**61**	**-13.1%**	**-19.3%***
Net income from companies accounted for by the equity method	0	0	-	-
Net profits or losses from other assets	(8)	2	-	-
Impairment losses on goodwill	0	0	-	-
Income tax	(9)	(15)	-40.0%	-43.5%*
Net income	36	48	-25.0%	-30.4%*
o.w. non-controlling interests	*2*	*3*	*-33.3%*	*-31.6%**
Group net income	**34**	**45**	**-24.4%**	**-30.4%***
Cost-to-income ratio	90.0%	93.8%		
Average allocated capital	892	1,015		

* *At constant structure and exchange rates.*

Asset and Wealth Management's net banking income totalled EUR 903 million in 2020, down -4.6% *vs.* 2019 (-1.3% when restated for the revaluation of SIX securities).

Lyxor's net banking income amounted to EUR 207 million in 2020, up +3.5% *vs.* 2019, driven by a high level of performance fees. Lyxor confirmed its leadership position in the Green Bond segment in 2020 and enhanced its ESG ETF offering. Lyxor's assets under management totalled EUR 140 billion at end-December 2020.

Wealth Management registered a slower performance in 2020 (-2.4%, when restated for the revaluation of SIX securities) vs. 2019, with net banking income of EUR 678 million. Revenues were impacted by pressure on interest margins despite stable commercial revenues. Assets under management stood at EUR 116 billion. Net inflow totalled EUR 1.7 billion in 2020 and was driven by France.

2.3.5 CORPORATE CENTRE

(In EURm)	2020	2019	Change
Net banking income	**(339)**	**(152)**	**n/s**
Operating expenses	(441)	(94)	x4.7
Gross operating income	**(780)**	**(246)**	**n/s**
Net cost of risk	(22)	(17)	29.4%
Operating income	**(802)**	**(263)**	**n/s**
Net income from companies accounted for by the equity method	0	(152)	100%
Net profits or losses from other assets	(185)	(394)	53.0%
Impairment losses on goodwill	(684)	-	n/s
Income tax	(482)	184	n/s
Net income	(2,153)	(625)	n/s
o.w. non-controlling interests	*132*	*171*	*-22.8%*
Group net income	**(2,285)**	**(796)**	**n/s**

The Corporate Centre includes:

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

The Corporate Centre’s net banking income totalled EUR -339 million in 2020 *vs.* EUR -152 million in 2019. In 2020, it included in particular the change in fair value of financial instruments corresponding to economic hedges of financial debt but which do not meet IFRS hedge accounting criteria.

Operating expenses amounted to EUR -441 million in 2020 *vs.* EUR -94 million in 2019 (which included an operating tax adjustment of EUR +241 million). In 2020, these expenses included a restructuring charge of EUR 53 million recorded in Q4 20.

Gross operating income totalled EUR -780 million in 2020 *vs.* EUR -246 million in 2019.

Net profits or losses from other assets amounted to EUR -185 million in 2020 *vs.* EUR -394 million in 2019 related to the application of IFRS 5 as part of the rollout of the Group’s refocusing plan (in 2020, EUR -101 million in respect of the disposal of SG Finans and EUR -69 million as part of the finalisation of the disposal of Societe Generale de Banque aux Antilles).

Net income from companies accounted for by the equity method is nil in 2020. In 2019, it included an impairment of EUR -158 million corresponding to the Group’s entire minority stake (16.8%) in SG de Banque au Liban.

In 2020, the review of Global Markets & Investor Services’ financial trajectory led to the impairment of the associated goodwill for EUR -684 million and deferred tax assets for EUR -650 million.

The Corporate Centre’s contribution to Group net income was EUR -2,285 million in 2020 *vs.* EUR -796 million in 2019.

2.3.6 DEFINITIONS AND METHODOLOGY, ALTERNATIVE PERFORMANCE MEASURES

Framework

The financial information presented in respect of the financial year ended 31 December 2020 was reviewed by the Board of Directors on 9 February 2021 and was prepared in accordance with IFRS as adopted in the European Union and applicable at that date.

Capital allocation

In 2020, the allocation of normative capital to the businesses on the basis of their capital consumption was determined in accordance with CRR rules, *i.e.* 11% of their risk-weighted assets, supplemented by the consumption of Common Equity Tier 1 capital chargeable to each business after taking into account non-controlling interests and the adjustment of capital consumption in insurance activities. Accordingly, the capital allocation rule applies to the Group's three pillars - French Retail Banking, International Retail Banking and Financial Services, and Global Banking and Investor Solutions - and enables each activity's capital consumption and profitability to be calculated by activity on a standalone and uniform basis, taking into account the Group's regulatory constraints.

Net banking income

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

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

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

Operating expenses

Operating expenses for the business divisions correspond to the information reported in Note 8.1 to the Group's consolidated financial statements at 31 December 2020 (see pages 466 to 468) and include their direct expenses, their management overheads, and a share of the head-office expenses, which are in principle almost fully redistributed between the business divisions. The Corporate Centre only books costs related to its own activity, along with certain technical adjustments.

Cost-to-income ratio

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

IFRIC 21 adjustment

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

Underlying indicators

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

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

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

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

(In EURm)	2020	2019	Change	
Operating Expenses[1]	**(16,714)**	**(17,727)**	**-5.7%**	
(-) Restructuring charges	(210)			See note (2)
(-) Restructuring provision		(316)		See note (3)
Underlying Operating Expenses	**(16,504)**	**(17,411)**	**-5.2%**	
Net cost of risk	**(3,306)**	**(1,278)**	**x2.6**	
(-) Group refocusing plan*	(20)	(18)		Corporate Centre
Underlying net cost of risk	**(3,286)**	**(1,260)**	**x2.6**	
Net profit or losses from other assets	**(12)**	**(327)**	**+96.3%**	
(-) Group refocusing plan*	(178)	(386)		Corporate Centre
Underlying net profit or losses from other assets	**166**	**59**	**x2.8**	
Net income from companies under equity method	**3**	**(129)**	**n/s**	
(-) Write-off of Group minority stake in SG de Banque au Liban*	-	(158)		Corporate Centre
Underlying net income from companies under equity method	**3**	**29**	**n/s**	
Impairment losses on goodwill	**(684)**	**0**	**n/s**	
(-) Goodwill impairment	(684)	-		Corporate Centre
Underlying impairment losses on goodwill	**0**	**0**	**n/s**	
Income tax	**(1,204)**	**(1,264)**	**-4.8%**	
(-) Group refocusing plan*	(14)	(18)		
(-) Restructuring charges*	63	-		See note (2)
(-) Restructuring provision*	-	83		See note (3)
(-) DTA impairment*	(650)	-		
Underlying income tax	**(603)**	**(1,329)**	**-54.6%**	
Group net income	**(258)**	**3,248**	**n/s**	
Effect in Group net income of above restatements	(1,693)	(813)		
Underlying Group Net income	**1,435**	**4,061**	**-64.7%**	

* *Exceptional items.*

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

(2) *Global Banking and Investor Solutions (EUR - 157m), Corporate Centre (EUR -53m).*

(3) *French Retail Banking (EUR - 55m), International Retail Banking and Financial Services (EUR - 34m), Global Banking and Investor Solutions (EUR - 227m).*

Cost of risk

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

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

		2020	2019
French Retail Banking	Net cost of risk *(EUR m)*	1,097	467
	Gross loan outstandings *(EUR m)*	212,185	194,359
	Cost of risk in bp	**52**	**24**
International Retail Banking and Financial Services	Net cost of risk *(EUR m)*	1,265	588
	Gross loan outstandings *(EUR m)*	132,082	136,303
	Cost of risk in bp	**96**	**43**
Global Banking and Investor Solutions	Net cost of risk *(EUR m)*	922	206
	Gross loan outstandings *(EUR m)*	160,918	161,865
	Cost of risk in bp	**57**	**13**
Societe Generale Group	Net cost of risk *(EUR m)*	3,306	1,278
	Gross loan outstandings (EUR m)	516,797	501,929
	Cost of risk in bp	**64**	**25**

Gross coverage ratio for doubtful outstandings

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

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

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

Net income/expense from other assets

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

Income tax

The Group's tax position is managed centrally.

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

ROE, ROTE

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

It excludes:

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

It deducts:

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

For the ROTE, the following items are also excluded:

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

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

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

RONE

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

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

(In EURm, end of period)	2020	2019
Shareholders' equity Group share	**61,684**	**63,527**
Deeply subordinated notes	(8,830)	(9,501)
Undated subordinated notes	(264)	(283)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	19	4
OCI excluding conversion reserves	(942)	(575)
Dividend provision	(467)	(1,869)
ROE equity end-of-period	**51,201**	**51,303**
Average ROE equity	**52,088**	**50,586**
Average Goodwill	(4,172)	(4,586)
Average Intangible Assets	(2,432)	(2,243)
Average ROTE equity	**45,484**	**43,757**
Group net Income (a)	**(258)**	**3,248**
Underlying Group net income (b)	**1,435**	**4,061**
Interest on deeply subordinated notes and undated subordinated notes (c)	(611)	(715)
Cancellation of goodwill impairment (d)	684	200
Corrected Group net Income (e) = (a) + (c) + (d)	**(185)**	**2,733**
Corrected Underlying Group net Income (f) = (b) + (c)	**824**	**3,346**
Average ROTE equity (g)	**45,484**	**43,757**
ROTE (e/g)	-0.4%	6.2%
Average ROTE equity (underlying) (h)	**47,177**	**43,983**
Underlying ROTE (f/h)	1.7%	7.6%

RONE CALCULATION: AVERAGE CAPITAL ALLOCATED TO CORE BUSINESSES

(In EURm)	2020	2019
French Retail Banking	11,427	11,263
International Retail Banking and Financial Services	10,499	11,075
Global Banking and Investor Solutions	14,302	15,201

Earnings per share

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

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

a) trading shares held by the Group; and

b) shares held under the liquidity contract.

The Group also reports its underlying earnings per share, i.e. also corrected for exceptional items (restatement of debt related to own credit risk) and Debit Valuation Adjustment (DVA), in addition to underlying, i.e. also corrected for exceptional items and the IFRIC 21 adjustment.

	2020	2019
Existing shares (average number, in thousands of shares)	**853,371**	**834,062**
Deductions (in thousands of shares)		
Shares allocated to cover stock option plans and free shares awarded to staff (average, in thousands of shares)	2,987	4,011
Other own shares and treasury shares		149
Number of shares used to calculate EPS[1]	**850,385**	**829,902**
Group net Income *(In EURm)*	**(258)**	**3,248**
Interest on deeply subordinated notes and undated subordinated notes *(In EURm)*	(611)	(715)
Capital gain net of tax on partial buybacks *(In EURm)*	0	0
Adjusted Group net income *(In EURm)*	**(869)**	**2,533**
EPS *(In EUR)*	**(1.02)**	**3.05**
Underlying EPS[2] *(In EUR)*	**0.97**	**4.03**

(1) The number of shares considered is the number of ordinary shares outstanding at 31 December 2020, excluding treasury shares and buybacks, but including the trading shares held by the Group.

(2) Adjusted for exceptional items.

Net Asset, Net Tangible Asset Value

Net assets comprise Group shareholders' equity, excluding:

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

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

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

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

	2020	2019
Shareholders' equity Group share *(In EURm)*	**61,684**	**63,527**
Deeply subordinated notes *(In EURm)*	(8,830)	(9,501)
Undated subordinated notes *(In EURm)*	(264)	(283)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations *(In EURm)*	19	4
Book value of own shares in trading portfolio *(In EURm)*	301	375
Net Asset Value *(In EURm)*	**52,910**	**54,122**
Goodwill *(In EURm)*	(3,928)	(4,510)
Intangible Asset *(In EURm)*	(2,484)	(2,362)
Net Tangible Asset Value *(In EURm)*	**46,498**	**47,250**
Number of shares used to calculate NAPS(1)	**848,859**	**849,665**
Net Asset Value per Share *(In EUR)*	**62.3**	**63.7**
Net Tangible Asset Value per Share *(EUR)*	**54.8**	**55.6**

(1) In thousands of shares, the number of shares considered is the number of ordinary shares outstanding at 31 December, excluding treasury shares and buybacks, but including the trading shares held by the Group. In accordance with IAS33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transactions.

Prudential capital and solvency ratios

The Societe Generale Group's Common Equity Tier 1 capital is calculated in accordance with applicable CRR/CRD4 rules.

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

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

The leverage ratio is calculated according to applicable CRR/CRD4 rules, including the provisions of the Delegated Act of October 2014.

2.4 NEW IMPORTANT PRODUCTS OR SERVICES

Business Unit	Product name	New product or service
French Retail Banking	**Kapsul** (January 2020, Societe Generale)	Essential banking solutions for EUR 2 a month: an account, a card, an application, access to the entire range of products and services and an account advisor for transactions requiring expertise. The solution does not impose revenue preconditions and account-keeping charges, and gives clients the reassurance of a leading bank. In addition, clients are reimbursed for purchases made with our partners through the Societe Generale Cashback service.
	PERECOI Inter-Company Collective Pension Savings Plan (February 2020, Societe Generale)	Launch of an Inter-company Collective Pension Savings Plan, replacing the ARCANCIA PERCOI plan for professionals and companies. This new product was designed in the wake of the the Pacte Law, an action plan to promote business growth and transformation.
	New user space for policyholders - Legal Protection for Professionals (PJ Pros) (February 2020, Societe Generale)	When making their first claim, policyholders are allocated a new user space, a simplified login and access to new services. They can use the new user space to perform real-time checks on the work performed by the lawyer handling the dispute or make a telephone appointment with the latter, and even view the payments that have been issued. In addition, to ease red-tape, clients now have the advantage of an online platform (LégaLife) to help them quickly obtain letter and contract templates.
	Government-backed loans (PGE) (March 2020, Societe Generale and Crédit du Nord Group)	In light of the Covid-19 pandemic, SG and Crédit du Nord granted government-backed loans to help clients manage their cash requirements for an amount capped at 25% of their revenue and with an initial bullet redemption phase over 12 months. At the end of this initial phase, the client may opt for a redemption period of up to five years. Ninety percent of the loan amount for professional and VSB clients is backed by the French government. The only cost to these clients is a 0.25% commission to the French Public Investment Bank (BPI). For corporate clients, 70% to 90% of the loan amount is backed by the French government. The only cost to these clients is a commission of between 0.25% and 0.50% paid to the French government and collected by the French Public Investment Bank (BPI) depending on the revenue bracket.
	Flash 3 or 4xCB on Electronic Payment Terminals (March 2020, Societe Generale)	Providing business owners and companies with sales-related payment facilities, Flash 3x CB has now been extended to 4x CB for amounts capped at EUR 4,000. Flash 3x or 4x CB is an offer managed by Franfinance. Professionals with an electronic payment terminal (EPT) can offer individual customers payment facilities in three or four instalments, at no cost. Professional clients are guaranteed payment and a cash advance.
	Appli - new version (June 2020, Societe Generale)	Retail customers can now experience the innovative solutions of this client-centric application offer: ■ a chatbot connected to accounts and live video consultations with customer relationship managers who respond directly; ■ Banxup is a simple pocket-money solution for parents to manage their children's allowance; ■ a new-look interface for a seamless customer experience: new account presentations, a personalised home page using widgets, headings for card transactions and business logos, real-time alerts: card limits almost reached, creditor and debtor movements and payment notifications, as well as continued access to biometric operations, contactless payments, and cashback and instant payment services.
	EER PRO: creation of a communication space (June 2020, Societe Generale)	Creation of a communication space for prospective clients to contact their bank at the onboarding stage to: ■ lodge administrative documents required to complete their dossier; ■ obtain their French bank account details ("RIB") once the end-to-end account opening is deemed to comply with rules and has been validated.
	Instant digital card (July 2020, Societe Generale)	Societe Generale has introduced a unique service in France for clients who have cancelled their payment cards to continue making payments using their mobile phone.

Business Unit	Product name	New product or service
French Retail Banking	**Civic solidarity cashback service** (November 2020, Societe Generale)	Subscribers to the Societe Generale Cashback service may now use it to show their civic generosity. Subscribers may direct all or part of the amount in their cashback fund to an association (including a CSR association).
	Car insurance (new version) (September 2020, Societe Generale)	A new modular service adapted to clients' requirements, irrespective of the degree of cover sought. Even more personalisation with five policies and options on offer. Specific tariff advantages exist for policyholders who are frequent car users. The policy can be taken out by clients as they wish - in an agency, on the internet or using the Societe Generale app.
	Donations from an Eco and Solidarity Savings Account ("LDDS") (1 October 2020, Societe Generale)	Clients with an LDDS account can make donations from their account to one of the civic solidarity associations partnered by Societe Generale.
	Palissandre Entreprises – Retirement Savings Plan (PER) (December 2020, Societe Generale)	The Palissandre Entreprises retirement savings plan (or Compulsory Company PER) supersedes the "Article 83" Palissandre contract pursuant to the Pacte Law. Employees benefit from this category-based contract to save for their retirement using contributions made by the employer's company, which are topped up by payments by employee beneficiaries if they so wish.
	3X-4X web solution (November 2020, Societe Generale)	This is a change to our Sogenactif and Sogecommerce e-commerce services which enable our business owner clients to offer their own customers the opportunity of paying for their online purchases in three or four instalments, and still have the advantage of a payment guarantee. Business owners can use the solution to grow their sales while keeping their cash intact.
	Financing orders using an SG factoring contract (Pro and Corporate markets) (September 2020, Societe Generale)	Our clients subscribing to an SG factoring contract can use the service to finance their orders with SG factoring.
	Multirisk Pros V2 solution (October 2020, Crédit du Nord Group)	This modular solution can be adapted to client requirements, allowing them to insure their work premises and take out civil liability insurance, choose optional packs, related insurance cover thresholds and deductible levels.
	Cyber risk insurance (December 2020, Crédit du Nord Group)	Insurance to protect business against attacks on their information systems and/or electronic data following a cyber-attack: ▪ emergency intervention with 24/7 assistance; ▪ compensation for damage incurred by the policyholder; ▪ civil liability guarantees.
	Launch of Antarius Wealth Management life insurance contract (January 2020, Crédit du Nord Group)	A contract geared to HNW clients, starting from EUR 100,000 and with a minimum UA investment of 35%. Management fees are adapted to suit the client and the contract may be transferred to the Private Bank. Eligible for use in the contract are: 40 UAs of choice, three UAs in open architecture, two REITs, Private Equity, structured products, active securities and delegated management.
	Lease with option to purchase (Launched in Q1, Q2 and Q3 2020, Crédit du Nord Group)	A simple, flexible and rapid solution to acquire a new or almost-new used car. Leasing with option to purchase is also an advantageous financing solution that lets users drive a car in return for making monthly lease payments. The monthly amount is defined in advance according to the kilometers travelled and the time period selected. At the end of the contract, the client may return the vehicle if they so choose, or may instead decide to acquire it by taking up the purchase option.
	Smooth out entry points into the financial markets (April 2020, Crédit du Nord Group)	Launched in April 2020, Crédit du Nord proposes this interim life-insurance solution to invest in the financial markets: a financial allocation is invested over six months to smooth out the entry points in the financial markets.
	Online sureties and guarantees (Two-phase introduction in late-June and late-August 2020, Crédit du Nord Group)	New, more user-friendly interface to issue domestic sureties and guarantees.
	Partnership with AON for Unpaid Lease Guarantees (March 2020, Crédit du Nord Group)	This solution for our investor clients ensures the reimbursement of unpaid rents and covers property damage caused by the tenant during their occupancy.
	Partnership with Payfit (July 2020, Crédit du Nord Group)	A solution that facilitates the management of pay and ISHR tools for our professional and business clients.

Business Unit	Product name	New product or service
French Retail Banking	**Launch of the Prismea service** (July 2020, Crédit du Nord Group)	Professionals can open a fully online account using the Prismea application.
	SRI mandates (January 2020, Boursorama)	Boursorama Banque launched, in partnership with Sycomore AM, three new Manager Guided 100% SRI mandates (with zero entry fees and no additional management fees) to meet the requirements of clients wishing to make meaningful investments. As part of Boursorama Vie's new Manager Guided solution, Sycomore AM pledges that 100% of the selected funds in the three new mandates (defensive, balanced and dynamic) will have the SRI Label (321 eligible funds to date). In so doing, it is continuing to support Boursorama's ambition to participate in a sustainable and inclusive economy.
	Solidarity savings account (April 2020, Boursorama)	From the start of the Covid-19 pandemic and until 31 July 2020, Boursorama Banque offered clients the opportunity of subscribing to a Solidarity Savings Account at an exceptional annual gross rate of 1%. Savings were capped at EUR 5,000. During the same period, Boursorama paid EUR 1 to the *Tous Unis Contre Le Virus* (All United Against the Virus) alliance fund for each euro of interest calculated on the interest obtained by the client.
	Virtual payment card (April 2020, Boursorama)	Boursorama Banque now enables clients who have subscribed to a new payment card to make mobile payments - even before they receive the card at their residence - by making an instant solution available to them *via* a virtual card available in their personal space in the Boursorama Banque app. Clients merely have to register it in an Apple Pay or Google Pay wallet to use it for their future mobile payments at businesses equipped for the service.
	Wicount financial management (May 2020, Boursorama)	Boursorama developed this innovative budget coaching service to give clients a 360° vision of their financial and property assets (cash, savings, share market investments, property assets), as well as their current loans. The tool analyses the breakdown of clients' wealth (including savings held with their other banks) and provides optimisation advice adapted to their situation to help them set up the most appropriate savings actions.
	Alabri (November 2020, Boursorama)	Boursorama Banque, in partnership with Societe Generale Assurances, now offers an exclusive Multirisk Home insurance service to clients. This involves tailor-made tariffs which are shaped to client requirements, depending on the characteristics of their home, on the value of objects being guaranteed, on the deductible levels sought, etc. Alabri has rounded off the insurance product range on offer at Boursorama, which comprises Boursorama Protection to insure means of payment and personal belongings, retirement insurance and car insurance with Carapass.
	The Corner (December 2020, Boursorama)	Boursorama Banque has taken its services beyond the frontiers of banking by offering its 2.5 million-plus clients The Corner, a program that provides extra-financial advantages. The Corner offers the most attractive discounts possible on around fifty national and international brands, with a 100% mobile purchasing journey. Purchases are simple, rapid, fluid and secure, and are accessible directly from the client interface, irrespective of the device used.
	Ultim Metal (December 2020, Boursorama)	With Ultim Metal, Boursorama launched the market's most attractively priced upscale all-in-one service: simple and transparent, backed by the most solid protection and guarantees, and priced at an extremely competitive rate, this premium service furnishes clients with a current account and comes with a stylish metallic payment card.

Business Unit	Product name	New product or service
International Retail Banking and Financial Services	**ESSOX Rent: a unique financing offer for long-term vehicle leasing** (December 2020, ESSOX – Czech Republic) (International Retail Banking)	ESSOX, Societe Generale's Czech subsidiary introduced a new product onto the market, **ESSOX Rent.** Used to finance long-term vehicle leases without the need for a down payment, it also comes with complex insurance and a paid-up road tax. Completely new to the Czech market, ESSOX is the only leasing company to offer such a product, which is designed for entrepreneurs and companies, as well as consumers. ESSOX pays up-front the price of the lease for its entire duration after which the customer pays off the sum by instalments without having to make a down payment when initially leasing the vehicle. Instalment amounts are lower than those usually charged for leases and are paid over the course of the lease's term. Customers also benefit from an indisputed advantage, which is the possibility of receiving a one-off VAT deduction from the total lease term that potentially covers up to four regular lease instalments.
	A new recycled card for students (October 2020, Komerční banka – Czech Republic) (International Retail Banking)	**This new card is one of the most environmentally friendly payment cards in the world, with a recycled content rate of over 85%.** It also proves that Komerční banka is serious about reducing plastic waste. Manufacturing the card does not create disposable plastic, of which standard PVC cards are made (plastic which is produced exclusively to manufacture the final product and is not further recycled). The card is manufactured using a mix of plastic waste composed of packaging materials, printing and other industrial waste. Some household waste is also used. **Seven grams of CO_2** is exactly how much a new Komerční banka (KB) payment card will save on a student account. Young people's ecological mindset is the reason why Komerční banka decided to offer the recycled card to this demographic group. According to a sample of almost 7,000 high school students, the **environment should be a priority area for the global community.**
	Hanseatic Bank activates Google Pay (October 2020, Hanseatic Bank – Germany) (International Retail Banking)	All the credit cards of the Hamburg-based financial institution are automatically activated for **Google Pay** and can be easily added to the Google Wallet or *via* the **Hanseatic Bank Mobile** app. The mobile payment service works on NFC-enabled devices with Android Lollipop 5.0 and later versions. When paying with Google Pay, no credit card data is transmitted to the merchant. The customer's data is encrypted with a virtual account number and is therefore protected.
	SoGé (July 2020, Societe Generale Maroc - Morocco) (International Retail Banking)	**SoGé is an online bank that delivers on several customer promises and one key issue: serving clients remotely by ensuring autonomy, simplicity and security.** This new relational model takes the shape of a virtual agency with remote bankers who are available for extended periods to meet clients' needs. SoGé has taken innovation to the next level by rounding out Societe Generale Maroc's services range and in so doing is responding to clients' increasing need for autonomy, personalised support and assistance, and suitable pricing.
	OCRE AFS shared loan tool (July 2020, sub-Saharan Africa) (International Retail Banking)	**OCRE AFS is a single shared tool for granting loans in nine subsidiaries across the AFS zone (Benin, Congo, Burkina Faso, Ghana, Guinea, Equatorial Guinea, Madagascar, Mauritania and Chad).** By leveraging the tool the bank expects to improve efficiency and increase customer satisfaction, as well as optimise and streamline its operating model. It should also reduce case management costs thanks to automated processing. OCRE AFS will be progressively enriched with new functionalities such as automated document recognition, automatic checks with loan offices, inclusion of insurance policies, an offer of PRO loans and digital banking services.
	Mobiwan Web (July 2020, Societe Generale Maroc - Morocco) (International Retail Banking)	**Mobiwan Web is an online interface that gives Societe Generale Maroc clients access to online banking services.** Accessible from a computer, Mobiwan Web is equipped with a host of functionalities. Customers may view their account activity and consult up to 50 past credit card transactions, as well as download their bank statements and bank information details.
	UIB Assurances (September 2020, UIB, Tunisie) (International Retail Banking)	**Created jointly by ASSU and UIB, UIB Assurances was registered in the National Business Register at the end of September.** Subject to final approval by the Tunisian regulator, UIB Assurances will sell life insurance policies from mid-2021 on consumer and property loans granted by UIB throughout its 144 branches and *via* remote channels.
	Contactless payments (September 2020, sub-Saharan Africa) (International Retail Banking)	**Societe Generale subsidiaries in Africa launch contactless payments.** This new payment method in Africa offers several advantages, not only for customers with adapted credit cards, but also for merchants with dedicated contactless payment terminals. The settlement of contactless transactions is guaranteed under the same conditions as conventional bank card transactions. The contactless solution was first launched in Madagascar and Senegal, and is will be introduced later in Benin, Burkina Faso, Cameroon, Congo, Côte d'Ivoire, Guinea, Equatorial Guinea.
	BtoB app (November 2020, Societe Generale Algeria) (International Retail Banking)	**The BtoB app is a mobile application geared to small, medium and large companies as well as to professionals,** allowing them to initiate payments at the behest of the retailer/wholesaler, and to even make payment requests at the supplier's initiative. Suppliers can therefore be paid securely and in real time.

Business Unit	Product name	New product or service
International Retail Banking and Financial Services	**Cyber Risk insurance** (December 2020, Societe Generale Assurances) (Financial Services to Corporates and Insurance)	An offer launched with Crédit du Nord Group that addresses the concerns of company directors by protecting firms from cyber risks. Included in the service are crisis management assistance, compensation in the event of damage incurred by the company and the consequences of financial loss and legal costs.
	Alabri (November 2020, Societe Generale Assurances) (Financial Services to Corporates and Insurance)	An 100% online and customised home insurance for Boursorama clients. Alabri is a modular offer which adapts to all client profiles, whatever their coverage needs.
	Connected Fleet Insurance in France (October 2020, Societe Generale Assurances) (Financial Services to Corporates and Insurance)	Launched with ALD Automotive, this is the first connected insurance offer on the fleet market in France. It offers a telematic solution with an eco-driving module enabling companies to optimise the daily management of their fleets due to connected devices installed in the vehicles that capture vehicle data.
Global Banking and Investor Services	**SGI Private Equity Proxy Index** (April 2020, Global Markets)	The SGI Private Equity Proxy Index was launched in April 2020 as a liquid and transparent strategy replicating an illiquid traditional Private Equity investment. Using Private Equity funds' methods in a systematic way, the strategy selects at least 100 stocks (80% US, 20% Europe) that most closely resemble the positive characteristics of the companies found in buyout fund portfolios (small cap and profitable with low valuations). The strategy aims at replicating private equity funds' performances by selecting small cap stocks directly using equity factor criteria – Size (small cap stocks), Value ("cheap" stocks), Highly Profitable stocks and Quality stocks (those with healthy balance sheets with ability to take on debt) - in a US and EU universe.
	SGI Climate Risk Control Index (February 2020, Global Markets)	The Index is based on the Intelligent Smart Climate® Score that offers a forward-looking alternative to the past carbon emission focused solutions available on the market today. It gives investors access to the 250 stocks in the S&P 500 index that have the lowest exposure to climate change downside risk based on the Intelligent Smart Climate® Score. The Index seeks to capture alpha from all the sectors represented in the S&P 500, including sectors usually cast out by other ESG methodologies. At the core design of the strategy is the innovative model to identify the sensitivity of companies to future climate change scenarios.
	SGI European Green Deal (Octobre 2020, Global Markets)	The European Green Deal Index aims to select stocks that could potentially benefit from the "European Green Deal", a growth strategy put in place by the European Commission aimed at making Europe the first climate-neutral continent. The index was not designed to select companies with the highest environmental score. It aims to exploit the companies and themes associated with the Green Deal Legislation that could benefit from the latter. The exposure is gained through a selection of stocks within each of the sub-sectors as identified by the SG Research team.
	3 new solutions available through SG Markets (December 2020, Societe Generale Securities Services)	All SGSS services are now available through our single platform SG Markets, and include our 3 new solutions: ■ Fund Alerts: Now provides asset managers with email or SMS alerts for subscriptions and redemptions at closing, based on pre-defined criteria set by the fund manager in relation to the net asset value (NAV) of the fund. ■ Fund Factsheet: Allows asset managers to produce their fund factsheets with automated performance comments generation. ■ Selfcare: SGSS provides its customers with an environment where they can access documents and information on a daily basis independently. Available 24 hours a day via SG Markets, these services are enriched over time.
	COOP by Societe Generale (Video game financing) H1 20, Financing and Advisory	Relying on an algorithm predicting future revenues of mobile video games, Societe Generale is testing with a limited number of clients a lending offer to mobile studios and software editors. Powered by SG Markets, fed with real-time data from digital platforms such as Apple, Google or Facebook, COOP aims at revolutionising the banking experience of the creators and editors of digital content through a fully online portal. Processed in real-time, loan requests are instantly granted or rejected by the bank and the flows settled in a matter of days.
	My Capital Markets (H1 20, Financing and Advisory)	In the wake of the unprecedented funding requirements triggered by the Covid-19 pandemic, the Debt Capital Markets teams developed a set of integrated apps called "My Capital Markets" allowing issuers in particular to obtain live access to roadshow agendas and subsequent investor feedback, predict the potential orderbook of a future bond issue using machine learning techniques, and monitor the effective participation of investors during the final book-building phase.

Business Unit	Product name	New product or service
Global Banking and Investor Services	**Financing & Advisory** (H1 20, Financing and Advisory)	A digital platform for CFOs and finance teams at our corporate clients to support their decision-making. Thanks to its intuitive and interactive dashboard interface and its powerful data processor, this web-based multidimensional tool analyses a company's financials, elaborates strategic scenarios and outlines the financial impacts (capital structure, credit rating analysis, positioning among peers, etc.). The platform's ability to generate business plans enables users to visualise, analyse and simulate financial forecasts based on a variety of business and financial decisions (acquisitions, disposals, investments, shareholding policy, etc.) taking into account financial objectives (EPS, leverage, target rating, etc.) and a financing plan.
	Green Guarantees (January 2020, Global Transaction & Payment Services)	GTPS' Trade Finance & Services teams launched early in 2020 structured solutions to grant Green Trade Finance facilities, including international guarantees and letters of credit, which are backed to projects in the renewable energy, clean transportation, waste management as well as sustainable water and waste water management sectors. These projects seek to support the transition to a low carbon future with a sustainable business model and to make a clear, positive contribution to the environment.
	Sustainability-linked Trade Finance Products (November 2020, Global Transaction & Payment Services)	GTPS's Trade Finance & Services launched in November 2020 an innovative approach that aims at accompanying our core corporate clients on Trade Finance instruments who have engaged a strong transition towards a more sustainable business model and who have defined some key environmental and social targets they want to achieve. To illustrate our willingness to support our clients' ESG transition, we commit on our side to adjust our price to those environmental and social objectives. In case our client meets his objectives, he will benefit from a bonus on his conditions. We believe this approach can be an additional leverage to foster a more responsible development growth and to have a clear positive contribution to the environment and social challenges.
	Digital management mandate portal (September 2020, Wealth Management)	The Société Générale website and app now has a digital portal dedicated to individual clients holding an SG 29 Haussmann management mandate so they can regularly monitor their financial assets under management thanks to information on mandate performances, the breakdown of their portfolio by asset class and by geographic region, as well as the investment strategy of their management company.

2.5 ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

ASSETS

(In EURbn)	31.12.2020	31.12.2019
Cash, due from central banks	168.1	102.3
Financial assets at fair value through profit or loss	429.5	385.7
Hedging derivatives	20.7	16.8
Financial assets at fair value through other comprehensive income	52.1	53.3
Securities at amortised cost	15.6	12.5
Due from banks at amortised cost	53.4	56.4
Customer loans at amortised cost	448.8	450.2
Revaluation differences on portfolios hedged against interest rate risk	0.4	0.4
Investments of insurance companies	166.9	164.9
Tax assets	5.0	5.8
Other assets	67.3	68.0
Non-current assets held for sale	0	4.5
Investments accounted for using the equity method	0.1	0.1
Tangible and intangible fixed assets	30.1	30.8
Goodwill	4.0	4.6
TOTAL	**1,462.0**	**1,356.5**

LIABILITIES

(In EURbn)	31.12.2020	31.12.2019
Due to central banks	1.5	4.1
Financial liabilities at fair value through profit or loss	390.2	364.1
Hedging derivatives	12.5	10.2
Due to banks	135.6	107.9
Customer deposits	456.1	418.6
Debt securities issues	139.0	125.2
Revaluation differences on portfolios hedged against interest rate risk	7.7	6.7
Tax liabilities	1.2	1.4
Other liabilities	84.9	85.1
Non-current liabilities held for sale	-	1.3
Insurance contract related liabilities	146.1	144.3
Provisions	4.8	4.4
Subordinated debt	15.4	14.5
Shareholder's equity	61.7	63.5
Non-controlling interests	5.3	5.0
TOTAL	**1,462.0**	**1,356.5**

2.5.1 MAIN CHANGES IN THE CONSOLIDATION SCOPE

The main changes to the consolidation scope at 31 December 2020 compared with the scope applicable at the closing date of 31 December 2019 are as follows:

SOCIETE GENERALE DE BANQUE AUX ANTILLES (SGBA)

On 2 March 2020, the Group sold its entire stake in its subsidiary operating in Guadeloupe, Martinique and French Guyana to Promontoria MMB. The sale reduced the Group's total balance sheet by EUR 0.4 billion (under Non-current assets held for sale and Non-current liabilities held for sale).

SG FINANS AS

On 1 October 2020, the Group sold its entire stake in SG Finans AS, an equipment finance and factoring company in Norway, Sweden and Denmark. The disposal reduced the Group's total balance sheet by EUR 4 billion, mainly through a decrease of EUR 4 billion in customer loans and of EUR 0.9 billion in due to banks, reported respectively under Non-current assets held for sale and Non-current liabilities held for sale at 31 December 2019.

The result of these two disposals recorded in Net income / expense from other assets amounts to EUR - 169 million for the 2020 financial year.

2.5.2 CHANGES IN MAJOR CONSOLIDATED BALANCE SHEET ITEMS

Cash due from central banks increased by EUR 65.9 billion (+64.4%) compared to 31 December 2019, mainly as result of the large amount of liquidity injected by the European Central Bank into the markets.

Financial assets at fair value through profit or loss increased by EUR 43.8 billion (+11.3%) compared to 31 December 2019. The increase in financial assets at fair value through profit or loss is primarily driven by growth in shares and other equity securities of EUR 14.8 billion and growth in the trading derivatives of EUR 15.7 billion.

Financial liabilities as fair value through profit or loss increased by EUR 26.1 billion (+7.2%) compared to 31 December 2019. The increase in financial liabilities at fair value through profit or loss is primarily driven by growth in the trading derivatives of EUR 21.1 billion and growth in the borrowings, securities sold under repurchase agreements of EUR 23 billion, partially offset by the decrease in financial instruments at fair value through profit or loss using the fair value option of EUR 12.4 billion.

Debt securities issued increased by EUR 13.8 billion (+11.0%) compared to 31 December 2019 mainly due to an increase in EMTN issuances of EUR 15.2 billion.

Customer loans at amortised cost decreased by EUR 1.4 billion (-0.3%) compared to 31 December 2019. This can be mainly explained by the decrease in securities purchased under resale agreements of EUR 11.1 billion and the decrease in overdrafts of EUR 2.8 billion, which is partially offset by an increase in the customer loans of EUR 13.4 billion, in particular the new government-guaranteed loans.

Customer deposits increased by EUR 37.5 billion (+8.9%) compared to 31 December 2019 mainly due to the growth in other demand deposits of EUR 38.8 billion partially offset by a decrease in securities sold to customers under repurchase agreements.

Due from banks at amortised cost decreased by EUR 3.0 billion compared to 31 December 2019 as a result of the decrease in securities purchased under resale agreements and long-term loans, partially offset by the increase in current accounts.

Due to banks increased by EUR 27.7 billion (+25.6%) compared to 31 December 2019 mainly as a result of the increase in term deposits of EUR 34.6 billion, partially offset by the decrease in securities sold under repurchase agreements of EUR 6.3 billion.

Non-current assets and liabilities held for sale decreased respectively by EUR 4.5 billion (-99.9%) and EUR 1.3 billion (-100%) compared to 31 December 2019 owing to the disposal of Société Générale de Banque aux Antilles (SGBA) and SG FINANS AS.

Groupe shareholders' equity totalled EUR 61.7 billion at 31 December 2020 versus EUR 63.5 billion at 31 December 2019. The variation was attributable primarily to the following:

- net income Group share for the financial year at 31 December 2020 of EUR -0.3 billion;
- issuance and redemption of equity instruments totalling EUR 0.2 billion;
- remuneration of equity instruments amounting to EUR -0.6 billion;
- change in treasury stock of EUR 0.3 billion;
- unrealised or deferred capital gains and losses totalling EUR- 1.4 billion.

After taking into account non-controlling interests of EUR 5.3 billion, Group shareholders' equity stood at EUR 67.0 billion at 31 December 2020.

2.6 FINANCIAL POLICY

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

In 2020, the Group implemented a major realignment programme, strengthening capital and focusing on the rigorous management of scarce resources (capital and liquidity) and proactive risk management in order to apply the regulatory changes related to the implementation of new Basel 3 regulations.

2.6.1 GROUP SHAREHOLDERS' EQUITY

Group shareholders' equity totalled EUR 61.7 billion at 31 December 2019. Net asset value per share stood at EUR 62.3 and net tangible asset value per share was EUR 54.8 using the new methodology disclosed in Chapter 2 of this Universal Registration Document, on page 46. Book capital includes EUR 8.8 billion in deeply subordinated notes and EUR 0.3 billion in undated subordinated notes.

At 31 December 2020, Societe Generale held, directly or indirectly, 4.5 million Societe Generale shares, representing 0.53% of the capital (excluding shares held for trading purposes). The Group acquired 0.2 million Societe Generale shares in 2020 under the liquidity contract concluded with an external investment services provider on 22 August 2011. Over the period, Societe Generale also transferred 0.2 million Societe Generale shares via the liquidity contract.

Information concerning the Group's capital and shareholding structure is available in Chapter 7 of this Universal Registration Document, on page 599 and following.

2.6.2 SOLVENCY RATIOS

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

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

The Common Equity Tier 1 (CET1) ratio stood at 13.4%[(1)] at 31 December 2020 compared to 12.7% at 31 December 2019.

The leverage ratio, calculated according to the CRR/CRD4 rules , which integrate the Delegated Act of October 2014 and exclude the phase-in of IRFS 9, increased to 4.7% at 31 December 2020, compared with 4.3%. The CET1 ratio is thus in keeping with the expected trajectory and the target range of between 4% and 4.5%.

At end-2020, the Tier 1 ratio stood at 15.7%[(2)] and the Total Capital Ratio stood at 18.9%, i.e. above the regulatory requirements.

The TLAC (Total Loss-Absorbing Capacity) ratio for RWAs was 30.6%[(2)] and the TLAC leverage ratio stood at 9.2% at end-2020. At 31 December 2020, the Group also placed above its MREL requirements, i.e. 8.51% of Total Liabilities and Own Funds (TLOF), which in December 2017 stood at 24.4% of RWAs and served as a CRU benchmarking reference.

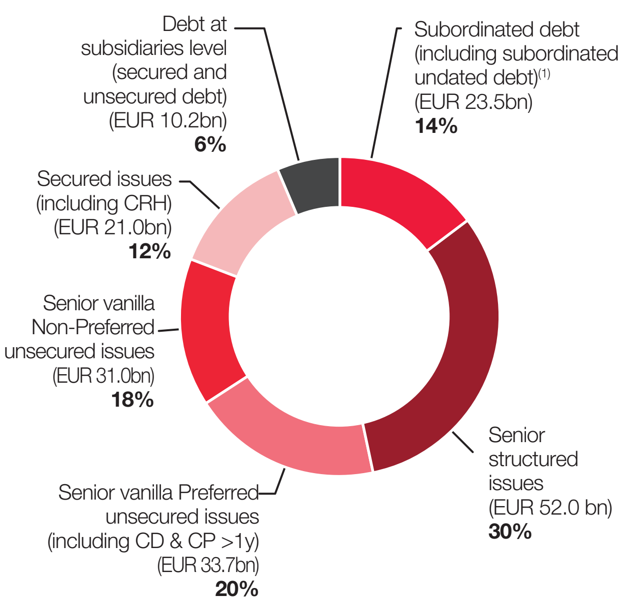
(1) Including a +28 basis-point impact in respect of the phase-in of IFRS 9. Excluding this impact, the CET1 ratio was 13.2%.
(2) Excluding the phase-in of IFRS 9.

2.6.3 GROUP DEBT POLICY

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

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

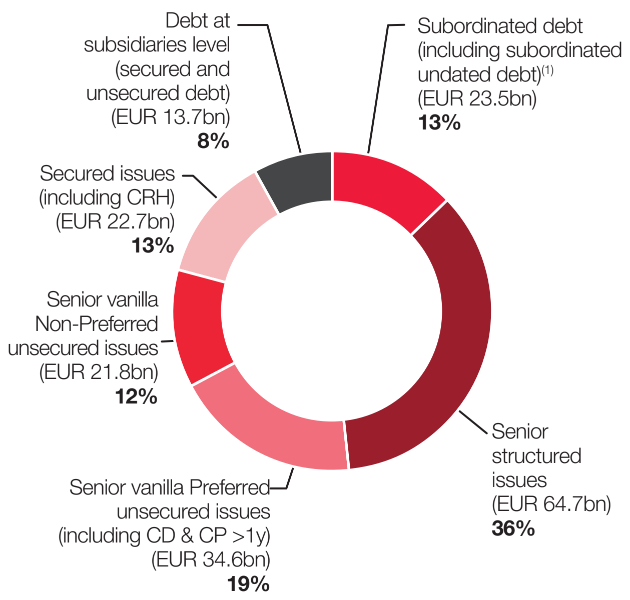
GROUP LONG-TERM DEBT AT 31 DECEMBER 2020: EUR 171.3 BN*



** Group short-term debt totalled EUR 51.4 billion at 31 December 2020, of which EUR 10.1 billion issued by conduits.*

(1) Of which EUR 9.3 billion accounted as “Other equity instruments” (see consolidated financial statements, changes in shareholders’ equity).

GROUP LONG-TERM DEBT AT 31 DECEMBER 2019: EUR 181.0 BN*



** Group short-term debt totalled EUR 43.4 billion at 31 December 2019, of which EUR 10.6 billion issued by conduits.*

(1) Of which EUR 9.8 billion accounted as “Other equity instruments” (see consolidated financial statements, changes in shareholders’ equity).

These resources also include:

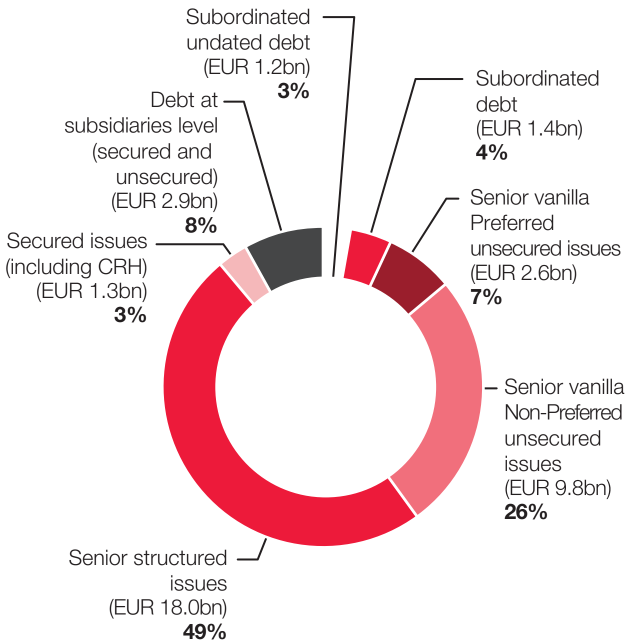
- funding via securities lending and borrowing transactions and securities sold under repurchase agreements measured at fair value through P&L totalling EUR 152.9 billion at 31 December 2020, versus EUR 136.8 billion at 31 December 2019 (see Note 3.1 to the consolidated financial statements), which are not included in this graph. Societe Generale Group’s debt policy is designed not only to ensure financing for the growth of the businesses’ commercial activities and renew debt, but also to maintain repayment schedules that are compatible with the Group’s ability to access the market and its future growth;
- securitisations and other securitised issues (EUR 3.1 billion at end-2020 and EUR 2.7 billion at end-2019).

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

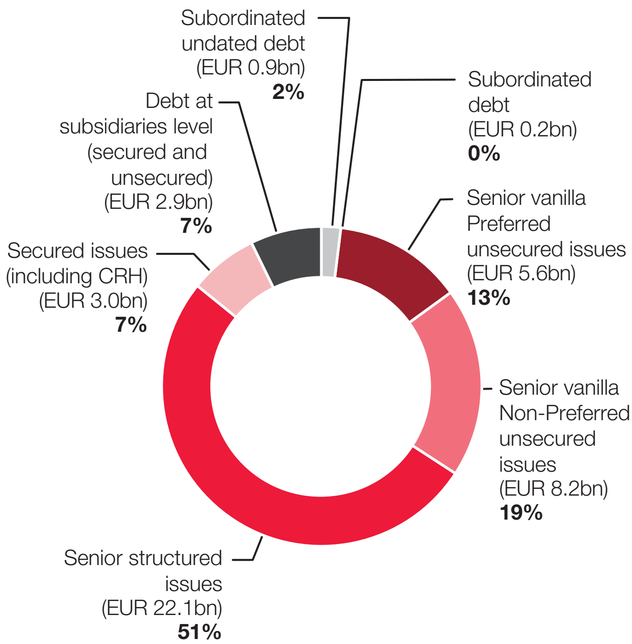
At end-2020, liquidity raised under the 2020 financing programme amounted to EUR 37.2 billion in senior and subordinated debt. Liquidity raised at parent company level amounted to EUR 34.3 billion at 31 December 2020.

The breakdown of refinancing sources is as follows: EUR 9.8 billion in senior vanilla non-preferred unsecured issues, EUR 2.6 billion in senior vanilla preferred unsecured issues, EUR 18 billion in senior structured issues, EUR 1.3 billion in secured issues (SG SFH and CRH), EUR 1.4 billion in subordinated Tier 2 debt and EUR 1.2 billion in subordinated undated debt. At subsidiary level, a total of EUR 2.9 billion was raised at 31 December 2020.

2020 FINANCING PROGRAMME: EUR 37.2 BN



2019 FINANCING PROGRAMME: EUR 43.0 BN



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

The table below summarises Societe Generale's counterparty ratings and senior long-term and short-term ratings at 31 December 2020:

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

During the 2020 financial year, Standard & Poor's lowered the outlook on the Group's long-term rating to negative and confirmed the ratings at A/A-1 on 15 May 2020. The rating action resulted in a one-notch downgrade to the credit rating of Sogécap, the Group's insurance subsidiary, and likewise affected the ratings of the Group's hybrid and subordinated debt instruments, including its senior non-preferred paper. In addition, Fitch downgraded the Group's senior preferred debt rating to A on 28 May 2020, as well as that of the hybrid and subordinated debt instruments.

2.7 MAJOR INVESTMENTS AND DISPOSALS

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

Business division	Description of investments
2020	
International Retail Banking and Financial Services	Acquisition of Reezocar, a French platform specialised in the online sale of used cars to individuals.
French Retail Banking	Acquisition of Shine, the neobank specialised in the professional and SME segments.
International Retail Banking and Financial Services	Acquisition of Socalfi, entity specialised in consumer credit in New Calendonia.
French Retail Banking	Acquisition by Franfinance of ITL, the equipment leasing company specialised in the environmental, manufacturing and healthcare sectors.
2019	
International Retail Banking and Financial Services	Acquisition of Sternlease by ALD (fleet leasing in the Netherlands).
Global Banking and Investor Solutions	Acquisition of Equity Capital Markets and Commodities activies from Commerzbank.
French Retail Banking	Acquisition of Treezor, pioneering Bank-As-A-Service platform in France.
2018	
International Retail Banking and Financial Services	Acquisition of a stake by CGI in Reezocar, a French start-up specialising in the sale of used cars to private individuals.
International Retail Banking and Financial Services	Acquisition of Reflex (flexible vehicle rental in Spain).
Global Banking and Investor Solutions	Acquisition of Lumo (pioneering renewable energy crowdfunding platform).

Business division	Description of disposals
2020	
International Retail Banking and Financial Services	Disposal of SG Finans AS, an equipment finance and factoring company in Norway, Sweden and Denmark.
International Retail Banking and Financial Services	Disposal of Société Générale de Banque aux Antilles.
International Retail Banking and Financial Services	Disposal by ALD of its entire stake in ALD Fortune (50%) in China.
Global Banking and Investor Solutions	Disposal of the custody, depository and clearing activities in South Africa.
2019	
International Retail Banking and Financial Services	Disposal of SKB Banka in Slovenia.
International Retail Banking and Financial Services	Disposal of Pema GmbH, a truck and trailer rental company in Germany.
International Retail Banking and Financial Services	Disposal of its majority stake in Ohridska Banka SG in Macedonia.
International Retail Banking and Financial Services	Disposal of SG Serbja in Serbia.
International Retail Banking and Financial Services	Disposal of SG Montenegro.
International Retail Banking and Financial Services	Disposal of Mobiasbanka in Moldova.
International Retail Banking and Financial Services	Disposal of Inora Life en Ireland.
International Retail Banking and Financial Services	Disposal of Eurobank in Poland.
Global Banking and Investor Solutions	Disposal of SG Private Banking in Belgium.
French Retail Banking	Disposal of SelfTrade Bank S.A.U. in Spain.
French Retail Banking	Disposal of the entire stake in La Banque Postale Financement (35%).
International Retail Banking and Financial Services	Disposal of SG Express Bank in Bulgaria.
International Retail Banking and Financial Services	Disposal of SG Albania.
2018	
Corporate Centre	Disposal of a 2.05% stake in Euroclear.

2.8 PENDING ACQUISITIONS AND MAJOR CONTRACTS

2.8.1 FINANCING OF THE MAIN ONGOING INVESTMENTS

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

2.8.2 PENDING ACQUISITIONS AND DISPOSALS

There are no significant pending acquisitions or disposals.

2.9 PROPERTY AND EQUIPMENT

The gross book value of Societe Generale Group's tangible operating fixed assets amounted to EUR 42.9 billion at 31 December 2020. The figure comprises land and buildings (EUR 5.4 billion), the right of use (EUR 2.8 billion), assets leased by specialised financing companies (EUR 28.8 billion) and other tangible assets (EUR 5.9 billion).

The net book value of tangible operating assets and investment property amounted to EUR 27.6 billion, representing only 1.9 % of the consolidated balance sheet at 31 December 2020.

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

2.10 POST-CLOSING EVENTS

None.

2.11 STATEMENT ON POST-CLOSING EVENTS

Since the end of the last financial period, no significant change in the financial performance of the Group occurred other than those described in the present Universal Registration Document filed with the AMF on 17 March 2021.

2.12 INFORMATION ABOUT GEOGRAPHIC LOCATIONS AND ACTIVITIES RELATED TO 2020

Article L.511-45 of the French Monetary and Financial Code (*Code monétaire et financier*) as amended by Order No. 2014-158 of 20 February, 2014, requires credit institutions to communicate information about the geographic locations and activities of their entitites included in their consolidation scope, in each country or territory.

Information relative to Societe Generale's staff and financial information by country or territory is published below.

The list of locations is published in Note 8.6 to the consolidated financial statements.

Country	Staff*	NBI*	Earnings before corporate tax*	Corporate tax*	Deferred corporate tax*	Other taxes*	Subsidies*
South Africa[5]	-	3	(2)	(0)	(1)	(0)	-
Algeria	1,577	173	55	(36)	18	(6)	-
Germany	2,799	888	183	(51)	(15)	(4)	-
Australia	50	22	(9)	(0)	2	(1)	-
Austria	78	12	3	(1)	(0)	(0)	-
Belgium	320	83	37	(2)	(8)	(1)	-
Benin	162	24	6	(1)	(2)	(0)	-
Bermuda[1]	-	5	5	-	-	-	-
Brazil	324	70	37	(8)	(13)	(6)	-
Burkina Faso	302	52	18	(3)	1	(0)	-
Cameroon	639	124	37	(13)	(3)	(3)	-
Canada	66	32	11	(3)	0	(1)	-
China	305	51	15	-	1	(0)	-
Congo	128	25	2	(0)	0	(1)	-
South Korea	108	117	49	(15)	1	(3)	-
Côte d'Ivoire	1,031	242	92	(19)	(1)	(4)	-
Croatia	52	7	4	(1)	0	(0)	-
Curacao[2]	-	(0)	(0)	(0)	-	-	-
Denmark	119	38	21	(3)	(1)	-	-
United Arab Emirates	51	9	(4)	-	-	(0)	-
Spain	678	246	104	(24)	(6)	(2)	-
Estonia	14	3	2	(0)	-	(0)	-
United States of America	2,235	1,463	266	(2)	(4)	(8)	-
Finland	113	35	21	(3)	(2)	-	-
France	55,549	9,725	(2,224)	136	(518)	(1,339)	-
Ghana	543	85	29	(19)	11	(0)	-
Gibraltar	35	11	(2)	-	(1)	(0)	-
Guinea	327	60	32	(12)	1	(0)	-
Greece	40	5	2	(0)	(1)	(0)	-
Guernsey	82	31	3	-	-	-	
Guinea	327	60	32	(12)	1	(0)	
Equatorial Guinea	254	24	(56)	1	(21)	(0)	-
Hong Kong	1,125	547	165	(13)	(1)	(1)	-
Hungary	94	15	9	(2)	0	-	-
Isle of Man	-	-	-	-	-	-	-
Cayman Islands[3]	-	-	-	-	-	-	-
India[4]	9,275	88	110	(28)	4	(0)	-
Ireland	188	94	71	(9)	0	(0)	-
Italy	2,049	693	164	1	(15)	(2)	-
Japan	238	269	114	(48)	10	(5)	-
Jersey	207	47	5	(1)	0	(0)	-
Latvia	18	3	2	(0)	-	-	-
Lithuania	14	3	2	(0)	0	(0)	-
Luxembourg	1,389	665	315	(45)	24	(19)	-
Madagascar	884	55	24	(5)	0	(2)	-
Malta	-	-	-	-	-	-	-
Morocco	3,936	508	133	(61)	2	(17)	-
Mauritius	-	(0)	(0)	-	-	-	-
Mexico	116	17	9	(1)	(1)	-	-

Country	Staff*	NBI*	Earnings before corporate tax*	Corporate tax*	Deferred corporate tax*	Other taxes*	Subsidies*
Monaco	315	101	4	(3)	0	(0)	-
Norway(5)	73	119	46	(3)	15	(0)	-
New Caledonia	303	77	25	(15)	4	(0)	-
Netherlands	281	123	77	(28)	0	(2)	-
Poland	452	71	11	(4)	(1)	(0)	-
French Polynesia	255	47	6	(7)	3	(1)	-
Portugal	115	21	13	(3)	(0)	-	-
Czech Republic	8,103	1,160	412	(80)	(0)	(37)	-
Romania	9,483	653	263	(40)	1	(12)	-
United Kingdom	2,805	1,436	472	(129)	18	(1)	-
Russian Federation	12,814	862	211	(50)	9	(22)	-
Senegal	1,005	103	30	(7)	(0)	(4)	-
Serbia	27	7	5	(1)	0	(0)	-
Singapore	193	118	(188)	(5)	(5)	0	-
Slovakia	108	25	11	(3)	(0)	(0)	-
Slovenia	21	4	2	(0)	0	(0)	-
Sweden	145	64	28	(6)	0	(0)	-
Switzerland	525	209	33	(10)	5	(0)	-
Taiwan	45	29	9	(1)	(2)	(2)	-
Chad	211	25	4	(1)	(0)	(1)	-
Thailand	4	2	(0)	-	-	-	-
Togo	41	5	3	-	-	-	-
Tunisia	1,402	128	19	(17)	5	(5)	-
Turkey	101	46	40	(2)	(10)	(0)	-
Ukraine	50	11	9	(1)	(1)	-	-
TOTAL	**126,391**	**22,113**	**1,400**	**(712)**	**(493)**	**(1,515)**	**-**

* ***Staff***: *Full-time equivalent (FTE) at closing date. Staff members of entities accounted for by the equity method and removed during the year are excluded.*

NBI (In EURm): *Net banking income by territorial contribution to the consolidated statement, in millions of euros, before elimination of intragroup reciprocal transactions. Net income from companies accounted for by the equity method is directly recorded in the earnings before tax. Accordingly, there is no contribution from them.*

Earnings before corporate tax (In EURm): *Earning before tax by territorial contribution to the consolidation statement before elimination of intragroup reciprocal transactions.*

Corporate tax (In EURm): *Such as presented in the consolidated statement in accordance with the IFRS standards and by distinguishing the current taxes of the deferred taxes.*

Other taxes (In EURm): *Other taxes include among others payroll taxes, the C3S, the contribution to the SRF, CET taxes and local taxes. The data arise from the consolidated reporting and from management report, in millions of euros.*

Public subsidies received: *Non-matching or non-refundable subsidies granted by a public entity on a one-off or renewable basis to complete a clearly defined project.*

(1) Income from the entity located in Bermuda is taxed in France.

(2) Entity located in Curacao is under portfolio liquidation (run-off).

(3) Income from entities located in Cayman Islands is taxed in the United States.

(4) Most of the staff located in India is assigned to a shared services centre, the re-invoicing income of which is recorded in general and administrative expenses and not in NBI.

(5) Countries in which all (or a significant part) of the entities were sold or liquidated during the year (e.g. South Africa, Norway) do not have (or little) staff linked to the NBI or Earning before tax: the staff numbers are declared as at closing date (therefore at 0) while the NBI and pre-tax results of entities are declared proportionally according to their presence in the Group.

3

CORPORATE GOVERNANCE

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3.1 BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

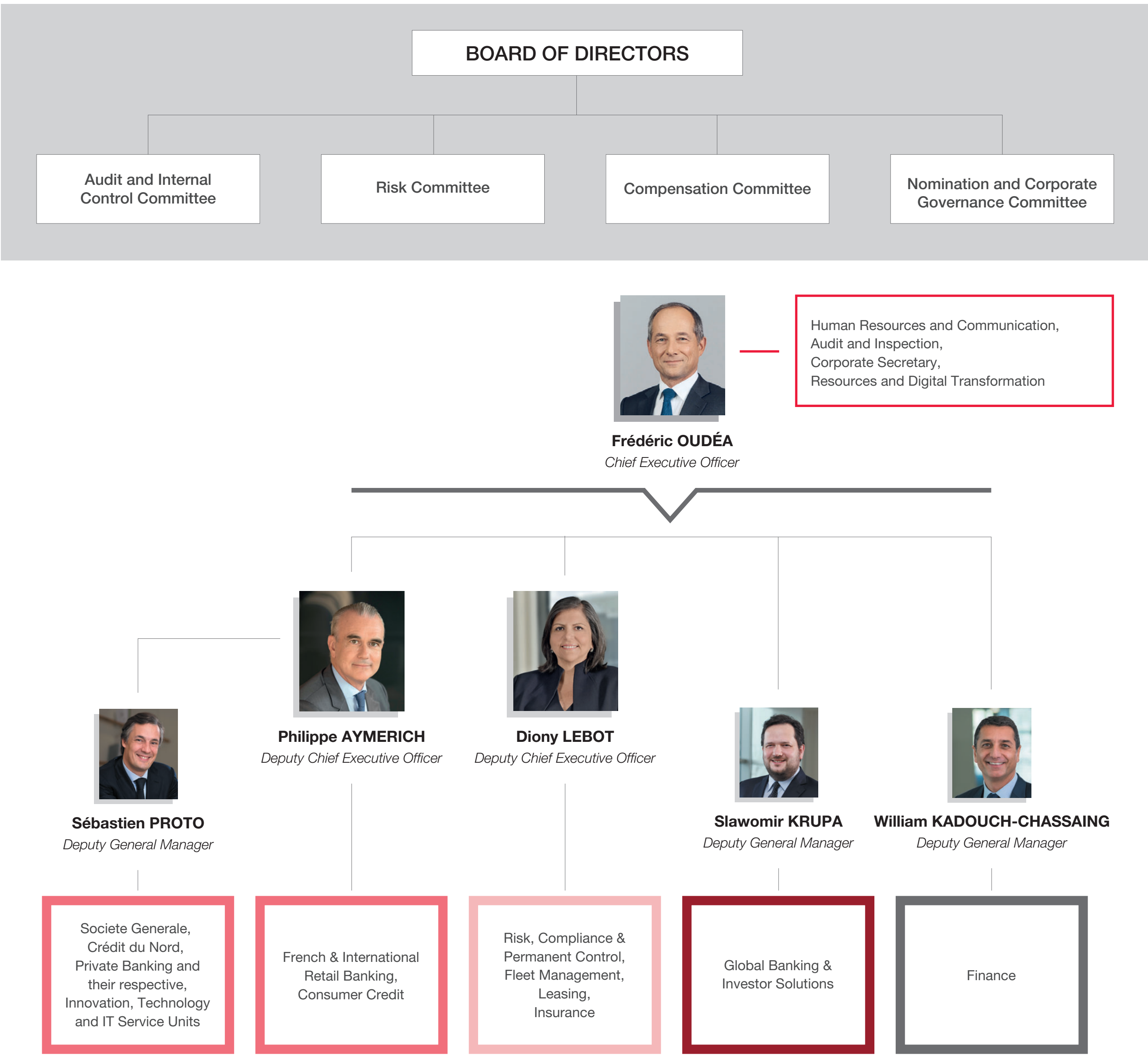
3.1.1 GOVERNANCE

Purpose

Following the introduction of French Act No. 2019-486 on 22 May 2019, referred to as the Pacte Law, an action plan for business growth and transformation, the Board of Directors reviewed the Bank's purpose in 2019 and defined it as *Building together, with our clients, a better and sustainable future through responsible and innovative financial solutions*. From a formal standpoint, the Board decided not to include the purpose in the By-laws. However, at its Extraordinary General Meeting of 2020, Societe Generale modified its By-laws to specify that the Board determines the approaches of the Company's activity and ensures they are implemented according to its corporate interests, by taking into account environmental and social responsibility considerations (see Chapter 5).

Presentation of the organisation

(AT 1 JANUARY 2021)



The composition of the Board of Directors is presented on pages 67 and following of this report on corporate governance. The internal rules of the Board of Directors, which define the Board's powers, are provided in Chapter 7 of this Universal Registration Document, on pages 615 and following. The Board's work is presented on pages 83 and 84.

The composition of the General Management and Management Committee is presented in the respective sections of this report (see pages 93 to 94 and pages 96 and 97).

The tasks of the supervisory committees are described on page 95.

The powers of the Board of Directors and of the different committees of the Board of Directors, along with their activity reports, are presented on pages 82 and following, in particular:

- role of the Chairperson and the report on his activities, page 82;
- Audit and Internal Control Committee, pages 86 and 87;
- Risk Committee, page 87 and 88;
- Compensation Committee, pages 89 and 90;
- Nomination and Corporate Governance Committee, pages 90 and 91.

Organisation of the governance

On 15 January 2015, the Board of Directors decided that the offices of Chairman and Chief Executive Officer would be separated following the General Meeting of 19 May 2015. At that date, Lorenzo Bini Smaghi became Chairman of the Board of Directors, and Frédéric Oudéa remained Chief Executive Officer. On 21 May 2019, the Board of Directors decided to renew the term of office of Frédéric Oudéa as Chief Executive Officer for a further four-year term, following the renewal of his term of office as Director during the General Meeting on 21 May 2019.

Lorenzo Bini Smaghi was reappointed as Chairman of the Board of Directors on 23 May 2018.

Since 1 January 2021, Frédéric Oudéa has been assisted by two Deputy Chief Executive Officers whose terms of office were renewed on 21 May 2019, until the expiration of the term of office of Frédéric Oudéa. The Chief Executive Officer and the two Deputy Chief Executive Officers are assisted by three Deputy General Managers (who are not corporate officers).

Statement on the corporate governance regime

Societe Generale refers to the AFEP-MEDEF Corporate Governance Code for listed companies (amended in June 2018 and updated in January 2020, hereinafter the "AFEP-MEDEF Code" – document available at *www.hcge.fr*). In accordance with the "comply or explain" principle, Societe Generale states that it applies all recommendations from the AFEP-MEDEF Code.

A set of internal rules (hereinafter referred to as the "internal rules") governs the functioning of the Board of Directors and its Committees. The internal rules were updated on 15 April 2020. The Company's internal rules and By-laws appear in the Universal Registration Document (see Chapter 7).

3.1.2 BOARD OF DIRECTORS

Presentation of the Board of Directors

(AT 1 JANUARY 2021)

14
Number of Directors (including 2 Directors elected by the employees)

>92%
Proportion of independent Directors

43%
Representation of women(1)

9
Number of nationalities(2)

59 years
Average age

6 years
Average duration of presence to the Board

18
Number of meetings in 2020

97%
Average attendance in 2020

(1) Or 42% when the two Directors representing the employees are excluded from the calculation, in accordance with the provisions of the Law dated 27 January 2011.
(2) Taking into account the dual nationality of certain Directors.

At 1 January 2021, the Board of Directors comprised twelve Directors appointed by the General Meeting and two Directors representing the employees. A representative of the Social and Economic Committee attends meetings of the Board of Directors, without voting rights.

The General Meeting of Shareholders of 19 May 2020 modified the By-laws to introduce a new Director representing the employee shareholders in accordance with Law No. 2019-486 dated 22 May 2019 for business growth and transformation, the so-called Pacte Law. The election of this new Director will take place at the General Meeting on 18 May 2021 at the close of which the Board of Directors will comprise fifteen members instead of the current fourteen.

The two Directors employed by the Company elected by the employees will be renewed at the close of the General Meeting on 18 May 2021 to replace the two Directors elected by the employees on 20 March 2018, France Houssaye (elected for the first time in 2009) and David Leroux (elected in 2018).

The duration of the term of office of Directors appointed by the General Meeting is four years. These terms of office expire at staggered intervals, enabling the Board to appoint between two and four Directors every year.

William Connelly, who has been an independent Director since 2017, and also Chairman of the Risk Committee and member of the Nomination and Corporate Governance Committee since 2017, will be proposed for a second term of office. A French national and former bank executive officer, Mr. Connelly brings to the Board recognised banking expertise, in particular in the investment banking and asset management spheres. He is Chairman of the Supervisory Board of Aegon N.V.

Lubomira Rochet, an independent Director since 2017 and member of the Nomination and Corporate Governance Committee since 2020, will be proposed for a second term of office. Ms Rochet holds French and Bulgarian citizenship and provides the Board with digital expertise. She is a member of the Executive Committee of L'Oréal.

Alexandra Schaapveld, an independent Director since 2013, Chair of the Audit and Internal Control Committee since 2017 and member of the Risk Committee since 2014, will be proposed for a third term of office. A Dutch national, Ms Schaapveld furnishes banking and financial expertise to the Board.

Jean-Bernard Lévy, an independent Director since 2009, Chair of the Compensation Committee and member of the Nomination and Corporate Governance Committee, has not sought a fourth term of office, in accordance with corporate governance best practices.

At the end of 2019, the Nomination and Corporate Governance Committee began the process of seeking his successor with the assistance of an outside firm, on the basis of the following criterion:

- the candidate must be the CEO of a major international group.

All short-listed candidates selected as a result of work performed by the outside firm were interviewed by each of the members of the Nomination and Corporate Governance Committee. The preliminary selection process was committed to upholding the guidelines laid down by the European Banking Authority and the European Central Bank regarding fit and proper assessments. The Committee ultimately selected Henri Poupart-Lafarge, who is CEO of Alstom. He met all the prerequisite conditions for the position and will be recruited as an independent Director.

At 1 January 2021, eleven Directors were members of one or several Board of Directors' Committees.

Presentation of the Board of Directors

COMPOSITION OF THE BOARD OF DIRECTORS

In May 2020, Mr. Juan Maria Nin Génova was reappointed Director and Ms Annette Messemer was appointed incoming Director to replace Ms Nathalie Rachou.

Directors	Gender	Age(1)	Nationality	Initial year of appointment	End of term of office (GM)	Number of years on the Board(2)	Independent Director	Member of a Board Committee	Number of terms of office held in listed companies	Number of shares
Lorenzo BINI SMAGHI Chairman of the Board of Directors	M	64	Italian	2014	2022	7	Yes	-	1	2,174
Frédéric OUDÉA Chief Executive Officer	M	57	French	2009	2023	12	No	-	2	229,760 2,414(7)
William CONNELLY	M	62	French	2017	2021	4	Yes	Chairman of the CR(3) CONOM(4)	3	2,173
Jérôme CONTAMINE	M	63	French	2018	2022	3	Yes	COREM(6) CACI(5)	2	1,069
Diane CÔTÉ	F	57	Canadian	2018	2022	3	Yes	CACI(5)	2	1,000
Kyra HAZOU	F	64	British/ American	2011	2023	10	Yes	CACI(5) CR(3)	1	1,086
France HOUSSAYE(8)	F	53	French	2009	2021	12	No	COREM(6)	1	
David LEROUX(8)	M	42	French	2018	2021	3	No	-	1	
Jean-Bernard LÉVY	M	65	French	2009	2021	12	Yes	Chairman of the COREM(6) CONOM(4)	3	1,000
Annette MESSEMER	F	56	German	2020	2024	1	Yes	CR(3) CACI(5)	4	1,000
Gérard MESTRALLET	M	71	French	2015	2023	6	Yes	Chairman of the COREM(4) COREM(6)	1	1,200
Juan Maria NIN GÉNOVA	M	67	Spanish	2016	2024	5	Yes	CR(3) COREM(6)	1	1,629
Lubomira ROCHET	F	43	French/ Bulgarian	2017	2021	4	Yes	CONOM(4)	1	1,000
Alexandra SCHAAPVEL	F	62	Dutch	2013	2021	8	Yes	Chairman of the CACI(5) CR(3)	3	1,069

(1) Age at 1 January 2021.
(2) As at the date of the next General Meeting, to be held on 18 May 2021.
(3) Risk Committee.
(4) Nomination and Corporate Governance Committee.
(5) Audit and Internal Control Committee.
(6) Compensation Committee.
(7) Through "Societe Generale Actionnariat (Fonds E)".
(8) Directors representing the employees.

SUMMARY OF THE END OF TERMS OF OFFICE OF THE DIRECTORS APPOINTED BY THE GENERAL MEETING[1]

Directors	GM 2021	GM 2022	GM 2023	GM 2024
Lorenzo BINI SMAGHI		x		
Frédéric OUDÉA			x	
William CONNELLY	x			
Jérôme CONTAMINE		x		
Diane CÔTÉ		x		
Kyra HAZOU			x	
Jean-Bernard LÉVY	x			
Annette MESSEMER				x
Gérard MESTRALLET			x	
Juan Maria NIN GÉNOVA				x
Lubomira ROCHET	x			
Alexandra SCHAAPVELD	x			

(1) The terms of office of the Directors elected by the employees expire at the end of the General Meeting to be held in 2021.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES IN 2020

Board of Directors

Directors	Departure	Appointment	Renewal
Nathalie RACHOU	19 May 2020		
Annette MESSEMER		19 May 2020	
Juan Maria NIN GÉNOVA			19 May 2020
Audit and Internal Control Committee			
Directors	**Departure**	**Appointment**	**Renewal**
Annette MESSEMER		20 May 2020	
Nomination and Corporate Governance Committee			
Directors	**Departure**	**Appointment**	**Renewal**
Nathalie RACHOU	19 May 2020		
Lubomira ROCHET		20 May 2020	
Compensation Committee			
Directors	**Departure**	**Appointment**	**Renewal**
Juan Maria NIN GÉNOVA			19 May 2020
Jérôme CONTAMINE		20 May 2020	
Risk Committee			
Directors	**Departure**	**Appointment**	**Renewal**
Annette MESSEMER		20 May 2020	
Juan Maria NIN GÉNOVA			19 May 2020

DIVERSITY AND COMPLEMENTARITY IN THE BOARD'S COMPOSITION

The composition of the Board of Directors is designed to achieve a balance between experience, expertise and independence and to secure gender balance and diversity in the ranks of the Board.

As part of its recruiting process, the Board of Directors arranges the necessary training programs and assessments to ensure that Directors are skilled, active, attend meetings and committed.

The Board is committed to strictly upholding the guidelines laid down by the European Banking Authority and the European Central Bank regarding fit and proper procedures.

In particular, it ensures that the Board is balanced in terms of age as well as professional and international experience. The Nomination and Corporate Governance Committee review these objectives each year based on an annual assessment, the results of which are set out on page 91 of the present report on corporate governance. The Board of Directors also ensures the regular renewal of its members and strictly applies the recommendations of the AFEP-MEDEF Code regarding the independence of its members.

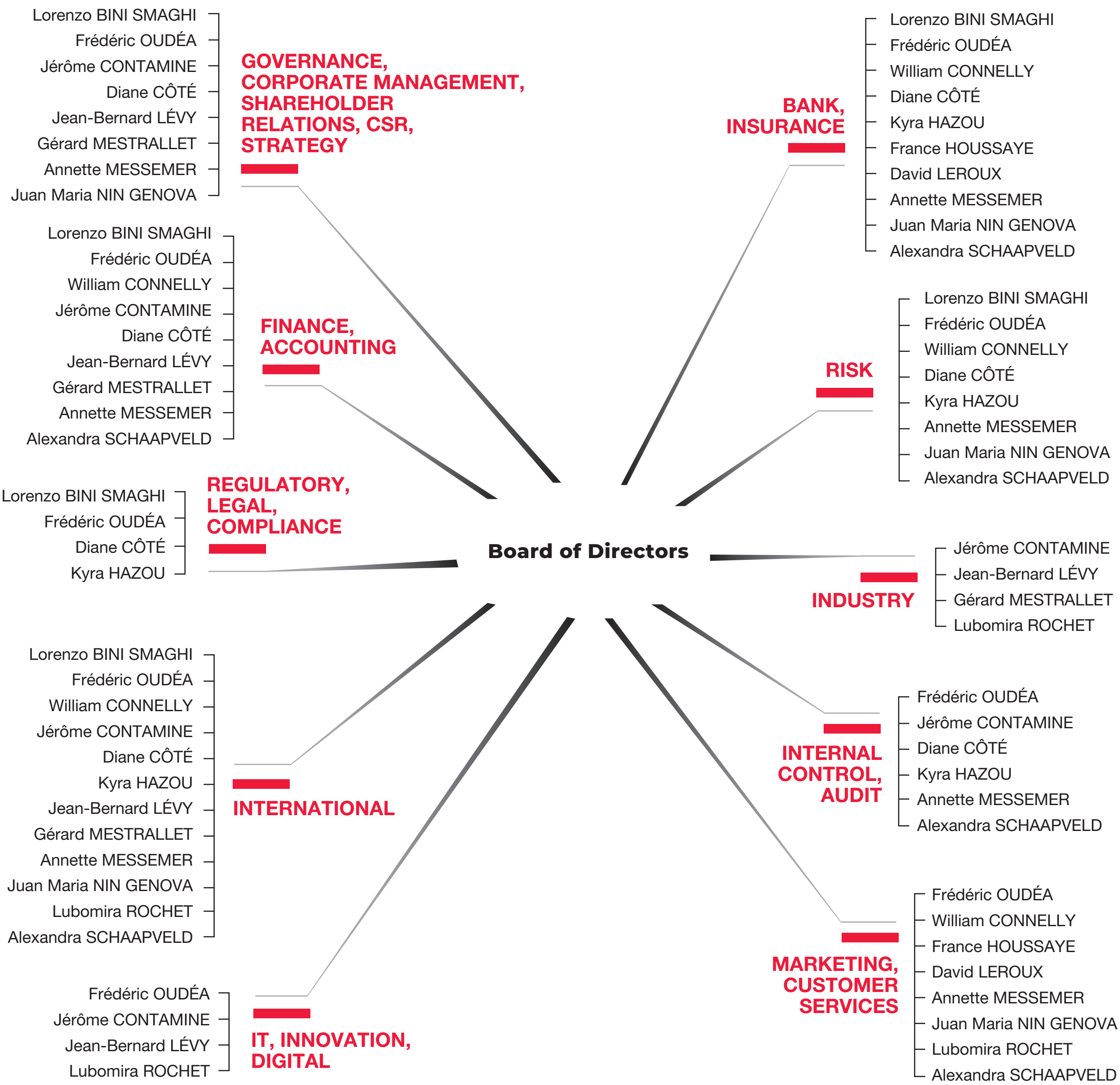
Experienced and complementary Directors

Expertise and experience in the financial world, and the management of large international companies form the criteria underpinning the selection of Directors. Furthermore, the Board of Directors ensures that some of its members have expertise in the areas of technological and digital transformation. Each year, the Nomination and Corporate Governance Committee reviews the balance achieved in the Board of Directors' composition. An analysis of the Directors' expertise shows the complementary nature of their various profiles which address the entire spectrum of the Bank's businesses and the risks associated with its activity.

Directors' expertise

The table below breaks down the Directors' main areas of expertise and experience. Their biographies can be found on pages 73 to 81.

Each of the ten key areas of expertise of the Board of Directors is held by at least two Directors.



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

At 1 January 2021, the Board of Directors comprised six women and eight men, *i.e.* 43% women, or 42% if the two Directors representing the employees are excluded from the calculation, in accordance with the provisions of the French Act of 27 January 2011.

The Board of Directors ensures a balanced representation of men and women among the twelve members appointed by the General Meeting of Shareholders. In 2020, a single new appointment as Director was decided by the General Meeting. At the General Meeting of 19 May 2020, Annette Messemer was appointed as an independent Director to replace Nathalie Rachou. Juan Maria Nin Génova's term of office was also renewed at that General Meeting.

The Board also makes sure that a balanced representation of men and women exists on the Committees. At 1 January 2021, each Committee comprises members of different genders.

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

Sound balance in the ages and the lengths of service of Directors

At 1 January 2021, the average age of the Directors was 59:

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

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

At the next General Meeting, the average length of service of Directors in the Board will be six years. The average should be weighed up against Directors' terms of office of four years and the Board of Directors' practice to factor in the independence aspect, *i.e.*to not have been a Board member for over 12 years when renewing the terms of office of independent Directors.

Composition suited to the Group's international dimension

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

All Board members, ruling out the Directors employed by the Company, possess international experience, either because they have exercised a function outside France during their career, or because they have held one or several terms of office in non-French companies.

The aim of the Board of Directors is to ensure the presence of at least one-third of non-French members among those appointed by the General Meeting and, in particular, to include nationalities that embody the Group's European dimension. At 1 January 2021, six Directors out of twelve were non-French nationals.

OVER 90% OF DIRECTORS INDEPENDENT AT 1 JANUARY 2021

In accordance with the AFEP-MEDEF Code and based on the report of its Nomination and Corporate Governance Committee, the Board of Directors reviewed the situation of each of its members at 1 January 2021 with regard to the independence criteria defined in the aforementioned Code.

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

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

The review concentrated primarily on Jean-Bernard Lévy, Chairman and Chief Executive Officer of EDF, Gérard Mestrallet, Executive President of Afalula, William Connelly, Chairman of the Supervisory Board of Aegon N.V. and Juan Maria Nin Génova, Chairman of the Board of Directors of Promociones Habitat and Itinere Infraestructuras.

In the four cases, the Committee observed that the nature of the economic, financial and other relationships between the Directors, the groups they manage or chair and Societe Generale did not alter their independence review conducted in early 2020. Societe Generale's role in financing the debt of their groups appeared to be compatible with the Committee's assessment criteria (less than 5% of the banking and non-banking debt). They are therefore considered to be independent.

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

At 1 January 2021, eleven out of fourteen Directors were independent, *i.e.* 92% of the members of the Board of Directors, using the AFEP-MEDEF Code's calculation rule that excludes the two employee representatives.

The percentage is well above the Board of Directors' objective of respecting the minimum threshold of 50% of independent Directors recommended in the AFEP-MEDEF Code.

The Board of Directors also reviewed the situation of Henri Poupart-Lafarge, who is set to replace Jean-Bernard Lévy, subject to the vote of the General Assembly. Henri Poupart-Lafarge will be considered an independent Director.

If the General Meeting accepts the resolutions concerning the composition of the Board of Directors:

- the percentage of women on the Board of Directors would continue to be 41%, while the share of independent Directors would exceed 90% (11/12) if the three Directors who are employee representatives are excluded from the calculation, in accordance with the rule in the AFEP-MEDEF Code ;
- the number of Directors who are non-French nationals would be six out of fifteen members, *i.e.* the percentage of international members would be 40% if the Directors representing the employees were included, and six out of 12 members, i.e. 50% if these same Directors were excluded.

The Board has consequently ensured that it will have all the necessary skills to function properly and to carry out its brief of defining the strategy of Societe Generale Group and reviewing its implementation.

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

	Company employee, executive officer or Director[(2)] status over the past five years	Existence or otherwise of cross-Directorships	Existence or otherwise of significant business relations	Existence of close family ties with a corporate officer	Not having been a Statutory Auditor for the Company over the past five years	Not having been a company Director for more than twelve years	Representative of major shareholders
Lorenzo BINI SMAGHI[(1)]	✓	✓	✓	✓	✓	✓	✓
Frédéric OUDÉA	×	✓	✓	✓	✓	✓	✓
William CONNELLY	✓	✓	✓	✓	✓	✓	✓
Jérôme CONTAMINE	✓	✓	✓	✓	✓	✓	✓
Diane CÔTÉ	✓	✓	✓	✓	✓	✓	✓
Kyra HAZOU	✓	✓	✓	✓	✓	✓	✓
France HOUSSAYE	×	✓	✓	✓	✓	✓	✓
David LEROUX	×	✓	✓	✓	✓	✓	✓
Jean-Bernard LÉVY	✓	✓	✓	✓	✓	✓	✓
Annette MESSEMER	✓	✓	✓	✓	✓	✓	✓
Gérard MESTRALLET	✓	✓	✓	✓	✓	✓	✓
Juan Maria NIN GÉNOVA	✓	✓	✓	✓	✓	✓	✓
Lubomira ROCHET	✓	✓	✓	✓	✓	✓	✓
Alexandra SCHAAPVELD	✓	✓	✓	✓	✓	✓	✓

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

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

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

DILIGENT DIRECTORS

In 2020, Lorenzo Bini Smaghi chaired all the Board of Directors' meetings.

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

- 97% for the Board of Directors (94% in 2019);
- 100% for the Audit and Internal Control Committee (CACI) (98% in 2019);
- 97% for the Compensation Committee (CR) (92% in 2019);
- 100% for the Nomination and Corporate Governance Committee (CONOM) (100% in 2019); and
- 98% for the Compensation Committee (COREM) (92% in 2019).

	Board of Directors		CACI		CR		CONOM		COREM	
Attendance in 2020	**Number of meetings**	**Attendance rate**	**Number of meetings**	**Attendance rate**	**Number of meetings**	**Attendance rate**	**Number of meetings**	**Attendance rate**	**Number of meetings**	**Attendance rate**
Lorenzo BINI SMAGHI	18	100%								
Frédéric OUDÉA	18	100%								
William CONNELLY	18	100%			12	100%	7	100%		
Jérôme CONTAMINE	17	94%	13	100%					4	100%
Diane CÔTÉ	18	100%	13	100%						
Kyra HAZOU	18	100%	13	100%	12	100%				
France HOUSSAYE	18	100%							9	100%
David LEROUX	18	100%								
Jean-Bernard LÉVY	18	100%					7	100%	9	100%
Annette MESSEMER	9	100%	5	100%	6	100%				
Gérard MESTRALLET	18	100%					7	100%	8	89%
Juan Maria NIN GÉNOVA	18	100%			12	100%			9	100%
Nathalie RACHOU	6	67%			4	67%	3	100%		
Lubomira ROCHET	16	89%					4	100%		
Alexandra SCHAAPVELD	18	100%	13	100%	12	100%				
Number of meetings held in 2020	18		13		12		7		9	
Average attendance rate (%)	**97%**		**100%**		**97%**		**100%**		**98%**	

DIRECTORS BOUND BY STRINGENT ETHICS RULES

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

Regulations relating to insider trading

EXTRACT FROM ARTICLE 4 OF THE INTERNAL RULES

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

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

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

Management of conflicts of interest

ARTICLE 14 OF THE INTERNAL RULES

14.1 The Director shall inform the Secretary of the Board of Directors of any conflict of interest, including potential ones, in which he/she may be directly or indirectly involved. He/she shall refrain from taking part in the debates and decision-making on related matters.

14.2 The Chairman is in charge of managing the conflict of interest situations of the members of the Board of Directors. Where appropriate, he/she refers the matter to the Nomination and Corporate Governance Committee. Regarding conflicts which could affect him/her personally, he/she refers to the Chairman of the Nomination and Corporate Governance Committee. If necessary, the Chairman may invite a Director having a conflict of interest not to attend the deliberation.

14.3 The Director shall inform the Chairman and the Chairman of the Nomination and Corporate Governance Committee of his/her intention to accept a new mandate, including his/her participation in a Committee, in a listed company that does not belong to a group of which he/she is an executive officer, in order to enable the Board of Directors, based on the Committee's proposal, to decide where appropriate that such an appointment would be inconsistent with the Directorship in Societe Generale.

14.4 The Director shall inform the Chairman of the Board of Directors of any conviction for fraud, of any incrimination and/or public sanction, and of any prohibition to manage or administer that may have been pronounced against him/her, as well as any bankruptcy, sequestration or liquidation proceedings to which he/she may have been associated.

14.5 Each Director shall make a sworn statement as to the existence or otherwise of the situations referred to in 14.1 and 14.3: (i) upon taking up his/her office, (ii)each year in response to the request made by the Secretary of the Board of Directors upon the preparation of the Registration Document, (iii) at any time if the Secretary of the Board of Directors requests it and (iv) within ten working days following the occurrence of any event that renders the previous statement made by him/her in whole or in part inaccurate.

In 2020, no conflict of interest situation led to a Director being requested not to participate in any meeting. In addition, since Gérard Mestrallet acts an advisor to CVC, it was recorded that he would not participate in any discussions potentially concerning that company. Finally, Ms Nathalie Rachou did not take part in any work of the Board of Directors or of its Committees after her election as Board member of UBS on 29 April 2020.

DIRECTORS REQUIRED TO HOLD A SIGNIFICANT NUMBER OF SOCIETE GENERALE SHARES

Directors appointed by the General Meeting must hold a minimum of 600 shares after six months in office and 1,000 shares after one year in office, in accordance with the provisions of Article 16 of the Internal Rules. At 1 January 2021, all Directors complied with these rules. The Chairman of the Board of Directors holds 2,174 Societe Generale shares. Each Director shall refrain from hedging their shares. The Directors representing employees are not subject to any obligation regarding the holding of shares.

The Chairman of the Board of Directors and Chief Executive Officers are bound by specific obligations (see page (142) – Societe Generale share ownership and holding obligations).

Presentation of the members of the Board of Directors

Date of birth: 29 November 1956
Nationality: Italian
Year of first appointment: 2014
Term of office expires in: 2022
Holds 2,174 shares
Professional address:
Tours Société Générale,
75886 Paris Cedex 18

Lorenzo BINI SMAGHI

Chairman of the Board of Directors
Independent Director

Biography

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

Other offices held currently

None

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

- *Chairman of the Board of Directors:*
  SNAM (Italy) (from 2012 to 2016),
  ChiantiBanca (Italy) (from 2016 to 2017),
  Italgas (Italy) (from 2016 to 2019).
- *Director:*
  Tages Holding (Italy) (from 2014 to December 2019).

Date of birth: 3 July 1963
Nationality: French
Year of first appointment: 2009
Term of office expires in: 2023
Holds 229,760 shares
2,414 shares *via* Société Générale Actionnariat (Fonds E)
Professional address:
Tours Société Générale,
75886 Paris Cedex 18

Frédéric OUDÉA

Chief Executive Officer

Biography

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

Other offices held currently

In French listed companies:

- *Director:*
  Capgemini (since 2018).

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

None

Date of birth: 3 February 1958
Nationality: French
Year of first appointment: 2017
Term of office expires in: 2021
Holds 2,173 shares
Professional address:
Tours Société Générale,
75886 Paris Cedex 18

William CONNELLY

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

Biography

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

Other offices held currently

In foreign listed companies:

- *Chairman of the Supervisory Board:*
  Aegon N.V. (Netherlands) (member since 2017 and Chairman since 2018).
- *Director:*
  Amadeus IT Group (Spain) (since June 2019) and Deputy Chairman (since 13 May 2020).

In foreign unlisted companies:

- *Director:*
  Self Trade Bank SA (Spain) (since 2019).

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

- *Member of the Management Board:*
  ING Bank N.V. (Netherlands) (from 2011 to 2016).

Date of birth: 23 November 1957
Nationality: French
Year of first appointment: 2018
Term of office expires in: 2022
Holds 1,069 shares
Professional address:
Tours Société Générale,
75886 Paris Cedex 18

Jérôme CONTAMINE

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

Biography

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

Other offices held currently

In French listed companies:

- *Director and Member of the Audit Commit*tee: TOTAL (since 29 May 2020).

In French unlisted companies:

- *Chairman* :
  Sigatéo (since 2018).

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

- *Chairman of the Board of Directors:*
  Secipe (France) (from 2009 to 2016).
- *Director:*
  Valeo (France) (from 2006 to 2017).

Date of birth: 28 December 1963
Nationality: Canadian
Year of first appointment: 2018
Term of office expires in: 2022
Holds 1,000 shares
Professional address:
Tours Société Générale,
75886 Paris Cedex 18

Diane CÔTÉ

Chief Risk Officer and Member of the Executive Committee of the LSE Group (until 1 February 2021)
Independent Director
Member of the Audit and Internal Control Committee.

Biography

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

Other offices held currently

In French unlisted companies:

- *Director*:
  LCH SA (from June 2019 until 1 February 2021).

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

- *Director:*
  Novae Syndicates Limited (United Kingdom) (from 2015 to 2018),
  Frank Russell Company (US) (from 2014 to 2016),
  Russell Investment Inc. (United States) (from 2015 to 2016).

Date of birth: 13 December 1956
Nationality: American/British
Year of first appointment: 2011
Term of office expires in: 2023
Holds 1,086 shares
Professional address:
Tours Société Générale,
75886 Paris Cedex 18

Kyra HAZOU

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

Biography

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

Other offices held currently

None

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

None

France HOUSSAYE

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

Biography

Societe Generale employee since 1989.

Date of birth: 27 July 1967
Nationality: French
Year of first appointment: 2009
Term of office expires in: 2021
Professional address:
Tours Société Générale,
75886 Paris Cedex 18

Other offices held currently

None

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

None

David LEROUX

Director elected by employees
In charge of General Meetings at Securities Services

Biography

Societe Generale employee since 2001.

Date of birth: 3 June 1978
Nationality: French
Year of first appointment: 2018
Term of office expires in: 2021
Professional address:
Tours Société Générale,
75886 Paris Cedex 18

Other offices held currently

None

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

None

Date of birth: 18 March 1955
Nationality: French
Year of first appointment: 2009
Term of office expires in: 2021
Holds 1,000 shares
Professional address:
22-30 avenue de Wagram,
75008 Paris

Jean-Bernard LÉVY

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

Biography

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

Other offices held currently

In French listed companies:

- *Chairman and Chief Executive Officer:*
  EDF* (since 2014).

In French unlisted companies:

- *Chairman of the Supervisory Board:*
  Framatome* (since 2018).
- *Director:*
  Dalkia* (since 2014),
  EDF Renouvelables* (since 2015).

In foreign listed companies:

- *Director:*
  Edison S.p.A* (Italy) (since June 2019).

In foreign unlisted companies:

- *Director:*
  EDF Energy Holdings* (United Kingdom)
  (since 2017).

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

- *Chairman of the Board of Directors:*
  EDF Energy Holdings* (United Kingdom)
  (from 2015 to 2017),
  Edison S.p.A* (Italy) (from 2014 to June 2019).

** EDF Group*

Date of birth: 14 August 1964
Nationality: German
Year of first appointment: 2020
Term of office expires in: 2024
Holds 1,000 shares
Professional address:
Tours Société Générale,
75886 Paris Cedex 18

Annette MESSEMER

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

Biography

A German national, Annette Messemer has a Ph.D. in Political Science from the University of Bonn (Germany), a Master in International Economics from the Fletcher School at Tufts University (US) and a degree from Sciences Po Paris. She started her career in investment banking at J.P. Morgan in New York in 1994 before working in Frankfurt and London. She left J.P. Morgan as Senior Banker in 2006 to join Merrill Lynch as Managing Director and member of the German subsidiary's Executive Committee. In 2010, she accepted the nomination to the Supervisory Board of WestLB by the German Ministry of Finance, before joining Commerzbank in 2013, where she held the position of Group Executive/Divisional Board Member, Corporate Clients until June 2018.

Other offices held currently

In French listed companies:

- *Director:*
  EssilorLuxottica (since October 2018),
  Savencia S.A.(since 23 April 2020),
  Imerys S.A.(since 4 May 2020)

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

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

Date of birth: 1 April 1949
Nationality: French
Year of first appointment: 2015
Term of office expires in: 2023
Holds 1,200 shares
Professional address:
Tours Société Générale,
75886 Paris Cedex 18

Gérard MESTRALLET

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

Biography

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

Other offices held currently

In French listed companies:

- *Honorary Chairman:*
  ENGIE & SUEZ.

In French unlisted companies

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

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

- *Chairman and Chief Executive Officer:*
  ENGIE (from 2008 to 2016).
- *Chairman of the Board of Directors:*
  Electrabel (Belgium) (from 2010 to 2016),
  ENGIE Energy Management Trading (Belgium) (from 2010 to 2016),
  ENGIE Énergie Services (from 2005 to 2016),
  ENGIE (from 2016 to 2018),
  SUEZ (from 2008 to 2019).
- *Director:*
  International Power (United Kingdom) (from 2011 to 2016) and SUEZ (until May 2020).
- *Member of the Supervisory Board*:
  Siemens AG (Germany) (from 2013 to 2018).
- *Director:*
  Saudi Electricity Company (Saudi Arabia) (from 2018 to December 2020).

Date of birth: 10 March 1953
Nationality: Spanish
Year of first appointment: 2016
Term of office expires in: 2024
Holds 1,629 shares
Professional address:
Tours Société Générale,
75886 Paris Cedex 18

Juan Maria NIN GÉNOVA

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

Biography

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

Other offices held currently

In foreign unlisted companies:
- *Chairman of the Board of Directors:*
  Promociones Habitat (Spain) (since 2018),
  Itinere Infraestructuras (Spain) (since 2019).
- *Director:*
  Azora Capital S.L.* (Spain) (since 2014).

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

- *Director:*
  DIA Group SA (Spain) (from 2015 to 2018),
  Naturhouse (Spain) (from 2014 to 2016),
  Grupo Indukern* (Spain) (from 2014 to 2016),
  Grupo de Empresas Azvi S.L.* (Spain)
  (from 2015 to 2019),
  Azora Gestion* (Spain) (from 2018 to 2019).

** Grupo de Empresas Azvi, S.L.*

Date of birth: 8 May 1977
Nationality: French/Bulgarian
Year of first appointment: 2017
Term of office expires in: 2021
Holds 1,000 shares
Professional address:
Tours Société Générale,
75886 Paris Cedex 18

Lubomira ROCHET

Chief Digital Officer of L'Oréal Group
Independent Director
Nomination and Corporate Governance Committee

Biography

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

Other offices held currently

In foreign unlisted companies:
- *Director:*
  Founders Factory Ltd.*
  (United Kingdom) (since 2016).

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

None

** L'Oréal Group*

Date of birth: 5 September 1958
Nationality: Dutch
Year of first appointment: 2013
Term of office expires in: 2021
Holds 3,069 shares(1)
Professional address:
Tours Société Générale,
75886 Paris Cedex 18

Alexandra SCHAAPVELD

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

Biography

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

Other offices held currently

In foreign listed companies:

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

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

- *Member of the Supervisory Board:*
  Holland Casino* (Netherlands) (from 2007 to 2016),
  Vallourec SA (from 2010 to March 2020),
  FMO (Netherlands) (from 2012 to April 2020).

** Foundation.*

(1) As at 12 March 2021.

The Chairman of the Board of Directors

ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The Board of Directors appointed Lorenzo Bini Smaghi as Chairman of the Board of Directors following the separation on 19 May 2015 of the offices of Chairman of the Board of Directors and Chief Executive Officer. At the close of the Combined General Meeting of 23 May 2018, which renewed Lorenzo Bini Smaghi's term of office as Director, the Board of Directors unanimously renewed his position as Chairman of the Board of Directors.

The duties of the Chairman are set out in Article 5 of the Internal Rules.

ARTICLE 5 OF THE INTERNAL RULES

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

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

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

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

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

5.6 He/she devotes his/her best efforts to promote in all circumstances the values and the image of the Company. In consultation with the General Management, he/she may represent the Group in its high-level relations, in particular with major clients, regulators, major shareholders and public authorities, both domestically and internationally.

5.7 He/she has the material resources necessary for the performance of his/her missions.

5.8 The Chairman has no executive responsibilities, these responsibilities being exercised by the General Management which proposes and applies the Company's strategy, within the limits defined by law and in compliance with the corporate governance rules and directions set by the Board of Directors.

REPORT ON THE ACTIVITIES OF THE CHAIRMAN OF THE BOARD OF DIRECTORS FOR 2020

In 2020, the Chairman of the Board devoted at least three days a week to the Group. He chaired all Board meetings and executive sessions. He also attended almost all committee meetings. Together with the Chairman of the Nomination and Corporate Governance Committee, he oversaw the collective and individual evaluation of the Board members. He met individually with the Directors, in particular in connection with the individual evaluation of the Directors. Together with the Chairman of the Nomination and Corporate Governance Committee, he oversaw the recruitment procedure for the new Director. He participated in the European Commission's forum on the Capital Market Union in Brussels and met with members of the European Parliament. The Chairman held meetings with the ECB and the US banking regulators. In addition, he took part in several conferences on finance and macroeconomics. During his trip to Moscow, he met with the Russian authorities. The Chairman also spoke several times in the media. He met with clients, investors and shareholders. He held meetings with the main shareholders and proxies to prepare for the General Meeting. Finally, the Chairman attended a roadshow to present the Group's governance to investors. Given the circumstances, from March onwards the bulk of his activity took place via videoconference.

The Board of Directors' expertise

The Internal Rules of Societe Generale's Board of Directors define its organisation and operating procedures. They were amended on 15 April 2020.

The Board of Directors deliberates on any matter falling within its legal and regulatory powers and must devote sufficient time to perform its tasks.

In particular, the scope of the Board of Directors' remit includes the following areas (see pages 615 and 616, Article 1 of the Internal Rules):

- **strategic focus and operations**: it approves the Group's strategic focus, ensures its implementation and reviews it at least once a year. The focus deals essentially with the Group's values and the Code of Conduct as well as the main thrusts of the policy on social and environmental responsibility, human resources, and information and organisational systems. It approves the plans for strategic operations, in particular acquisitions and disposals, which may have a significant impact on the Group's earnings, its balance sheet structure and risk profile;
- **financial statements and communication**: it ensures the accuracy and truthfulness of the annual and consolidated annual accounts and the quality of the information provided to the shareholders and the market. It approves the Management Report. It controls the publication and communication process, and the quality and reliability of the information to be published and communicated;

- **risk management**: it approves the global strategy and risk appetite of any nature, and oversees the corresponding implementation. To this end, it approves and regularly reviews the strategies and policies governing the taking, management, monitoring and reduction of the risks to which Societe Generale is or could be exposed, including the risks created by the economic environment. In particular, it ensures the adequacy and effectiveness of the risk management systems, monitors the risk exposure stemming from Group activities and approves the overall risk limits;
- **governance**: it appoints the Chairman, Chief Executive Officer and, upon the latter's proposal, the Deputy Chief Executive Officer(s), it determines any possible limitations on the powers of the Chief Executive Officer and the Deputy Chief Executive Officer(s). It reviews the governance system, periodically assesses its effectiveness and ensures that remediation measures to address potential shortcomings have been taken. It ensures, in particular, compliance with the banking regulations with respect to internal control. It also fixes guidelines and controls the implementation by the Effective Senior Managers of the oversight systems in order to ensure effective and prudent management of the institution, in particular the avoidance of conflicts of interest. It deliberates on changes to the Group's management structure prior to their implementation and is informed of the main changes to its organisation. It deliberates at least once a year on its operation and that of its Committees, on the skills, aptitudes and availability of its members as well as on the conclusions of the periodic assessment thereof. It reviews once a year the succession plan for the Chairman of the Board of Directors and the Chief Executive Officers. It gives, where appropriate, its prior consent to the dismissal of the Chief Risk Officer, after the Risks Committee and the Nomination and Corporate Governance Committee have been consulted. It prepares the report on corporate governance;
- **compensation and wage policy**: it distributes the total amount of compensation for Directors and establishes the compensation policy principles applicable in the Group, in particular regarding regulated persons. It sets the compensation of the Chairman of the Board of Directors and the Chief Executive Officers and decides on the allocation of performance shares in accordance with the authorisations given by the General Meeting. It deliberates once a year on the Company's policy regarding professional and wage equality between men and women;
- **preventive recovery plan**: it establishes the preventive recovery plan that is communicated to the European Central Bank and deliberates on any similar plan requested by foreign supervisory authorities.

Functioning of the Board of Directors

The Internal Rules govern the functioning of the Board of Directors (see Article 6 of the Internal Rules, p. 617). The latter is convened by the Chairman, by letter, fax, email or any other means, or at the request of one-third of the Directors. It meets at least eight times a year, in particular to approve the annual and consolidated financial statements.

Each Director receives the information required to carry out his or her duties, in particular for the preparation of each Board of Directors meeting. The Directors also receive any useful information, including critical information, on significant events for the Company. Each Director attends training sessions necessary to fulfil his or her duties.

The Board of Directors' work

In 2020, the Board held 18 meetings which lasted for an average of three and a half hours. The attendance rate of Directors averaged 97% per meeting, compared with 94% in 2019. In addition to these meetings, the Board of Directors also held several conference calls on current events.

Two executive sessions were also organised, the aim of which was to review the General Management team, the succession plan, the organisation of the Company, the compensation of chief executives and the strategic focus.

Representatives of the ECB and the ACPR also participated at the Board of Directors meeting of 16 December 2020, presented their guidelines for the supervision of the banks and in particular Societe Generale and held discussions with Board members.

2020 was dominated by the Covid-19 crisis, which affected the everyday functioning of the Bank and of the Board of Directors. This increased the density of activity: the number of meetings rose (18 compared with 14 in 2019), two one-day strategic seminars were held in January and September, monthly reports on the consequences of the coronavirus crisis were prepared on the operational functioning of the Bank and on risk management, in addition to reinforced monitoring of cost control plans.

The Board of Directors, assisted by the Risk Committee, also performed an in-depth strategic review of the Global Markets business over the course of several *ad hoc* sessions, which, at the end of the first half of the year, resulted in structural decisions concerning the future of the business. Further to the work carried out over several months on the retail networks, the Board of Directors devoted several work sessions culminating in the decisions announced in December 2020 on the link-up between the Societe General and Crédit du Nord networks, and concerning Boursorama.

As is the case every year, the Board of Directors approved the annual, interim and quarterly financial statements and reviewed the budget. It deliberated on the disposals and acquisitions carried out in 2020.

During 2020, the Board continued to monitor the Group's liquidity profile and capital trajectory in light of regulatory requirements. Similarly, it monitored at each meeting developments in remediation plans in the wake of agreements concluded with US authorities, the French Director of Prosecutions (*Parquet national financier*) and the French anti-bribery agency. The remediations deal in particular with anti-corruption initiatives, sanctions and embargoes, an anti-money laundering plan and benchmark management.

It reviewed the Group's strategy and its main businesses, as well as its competitive environment during two one-day seminars, one in Moscow in January and the other in France in September.

At the suggestion of the General Management, the Board of Directors during its meeting of 4 November 2020 laid down the diversity objectives for the governance bodies. The General Management presented the Board with the measures to implement these objectives together with an action plan and a time frame for rolling them out. The Board of Directors shall oversee their implementation (this diversity policy is set out in 3.1.5 "Diversity policy within Societe Generale").

The Board addressed the following main topics in 2020:

- execution of the annual strategic plan;
- budget;
- information systems and IT security (particularly cybersecurity);
- digital innovation;
- human resources;
- Group image;
- resolution and recovery plans;
- customer satisfaction;
- compliance;
- remediation plans (in particular on the fight against corruption, sanctions and embargoes);
- tax policy;
- progress of the Culture & Conduct programme in the Group (in particular the deployment of whistleblowing;
- CSR (corporate social responsibility) strategy;
- Modern Slavery Act;
- risk mapping and risk appetite;
- Universal Registration Document and Declaration of Extra-Financial Performance;
- General Meeting;
- regulated agreements;
- major holdings above statutory limits;
- electoral process relating to the election of candidates to the position of Director representing shareholder employees;
- Global Markets, market activities;
- transformation of France networks (BDDF and Crédit du Nord);
- ALD;
- Boursorama;
- Global Transaction & Payment Services;
- insurance;
- activities in the US.

The Board of Directors was informed of regulatory changes and their consequences for the Group's organisation and its business. The Board regularly reviewed the Group's risk status. It approved the Group's risk appetite. It approved the ICAAP and the ILAAP as well as the Group's overall market risk limits. The Board reviewed the Annual Reports on internal control communicated to the French Prudential Supervisory and Resolution Authority (ACPR), as well as the responses to follow-up letters following ACPR and ECB inspections. It also reviewed actions taken in response to recommendations by US regulators.

The Board assessed the performances of the Chief Executive Officers and determined their compensation, as well as that of the Chairman. It decided performance share plans.

Board members also discussed the policy in place with respect to gender equality in the workplace and equal pay.

Last, the Board decided on the allocation of compensation to Directors (see page 91 et 92).

The Board of Directors determined and prepared the resolutions to be submitted to the Annual General Meeting and in particular those relating to the reappointment of Directors whose terms were due to expire.

Each year, the Board performs a review of its functioning by way of an assessment. The assessment is carried out every three years by an external consulting firm and, for the other years, is based on interviews and surveys conducted by the Nomination and Corporate Governance Committee. Last year (2019), the assessment was performed by an external firm. Hence, the assessment was carried out internally in 2020. The conclusions of the 2020 review are set out in the assessment section of this report (see page 91).

Similarly, and as is the case every year, the Board discussed the succession plan for General Management. These succession plans distinguish between successions at the end of the terms of office and unexpected successions. The succession plans are prepared by the Nomination and Corporate Governance Committee.

Meeting on 3 August 2020, the Board of Directors, chaired by Lorenzo Bini Smaghi, approved the propositions presented by Frédéric Oudéa, Chief Executive Officer, on the evolution of the company's management organisation.

The number of Effective Senior Managers was reduced following the departure of Philippe Heim. Following his decision to retire, Séverin Cabannes ceased his functions as Deputy Chief Executive Officer, with effect from 1 January 2021.

It approved the compensation terms relating to the departure of Messrs. Heim and Cabannes. In response to the proposal of the Compensation Committee, the Board of Directors at its meeting on 23 September 2020 modified the structure of the quantitative and qualitative objectives of the Chief Executive Officers to take into account the new organisation of the Group's General Management. The criteria remain unchanged.

In 2020, the working method within the Board was improved by systematising the use of a Director in charge of tabling strategic or cross-business discussions after a presentation from general management, where necessary. The method enhanced the substance of the work performed and further strengthened the individual participation of Directors.

No new agreement was concluded during the year ended 31 December 2020, directly or by any other intermediary, between on the one hand, any of the corporate officers or any of the shareholders holding a fraction of voting rights exceeding 10% of a company, and on the other, another company controlled by the former in accordance with Article L. 233-3 of the French Commercial Code. Excluded from this assessment were agreements on ordinary operations and concluded under normal conditions.

The Board of Directors' Committees

The Board of Directors was assisted by four Committees in 2020:

- the Audit and Internal Control Committee;
- the Risk Committee (and its corollary, the US Risk Committee);
- the Compensation Committee;
- the Nomination and Corporate Governance Committee.

The Board of Directors may also create one or more *ad hoc* Committees in addition to these four Committees.

AUDIT AND INTERNAL CONTROL COMMITTEE

5 Number of Directors

100% Proportion of independent Directors

80% Representation of women

13 Number of meetings in 2020

100% Average attendance in 2020

RISK COMMITTEE

5 Number of Directors

100% Proportion of independent Directors

60% Representation of women

12 Number of meetings in 2020

97% Average attendance in 2020

COMPENSATION COMMITTEE

5 Number of Directors

100% Proportion of independent Directors(1)

20% Representation of women

9 Number of meetings in 2020

98% Average attendance in 2020

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

4 Number of Directors

100% Proportion of independent Directors

25% Representation of women

7 Number of meetings in 2020

100% Average attendance in 2020

(1) Calculation excluding Directors representing employees, in accordance with the AFEP-MEDEF Code.

Each Committee comprises at least four members. No Director is a member of more than two Committees. Each Committee comprises at least one member of each gender.

One Director representing the employees sits on the Compensation Committee. One Director sits on both the Risk Committee and the Compensation Committee.

Since 2018, the Risk Committee has been extended to include the members of the Audit and Internal Control Committee when it sits as the US Risk Committee. The latter's composition is as follows: William Connelly (Chairman), Kyra Hazou, Annette Messemer, Alexandra Schaapveld, Jérôme Contamine and Juan Maria Nin Génova. The Board has excused Diane Côté from attending, pursuant to Article 11 of the Internal Rules.

The Chairpersons of the Risk Committee and the Audit and Internal Control Committee meet with the ECB and the US Federal Reserve at least once a year to provide an overview of the Committees' activities.

The duties of the Board of Directors' four Committees are set out in Articles 10 to 13 of the Internal Rules (see Chapter 7).

AUDIT AND INTERNAL CONTROL COMMITTEE

At 1 January 2021, the Audit and Internal Control Committee comprised four independent Directors: Diane Côté, Kyra Hazou, Annette Messemer, Alexandra Schaapveld and Jérôme Contamine. The Committee is chaired by Alexandra Schaapveld.

All members hold or have held positions as bankers, or have been Chief Financial Officers, auditors or Chief Legal Officers in banks. Accordingly, they are highly qualified in the financial and accounting fields, and in evaluating internal control systems.

ARTICLE 10 OF THE INTERNAL RULES

10.1 The Audit and Internal Control Committee's mission is to monitor issues concerning the preparation and control of accounting and financial information as well as the monitoring of the effectiveness of internal control, measurement, monitoring and risk control systems.

10.2 In particular, it is responsible for:

a) ensuring the monitoring of the process for the production of the financial information, particularly reviewing the quality and reliability of existing systems, making proposals for their improvement and ensuring that corrective actions have been implemented in the event of a malfunction in the process; where appropriate, it makes recommendations to ensure their integrity;

b) analyzing the draft accounts to be submitted to the Board of Directors in order to, in particular, verify the clarity of the information provided and assess the relevance and consistency of the accounting methods adopted for drawing up annual accounts and consolidated annual accounts;

c) conducting the procedure for selecting the Statutory Auditors and issuing a recommendation to the Board of Directors, developed in accordance with the provisions of Article 16 of the Regulation (EU) No.537/2014 dated April 16 2014, concerning their appointment or renewal as well as their remuneration;

d) ensuring the independence of the Statutory Auditors in accordance with the regulations in force;

e) approving, in accordance with Article L. 823-19 of the French Commercial Code and the policy adopted by the Board of Directors, the provision of services other than the certification of accounts referred to in Article L. 822-11-2 of the said Code after analyzing the risks to the Statutory Auditor's independence and the safeguard measures applied by the latter;

f) reviewing the work program of the Statutory Auditors and, more generally, monitoring the control of the accounts by the Statutory Auditors in accordance with the regulations in force;

g) ensuring the monitoring of the effectiveness of internal control, risk management and internal audit systems, with regard to the procedures for the preparation and processing of the accounting and financial information. To this end, the Committee is in particular responsible for:

- reviewing the Group's permanent control quarterly dashboard,
- reviewing the internal control and risk control of the business segments, divisions and main subsidiaries,
- reviewing the Group's periodic monitoring program and issuing its opinion on the organization and functioning of the internal control departments,
- reviewing the follow-up letters from the banking and markets supervisors and issuing an opinion on draft replies to these letters;

h) reviewing the reports prepared in order to comply with internal control regulations.

10.3 It regularly reports to the Board of Directors on the performance of its missions, including the outcomes of the mission of certification of the accounts, how this mission contributed to the integrity of the financial information and the role it played in this process. It informs the Board of Directors without delay of any difficulty encountered.

10.4 The Statutory Auditors shall be invited to the meetings of the Audit and Internal Control Committee, unless the Committee decides otherwise. They may also be consulted outside these meetings.

10.5 The Audit and Internal Control Committee or its Chairman also includes the heads of the internal control functions (risk, compliance, internal audit) as well as the Chief Financial Officer and, where necessary, the managers in charge of preparing the accounts, internal control, risk control, compliance control and periodic control.

10.6 The Audit and Internal Control Committee is composed of at least three Directors appointed by the Board of Directors who have the appropriate financial, accounting or statutory audit skills. At least two-thirds of the Committee's members are independent as defined by the AFEP-MEDEF Corporate Governance Code.

Activity Report of the Audit and Internal Control Committee for 2020

The Committee met twelve times in 2020 and the attendance rate was 100%, compared with 98% in 2019. The Covid-19 crisis and its consequences led to increased activity compared to the previous year (ten meetings). The pandemic and its after effects took up the lion's share of its work, in particular its accounting impact.

The Committee reviewed the draft annual, interim and quarterly consolidated accounts prior to their presentation to the Board and submitted its opinion on them to the Board. It approved the corresponding financial communication.

At each account closing period, the Committee interviewed the Statutory Auditors in the absence of management before attending a presentation of the accounts by the Finance Division. Early in the year, the Statutory Auditors gave a detailed presentation of the Key Audit Matters. One of the corporate officers attended the meetings dedicated to each account closing and discussed the quarter's significant events with the Committee.

The heads of the internal control functions (audit, risk, compliance) as well as the Chief Financial Officer report to the Committee at each meeting.

The Committee reviewed the annual report on internal control.

It devoted several agenda items to internal control issues and the monitoring of remediation plans following inspections by supervisors, including the US Federal Reserve, the Financial Conduct Authority, the European Central Bank and the French banking and insurance sector supervisor (ACPR). The Committee conducted a quarterly review of the work dedicated to bringing permanent control to the required level. The Committee regularly assessed the work performed by the General Inspection and Audit Department. It was informed of significant compliance incidents.

Committee members (with the exception of Diane Côté) took part in work performed by the US Risk Committee, which serves as a Risk Committee and oversees audits of US-based businesses.

It reviewed the work schedule for the General Inspection Department and the audit teams, and followed up procedures on audit recommendations. It was briefed on the activities of the main subsidiaries' audit Committees pursuant to the Group's rules.

It examined the Group's draft replies to follow-up letters from the ACPR, as well as the replies to the ECB or foreign regulators. It is tasked with supervising on a regular basis the implementation of the ECB's recommendations.

The Committee dealt with the following issues throughout the year:

- review of disposals and acquisitions carried out in 2019 and changes in goodwill;
- control of outsourced activities;
- summary of services other than the certification of accounts;
- call for tenders for the 2024 auditors;
- Universal Registration Document and Declaration of Extra-Financial Performance;
- compliance with the Volcker regulation;
- Global Markets checks;
- social and consolidated reports on the Group's financial security system (in particular, the fight against money laundering and the financing of terrorism);
- accounting, governance and ALM management;
- financial trajectory;
- embargoes and Sanctions;
- market integrity (separation of proprietary banking activities, American and European regulations on derivatives, market abuse, indices and benchmarks, best execution and transactions by staff);
- customer protection (mediator's report/complaint handling);
- Societe Generale finance function (remits/organisation/ challenges);
- tax policy.

The Committee travelled to Moscow and met the heads of control functions and the heads of the various business lines in Russia.

It discussed the audit program and the budget for Statutory Auditors' fees for 2020. It defined and implemented new regulations relating to the approval of services furnished by Statutory Auditors other than the certification of financial statements. It independently led the call for tenders for the selection of the two Statutory Auditors to be appointed in 2024 and interviewed all candidates. It issued a recommendation to the Board of Directors.

RISK COMMITTEE

At 1 January 2021, the Risk Committee comprised five independent Directors: Kyra Hazou, Annette Messemer, Alexandra Schaapveld, William Connelly and Juan Maria Nin Génova. The Committee is chaired by William Connelly.

All members hold or have held positions as bankers, or have been Chief Financial Officers, auditors or Chief Legal Officers in banks. Accordingly, they are all highly qualified in the financial and accounting fields, and in evaluating risks.

ARTICLE 11 OF THE INTERNAL RULES

11.1 The Risk Committee advises the Board of Directors on the overall strategy and the appetite regarding all kinds of risks, both current and future, and assists it when it controls the implementation of this strategy.

11.2 In particular, it is responsible for:

- **a)** preparing the debates of the Board of Directors on documents relating to risk appetite;
- **b)** reviewing the risk control procedures and is consulted for the setting of overall risk limits;
- **c)** undertaking a regular review of the strategies, policies, procedures and systems used to detect, manage and monitor the liquidity risk and communicating its conclusions to the Board of Directors;
- **d)** issuing an opinion on the Group's global provisioning policy, as well as on specific provisions for significant amounts;
- **e)** reviewing the reports prepared to comply with banking regulations on risks;
- **f)** reviewing the policy concerning risk control and the monitoring of off-balance sheet commitments, especially in the light of the memoranda prepared to this end by the Finance Division, the Risk Division and the Statutory Auditors;
- **g)** reviewing, as part of its brief, whether the prices for the products and services mentioned in Books II and III of the French Monetary and Financial Code and offered to clients are consistent with the Company's risk strategy. When these prices do not correctly reflect the risks, it informs the Board of Directors accordingly and offers its opinion on the action plan to remedy the situation;
- **h)** without prejudice to the Compensation Committee's remit, reviewing whether the incentives provided for by the compensation policy and practices are consistent with the Company's situation in light of the risks to which it is exposed, its capital and its liquidity, as well as the probability and timing of expected benefits;
- **i)** reviewing the risks associated with the Group's implementation of the guidelines on social and environmental responsibility and the indicators relating to the Conduct as part of the "Culture and Conduct" program;

j) reviewing the enterprise risk management related to the Company's operations in the US in accordance with the requirements of the US Federal Reserve's Enhanced Prudential Standards Rules and guidelines issued by the supervisors ("supervisory guidelines"). When acting as the US Risk Committee, the Risk Committee operates according to a dedicated charter which is an integral part of the present article and complements it. The Chairman of the Risk Committee reports the work performed by the US Risk Committee to the Board of Directors, which validates it.

11.3 It has all information on the Company's risk situation. It may request the services of the Chief Risk Officer or external experts.

11.4 The Statutory Auditors are invited to the meetings of the Risk Committee, unless the Committee decides otherwise. They may also be consulted outside these meetings.

The Risk Committee or its Chairman also includes the Heads of the internal control functions (risk, compliance, internal audit) as well as the Chief Financial Officer and, where necessary, the managers in charge of preparing the accounts, internal control, risk control, compliance control and periodic control.

11.5 The Risk Committee is composed of at least three Directors appointed by the Board of Directors who have the appropriate knowledge, skill and expertise in the area of risks. At least two-thirds of the Committee's members are independent as defined by the AFEP-MEDEF Corporate Governance Code.

Activity Report of the Risk Committee for 2020

The Risk Committee met eleven times during the year. The attendance rate for its members was 97%, compared with 92% in 2019.

The Covid-19 crisis and its consequences for operational, market and counterparty risks was the focus of the Committee's work in 2020. At each meeting it performed a detail review of these risks and their consequences, from both the prudential and accounting standpoints.

During the first six months of 2020, the Risks Committee performed an in-depth review of the risks associated with Global Markets' activities. Based on the recommendation of the Risks Committee and the operational heads of the businesses, a plan to reduce the risks posed by Global Markets' activities was submitted to the Board of Directors, which approved it.

At each meeting, the Chief Risk Officer reports to the Risk Committee on changes in the risk environment and on key events. The Committee reviews documents relating to risk appetite (risk appetite statement and risk appetite framework) and prepares ICAAP and ILAAP decisions. It regularly receives risk dashboards of all kinds, including reputation and conformity risks, in addition to operational risks. It reviewed in particular the following topics:

- risk limits (in cluding market risks);
- Group recovery plan;
- Group resolution plan;
- Covid-19 crisis (role of IT, purchasing, real-estate, offshore centres and cybersecurity teams);
- liquidity risk;
- credit risk;
- market risk;
- operational risk;
- litigation risk;
- incorporation of risk into pricing of products and services;
- incorporation of risk into the compensation policy;
- new products;
- GDPR (General Data Protection Regulation);
- anti-money laundering — KYC;
- Brexit;
- new organisation of General Management;
- Global Markets' controls;
- performance and assessment of compliance, audit and risk functions;
- tax management.

The Committee devoted several agenda items in 2020 to IT security- and information systems-related matters. It was briefed on the main disputes, including tax disputes. It reviewed the Risk Department's organisation. It also conducted a review of the Compliance Department. Committee members examined risk areas specific to regulatory projects. They also prepared the Board's work on recovery and resolution plans. The Committee issued an opinion to the Compensation Committee on the risks involved in the compensation of regulated employees (market professionals and others).

The Committee travelled to Moscow and met the heads of control functions and the heads of the various business lines in Russia.

In its capacity as the US Risk Committee, the Risk Committee held quarterly meetings to validate the risk appetite of US operations. It also performed other tasks required by US regulations such as the supervision of liquidity risk and the validation of risk strategies. It reviewed the remediation plan for monitoring risks requested by the US Federal Reserve. The Committee received training on business developments in the United States and on regulatory changes impacting the activity of the US Risk Committee. The Committee met a total of nine times during the year. The US Risk Committee Charter is appended to the Board's Internal Rules (see page 622).

COMPENSATION COMMITTEE

At 1 January 2021, the Compensation Committee comprised five Directors, including four independent Directors (Jean-Bernard Lévy, Gérard Mestrallet, Jérôme Contamine and Juan Maria Nin Génova) and a Director representing employees (France Houssaye). The Compensation Committee is chaired by Jean-Bernard Lévy, who is an independent Director.

Members possess the skills needed to assess compensation policies and practices, including those relating to the Group's risk management.

ARTICLE 12 OF THE INTERNAL RULES

12.1 The Compensation Committee prepares the decisions that the Board of Directors adopts concerning compensation, especially those related to the Chief Executive Officers (*dirigeants mandataires sociaux*) as well as those that have an impact on the risk and the management of risks in the Company.

12.2 It conducts an annual review of:

a) the principles of the Company's compensation policy;

b) the compensation, allowances and benefits of any kind granted to the Company's corporate officers (*mandataires sociaux*) as well as the effective Senior Managers, if they are different;

c) the compensation policy for regulated employees within the meaning of the banking regulations.

12.3 It controls the compensation of the Chief Risk Officer and the Chief Compliance Officer.

12.4 It receives all information necessary for its mission and in particular the annual report sent to the European Central Bank.

12.5 It may be assisted by the internal control services or by external experts.

12.6 In particular, the Committee:

a) proposes to the Board of Directors, in compliance with the regulations applicable to credit institutions, the principles given by the AFEP-MEDEF Corporate Governance Code and professional standards, the principles of the compensation policy for the Chief Executive Officers (*dirigeants mandataires sociaux*), and especially the criteria for the determination, the structure and the amount of this compensation, including allowances and benefits in kind, insurance or pension benefits, and compensation of any kind received from all the Group companies; it ensures their application;

b) prepares the annual performance assessment of the Chief Executive Officers (*dirigeants mandataires sociaux*);

c) proposes to the Board of Directors the policy for performance shares;

d) prepares the decisions of the Board of Directors concerning the employee savings plan.

12.7 It is composed of at least three Directors and includes a Director elected by the employees. At least two-thirds of the Committee's members are independent as defined by the AFEP-MEDEF Code(1). Its composition enables it to exercise a competent and independent judgment on the compensation policies and practices with regard to the management of risks, the equity and the liquidities of the Company.

Activity Report of the Compensation Committee for 2020

The Compensation Committee met nine times during the year. The attendance rate for its members was 98%, compared with 92% in 2019.

The Chief Executive Officer was involved in the Compensation Committee's work, except when directly concerned.

The Compensation Committee prepared the Board's decisions on the terms and conditions of Philippe Heim's departure and the end of Séverin Cabannes' term of office.

The Committee dealt with the following issues throughout the year:

- guidance on compensation policy;
- compensation policy of GBIS (Global Banking & Investor Solutions);
- compensation policy applied to the regulated population;
- supplementary incentive payment;
- compliance of the compensation policy;
- compliance of the compensation policy;
- employment conditions of incoming Chief Executive Officers;
- quantitative and qualitative objectives for 2020 of the Chairman of the Board of Directors and of the Chief Executive Officers;
- compensation chapter of the present report on corporate governance and annual report on compensation policies;
- allocation of performance shares;
- monitoring of share ownership and holding obligations of members of General Management;
- presentation of past achievement of the relative TSR performance condition applicable to long-term incentive plans for the Chairman of the Board of Directors and of the Chief Executive Officers.

During its meetings, the Committee prepared the Board's decisions on the situation and compensation of the Chairman of the Board of Directors and of the Chief Executive Officers. It prepared the decisions regarding the monitoring of long-term or deferred compensation. In particular, it prepared decisions relating to the compensation of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers.

The Committee noted the timetable for meetings of the Compensation Committee and Board of Directors in 2020-2021 concerning compensation matters.

It approved the General Meeting's resolutions concerning compensation.

The Committee analysed and reviewed the equity ratio and conducted a benchmarking of corporate officers' compensation in respect of CAC 40 groups and a panel of eleven European banks with comparable characteristics to Societe Generale.

The Committee reviewed the compensation of the Group's Chief Risk Officer and the Chief Compliance Officer.

(1) Employees are not taken into consideration when calculating the percentage of independent members in the Committees, in accordance with the AFEP-MEDEF Code.

The Committee prepared the appraisals of the Chairman of the Board of Directors and of the Chief Executive Officers and submitted the annual target recommendations for the Chief Executive Officers to the Board.

In accordance with the CRD4 Directive and its transposition into French law, the Compensation Committee ensured that the Group's compensation policies comply with regulations and that they are aligned with the risk management strategy and shareholder equity targets.

The Committee reviewed the principles of the compensation policy applicable in the Group, in particular concerning employees whose activities have a significant impact on the Group's risk profile, in accordance with new regulations in force. It devoted several meetings to this issue and to ensuring that the structure proposed for regulated employees complies with new rules in force. It notably ensured that the compensation policy effectively takes into account the risks generated by the businesses and that employees comply with risk management policies and professional standards. The Risk Committee issued an opinion on the matter. One of its members, Juan Maria Nin Génova, sits on both Committees. The Committee also relied on work by external and internal control bodies. The Committee reviewed the annual report on compensation. The compensation policy is described in detail on pages 98 and following.

The Committee proposed the share allocation plans to the Board.

Lastly, the Committee prepared the Board's work on workplace gender equality in the Company.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

At 1 January 2021, the Nomination and Corporate Government Committee comprised four independent Directors:

Lubomira Rochet, William Connelly, Jean-Bernard Lévy and Gérard Mestrallet. The Committee is chaired by Gérard Mestrallet.

Members possess the skills needed to assess nomination and corporate governance policies and practices.

ARTICLE 13 OF THE INTERNAL RULES

13.1 The Nomination and Corporate Governance Committee:

a) is responsible for making proposals to the Board of Directors for the appointment of Directors and Committees members as well as on the succession of the corporate officers, especially in the event of an unforeseeable vacancy, after having carried out necessary studies. To this end, it prepares the selection criteria to be submitted to the Board of Directors, proposes to the Board of Directors an objective to be achieved concerning the balanced representation of women and men on the Board of Directors and drafts a policy designed to achieve this objective[(1)];

b) periodically reviews the structure, size, composition and effectiveness of the Board of Directors' work and submits to the Board of Directors any recommendation relevant to the carrying out of the annual assessment of the Board of Directors and its members;

c) periodically reviews the Board of Directors' policies concerning the selection and appointment of the effective Senior Managers, the Deputy Chief Executive Officers and the Heads of risk, compliance, audit and finance functions; it issues recommendations in these areas;

d) is informed in advance of the appointment of the Heads of risk, compliance, audit and finance functions. It is also informed of the appointment of the Heads of Business Units or of Service Units. It is informed of the succession plan for these senior officers (*dirigeants*);

e) prepares the review by the Board of Directors of corporate governance issues as well as the Board of Directors' work on matters relating to corporate culture. It proposes to the Board of Directors the presentation of the Board of Directors in the Registration Document and in particular the list of independent Directors.

13.2 It is composed of at least three Directors. At least two-thirds of the Committee's members are independent as defined by the AFEP-MEDEF Corporate Governance Code. The Chief Executive Officer is involved in the Committee's work, where necessary.

Activity Report of the Nomination and Corporate Government Committee for 2020

The Nomination and Corporate Governance Committee held seven meetings in 2020. The attendance rate was 100% (100% in 2019).

The Chief Executive Officer was involved in Nomination and Corporate Governance Committee work during 2020, including the work performed on succession plans. The Chairman of the Board of Directors also took part in every meeting.

The Committee discussed the organisation of General Management and prepared for the consequences of the departure of Philippe Heim and Séverin Cabannes.

It ensured that procedures recommended by the ECB regarding the appointment of the Risk Director and the Compliance Director were complied with.

The Committee prepared the resolutions to be submitted to the General Meeting. It examined draft proposals updating the Board of Directors' Internal Rules. With a view to the reappointment of Directors in 2021, it prepared for Jean-Bernard Levy's reappointment by establishing a selection procedure with the help of an external consultant. Several candidates corresponding to the defined profile of Chairmen and Chief Executive Officers of large companies were interviewed. The Committee approved the process for the election of the Director representing shareholder employees and prepared the Board's decision following the electoral process which designated the two employees whose candidacies will be put to the vote at the 2021 General Meeting. It ensured the continued balanced representation of men and women on the Board.

(1) The objective and policy of credit institutions, as well as the terms of their implementation, are made public in accordance with paragraph 2 (c) of Article 435 of Regulation (EU) No.575/2013 dated 26 June 2013.

In order to prepare the succession plans for General Management, the Nomination and Corporate Governance Committee relies on work carried out internally by the Chief Executive Officer and, where necessary, by external consultants. These plans distinguish between situations of unexpected successions and the successions prepared in the medium and long term. These plans were been updated following the latest changes to General Management.

The Chairman of the Committee, together with the Chairman of the Board, oversaw the internal assessment procedure of the Board (see below on page 91.

The Nomination and Corporate Governance Committee prepared the conditions of the allocation of compensation to Directors.

It prepared the Board's review of the present report on corporate governance, in particular concerning the review of Directors' independence.

It was briefed on the report concerning self-assessments by the Boards of Directors or the Supervisory Boards of the Group's key subsidiaries.

It prepared the Board's decision on the Group's diversity objectives within the governing bodies, which were submitted to the Board.

It also noted the smooth running of the 2020 General Meeting.

Appraisal of the Board of Directors and its members

Each year, the Board of Directors devotes part of a meeting to discussing its functioning based on an appraisal performed every three years by a specialised external consultant, and in other years based on interviews and surveys carried out by the Nomination and Corporate Governance Committee.

In both cases, the anonymous responses are summarised and presented in a document that serves as a basis for the Board's discussions.

In 2020, the appraisal was conducted on the basis of a questionnaire approved by the Nomination and Corporate Governance Committee and individual and separate interviews with the Chairman of the Board of Directors and the Chairman of the Nomination and Corporate Governance Committee.

The appraisal focuses on the collective functioning of the Board, as well as on the individual assessment of each Director. The appraisal findings are prepared by the Chairpersons and subsequently discussed by the Nomination and Corporate Governance Committee and the Board of Directors.

The appraisal procedure took place between September 2020 and January 2021. Due to the current circumstances, the interviews were conducted by telephone or by videoconference.

Individual performances were not discussed by the Board of Directors, with the exception of the Chairperson's performance. The Chairperson informs each member of their appraisal results.

The Board members' opinions are very positive. The Board of Directors in particular valued the progress made in strategic debates, notably during seminars, and in the presentation of succession plans.

The Board wished a number of improvements in the presentation of work files to make discussions even more effective. In particular, it requested more summaries and fewer appendices in Committee files. It appreciates the seminars and executive sessions.

Strategies such as the presentation by a Director acting as lead speaker and the constitution of *ad hoc* work groups between Directors were very effective when preparing the discussions. That said, working group meetings must be exceptional. Remote meetings (by videoconference) did not negatively impact the Board's efficiency.

The Directors identified the following topics as some areas which should be examined in greater depth:

- technological and digital evolutions, including cybersecurity and artificial intelligence;
- resource-related issues (IT, HR);
- CSR;
- customer satisfaction.

The Committees function satisfactorily, although questions remain about the breakdown of expertise between the Audit and Internal Control Committee and the Risk Committee, which results in joint meetings being held.

However, remarks have been made to the effect that files often contain too much information and that meeting agendas are increasing in size, resulting in longer and more frequent meetings.

The training sessions were greatly appreciated. Some themes dealt with were blockchain, artificial intelligence, cybersecurity, and products and services.

Training

Eleven training sessions were organised in 2020. A customised training program is systematically organised for each incoming Director.

Board members received additional training on the following matters in 2020:

- regulatory aspects, in particular in the US, focusing on corruption, anti-money laundering and KYC procedures;
- technological subjects, namely artificial intelligence, blockchain and crypto-assets;
- market risks and operational risks;
- governance and internal organisation.

The training programme will be further broadened in 2021 in accordance with the findings of the Board of Director's appraisal procedure.

The Board also decided to improve the training programme modules given to incoming Directors, in particularly in relation to their knowledge of the Bank's structure.

The annual seminar and certain topics discussed during Board Meetings also provide additional training, particularly with respect to the regulatory and competitive environment.

Compensation of Company Directors

At the General Meeting of 19 May 2020, the annual amount allocated to attendance fees was set at EUR 1,700,000. The full amount was used in 2020.

The rules governing the breakdown of compensation to Directors are determined by Article 15 of the Board's Internal Rules (see Chapter 7).

Since 2018, the amount of allocated compensation has been reduced by EUR 200,000 to be distributed between the members of the Risk Committee and the members of the Audit and Internal Control Committee meeting as the US Risk Committee. Diane Côté, member of the Audit and Internal Control Committee, is exempted from participating in the work of the US Risk Committee and thus does not receive any corresponding compensation. This amount is distributed in equal portions, except for the Chairman of the Risk Committee who receives two portions. The balance is then reduced by a lump sum of EUR 130,000 which is shared between the Chairman of the Audit and Internal Control Committee and the Chairman of the Risk Committee.

The balance is divided into 50% fixed and 50% variable. The number of fixed portions per Director is six.

Additional fixed portions are allocated to the:

- Chairman of the Audit and Internal Control Committee or the Risk Committee: four portions;
- Chairman of the Nomination and Corporate Governance Committee or of the Compensation Committee: three portions;
- Member of the Nomination and Corporate Governance Committee or of the Compensation Committee: a half portion;
- Member of the Audit and Internal Control Committee or the Risk Committee: one portion.

The additional fixed portions may be reduced in proportion to the actual attendance when the attendance over the year falls below 80%.

The variable portion of compensation is divided up at the end of the year in proportion to the number of meetings or working meetings held by the Board of Directors and to each of the Committees which each Director has attended.

The Chairman of the Board of Directors and the Chief Executive Officer do not receive any compensation.

3.1.3 GENERAL MANAGEMENT

(AT 1 JANUARY 2021)

Organisation of General Management

General Management oversees the Company and acts as its representative vis-à-vis third parties. It comprises the Chief Executive Officer, Frédéric Oudéa, who is assisted by two Deputy Chief Executive Officers:

- Diony Lebot, in office since 14 May 2018, responsible in particular for supervising the Group's Risk and Compliance, Financial Services (ALD and SGEF) and Insurance activities;
- Philippe Aymerich, in office since 14 May 2018, responsible in particular for supervising French Retail Banking activities and the related Innovation, Technology and IT Service Unit as well as International Retail Banking activities.

The Chief Executive Officer and the two Deputy Chief Executive Officers are assisted by three Deputy General Managers who are not corporate officers.

This new organisation of General Management was decided by the Board of Directors on 3 August 2020.

Limitations imposed on the powers of the Chief Executive Officer and the Deputy Chief Executive Officers

The By-laws and the Board of Directors do not impose any special restrictions on the powers of the Chief Executive Officer or Deputy Chief Executive Officers, who exercise these powers in accordance with the applicable laws and regulations, By-laws, Internal Rules and guidelines approved by the Board of Directors.

Article 1 of the Internal Rules (see Chapter 7, page 615) defines the cases in which prior approval by the Board of Directors is required; for example, in the case of strategic investment projects exceeding a specific amount.

Presentation of the members of General Management

Date of birth: 3 July 1963
Nationality: French
Holds* 229,760 shares
2,414 shares *via* Société Générale Actionnariat (Fonds E)

Frédéric OUDÉA

Chief Executive Officer

Biography

See page 73.

Other offices held currently

In French listed companies:

- *Director:*
  Capgemini (since 2018).

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

None

Date of birth: 15 July 1962
Nationality: French
Holds* 20,475 shares
2,386 shares *via* Société Générale Actionnariat (Fonds E)

Diony LEBOT

Deputy Chief Executive Officer

Biography

Diony Lebot holds a postgraduate degree (DESS) in Finance and Taxation from the University of Paris I Panthéon Sorbonne. From 1986 to 2004, Diony Lebot held several positions within the Structured Finance activity, Financial Engineering and as Head of Asset Finance. In 2004, she joined the Corporate Coverage Department as Head of Corporate Coverage in Europe for the Corporates & Institutions Division. She was appointed Chief Executive Officer of Societe Generale Americas in 2007 and became a member of the Societe Generale Group Management Committee. In 2012, she became Deputy Head of Coverage and Investment Banking and Chief Executive Officer for Global Banking and Investor Solutions Western Europe. In March 2015, she was appointed Deputy Chief Risk Officer before becoming Group Chief Risk Officer in July 2016. She has been Deputy Chief Executive Officer since May 2018.

Other offices held currently

In French listed companies:

- *Chairman of the Board of Directors:*
  ALD* (since August 2020).

In French unlisted companies:

- *Chairman of the Board of Directors*:
  Sogécap* (since August 2020).

In foreign listed companies:

- *Director*:
  EQT AB (Sweden) (since June 2020).

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

- *Director:*
  Sogécap* (France) (from 2016 to 2018),
  Societe Generale Factoring* (France) (from 2013 to 2016),
  SG Americas Securities Holding LLC* (US) (2016).

** Societe Generale Group*

* *In respect of the Societe Generale share ownership and holding obligations, the Board of Directors at its meeting of 13 March 2019 decided to increase the minimum shareholding thresholds of each of the Chief Executive Officers. These amounts are indicated in the paragraph "Societe Generale share ownership and holding obligations", see page 142 of the 2021 URD.*

Date of birth: 12 August 1965
Nationality: French
Holds* 16,933 shares
8,500 shares *via* Société Générale Actionnariat (Fonds E)

Philippe AYMERICH

Deputy Chief Executive Officer

Biography

Philippe Aymerich is a graduate of the French *École des hautes études commerciales* (HEC). He first joined Societe Generale in 1987 as Inspector at the Group's headquarters in Paris and served in this capacity until 1994, at which time he was appointed Inspecteur Principal. In 1997, he joined Societe Generale Corporate & Investment Banking in 1997 as Deputy Managing Director of SG Spain in Madrid. From 1999 until 2004, he served in New York, first as Deputy Chief Operating Officer and then as Chief Operating Officer for SG Americas' Corporate & Investment Banking arm from 2000. In 2004, he was appointed Head of the Automotive, Chemicals & General Industries Group in the Corporate & Institutions Division. In December 2006, he was appointed Deputy Chief Risk Officer for Societe Generale Group. He was appointed Chief Executive Officer of Crédit du Nord in January 2012. He has been Deputy Chief Executive Officer of Societe Generale since May 2018.

Other offices held currently

In French unlisted companies:

- *Chairman of the Board of Directors:*
  Boursorama* (since 2018),
  Franfinance* (since 2019).

In foreign listed companies:

- *Member of the Board of Directors*:
  PJSC Rosbank* (since December 2020).

In foreign unlisted companies:

- *Member of the Board of Directors*:
  EPI Intérim (permanent representative of Societe Generale since October 2020).

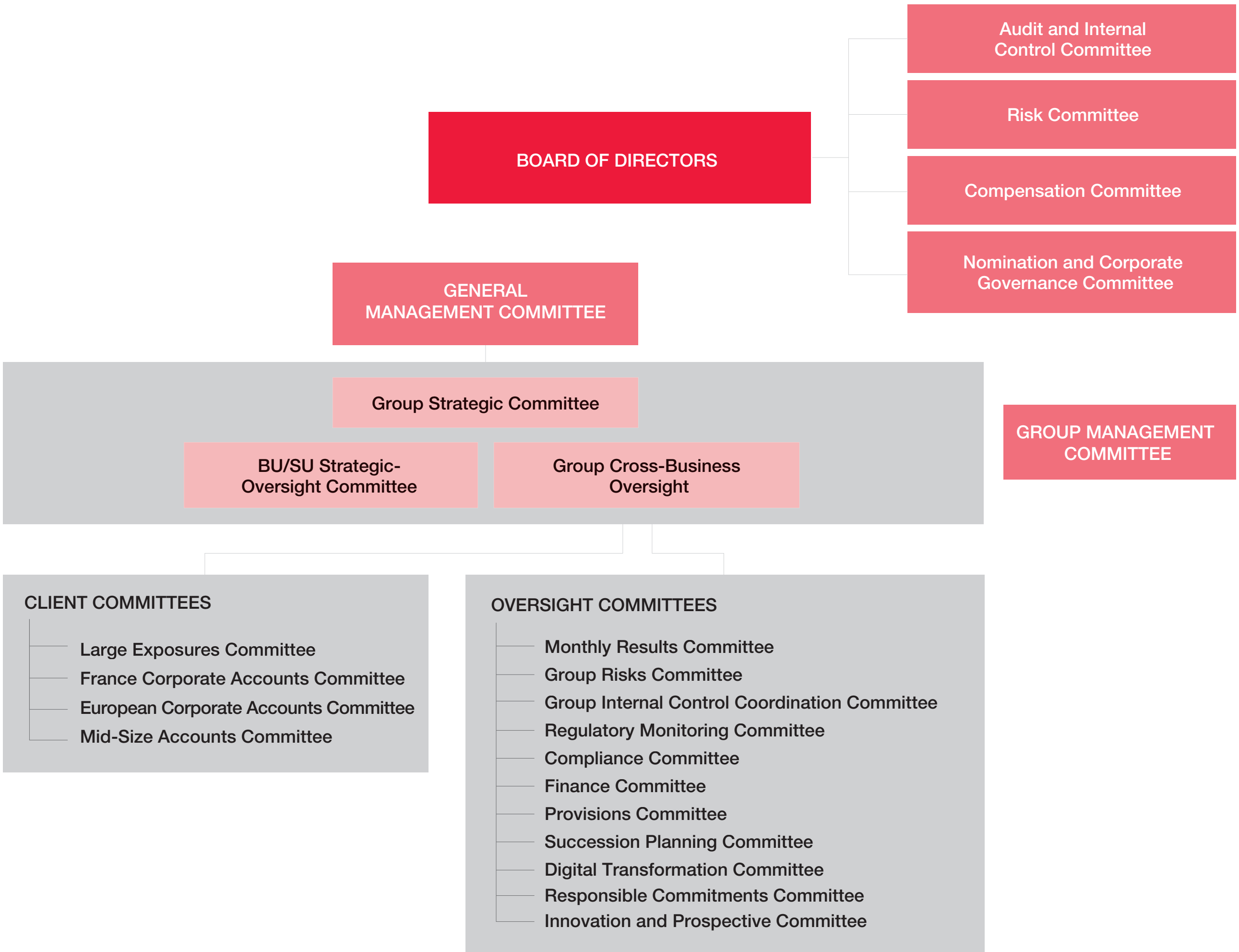
** Societe Generale Group*

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

- *Chairman of the Supervisory Board:*
  Rhône-Alpes Bank* (from 2013 to 2018),
  Courtois Bank* (France) (from 2012 to 2018),
  Laydernier Bank* (France) (from 2016 to 2018),
  Société Marseillaise de Crédit* (France) (from 2012 to 2018),
  Société de Bourse Gilbert Dupont* (France) (from 2016 to 2018).
- *Chairman of the Board of Directors:*
  Norbail Immobiler* (from 2017 to 2018),
  Crédit du Nord* (from 2018 to October 2020).
- *Director:*
  Antarius (France) (from 2016 to 2018),
  Sogécap* (France) (from 2014 to 2016).
- *Member of the Supervisory Board:*
  Banque Tarneaud* (France) (from 2012 to 2018).
- Chief Executive Officer:
  Crédit du Nord* (from 2012 to 2018).

* *In respect of the Societe Generale share ownership and holding obligations, the Board of Directors at its meeting of 13 March 2019 decided to increase the minimum shareholding thresholds of each of the Chief Executive Officers. These amounts are indicated in the paragraph "Societe Generale share ownership and holding obligations", see page142 of the 2021 URD.*

3.1.4 GOVERNANCE BODIES



General Management Committee

The Group General Management Committee, which comprises the Chief Executive Officer and Deputy Chief Executive Officers, meets every week. The Heads of the Business and Service Units concerned by the matters on the agenda and the persons directly responsible for the topics in question may be invited to take part in the Committee.

The Committee, which reports to the Chief Executive Officer, submits the Group's overall strategy to the Board of Directors and oversees its implementation.

Group Strategy Committee

The Group Strategy Committee, which comprises the Chief Executive Officer, Deputy Chief Executive Officers and Heads of the Business and Service Units, meets every two months.

The Committee reports to the Chief Executive Officer and is responsible for implementing the Group's strategy.

Group Management Committee

(AT 15 JANUARY 2021)

Comprising 59 executives appointed by the Chief Executive Officer and belonging to the Service Units and Business Units, the Group Management Committee meets at least once every quarter.

The Group Management Committee communicates and debates strategy and issues of general interest to the Group.

Name	Main function within the Societe Generale Group
General Management	
Frédéric OUDÉA	Chief Executive Officer
Diony LEBOT	Deputy Chief Executive Officer
Philippe AYMERICH	Deputy Chief Executive Officer
William KADOUCH-CHASSAING(1)(2)	Deputy General Manager, Head of Finance
Slawomir KRUPA(1)	Deputy General Manager, Head of Global Banking and Investor Solutions
Sébastien PROTO(1)	Deputy General Manager, Head of Societe Generale, Crédit du Nord, Private Banking networks and the Innovation, Technology and IT Service Unit
Members of the Group Strategy Committee (excluding General Management)	
David ABITBOL(2)	Global Head of Societe General Securities Services
Stéphane ABOUT(2)	Chief Executive Officer, Societe Generale Americas
Tim ALBERTSEN(2)	Chief Executive Officer of ALD Automotive
Pascal AUGÉ(2)	Head of the Inspection and Audit Division
Cécile BARTENIEFF(2)	Chief Operating Officer of Global Banking & Investor Solutions
Gilles BRIATTA(2)	Group General Secretary
Bruno DELAS(2)	Head of ITIM
Marie-Christine DUCHOLET(2)	Head of Societe Generale Retail Banking in France
Patrick FOLLÉA(2)	Head of Societe Generale Private Banking, Supervisor of Lyxor
Laurent GOUTARD(2)	Head of International Retail Banking for Africa, the Mediterranean Basin & Overseas
Jean-François GRÉGOIRE(2)	Head of Global Markets
Benoît GRISONI(2)	Chief Executive Officer of Boursorama
Caroline GUILLAUMIN(2)	Group Head of Human Resources and Group Head of Communication
Jochen JEHMLICH(2)	Head of the Equipment Finance businesses and CEO of GEFA Bank
Christophe LEBLANC(2)	Group Head of Corporate Resources and Digital Transformation
Alexandre MAYMAT(2)	Head of Global Transaction and Payment Services
Françoise MERCADAL-DELASALLES(2)	Chief Executive Officer of Crédit du Nord
Gaëlle OLIVIER(2)	Chief Executive Officer for Societe Generale Asia Pacific
Pierre PALMIERI(2)	Head of Global Banking and Advisory
Philippe PERRET(2)	Head of the Insurance businesses
Sadia RICKE(2) (3)	Advisor to the Risk Management team
Grégoire SIMON-BARBOUX(2)	Group Head of Compliance
Giovanni-Luca SOMA(2)	Head of International Retail Banking for Europe and Group Country Head forRussia
Members of the Group Management Committee (excluding Group Strategy Committee members)	
Philippe AMESTOY	Director of the French Network
Hervé AUDREN de KERDREL	Deputy Group Head of Compliance
François BLOCH	Chief Executive Officer of BRD
Claire CALMEJANE	Group Chief Innovation Officer
Antoine CREUX	Chief Security Officer
Geoffroy DALLEMAGNE	Global Head of Permanent Control and Internal Control Coordination
Thierry D'ARGENT	Deputy Head of Global Banking and Advisory
Odile de SAIVRE	Deputy Chief Executive Officer of Societe Generale Equipment Finance
Jean-François DESPOUX	Deputy Head of Risk
Claire DUMAS	Deputy Chief Financial Officer of the Group

Name	Main function within the Societe Generale Group
Delphine GARCIN-MEUNIER	Head of Group Strategy
Carlos GONCALVES	Head of Global Technology Services
Donato GONZALEZ-SANCHEZ	Head of Corporate & Investment Banking, Private Banking, Asset Management, Securities Services and Group Country Head for Spain and Portugal
Éric GROVEN	Head of the Real Estate Division of Retail Banking activities in France
Alvaro HUETE	Deputy Head of Global Banking and Advisory
Arnaud JACQUEMIN	Group Country Head for Luxembourg and CEO of Societe Generale Luxembourg
Jan JUCHELKA	Chairman of the Board and CEO of Komerční banka and Group Country Head for the Czech Republic and Slovakia
Jean-Louis KLEIN	Deputy Chief Executive Officer of Crédit du Nord
Stéphane LANDON	Deputy Head of Risk
Véronique LOCTIN	Co-Head of Coverage France
Xavier LOFFICIAL	Deputy Chief Financial Officer of the Group
Michala MARCUSSEN	Group Chief Economist and Head of Economic and Sectorial Research
Anne MARION-BOUCHACOURT	Group Country Head for Switzerland and Chief Executive Officer of SG Zurich
Laetitia MAUREL	Group Deputy Head of Communication
Ilya POLYAKOV	Chief Executive Officer of Rosbank
Sylvie PRÉA	Director of Corporate Social Responsibility
Sylvie RÉMOND[3]	Advisor to the Risk Division
John SAFFRETT	Deputy Chief Executive Officer of ALD Automotive
Mathieu VEDRENNE	Head of Societe Generale Private Banking France
Guido ZOELLER	Group Country Head for Germany and Head of Societe Generale Corporate & Investment Banking activities in Germany

(1) Deputy Chief Executive Officers are not executive officers.
(2) Manager of a Business Unit or a Service Unit.
(3) As of 14 January 2021.

3.1.5 DIVERSITY POLICY WITHIN SOCIETE GENERALE

General Management submits the diversity policy to the Board of Directors on an annual basis. The policy reflects the Group's determination to recognise and promote all talents, whatever their beliefs, age, disability, parenthood status, ethnic origin, nationality, sexual or gender identity, sexual orientation, membership in a political, religious, trade union or minority organisation, or any other characteristic that could be subject to discrimination. The Group has signed various charters on non-discrimination, in particular with regard to men and women. Each year, the Board of Directors examines a progress report on these issues in and outside France, which appears on the Societe Generale website.

The Group has set targets for the promotion of women and international profiles. With regard to the Board of Directors, Societe Generale is committed to respecting the 40% gender diversity rate. In addition, the Board of Directors ensures that each Committee includes men and women and that their chairs are divided between the two genders. Since 1 January 2021, General Management has had six members, including one woman and one non-French national.

The diversity policy stipulates that, by 2023, the Group's management bodies must include at least 30% women, a target that must be achieved in both the business lines and functions. This target will be applied on two levels to the Group's management bodies and senior employees. Firstly, to the Group Strategy Committee, which includes General Management and the Heads of the Business and Service Units (around 30 managers), and secondly to the Group's 150 top executives (Group Key Persons). The Group has also implemented a proactive policy to increase the number of international profiles in management positions.

At 31 December 2020, 24% of Group Strategy Committee positions and 20% of Group Key Person positions were held by women. An action plan has been introduced to achieve the target of 30% women in management bodies and increase the number of international (non-French) profiles in the Group's management bodies. The plan includes:

- an enhanced talent management strategy that will focus on supporting career paths and professional development for very high potential women and international profiles ;
- sessions to raise awareness about gender bias and stereotyping that will be available to all employees and mandatory for managers and future managers ;
- a more collective approach to management appointments to enhance diversity in management bodies;
- an evaluation of each member of the Management Board based on diversity targets, starting in 2021.

General Management will inform the Board of Directors of the results obtained for each year. This will include the proportion of women and international profiles in high-potential and future-manager pools, "Group Key Person" positions and in defined succession plans, as well as their participation in specific development programmes, the monitoring of their career paths and any potential pay gaps, and initiatives to draw the attention of the Bank's management bodies to some of these women and international profiles.

These results, including if necessary the reasons why targets were not achieved and the measures taken to rectify the situation, will be disclosed in the annual report on corporate governance.

3.1.6 REMUNERATION OF GROUP SENIOR MANAGEMENT

Policy governing remuneration of the Chairman of the Board of Directors and the Chief Executive Officers, subject to shareholders' approval

The policy governing remuneration of the Chairman of the Board of Directors and the Chief Executive Officers, presented below, was approved by the Board of Directors on 9 February 2021 following the recommendations of the Compensation Committee.

Its key features are the same as those that applied in the 2020 policy.

The main difference relates to the respective weightings of Group and business indicators in the quantitative criteria for Chief Executive Officers' annual variable remuneration, which have been adjusted in light of the Group's new General Management structure announced in August 2020. The relative weightings of collective and individual indicators of qualitative performance have also been adjusted, placing greater emphasis on individual performance.

The policy also now includes details of how the Board may deviate from its approved terms in exceptional circumstances when this is in the Company's best interests and necessary to ensure its viability or long-term survival (in accordance with the second paragraph of Article L. 22-10-8 (III) of the French Commercial Code).

In accordance with Article L. 22-10-8 of the French Commercial Code, the remuneration policy detailed below is subject to the approval of the General Meeting. If it is rejected, the remuneration policy approved by the General Meeting of 19 May 2020 will remain in effect.

The General Meeting must give its approval prior to payment of the variable components of remuneration (annual variable remuneration and long-term incentives) or any exceptional components.

By virtue of the second paragraph of Article L. 22-10-8 (III) of the French Commercial Code, the Board of Directors reserves the right to deviate from the approved remuneration policy in certain exceptional circumstances, provided that such action is temporary, in the Company's best interests and necessary to ensure its viability or long-term survival. The latter could in particular be made necessary by a major event affecting either the activity of the Group or one of its areas of activity, or the economic environment of the bank. The Board of Directors will decide on the adjustments that should be made to the remuneration policy in light of any such exceptional circumstances based on the Compensation Committee's recommendation and, where appropriate, the advice of an independent consultancy firm. For example, the Board could adjust or modify the criteria or conditions governing the calculation or payment of variable remuneration. Any such adjustments will be temporary.

GOVERNANCE OF REMUNERATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICERS

The governance framework and decision-making process in respect of the remuneration of the Chairman of the Board and the Chief Executive Officers is designed to ensure that their remuneration is in line with both the shareholders' interests and the Group's strategy.

The process for defining, reviewing and implementing the remuneration policy of the Chairman of the Board and the Chief Executive Officers is, for its part, designed to avoid any conflict of interests. This is achieved, in particular, by means of the composition of the Compensation Committee, studies commissioned from an independent firm, internal and external auditing and the multistage approval procedure:

- **composition and operation of the Compensation Committee:** The Committee is composed of at least three Directors, including one elected by the employees. At least two-thirds of the Committee's members must be independent, in accordance with the AFEP-MEDEF Code[(1)]. Its composition ensures that it is both independent and competent to judge whether the remuneration policies and practices are appropriate in view of the Company's risk, equity and liquidity management. The Chief Executive Officer is excluded from the Compensation Committee's deliberations when they directly concern his own remuneration;
- **independent evaluation:** The Compensation Committee bases its work on studies conducted by the independent firm of Willis Towers Watson. These studies are based on companies listed on the CAC 40 index as well as a panel of comparable benchmark European banks. They assess:
  - the competitiveness of the overall remuneration of the Chairman of the Board and the Chief Executive Officers compared with a panel of peers,
  - Societe Generale's results compared to the criteria defined by the Group to assess the Chief Executive Officers' performance, and
  - the correlation between the Chief Executive Officers' performance and their remuneration;
- **internal and external auditing:** The information serving as the basis for decisions regarding the Chairman of the Board's and Chief Executive Officers' remuneration is regularly audited by either the Internal Audit Division or external auditors;
- **multistage approval:** The Compensation Committee submits its proposals to the Board of Directors for approval. The Board's decisions then form the subject of a binding annual resolution at the Shareholders' General Meeting.

The remuneration and employment conditions for the Group's employees are also taken into account as part of the decision-making process when defining and implementing the policy applicable to the Chairman of the Board of Directors and Chief Executive Officers.

The Compensation Committee reviews the company remuneration policy as well as the remuneration policy for regulated employees (as defined under banking regulations) on an annual basis.

(1) The AFEP-MEDEF Code does not take employees into account when calculating the proportion of Independent Committee members.

It monitors the remuneration of the Chief Risk Officer and the Chief Compliance Officer. It receives all information necessary for such purposes, in particular the Annual Report sent to the European Central Bank. It submits a policy proposal to the Board of Directors for performance share awards and prepares the Board's decisions on the employee savings plan.

Accordingly, any change in the policy and terms of employee remuneration is flagged to the Board of Directors and approved by the latter at the same time as any change in the policy governing corporate officers so that it may make decisions affecting the officers by taking into account the remuneration conditions of the Group's employees.

Details of the Compensation Committee's work in 2020 appear on page 91.

POSITION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICERS

Lorenzo Bini Smaghi was appointed Chairman of the Board on 19 May 2015. His appointment was renewed on 23 May 2018 for the same duration as his term of office as Director (*i.e.* four years). He does not have an employment contract.

Frédéric Oudéa was appointed Chief Executive Officer in May 2008, then Chairman and Chief Executive Officer in 2009, and Chief Executive Officer again on 19 May 2015. His appointment was renewed on 21 May 2019. He terminated his employment contract when he was appointed Chairman and CEO in 2009 in accordance with the AFEP-MEDEF Code's recommendations regarding corporate officers not holding several concurrent duties.

Philippe Aymerich and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018; their appointments were renewed on 21 May 2019. The employment contracts held by Philippe Aymerich and Diony Lebot have been suspended for the duration of their terms of office. The collective bargaining agreement for the French banking sector governs any termination of their employment contracts, and in particular the requisite notice periods.

Séverin Cabannes was appointed Deputy Chief Executive Officer in May 2008; his appointment was renewed on 21 May 2019. Having decided to retire in 2021, he stepped down as Deputy Chief Executive Officer on 31 December 2020.

Philippe Heim was appointed Deputy Chief Executive Officer on 14 May 2018; his appointment was renewed on 21 May 2019. He left office on 3 August 2020 further to the Group's reorganisation of its General Management structure.

The Chairman of the Board of Directors and Chief Executive Officers are appointed for a term of four years and may be removed from office at any time.

They are not bound to the Group by any service agreement.

Additional information on the positions of the Chairman of the Board and Chief Executive Officers can be found in the table on page 141. The benefits and conditions applicable to the Chairman of the Board and Chief Executive Officers once they leave the Group are detailed on pages 104-105.

REMUNERATION PRINCIPLES

The purpose of the compensation policy for the Chairman of the Board of Directors and the Chief Executive Officers is to ensure that the Company's top-level positions attract the most promising candidates and to cultivate motivation and loyalty on a lasting basis, whilst also ensuring appropriate compliance and risk management, in accordance with the principles laid down by the Group's Code of Conduct.

The policy takes into account all remuneration components as well as any other benefits granted so as to cover the entirety of the Chief Executive Officers' compensation. It ensures an appropriate balance between these various elements in the general interests of the Group.

Variable remuneration, which is based on certain performance criteria, is designed to recognise the existence of the Group's strategy and promote its sustainability in the interests of shareholders, clients and staff alike.

Performance is assessed on an annual and multi-annual basis, taking into account both Societe Generale's intrinsic performance as well as its performance compared to the market and its competitors.

In accordance with the "pay for performance" principle, non-financial aspects are taken into account in addition to financial performance criteria when calculating variable remuneration and long-term incentives; such non-financial aspects include in particular issues of corporate social responsibility and compliance with the Group's leadership model.

Furthermore, the Chairman of the Board's and Chief Executive Officers' remuneration complies with:

- the Capital Requirements Directive of 20 May 2019 (CRD5), the aim of which is to ensure that remuneration policies and practices are compatible with effective risk management. CRD5 has been transposed into national law and its remuneration principles have been in force since 1 January 2021;
- the French Commercial Code; and
- AFEP-MEDEF Code recommendations.

Lastly, when remuneration is received in the form of shares or share equivalents, Chief Executive Officers are forbidden from using any hedging or insurance strategies, whether over the vesting or holding periods.

REMUNERATION OF THE NON-EXECUTIVE CHAIRMAN

Lorenzo Bini Smaghi's annual compensation has been set at EUR 925,000 for the duration of his term of office, as approved by the Board of Directors on 7 February 2018 and approved at the AGM held on 23 May 2018.

He does not receive attendance fees in his capacity as Director.

To ensure his total independence when fulfilling his duties, he does not receive variable compensation, securities or any compensation contingent on the performance of Societe Generale or the Group.

He is provided with company accommodation for the performance of his duties in Paris.

REMUNERATION OF GENERAL MANAGEMENT

Balanced remuneration taking into account the expectations of the various stakeholders

The remuneration of Chief Executive Officers is broken down into three components:

- **fixed remuneration (FR)** rewards experience and responsibility, taking into account market practices. It accounts for a significant proportion of overall remuneration and serves as the basis for calculating the maximum percentages for annual variable remuneration and long-term incentives;
- **annual variable remuneration (AVR)** rewards both financial and non-financial performance over the year as well as the Chief Executive Officers' contributions towards the success of the Societe Generale Group. It is capped at 135% of annual fixed remuneration for the Chief Executive Officer and 115% for the Deputy Chief Executive Officers;
- **long-term incentives (LTI)** aim to align the Chief Executive Officers' focus with shareholders' interests, and to provide the former with an incentive to deliver long-term performance. Vesting of LTIs is subject to a condition of continued presence and is based on the Group's financial and non-financial performance as measured against both internal and external criteria. The amount awarded is capped at 135% of annual fixed remuneration for the Chief Executive Officer and at 115% for the Deputy Chief Executive Officers (based on IFRS values).

Pursuant to CRD5, and as approved by the General Meeting in May 2014, the total variable remuneration component (*i.e.* annual variable remuneration plus long-term incentives) is capped at 200% of fixed remuneration(1).

Fixed remuneration

In line with the AFEP-MEDEF Code's recommendations, fixed remuneration is reviewed only after relatively long intervals.

Since the Board of Directors' decision of 31 July 2014 to increase Frédéric Oudéa's fixed remuneration as Chief Executive Officer by EUR 300,000 to compensate him for the loss of his pension rights under the Group's supplementary schemes, his annual fixed remuneration has amounted to EUR 1,300,000. The previous review of his fixed remuneration took effect on 1 January 2011.

Philippe Aymerich and Diony Lebot, who were both appointed Deputy Chief Executive Officers on 3 May 2018, with effect on 14 May 2018, each receive EUR 800,000 in annual fixed remuneration, as decided by the Board of Directors on 3 May 2018 in line with the Company's remuneration policy in force at that time. Their annual fixed remuneration has since remained unchanged.

The fixed remuneration set out above for each of the Chief Executive Officers was approved at the AGM of 19 May 2020.

As recommended by the Compensation Committee, the Board of Directors decided on 9 February 2021 to maintain the fixed remuneration for all Chief Executive Officers at the same amounts. Any change to the above officers' fixed remuneration endorsed by the Board requires the approval of the General Meeting before it take effect.

Annual variable remuneration

GENERAL PRINCIPLES

At the beginning of each year, the Board of Directors defines the evaluation criteria that will be used to calculate the Chief Executive Officers' annual variable remuneration in respect of the financial year.

Annual variable remuneration is 60% based on quantitative criteria, and 40% on qualitative criteria, thus combining an evaluation of the Group's financial performance with an assessment of managerial skills, in line with the Group's strategy and leadership model.

Quantitative criteria: 60%	Qualitative criteria: 40%
Quantitative criteria based on annual financial performance. Indicators and target achievement levels are set in advance by the Board of Directors and are primarily based on the respective budget targets for the Group and the businesses in each Chief Executive Officer's remit.	**Qualitative criteria** based essentially on the achievement of key targets in relation to the Group's strategy, operational efficiency and risk management, as well as the CSR policy.

(1) *After application of the discount rate for variable remuneration awarded as instruments deferred for five years or more, pursuant to Article L. 511-79 of the French Monetary and Financial Code, where applicable.*

Quantitative portion

The quantitative portion is calculated according to the Group's or the business' financial performance targets being achieved.

In 2020, the criteria for the Chief Executive Officer were based solely on Group performance; those of the Deputy Chief Executive Officers were split equally between Group targets and targets for their individual remits.

In light of the new General Management structure in place since August 2020, the Compensation Committee, at its meeting of 9 February 2021, recommended the following weighting breakdown for the Chief Executive Officer and the Deputy Chief Executive Officers:

- 60% for Group performance indicators; and
- 40% for indicators concerning the Chief Executive Officer's and each Deputy Chief Executive Officer's individual remit.

Since 1 January 2021, Frédéric Oudéa has been in charge of supervising GBIS.

Furthermore, since the new General Management organisation was introduced on 1 September 2020, Diony Lebot has been specifically tasked with supervising the Risks and Compliance functions, financial services activities (ALD and SGEF) and the Group's insurance division (ASSU). Philippe Aymerich, meanwhile, is in charge of supervising French Retail Banking, Innovation, Technologies and IT as well as International Retail Banking. Accordingly, the indicators for his specific scope of responsibility are weighted equally on the two activities under his supervision.

The financial indicators used remain unchanged:

- the quantitative criteria for the Group are the return on tangible equity (ROTE), the Core Equity Tier 1 (CET1) ratio and the cost-to-income (C/I) ratio, with an equal weighting for each indicator;
- the quantitative criteria for remits involving specific responsibilities are gross operating income, Return on Normative Equity (RONE) and the cost-to-income ratio of the CEO's individual supervisory remit and that of each Deputy CEO, with an equal weighting for each indicator.

Covering both financial and operational aspects, these indicators are directly linked to the Group's strategy and reflect compliance with the predefined budgets. The Board of Directors excludes any exceptional components from its calculations.

Compliance with the budgetary target equates to an achievement rate of 80% of the maximum quantitative portion. The quantitative share is capped at 60% of the maximum annual variable remuneration, the latter corresponding to 135% of annual fixed remuneration for the Chief Executive Officer and 115% for the Deputy Chief Executive Officers.

Qualitative portion

Each year, the Board of Directors sets qualitative targets for the following financial year. Most of these targets are collective, reflecting the team spirit that is essential for General Management; however, the Board also sets targets specific to each Chief Executive Officer based on their respective remits.

The Board of Directors set the qualitative targets for the coming year at its meeting on 9 February 2021. It adjusted the respective weightings of the collective and individual criteria for qualitative performance, placing greater emphasis on individual targets.

For 2021, 55% of the qualitative targets (as opposed to 70% in 2020) are now shared between all three Chief Executive Officers, with the remaining 45% (as opposed to 30% in 2020) being specific to each individual's scope of responsiblity.

The collective targets of the three Chief Executives focus on:

- improving the markets' perception of the Societe Generale Group;
- making continued progress in terms of customer experience, the Net Promoter Score and customer satisfaction;
- achieving the Group's corporate social responsibility (CSR) goals and its positioning in extra-financial ratings;
- improving operational efficiency and accelerating digital transformation, strengthening value management in digital investments;
- ensuring regulatory compliance (Know Your Customer, internal control, remediation plans, proper integration of recommendations from the supervisory authorities).

The targets specific to individual remits (three for each Chief Executive Officer) focus in particular on:

- rolling out the Group's strategy, in particular defining the Equity Story out to 2025 by demonstrating how the Group's corporate purpose is reflected in its strategic decisions;
- finalising the strategic trajectory for the GBIS businesses;
- implementing good HR management, in particular strengthening the talent management policy in line with diversity targets;
- successfully implementing the ALDA strategy, in particular developing synergies within the Group;
- working with the Retail Banking network to ensure dynamic growth in the bancassurance model;
- developing data usage tools and accelerating initiatives surrounding use of data and artificial intelligence in the Group's control functions;
- deploying the strategy for French Retail Banking, in particular ensuring that the first year of Vision 2025 is a success, and implementing Boursorama's new strategy;
- carry out the strategic guidelines for International Retail Banking and Consumer Finance, in particular broadening their digital footprint and improving customer satisfaction;
- building on opportunities for synergies and resource-pooling in the Retail Banking core business.

These targets are assessed on the basis of certain key questions defined in advance by the Board of Directors and backed by figures where possible. The achievement rate can be anywhere between 0 and 100% of the maximum qualitative portion. The respective weightings for each target are likewise defined in advance. The qualitative share is capped at 40% of the maximum annual variable remuneration, the latter corresponding to 135% of annual fixed remuneration for the Chief Executive Officer and 115% for the Deputy Chief Executive Officers.

The Board of Directors reviews the quantitative and qualitative performance criteria each year.

SUMMARY OF THE CRITERIA FOR ANNUAL VARIABLE REMUNERATION

				Indicator	Weighting
Quantitative targets	60%	Group	60%	Return on tangible equity (ROTE)	20%
				Core Equity Tier 1 (CET1) ratio	20%
				Cost-to-income ratio	20%
		Individual remits	40%	Gross operating income (GOI)	13.3%
				Cost-to-income ratio	13.3%
				Return on normative equity (RONE)	13.3%
Qualitative targets	40%	Collective			22%
		Specific to each individual remit			18%
TOTAL					**100%**

VESTING AND PAYMENT OF ANNUAL VARIABLE REMUNERATION

With a view to strengthening the correlation between remuneration and the Group's risk appetite targets and aligning them with shareholders' interests, the vesting of at least 60% of the annual variable remuneration is deferred for three years, pro rata. This concerns both cash payments and awards of shares or share equivalents subject to the achievement of long-term Group profitability and equity targets; the amounts awarded are reduced if targets are not met. The Board of Directors reviews the target achievement rates ahead of the definitive vesting of deferred variable remuneration. A six-month holding period applies after each definitive vesting date.

The value of the variable portion granted in shares or share equivalents is calculated on the basis of a share price set by the Board of Directors in March of each year and corresponding to the trade-weighted average of the twenty trading days prior to the Board meeting. The portion of annual variable remuneration granted as share equivalents entitles the beneficiary to payment of a sum equivalent to any dividend payments made over the compulsory holding period. No dividends are paid during the vesting period.

Furthermore, if the Board deems that a decision taken by the Chief Executive Officers has particularly significant consequences for the Company's results or image, it may decide not only to reconsider payment of the deferred annual variable remuneration in full or in part (malus clause), but also to recover, for each award, all or part of the sums already distributed over a five-year period (clawback clause).

Lastly, the vesting of the deferred annual variable remuneration is also subject to a condition of presence throughout the Chief Executive Officer's current term of office. The exceptions to this condition are as follows: retirement, death, disability, incapacity to carry out duties or removal from office due to a strategic divergence with the Board of Directors. Once their current term of office expires, the condition of presence no longer applies. However, once the executive officer has left, if the Board deems that a decision taken during their term of office has had particularly significant consequences on the Company's results or image, it may decide to apply either the malus or the clawback clause.

CAP

Annual variable remuneration is capped at 135% of annual fixed remuneration for the Chief Executive Officer and at 115% for the Deputy Chief Executive Officers.

Long-term incentives

GENERAL PRINCIPLES

In order to involve the Chief Executive Officers in the Company's long-term progress and to align their interests with those of the shareholders, it was decided in 2012 that they should be awarded long-term incentives consisting of shares or share equivalents.

In order to comply with the AFEP-MEDEF Code's recommendations, at its meeting held each year to approve the financial statements for the previous year, the Board of Directors decides whether to award any Societe Generale shares or share equivalents to the Chief Executive Officers. The fair value of the award upon granting is proportional to the other components of their remuneration and is set in line with practices from previous years. Said fair value is based on the share's closing price on the day before the Board Meeting. The Board cannot award Chief Executive Officers long-term incentives when they leave office.

VESTING AND PAYMENT OF LONG-TERM INCENTIVES

In line with previous years, at its meeting on 9 February 2021, the Board of Directors accepted the Compensation Committee's recommendation to keep the main features of the long-term incentives (LTI) plan unchanged.

The features of the LTI plan are as follows:

- shares or share equivalents are granted in two instalments, with vesting periods of four and six years, followed by a one-year holding period, thus increasing the indexing periods to five and seven years, respectively;
- definitive vesting is subject to a condition of presence throughout the vesting periods, as well as performance conditions.

The performance conditions governing vesting are as follows:

- for 80% of the LTI award, the relative performance of the Societe Generale share, as measured by the increase in total shareholder return (TSR) compared with that for 11 comparable European banks[1] over the full vesting periods. Consequently, the full number of shares or share equivalents will only vest if Societe Generale's TSR falls in the first quartile of the sample panel. If it falls slightly above the median value, the vesting rate will be 50% of the total number of shares or share equivalents granted. No shares or share equivalents will vest if the TSR performance is below the median value (the complete vesting chart is shown below);
- for 20% of the LTI award, the Group's relative CSR performance. Half (10%) is conditional on the Group's compliance with its energy transition financing commitments and the other half (10%) on its positioning within the main extra-financial ratings (S&P Global Corporate Sustainability Assessment[2], Sustainalytics and MSCI).

In 2021, the Board of Directors will set a target for the 2022 energy transition financing criterion in respect of the Group's CSR policy and commitments regarding the financed energy mix.

Regarding the portion based on external extra-financial ratings, the vesting rate will be as follows:

- 100% vesting if all three target ratings are achieved over a three-year period as from the year of the award (*i.e.* for awards made in 2022 in respect of 2021, the ratings for 2023, 2024 and 2025);
- two-thirds vesting if, on average, at least two target ratings are achieved over a three-year period as from the year of the award;
- one-third vesting if, on average, at least one target rating is achieved over a three-year period as from the year of the award.

The target rating from each of the three extra-financial ratings agencies considered is as follows:

- S&P Global CSA: positioning in the first quartile;
- Sustainalytics: positioning in the first quartile;
- MSCI: rating ≥ BBB.

If the ratings are adjusted over the year, the rating applied will be that allocated at the annual review. Changes may be made to the panel of ratings considered if justified in light of developments in the extra-financial ratings sector:

- no payment will be made if the Group is not profitable in the year preceding the definitive vesting of long-term incentives, regardless of the Societe Generale share performance and the Group's CSR performance;
- the Board of Directors reviews the satisfaction of the performance conditions ahead of the definitive vesting of any long-term incentives.

Definitive vesting is subject to a condition of presence throughout the vesting periods:

No payments are made under the LTI plan to Chief Executive Officers who leave office before their term expires unless they are retiring or leaving the Group due to a change in control or in its structure or organisation, or in the event of death, disability or incapacity:

- in the event of death, disability or incapacity, the share awards and payments under the LTI plan will be unaffected in their entirety;
- in the event of retirement or a departure due to a change in control, the shares will be retained and payments made in their entirety, on the condition that performance is assessed and taken into account by the Board of Directors;
- in the event of a departure from the Group due to changes in its structure or organisation, payments will be made on a pro rata basis according to the duration of their term of office compared with the overall vesting period, and after the performance is assessed and taken into account by the Board.

Lastly, a malus clause also applies to the beneficiaries of long-term incentives. Accordingly, if the Board deems that a decision made by the Chief Executive Officers has had particularly significant consequences on the Company's results or image, it may decide to reconsider payment of the long-term incentives in full or in part.

The complete vesting chart based on the relative performance of the Societe Generale share is shown below:

SG Rank	Ranks 1*-3	Rank 4	Rank 5	Rank 6	Ranks 7-12
% of the maximum number awarded	100%	83.3%	66.7%	50%	0%

* *The highest rank in the panel.*

CAP

In accordance with the AFEP-MEDEF Code, the Board of Directors decided on 9 February 2021 to keep the cap on the total amount of LTIs awarded (in IFRS value) at the same level as that for the annual variable remuneration. Accordingly, LTIs are capped at 135% of fixed annual remuneration for Frédéric Oudéa and at 115% for each of the Deputy Chief Executive Officers.

This cap applies in addition to the cap on the definitive vesting value of shares or payment value of share equivalents.

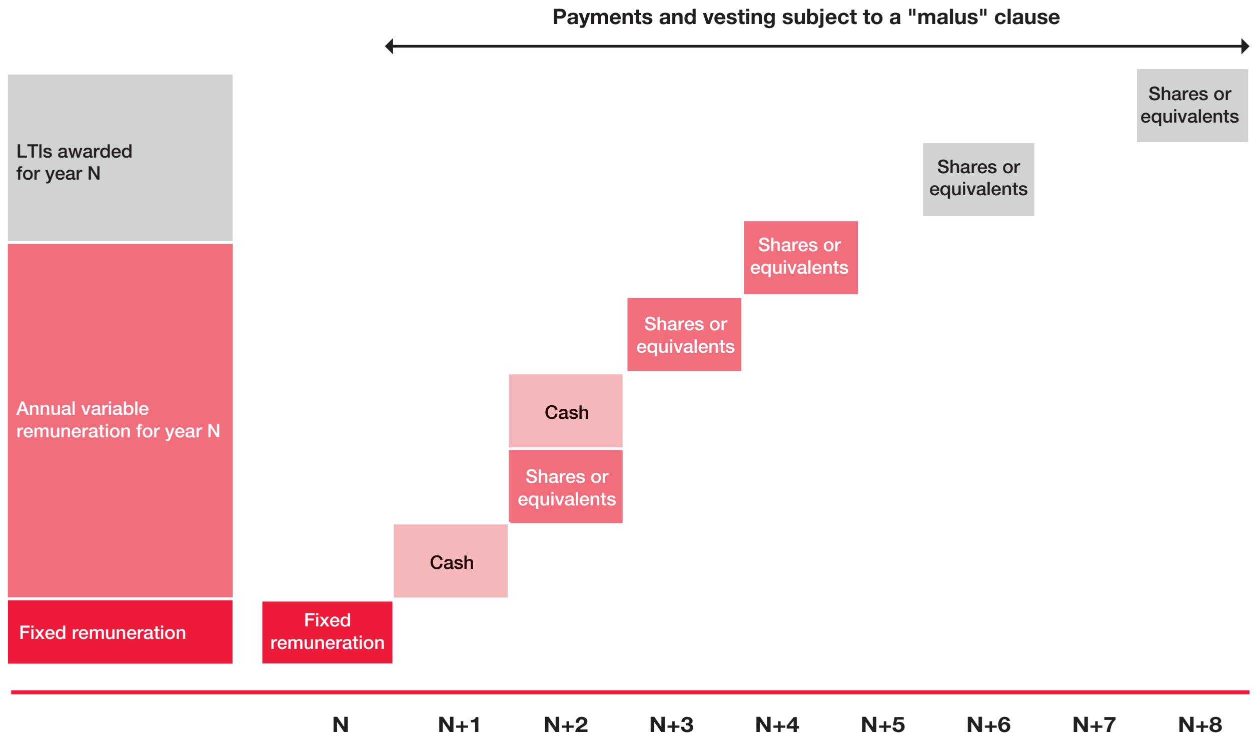
Said value is capped at an amount corresponding to a multiple of the net asset value per Societe Generale Group share at 31 December of the year in respect of which the LTIs were awarded.

In compliance with current regulations, the total variable component (*i.e.* annual variable remuneration plus long-term incentives) is in any event capped at 200% of the fixed component.

(1) The panel is selected on the date of the Board Meeting at which the award is decided. For example, the panel for the 2020 LTI plan comprised: Barclays, BBVA, BNP Paribas, Crédit Agricole SA, Credit Suisse, Deutsche Bank, Intesa, Nordea, Santander, UBS and UniCredit.

(2) Formerly RobecoSAM

TOTAL REMUNERATION – TIMING OF PAYMENTS



POST-EMPLOYMENT BENEFITS: PENSION, SEVERANCE PAY, NON-COMPETE CLAUSE

Pension

Frédéric Oudéa terminated his employment contract by resigning when he was appointed Chairman and Chief Executive Officer in 2009. Accordingly, he is no longer entitled to any supplementary pension benefits from Societe Generale.

SUPPLEMENTARY "ARTICLE 82" PENSION

The Company set up a supplementary defined contribution "Article 82" pension scheme for Management Committee members, including the Deputy Chief Executive Officers. The scheme took effect on 1 January 2019.

Under the scheme, the Company pays a yearly contribution into an individual Article 82 pension account opened in the name of the eligible beneficiary, calculated on the portion of their fixed remuneration exceeding four annual French Social Security ceilings. The accumulated rights will be paid at the earliest on the date on which the beneficiary draws their French state pension.

The rate set for the Company's contribution is 8%.

As required by law, the yearly contributions are subject to a performance condition, i.e. they will only be paid in full if at least 80% of the variable remuneration performance conditions for the year are met. For performance levels of 50% or below, no contribution will be paid. For levels between 80% and 50%, the contribution paid for the year is calculated on a straight-line basis.

VALMY PENSION SAVINGS SCHEME (FORMERLY IP-VALMY SCHEME)

Philippe Aymerich and Diony Lebot are still entitled to the defined contribution supplementary pension scheme to which they contributed as employees prior to becoming Chief Executive Officers.

This defined contribution scheme (the *Épargne Retraite Valmy*, *i.e.* Valmy pension savings scheme) was set up in 1995 in line with Article 83 of the French General Tax Code and amended on 1 January 2018. The scheme is compulsory for all employees with more than six months' seniority in the Company and allows them to save for their retirement. Upon retirement, their savings are converted into life annuities. Total contributions correspond to 2.25% of the employee's remuneration, capped at four annual French Social Security ceilings, of which the Company pays 1.75% (*i.e.* EUR 2,880 based on the 2020 annual French Social Security ceiling). This scheme is insured with Sogécap.

SENIOR MANAGEMENT SUPPLEMENTARY PENSION

No further rights were awarded after 31 December 2019.

Until 31 December 2019, Philippe Aymerich and Diony Lebot[(1)] were entitled to the senior management supplementary pension scheme from which they had benefited as employees before being appointed to their Chief Executive Officer positions.

As required by law, the annual increase in supplementary pension benefits was subject to a performance condition.

This supplementary scheme, which was introduced in 1991 and satisfied the requirements of Article L. 137-11 of the French Social Security Code, applied to top-level executives appointed after this date.

(1) Related-party commitments for Philippe Aymerich and Diony Lebot approved by the General Meeting of 21 May 2019.

The scheme, which was revised[1] on 17 January 2019, was permanently closed on 4 July 2019 and no further rights were awarded after 31 December 2019, pursuant to Order No. 2019-697 of 3 July 2019 in respect of corporate supplementary pension schemes. The Order prohibited the affiliation of any new beneficiaries to schemes under which pension rights are conditional upon the beneficiary still working for the Company when they reach retirement, as well as the award of such conditional pension rights to any existing beneficiaries for periods worked after 2019.

The total rights accumulated when existing beneficiaries draw their pension will therefore consist of the sum of their rights frozen at 31 December 2018 and the minimum rights constitued between 1 January 2019 and 31 December 2019. These rights will be reassessed according to the change in value of the AGIRC point between 31 December 2019 and the date on which the beneficiary draws their pension. Such rights are conditional upon the beneficiary still working at Societe Generale when they reach retirement. They are pre-financed with an insurance company.

Sums payable upon leaving the Group

The conditions governing the departure of the Chief Executive Officer or the Deputy Chief Executive Officers from the Group are defined in accordance with market practices and comply with the AFEP-MEDEF Code.

NON-COMPETE CLAUSE

As is standard practice for financial institutions, the Chief Executive Officers (Frédéric Oudéa, Philippe Aymerich and Diony Lebot[2]) have all signed a non-compete clause in favour of Societe Generale, valid for a period of six months from the date on which they leave office. The clause prohibits them from accepting a position at the same level with any listed credit institution in Europe (defined as the European Economic Area, including the United Kingdom) or any credit institution whatsoever in France, whether listed or unlisted. In exchange, they may continue to receive their gross fixed monthly salary over said six-month period.

The Board of Directors alone can waive said clause within fifteen days of the date on which the Chief Executive Officer in question leaves office. In such a case, the departing officer will no longer be bound by any commitment and no sums will be payable to them in this respect.

If the departing officer breaches their non-compete clause, they will be required to pay forthwith a sum equal to six months' fixed remuneration. Societe Generale will in such circumstances be released from its obligation to pay any financial consideration and may furthermore claim back any consideration that may have already been paid since the breach.

In accordance with Article 23.4 of the AFEP-MEDEF Code, no payments will be made under the non-compete to any Chief Executive Officer leaving the Company within six months of drawing their pension or beyond the age of 65.

SEVERANCE PAY

As recommended under the AFEP-MEDEF Code, Frédéric Oudéa terminated his employment contract upon his appointment to the position of Chairman and Chief Executive Officer in 2009. Accordingly, he forfeited his entitlement to the benefits and guarantees that he would otherwise have enjoyed as an employee with close to 15 years' service.

All Chief Executive Officers (Frédéric Oudéa, Philippe Aymerich and Diony Lebot[3]) are entitled to severance pay in respect of their Chief Executive Officer positions.

The conditions governing their severance pay are as follows:

- severance pay will only be owed in the event of non-voluntary departure from the Group, confirmed as such by the Board of Directors. No severance pay will be owed in the event of serious misconduct, resignation or non-renewal of a Chief Executive Officer's appointment for any reason;
- severance pay will be contingent upon an overall achievement rate for the annual variable remuneration targets of at least at average of 60% over the three years prior to the Chief Executive Officer leaving office (or over the duration of their term of office if less than three years);
- the sum paid will represent two years' fixed remuneration, in line with the AFEP-MEDEF Code's recommendation, *i.e.* two years' fixed remuneration plus variable remuneration;
- no severance pay will be owed to the Chief Executive Officer or a Deputy Chief Executive Officer if they leave office within six months of drawing their French state pension, or if they are entitled to a full state pension upon their departure (in accordance with Article 24.5.1 of the AFEP-MEDEF Code);
- in accordance with Article 24.5.1 of the AFEP-MEDEF Code, the Board of Directors reviews the Company's situation and the performance of each Chief Executive Officer ahead of any decisions on severance pay, in order to confirm that neither the Company nor the Chief Executive Officer is failing to perform.

Under no circumstances may the severance pay and non-compete clause combined exceed the cap recommended in the AFEP-MEDEF Code (*i.e.* two years' fixed plus annual variable remuneration including, where applicable, any other severance payments provided for under an employment contract – in particular any contractual redundancy pay). This cap is calculated on the basis of the fixed and annual variable remuneration awarded over the two years preceding severance.

OTHER BENEFITS FOR CHIEF EXECUTIVE OFFICERS

The Chief Executive Officers are each provided with their own company car, which is also available for private use, as well as health and death/disability insurance providing the same cover as for employees.

Exceptional variable remuneration

Societe Generale does not generally award exceptional variable remuneration to its Chief Executive Officers. However, in light of legislation requiring prior approval of all aspects of the remuneration policy, the Board of Directors reserves the right to pay additional variable remuneration if warranted in certain highly specific situations, for example, due to the corresponding impact on the Company, or the level of commitment and challenges involved. Grounds for such remuneration would need to be given and said remuneration would be set in accordance with the general principles of the AFEP-MEDEF Code on remuneration, as well as with the recommendations of the French Financial Markets Authority (*Autorité des marchés financiers* – AMF).

It would be paid on the same terms as the annual variable remuneration, *i.e.* partially deferred over a period of three years, and subject to the same vesting conditions.

(1) The modified pension related-party commitments for all Deputy Chief Executive Officers were also approved by the General Meeting of 21 May 2019.

(2) Related-party agreements with Frédéric Oudéa approved by the General Meeting of 23 May 2017 and renewed with amendments by the General Meeting of 21 May 2019. Related-party agreements with Philippe Aymerich and Diony Lebot approved and renewed with amendments by the General Meeting of 21 May 2019.

(3) Related-party agreements with Frédéric Oudéa approved by the General Meeting of 23 May 2017 and renewed with amendments by the General Meeting of 21 May 2019. Related-party agreements with Phlippe Aymerich and Diony Lebot approved and renewed with amendments by the General Meeting of 21 May 2019.

In compliance with current regulations, the total variable component (*i.e.* annual variable remuneration, long-term incentives and any exceptional variable remuneration) is in any event capped at 200% of the fixed component.

APPOINTMENT OF A NEW CHAIRMAN OF THE BOARD OF DIRECTORS OR CHIEF EXECUTIVE OFFICER

As a rule, the remuneration components and structure described in this remuneration policy also apply to any new Chairman of the Board of Directors or Chief Executive Officer appointed whilst said policy remains in effect, according to their remit and experience. The same principle will also apply to all other benefits granted to the Chairman of the Board of Directors or the Chief Executive Officers (*e.g.* supplementary pension, health and disability insurance, etc.).

The Board of Directors is therefore responsible for setting the fixed remuneration of the incoming Chairman of the Board or that of the Chief Executive Officers in light of these conditions, and in line with the remuneration awarded to the existing Chairman and Chief Executive Officers and in accordance with the practices of comparable European financial institutions.

Lastly, should the incoming Chairman of the Board or Chief Executive Officer be selected from outside the Societe Generale Group, they may be awarded a hiring bonus designed to act as compensation for any remuneration they may have forfeited upon leaving their previous employer. This bonus would vest on a deferred basis and would be conditional upon the satisfaction of performance conditions similar to those applicable to the Chief Executive Officers' deferred variable remuneration.

DIRECTORS' REMUNERATION

The total remuneration awarded to Directors is approved by the General Meeting. The total amount of remuneration awarded to the Directors has been set at EUR 1,700,000 since 2018, bearing in mind that the number of Directors will increase from 12 to 13 once the new Director representing the employees has been elected.

The Board of Directors divides this total amount between fixed and variable remuneration. Specific fixed sums are paid to the members of the US Risk Committee and the Chairs of the Risk Committee and the Audit and Internal Control Committee. The remainder of the sum allocated to fixed remuneration is then shared between the Directors based on their responsibilities on the Board and its various Committees. Pro rata deductions may apply if their attendance at meetings over the year falls below 80%.

The sum allocated to variable remuneration is divided up according to the number of Board and Committee meetings and working sessions each Director has attended.

The Chairman of the Board and the Chief Executive Officer do not receive any remuneration as Board members.

The rules governing this remuneration and its breakdown between the Directors are defined under Article 15 of the Internal Rules of the Board of Directors (see Chapter 7) and detailed on page 91.

Total remuneration and benefits for the Chairman of the Board of Directors and Chief Executive Officers paid in or awarded in respect of 2020

Report submitted to the approval of the shareholders pursuant to Article L. 22-10-34(I) of the French Commercial Code.

The Chairman of the Board's and Chief Executive Officers' remuneration for 2020 complies with the remuneration policy approved by the General Meeting of 19 May 2020.

The remuneration policy, the performance criteria used to establish the annual variable remuneration and the terms governing the attribution of long-term incentives are defined in accordance with the principles set out at the beginning of this chapter. The remuneration recommendations for 2020 comply with this policy framework.

In spite of the current unprecedented circumstances triggered by the global health crisis which has dented economies and financial markets alike, the Board of Directors decided not to change the current remuneration policy to assess the quantitative performance of the Chief Executive Officers and to keep as benchmark budget targets the underlying 2020 budget approved by the Board of Directors on 5 February 2020, *i.e.* before the outbreak of the coronavirus pandemic. The qualitative performance criteria previously integrated in March a target shared by the Chief Executive Officers for the sound operational management of the Covid-19 crisis.

Moreover, at the AGM of 19 May 2020, the Chief Executive Officers expressed their wish to forego 50% of their theoretical 2020 annual variable remuneration following the Board of Directors' assessment arranged on 9 February 2021 and to donate said amounts to the global solidarity financing programme set up by Societe Generale. The purpose of the programme is to support front-line associations dealing with emergency health situations and assist civic-inspired initiatives introduced by different governments.

RESOLUTIONS PASSED AT THE GENERAL MEETING OF 19 MAY 2020

At the General Meeting of 19 May 2020, resolutions 5 and 6 concerning the remuneration policy applicable to the Chairman of the Board of Directors and Chief Executive Officers over the coming years, were adopted by majorities of 96.46% (for the resolution regarding the Chairman of the Board) and 97.30% (for the resolution regarding the Chief Executive Officers).

Resolutions 9 to 14 regarding the Chairman of the Board's and Chief Executive Officers' remuneration paid in or awarded in respect of 2019 were adopted by majorities of more than 96%. Lastly, Resolution 8 regarding the application of the remuneration policy for 2019, including in particular the new regulatory pay ratios, was approved by a majority of 96.60%.

REMUNERATION OF THE NON-EXECUTIVE CHAIRMAN

Lorenzo Bini Smaghi's annual remuneration was set at EUR 925,000 for the duration of his term of office by the Board of Directors on 7 February 2018 and approved at the AGM held on 23 May 2018.

He does not receive variable remuneration, attendance fees, securities or any compensation contingent on the performance of Societe Generale or the Group.

He is provided with company accommodation for the performance of his duties in Paris.

The amounts paid during 2020 are shown in the table on page 134.

REMUNERATION OF GENERAL MANAGEMENT

The remuneration policy for the Chief Executive Officers ensures the payment of balanced remuneration, taking into account the expectations of the various stakeholders.

Fixed remuneration for 2020

The Chief Executive Officers' fixed remuneration remained unchanged in 2020. It amounted to EUR 1,300,000 for the Chief Executive Officer and EUR 800,000 for each Deputy Chief Executive Officer.

Annual variable remuneration for 2020

PERFORMANCE CRITERIA AND ASSESSMENT FOR 2020

At its meetings of 5 February 2020 and 12 March 2020, the Board of Directors defined the evaluation criteria for the Chairman of the Board of Directors' and Chief Executive Officers' annual variable remuneration for 2020.

On 23 September 2020, further to the reorganisation of General Management announced on 4 August 2020, the Board of Directors approved the Compensation Committee's recommendation to adjust the quantitative and qualitative targets for Chief Executive Officers' remuneration to reflect the new management structure in effect from 1 September 2020.

From 1 September 2020, Diony Lebot's supervisory remit has been extended to include the Group's financial services (ALD and SGEF) and insurance activities (ASSU) in addition to the Risk and Compliance functions. Philippe Aymerich's supervisory remit has been extended to include all International Retail Banking activities in addition to French Retail Banking and the Innovation, Technology and IT activities.

The criteria remain unchanged.

In accordance with the remuneration policy approved by the General Meeting of 19 May 2020, these criteria include the following:

Quantitative portion

The quantitative portion for Frédéric Oudéa is measured according to his achievement rates on Group targets for return on tangible equity (ROTE), the Core Equity Tier 1 (CET1) ratio and the cost-to-income ratio, with equal weighting attributed to each indicator.

The economic criteria for Philippe Aymerich and Séverin Cabannes concern both the Group as a whole (in terms of ROTE, the Core Equity Tier 1 ratio and the cost-to-income ratio) and their own individual remits (in terms of gross operating income, return on normative equity (RONE) and the cost-to-income ratio for the activities falling within their remits).

For Diony Lebot, the economic criteria applied to the Group's performance (in terms of ROTE, the Core Equity Tier 1 ratio and the cost-to-income ratio) for the period up to 1 September 2020, and then to both the Group as a whole and her specific remit (in terms of gross operating income, RONE and the cost-to-income ratio for the activities falling within her remit) from 1 September 2020.

These indicators reflect targets for operational efficiency and risk management for each area, as well as value creation for the shareholders. Covering both financial and operational aspects, these indicators are directly related to the Group's strategy and reflect compliance with the predefined budgets. The Board of Directors excludes from its calculations any components it deems exceptional.

Compliance with the budgetary target equates to an achievement rate of 80%. The quantitative share is capped at 60% of the maximum annual variable remuneration, with the latter corresponding to 135% of annual fixed remuneration for the Chief Executive Officer and 115% for the Deputy Chief Executive Officers.

Achievement of quantitative targets in 2020

The global health crisis in 2020 saw the Group's net banking income contract by -7.6% (at constant scope and exchange rates relative to 2019). After the impact of the crisis and market disruption on the first half of the year, the performance of the Group's three major core businesses improved markedly in the second half of the year amid a persistently uncertain environment. Underlying operating expenses were down -2.8% (at constant scope and exchange rates) and in line with the year's target. The commercial cost of risk amounted to 64 basis points in 2020, representing a net cost of risk of EUR 3,306 million (compared to EUR 1,278 million in 2019), reflecting both prudent provisioning and the credit portfolio's strong performance. Over the year as a whole, underlying Group net income totalled EUR 1,435 million, with reported Group net income of EUR -258 million. Underlying ROTE stood at 1.7%, and reported ROTE at -0.4%. In addition, the Group reinforced its financial strength during the year, registering a CET1 capital ratio of 13.4%, *i.e.* around 440 basis points above the regulatory requirement.

The Group's results differ substantially from those projected in the 2020 budget forecast which was prepared before the outbreak of the Covid-19 crisis. Consequently, the quantitative target achievement rate is zero for the financial indicators relating to the Group, the exception being the CET1 capital ratio target which was fully achieved. As regards the business indicators for each of the three Deputy Chief Executive Officers, the achievement rates were zero for Séverin Cabannes (Global Banking) and low for both Diony Lebot (Corporate Financial Services over the last four months of the year) and Philippe Aymerich (French and International Retail Banking).

These results are summarised in the table on page 110.

Qualitative portion

At its meeting on 12 March 2020, the Board of Directors set the qualitative targets for 2020, including a specific criterion relating to the sound operational management of the Covid-19 crisis. The Board renewed these same targets at its meeting of 23 September 2020, in light of the new General Management structure in place from 1 September 2020.

Of the targets set, 70% are shared between all four Chief Executive Officers, with the remaining 30% being specific to their individual remits.

These targets are assessed on the basis of certain key questions defined in advance by the Board of Directors. The achievement rate can be anywhere between 0 and 100%. The quantitative share is capped at 40% of the maximum annual variable remuneration, the latter corresponding to 135% of annual fixed remuneration for the Chief Executive Officer and 115% for the Deputy Chief Executive Officers.

Achievement of qualitative targets in 2020

Having received the Compensation Committee's recommendations, the Board of Directors took into account the following achievements when assessing the qualitative targets.

- **The Board's assessment of the Chief Executive Officers' collective targets**

The Board of Directors considered that the target of **defining and implementing the Group's strategy** had for the most part been achieved. The Group had set the priorities of its 2021-2025 Strategic Plan - customer focus, responsibility and efficiency - for all business lines. These priorities all dovetail with the Group's corporate purpose. The Group had applied strategic plans to some of its main business lines, such as the French networks with the announcement of the merger between the Societe Generale and Crédit du Nord retail banking networks, ramped-up development for Boursorama, ALD and KB, and, over the course of 2020, the strengthening of the Group's corporate social responsibility commitments.

As regards the **appropriate management of scarce resources** for the purposes of prioritising profitable and growth-promoting activities and pre-empting regulatory impacts, the Board of Directors noted that changes in RWAs had been well managed despite the effects of the crisis. The allocation of resources to organic growth opportunities also favoured the Group's profitable activities with high-growth potential.

The Group continued to deploy over the year a large number of initiatives based on new technologies and designed to improve **the Group's operational efficiency**, enhance key processes and generate efficiency gains. The cost target set for the year, including significant savings to factor in the onset of the crisis, was fully met. Lastly, the IT function's organisation and governance were strengthened by focusing on opportunities to unlock synergies and pool resources.

The **Group's successful development of its digital footprint** continued throughout the year, with a number of high financial impact projects using data and artificial intelligence moved into production during 2020.

The Board of Directors noted that **customer satisfaction** remained stable on the whole, albeit with disparities existing between certain businesses, regions and customer segments. The initial goal to improve customer satisfaction across all markets had only partially been met. The Group enhanced its digital offering in 2020 to respond to accelerated changes in terms of usage in all markets and customer segments. The premier effects of the Group's work in terms of Know Your Customer processes were already visible in customer perception scores.

The Board of Directors considered that the Group had met its **Corporate Social Responsibility (CSR)** targets. The Group exceeded its target rankings with extra-financial ratings agencies and fulfilled its commitment to raise EUR 100 billion in financing for the energy transition a year ahead of its 2020 deadline. CSR priorities have been integrated into the strategic roadmaps for the businesses and studies have been conducted to measure the initial impacts. The Group is in the process of developing specific commitments with respect to aligning its credit portfolio.

The employee commitment rate fell slightly in view of the major health and economic crisis experienced over the year. The Group nonetheless dedicated resources to internal communication campaigns to place employee commitment back on track. All told, the initial target was therefore only partially met.

The Board of Directors considered that the corporate officers had broadly met their **compliance and remediation** targets. The 2020 Know Your Customer compliance target was satisfied. Over the year and despite the constraints prompted by the pandemic, the global risk appetite reduction initiative was again implemented in all relevant businesses. The 2020 deadlines for permanent control and remediation were met. Lastly, the French financial prosecutor's office (*Parquet national financier*) issued a termination of proceedings notice for its action against Societe Generale at the end of 2020.

The Board of Directors considered the Group's **operational management of the Covid-19 crisis** to have been excellent. Thanks to the preventive management measures adopted, the Group was able to ensure business continuity and swiftly mobilise and secure the resources needed to support its customers around the world, deploy the exceptional support measures proposed by the public authorities and keep the Bank running smoothly.

The teams in all the regions where the Group operates have shown exceptional dedication in serving the Bank's customers. Their efforts were particularly noticeable in France, with the government-guaranteed loan scheme in place. The share of these loans in France accounted for EUR 18 billion of the worldwide total of EUR 19 billion.

The Group also implemented measures to effectively protect its staff and stakeholders: not a single Covid-19 cluster was identified in the Group, and the French labour inspectorate did not observe any deficiencies in the protective measures in force. All sites worldwide received masks and sanitising products in a timely manner, whether sourced locally or supplied by Head Office.

The Group was able to support its staff through effective governance and a range of other measures such as regular communication, counselling units, coaching and pay protection.

The Group's proficient management mitigated the crisis' impact on risks, which were kept under control. Activities were maintained as far as possible and operational losses were limited. The Group made the appropriate internal arrangements to manage the Covid-19 crisis on all fronts, whether in terms of the health aspects or the economic and financial ramifications.

- **The Board's assessment of the targets for each Chief Executive Officer's specific remit**

The Board of Directors considered that the Group's **human resources management** had enabled it to pursue its transformation goals and at the same time demonstrate particular skill in handling the effects of the crisis and the resulting changes in working practices. Open and constructive labour relations dialogue throughout the entire year ended in numerous agreements being negotiated and signed in 2020, *i.e.* crisis management agreements in April and June, as well as agreements on transformations in the French networks, GBIS, the Corporate divisions, and aspects of HR management and working practices (working from home).

Working closely with the Board of Directors, the Chief Executive Officer satisfactorily completed the process of renewing the General Management team, in particular appointing the three Deputy General Managers. Talent management initiatives consolidated the Group's talent pools and boosted diversity.

The remediation plan in the United States was continued and executed in accordance with objectives.

2020 saw continued **improvements in the operational model** for the Corporate divisions. A recommendation to reorganise the Compliance and Risk functions was submitted at the end of the year. In conjunction with other projects, it aims to improve operational efficiency and reduce the current cost structure, whilst pursuing the Group's major remediation plans and regulatory compliance projects. The streamlining initiative should allow the Group to meet its 2023 net cost reduction target.

In terms of improvements in GBIS' operational model, the measures implemented over the past two years resulted in a 9.6% reduction in divisional overheads in 2020 relative to the 2018 level.

The Group continued to strengthen the operational performance of its IT systems (security, quality of service and cost) and to adapt them to new business challenges, with various projects focusing on pooling digital tools and combining certain management and oversight tools. Resource optimisation played a key role in upholding the cost trajectories announced in 2020.

In **French Retail Banking**, discussions regarding a tie-up between Societe Generale (BDDF) and Crédit du Nord networks began in late June 2020 and culminated in the Board of Directors' approval at the beginning of December 2020. In addition, the final phase of French Retail Banking's 2017-2020 transformation plan was broadly rolled out. Crédit du Nord was able to deliver on the 2020 deadlines for its own transformation plan despite the Covid-19 crisis. Boursorama not only met but exceeded the targets under its customer development plan (reaching 2.6 million customers – well above its initial target of 2 million), and the Board of Directors approved the online bank's new strategic priorities for the period to 2025.

The **AFMO** region saw continued streamlining of resources and the organisational model in Africa (split between Paris, regional and entity levels). Of particular note was the restructuring of the Paris Head Office and initial work towards back-office pooling. Generally speaking, although the Covid-19 crisis has doubtless disrupted to some extent the development plan for Africa, it did not halt progress entirely. The Grow with Africa initiative is bearing fruit in all four key areas: SMEs, infrastructure, financial inclusion and innovative financing.

The transformation plan for European retail banking platforms in the **EURO** region was executed in line with expectations. The Group also acquired a majority stake in Reezocar (a French online platform that specialises in selling used cars to private individuals). The Czech and Romanian SG entities redoubled their efforts to boost digital offerings with a view to improving customer experience and product and service uptake. Lastly, KB finalised and unveiled its strategic plan for the period out to 2025.

SG Russia deployed its transformation programme in line with its goals for 2020. Digital sales and customer acquisition saw strong growth: one million customers now use digital tools and over 30% digital sales were recorded for the individual customer segment. The number of branches closed surpassed the programme's initial target, and significant efforts were also made to bring down remaining overheads. Rosbank launched a number of initiatives in 2020 designed to make its retail banking activities more selective, focusing on safer, more profitable production.

In terms of the fleet management activities, the handover to the new General Management team at **ALD** proved seamless. ALD held on to its leadership position and successfully adapted its strategy and internal structure to meet changing requirements, implementing a specific adaptation plan in response to the crisis. ALD also officially unveiled its new strategic plan (Move 2025) on 12 November 2020. ALD fully intends to remain a growth driver for the Group, aiming to become a key player in the mobility sector thanks to developments in its full-service leasing activity, an extensive network of partners, new mobility solutions and targeted investments in digital technologies.

The transformation of the operational model for the **ASSU** insurance activities picked up pace in 2020 with the ramp-up of the Orléans and Casablanca sites and increased delegation of non-strategic management activities to specialist partners. Internationally, the bancassurance development programmes have now been launched in all major regions worldwide (Morocco, Czech Republic, Romania, etc.). A new subsidiary was set up in Tunisia, in partnership with the UIB. Business development with outside partners exceeded targets in life-insurance, savings and company pension activities alike.

As regards **SGEF**, the SG Finans transaction closing went ahead as planned, and a new IT structure was rolled out.

Based on the above, the achievement rates for each target, as approved by the Board of Directors at its meeting on 9 February 2021 and based on the above, are set out in the table below.

As a result, factoring in the Chief Executive Officers' decision to forego 50% of their annual variable remuneration based on the Board of Directors' assessment (representing a total of EUR 1.2 million), the annual variable remuneration awarded for 2020 was as follows:

- EUR 480,695 for Frédéric Oudéa, corresponding to quantitative performance of 33.3% and qualitative performance assessed by the Board of Directors at 87.0%; the 50% he agreed to forego amounted to EUR 480,695;
- EUR 229,448 for Phillipe Aymerich, corresponding to quantitative performance of 24.8% and qualitative performance assessed by the Board of Directors at 87.5%; the 50% he agreed to forego amounted to EUR 229,448;
- EUR 206,172 for Séverin Cabannes, corresponding to quantitative performance of 16.7% and qualitative performance assessed by the Board of Directors at 87.0%; the 50% he agreed to forego amounted to EUR 206,172;
- EUR 253,828 for Diony Lebot, corresponding to quantitative performance of 33.9% and qualitative performance assessed by the Board of Directors at 87.1%; the 50% she agreed to forego amounted to EUR 253,828.

Philippe Heim will not receive any variable remuneration in respect of 2020, having left office on 3 August 2020 further to the reorganisation of General Management (see the Board of Directors' decision dated 3 August 2020).

The amount of the annual variable remuneration for each Chief Executive Officer corresponds to the maximum permitted annual variable remuneration (*i.e.* 135% of fixed remuneration for the Chief Executive Officer and 115% for the Deputy Chief Executive Officers) multiplied by the overall target achievement rate and reduced by 50% following their decision to forego part of their annual variable remuneration for 2020.

2020 ANNUAL VARIABLE REMUNERATION TARGETS ACHIEVEMENT

		F. Oudéa		P. Aymerich[1]				S. Cabannes		D. Lebot[2]			
				Up to 01.09.2020		After 01.09.2020				Up to 01.09.2020		After 01.09.2020	
		Weight	Achiev. rate	Weight	Achiev. rate	Weight	Achiev. rate	Weight	Achiev. rate	Weight	Achiev. rate	Weight	Achiev. rate
Quantitative target: 60%													
For the Group	ROTE	20%	0.0%	10%	0.0%	10%	0.0%	10%	0.0%	20%	0.0%	15%	0.0%
	CET1 ratio	20%	20.0%	10%	10.0%	10%	10.0%	10%	10.0%	20%	20.0%	15%	15.0%
	C/I ratio	20%	0.0%	10%	0.0%	10%	0.0%	10%	0.0%	20%	0.0%	15%	0.0%
For each Deputy Chief Executive Officer's remit	GOI			10%	0.0%	10%	0.0%	10%	0.0%			5%	2.5%
	C/I ratio			10%	4.7%	10%	5.3%	10%	0.0%			5%	3.6%
	RONE			10%	0.0%	10%	0.0%	10%	0.0%			5%	0.0%
TOTAL QUANTITATIVE TARGETS		**60%**	**20.0%**	**60%**	**14.7%**	**60%**	**15.3%**	**60%**	**10%**	**60%**	**20.0%**	**60%**	**21.1%**
QUANTITATIVE ACHIEVEMENT RATE (MAX. 60%)		**20.0%**		**14.9%**				**10%**		**20.3%**			
% achievement of quantitative targets		*33.3%*		*24.8%*				*16.7%*		*33.9%*			
Qualitative targets: 40%													
Collective		28%	24.2%			28%	24.2%	28%	24.2%			28%	24.2%
Individual remits		12%	10.6%			12%	10.8%	12%	10.6%			12%	10.7%
QUALITATIVE ACHIEVEMENT RATE (MAX. 40%)		**34.8%**		**35.0%**				**34.8%**		**34.9%**			
% achievement of qualitative targets		*87.0%*		*87.5%*				*87.0%*		*87.1%*			
OVERALL 2020 TARGET ACHIEVEMENT RATE		**54.8%**		**49.9%**				**44.8%**		**55.2%**			

Note: In this table, rates have been rounded for presentation purposes.

ROTE: return on tangible equity.

CET1 ratio: core equity tier 1 ratio.

C/I ratio: cost-to-income ratio.

GOI: gross operating income.

RONE: return on normative equity.

(1) From 1 September 2020, the scope of Philippe Aymerich's supervisory remit was extended to include all International Retail Banking and consumer finance activities, in addition to French Retail Banking activities. Accordingly, up to 1 September 2020, his achievement rates were assessed for the Group plus his one individual area of responsibility, and thereafter for the Group plus his two individual areas of responsibility. The achievement rates given in the table reflect this weighting.

(2) From 1 September 2020, the scope of Diony Lebot's supervisory remit was extended to include the Group's insurance and financial services activities, in addition to the Risk, Compliance and Internal Control functions and her role as Group CSR sponsor. Accordingly, up to 1 September 2020, her achievement rates were assessed based on Group criteria only, and thereafter for the Group in addition to her individual area of responsibility. The achievement rates shown in the table reflect this weighting.

ANNUAL VARIABLE REMUNERATION FOR 2020 AND RECORD OF FIXED AND ANNUAL VARIABLE REMUNERATION AWARDED TO CHIEF EXECUTIVE OFFICERS IN PREVIOUS YEARS

	Reminder of 2018 fixed + annual variable remuneration			Reminder of 2019 fixed + annual variable remuneration			2020 fixed + annual variable remuneration			
(In EUR)	Fixed rem.	Annual variable rem.	Fixed and annual variable rem.	Fixed rem.	Annual variable rem.	Fixed and annual variable rem.	Fixed rem.	Annual variable rem.	% of fixed rem.	Fixed and annual variable rem.
F. Oudéa	1,300,000	1,251,151[1]	2,551,151	1,300,000	1,387,152	2,687,152	1,300,000	480,695	37%	1,780,695
P. Aymerich[2]	504,000	423,105	927,105	800,000	755,136	1,555,136	800,000	229,448	29%	1,029,448
S. Cabannes	800,000	524,924[1]	1,324,924	800,000	580,520	1,380,520	800,000	206,172	26%	1,006,172
P. Heim[3]	504,000	437,300	941,300	800,000	305,072	1,105,072	473,333	0	N/A	473,333
D. Lebot[2]	504,000	393,030	897,030	800,000	727,904	1,527,904	800,000	253,828	32%	1,053,828

Note: Gross remuneration in EUR, as calculated upon award.

(1) The amounts given for the 2018 annual variable remuneration are from before Frédéric Oudéa and Séverin Cabannes decided to forego part of their variable remuneration following the agreements reached with the US authorities; their variable remuneration further to that decision amounted to EUR 1,063,478 for Frédéric Oudéa and EUR 485,555 for Séverin Cabannes.

(2) Philippe Aymerich and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018.

(3) Philippe Heim was appointed Deputy Chief Executive Officer on 14 May 2018 and left office on 3 August 2020 further to the reorganisation of General Management. In that annual variable remuneration is subject to a condition of presence, he will only retain that part of his award in respect of 2019 that had already vested. In accordance with the policy approved by the General Meeting, the condition of presence no longer applies for his variable remuneration in respect of 2019, Philippe Heim having left office in 2019, making the award definitive (subject to all other conditions applicable).

VESTING AND PAYMENT OF VARIABLE REMUNERATION FOR 2020

In accordance with the standards applicable to bank senior executives (CRD4 directive), the Board of Directors has defined the following vesting and payment conditions for annual variable remuneration:

- 40% of the total amount awarded vests in March 2021 (provided it is approved by the General Meeting of 18 May 2021); half of this, converted into share equivalents, is subject to a one-year holding period;
- 60% of the total amount awarded remains unvested and is broken down into three equal sums payable over each of the next three years; two-thirds of this portion is awarded as shares, subject to two performance conditions: Group profitability and Core Tier One levels. A six-month holding period applies after each definitive vesting date.

The amount of variable remuneration granted in shares or share equivalents is converted based on a share price determined each year by the Board of Directors in March and corresponding to the trade-weighted average over the last twenty trading days prior to the Board Meeting.

Furthermore, if the Board deems that a decision taken by the Chief Executive Officers has particularly significant consequences for the Company's results or image, it may decide not only to reconsider payment of the deferred annual variable remuneration in full or in part (malus clause), but also to recover, for each award, all or part of the sums already distributed over a five-year period (clawback clause).

Lastly, vesting of the deferred annual variable remuneration is also subject to a condition of presence throughout the Chief Executive Officer's current term of office. The only exceptions to this condition are as follows: retirement, death, disability, incapacity to carry out duties or removal from office due to a strategic divergence with the Board of Directors.

Once the Chief Executive Officer's current term of office comes to an end, this condition of presence no longer applies. However, if, after a Chief Executive Officer leaves office, the Board observes that a decision they took has particularly significant consequences for the Company's results or image, it may decide to apply either the malus or the clawback clause.

The portion of annual variable remuneration granted as share equivalents entitles the beneficiary to payment of a sum equivalent to any dividend payments made over the compulsory holding period. No dividends are paid during the vesting period.

Any remuneration received by Deputy Chief Executive Officers in respect of their duties as Directors within Group companies is deducted from their variable remuneration. The Chief Executive Officer does not receive any remuneration for Directorships.

ANNUAL VARIABLE REMUNERATION PAID IN FINANCIAL YEAR 2020

In 2020, the Chief Executive Officers received annual variable remuneration in respect of financial years 2016, 2017, 2018 and 2019, as previously approved by the General Meetings of 23 May 2017 (Resolutions 11 and 12), 23 May 2018 (Resolutions 8 and 9), 21 May 2019 (Resolutions 17 to 21) and 19 May 2020 (Resolutions 10 to 14) respectively. For deferred payments subject to performance conditions, the Board of Directors reviewed the conditions at its meeting of 5 February 2020 and was satisfied that they had been met. Details of the overall sums and individual amounts paid are given in the tables on pages 118-130 and in Table 2 on page 131.

Long-term incentives for financial year 2020

LONG-TERM INCENTIVES FOR FINANCIAL YEAR 2020

In accordance with the remuneration policy approved by the General Meeting of 19 May 2020, the amounts and principles of the long-term incentive plan from which the Chief Executive Officers have benefited since 2012 has been renewed. The purpose of the plan is to involve the Chief Executive Officers in the Company's long-term progress and align their interests with those of the shareholders.

The total amount of long-term incentives awarded (as valued under IFRS) is capped at the same level as their annual variable remuneration. Frédéric Oudéa's long-term incentives are therefore capped at 135% of his annual fixed remuneration. For the Deputy Chief Executive Officers, the cap is 115% of their annual fixed remuneration.

In compliance with current regulations, the total variable component (*i.e.* annual variable remuneration plus long-term incentives) is in all events capped at 200% of the fixed component[(1)].

On this basis, and in line with previous years, the Board of Directors decided, at its meeting of 9 February 2021 (subject to the approval of the General Meeting of 18 May 2021, in accordance with Article L. 22-10-34 (II) of the French Commercial Code), to implement an incentives plan for financial year 2020 as follows:

- award value unchanged over time (under IFRS). The corresponding number of shares was calculated on the basis of the Societe Generale share's book value at 8 February 2021;
- shares granted in two instalments, with vesting periods of four and six years, followed by a one-year holding period, thus increasing the total indexing periods to five and seven years;
- definitive vesting subject to a condition of presence throughout the vesting periods, as well as performance conditions.

Accordingly, the vesting of the long-term incentives will depend on:

- for 80% of the LTI award, relative performance of the Societe Generale share, as measured by the increase in total shareholder return (TSR) compared with that for eleven comparable European banks over the full vesting periods. Consequently, the full number of shares or share equivalents will only vest if Societe Generale's TSR falls in the first quartile of the sample panel. If it falls slightly above the median value, the vesting rate will be 50% of the total number of shares or share equivalents granted. No shares or share equivalents will vest if the TSR performance is below the median value (the complete vesting chart is shown below);
- for 20% of the LTI award, the Group's relative CSR performance. Half (10%) is conditional on the Group's compliance with its energy transition financing commitments and the other half (10%) on its positioning within the main extra-financial ratings (S&P Global Corporate Sustainability Assessment[(2)], Sustainalytics and MSCI).

In terms of the energy transition financing criterion in respect of the financed energy mix, the targets under the LTI plan for 2020 relate:

- for 50%, to the Group's commitment to aligning its Oil and Gas extraction activities: reduction of at least 10% in overall exposure to the oil and gas extraction sector between 31 December 2019 and 31 December 2024.

  The vesting rate will be 100% if this target is met. If the target is not met, the vesting rate will be zero;
- for 50%, to the Group's commitment to raising EUR 130 billion for the energy transition between 31 December 2019 and 31 December 2024 either through:
  - sustainable bond issues, or
  - transactions in the renewable energies sector, whether through advisory or financing;

  The vesting rate will be 100% if this target is met. If the sum of EUR 110 billion is reached, the vesting rate will be 75%. Below EUR 110 billion, the vesting rate will be zero.

As for the portion based on external extra-financial ratings, the vesting rate will be as follows:

- 100% vesting if all three target ratings are achieved over a three-year period as from the year of the award (*i.e.* the ratings/rankings for 2022, 2023 and 2024);
- two-thirds vesting if on average at least two target ratings are achieved over a three-year period as from the year of the award;
- one-third vesting if on average at least one target rating is achieved over a three-year period as from the year of the award.

The criterion is verified if the performances at the following three extra-financial ratings agencies are met:

- S&P Global CSA: positioning in the first quartile;
- Sustainalytics: positioning in the first quartile;
- MSCI: rating ≥ BBB.

For ratings are adjusted over the year, the rating applied will be that allocated at the annual review. Changes may be made to the panel of ratings considered if justified in light of developments in the extra-financial ratings sector.

If the Group is not profitable in the year preceding the definitive vesting of long-term incentives, no payment will be made, regardless of the Societe Generale share performance and the Group's CSR performance.

The complete vesting chart based on the relative performance of the Societe Generale share is shown below:

SG Rank	Ranks 1*-3	Rank 4	Rank 5	Rank 6	Ranks 7-12
% of the maximum number awarded	100%	83.3%	66.7%	50%	0%

* *The highest rank in the panel.*

The 2021 peer panel comprises the following financial institutions: Barclays, BBVA, BNP Paribas, Crédit Agricole, Credit Suisse, Deutsche Bank, Intesa Sanpaolo, Nordea, Santander, UBS and UniCredit.

The final payment value for the shares will be capped at EUR 75 per share, *i.e.* approximately 1.2 times the net asset value per Societe Generale Group share at 31 December 2020.

(1) After application of the discount rate for variable remuneration awarded as instruments deferred for five years or more, pursuant to Article L. 511-79 of the French Monetary and Financial Code, where applicable.

(2) Formerly RobecoSAM

Vesting is subject to a condition of continued presence throughout all vesting periods. The payment plan will be cancelled in the event of early departure, except for retirement, departure of a Chief Executive Officer from the Group related to the change of control or for reasons related to the change in Group structure or its organsiation, and in the event of death, disability or incapacity:

- the shares will be retained and full payments made in the event of death, disability or incapacity;
- if a beneficiary retires or leaves due to a change of control, the shares will be retained and full payments made subject to the Board's assessment and findings on performance;
- if a beneficiary leaves the Group due to changes in its structure or organisation, payments will be made on a pro rata basis according to the time spent in office compared to the overall vesting period and after the Board's assessment and findings on performance.

Lastly, a "malus" clause also applies to the beneficiaries' long-term incentives. Accordingly, if the Board finds conduct or actions that fall short of Societe Generale's expectations, in particular as defined in the Group's Code of Conduct, or finds risk-taking which exceeds a level deemed acceptable by Societe Generale, it may decide to withhold payment of the long-term incentives in full or in part.

The table below indicates the book value of the long-term incentives and the maximum corresponding number of shares awarded to each of the Chief Executive Officers in respect of 2020 by the Board of Directors at its meeting of 9 February 2021:

	Amount in book value (IFRS)(1)	**Maximum number of shares awarded**(2)
Frédéric Oudéa	850,000	84,367
Philippe Aymerich	570,000	56,576
Diony Lebot	570,000	56,576

(1) Based on the share price on the day preceding the Board of Directors' meeting of 9 February 2021, at which the LTIs were awarded.
(2) The number of shares awarded corresponds to the total IFRS value of the award divided by the IFRS SG share value based on the share price on the day preceding the Board of Directors' meeting of 9 February 2021.

The Board of Directors will decide on the allocation of performance shares at its meeting of 11 March 2021, pursuant to the powers conferred upon it by the AGM of 19 May 2020 (Resolution 24). The award represents 0.02% of the share capital.

No long-term incentives were awarded to either Philippe Heim or Séverin Cabannes in respect of 2020, in that they left office as Deputy Chief Executive Officers on 3 August 2020 and 31 December 2020, respectively.

LONG-TERM INCENTIVES PAID IN 2020

In financial year 2020, Frédéric Oudéa and Séverin Cabannes each received payments corresponding to long-term incentives awarded in 2015 and 2016. These awards were approved by the General Meetings of 19 May 2015 (Resolutions 5 and 6) and 18 May 2016 (Resolutions 6 and 7) respectively. The Board of Directors reviewed the performance conditions at its meeting of 5 February 2020 and was satisfied that they had been met. The individual amounts received are shown in Table 7 on page 137 and the tables on pages 118-130.

POST-EMPLOYMENT BENEFITS: PENSION, SEVERANCE PAY, NON-COMPETE CONSIDERATION

Pension

Frédéric Oudéa terminated his employment contract by resigning when he was appointed Chairman and Chief Executive Officer in 2009. Accordingly, he is no longer entitled to any supplementary pension benefits from Societe Generale.

Details of the pension schemes for the Deputy Chief Executive Officers are given on page 104(1).

In accordance with French law, contributions to the Art. 82 supplementary defined contribution scheme are subject to a performance condition.

The table below sets out the vesting rate of pension benefits based on the overall performance rate taken into account for the 2020 annual variable remuneration, as recognised by the Board of Directors on 9 February 2021:

	Overall 2020 target achievement rate	% vesting of Art. 82 pension plan contributions
Philippe Aymerich	49.9%	0%
Séverin Cabannes	44.8%	0%
Diony Lebot	55.2%	17%

The senior management supplementary pension scheme from which the Deputy Chief Executive Officers previously benefited has been closed to further contributions since 1 January 2020. Pension rights acquired prior to 1 January 2020 are contingent upon the beneficiaries still working at Societe Generale when they reach retirement.

Information on each Deputy Chief Executive Officer's contributions is given on pages 118-130.

Philippe Heim, who left office on 3 August 2020 and who was therefore not awarded any annual variable remuneration in respect of 2020, will not be entitled to any contributions to the Article 82 supplementary defined contribution scheme for 2020. He lost his entitlement in this respect as he no longer satisfies the requirement for beneficiaries of the supplementary pension scheme to still be working at Societe Generale at retirement.

Sums payable upon leaving the Group

The Chief Executive Officers are entitled to severance pay and a non-compete clause in respect of their positions(2).

The terms of these benefits are detailed on page 105.

For Frédéric Oudéa, Philippe Aymerich and Diony Lebot, no payments were made in respect of such benefits in 2020.

In respect of Philippe Heim, the Board of Directors at its meeting of 3 August 2020, and following the recommendation of the Nomination and Corporate Governance Committee and the Compensation Committee, reviewed the benefits applicable to him on his departure, further to the decision to reorganise the Group's General Management.

Having noted in particular the Group's first-half results and in accordance with the ECB's guidelines, the Board decided that the conditions for severance pay were not satisfied in Philippe Heim's case.

The Board also decided, within the 15-day period allowed under the non-compete clause, to waive said clause in light of Philippe Heim's specific future career plans, which were detailed in the request he submitted to the Board after leaving office to be released from his non-compete obligation. The Board deemed that accepting his request would not be detrimental to the Bank's fundamental interests.

As regards Séverin Cabannes, at its meeting of 16 December 2020, and pursuant to the recommendation of the Compensation Committee, the Board of Directors reviewed the benefits applicable to him after leaving office, further to his decision to retire in 2021 and to step down from his position as Deputy Chief Executive Officer on 31 December 2020. Given that Séverin Cabannes' position as Deputy Chief Executive Officer ended as a result of his decision to retire, he will not receive any severance pay or non-compete consideration.

OTHER BENEFITS FOR CHIEF EXECUTIVE OFFICERS

The Chief Executive Officers each have their own company car, which is available for private as well as professional use, and insurance providing the same health and death/disability cover as for employees. Details of the benefits granted in respect of and paid over the course of the financial year are provided on pages 118-130.

(1) The pension related-party commitments for Philippe Aymerich and Diony Lebot, authorised by the Board of Directors on 3 May 2018 and 6 February 2019, were approved and then amended and renewed at the General Meeting of 21 May 2019 (Resolutions 11 to 13). The pension related-party commitment for Séverin Cabannes, authorised by the General Meeting of 19 May 2009, was amended and renewed at the General Meeting of 21 May 2019 (Resolution 10), further to the Board of Directors' authorisation of 6 February 2019.

(2) Related-party commitments for Frédéric Oudéa and Séverin Cabannes, authorised by the General Meeting of 23 May 2017, and renewed further to amendment at the General Meeting of 21 May 2019, further to the Board of Directors' authorisation of 6 February 2019 (Resolutions 9 and 10). Related-party commitments for Philippe Aymerich, Philippe Heim and Diony Lebot, authorised and renewed further to amendment at the General Meeting of 21 May 2019, further to the Board of Directors' authorisation of 3 May 2018 and 6 February 2019 (Resolutions 11 to 13).

PAY RATIOS AND CHANGES IN REMUNERATION

In accordance with Article L. 22-10-9 of the French Commercial Code, the following report provides information on changes in the ratio between the remuneration paid to the Chairman of the Board and Chief Executive Officers and the mean and median remuneration of the Company's employees compared with the Group's performance over the past five financial years.

The parameters for these calculations were defined in accordance with the AFEP-MEDEF guidelines (updated in February 2021).

The following scope was used to calculate mean and median employee remuneration:

- "Listed company" (Article L. 22-10-9 (I) paragraph 6 of French Commercial Code: Societe Generale SA, including foreign branches;
- employees on permanent contracts and with at least one year's seniority at 31 December of the year in question.

The following components of gross remuneration were taken into account (excluding all employer's charges and contributions):

- for employees: basic salary, bonuses and benefits for the year, annual variable remuneration and long-term incentives awarded in respect of the year (at their IFRS value when awarded, according to the method used when preparing the consolidated financial statements) and any profit-sharing awarded for the year;
- for the Chairman of the Board of Directors and the Chief Executive Officers: basic salary, benefits in kind received over the year, annual variable remuneration and long-term incentives awarded in respect of the year (at their IFRS value when awarded, according to the method used when establishing the consolidated financial statements)[1].

The calculation of employee remuneration for 2019 included the basic salary, bonuses and benefits for 2019, in addition to all variable components (annual variable remuneration, long-term incentives and profit-sharing) awarded in 2020 in respect of 2019. Note that, in the Universal Registration Document 2020, these components were estimated on the basis of the total amounts awarded in the previous financial year.

The calculation of employee remuneration for 2020 included the basic salary, bonuses and benefits for 2020, in addition to all variable components (annual variable remuneration, long-term incentives and profit-sharing) estimated on the basis of the total amounts awarded in the previous financial year and adjusted using an estimated change coefficient.

CHANGES IN EMPLOYEE REMUNERATION OVER THE PAST FIVE YEARS

(In EUR thousands)	2016	2017	2018	2019	2020	Change 2016-2020
Mean employee remuneration	**73.5**	**74.2**	**75.3**	**76.0**	**73.9**	
Change	+0.9%	+0.9%	+1.5%	+1.0%	-2.8%	+0.5%
Median employee remuneration	**50.5**	**52.3**	**54.4**	**54.4**	**54.8**	
Change	+3.1%	+3.6%	+3.9%	+0.0%	+0.7%	+8.5%

(1) The full details of their remuneration are given on pages 131 to 133 and in the tables on pages 118 to 130.

CHANGES IN REMUNERATION FOR THE CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICERS AND PAY RATIOS FOR THE PAST FIVE YEARS

(In EUR thousands)	2016	2017	2018	2019	2020	Change 2016-2020
Lorenzo Bini Smaghi Chairman of the Board of Directors						
Remuneration	**902.8**	**903.4**	**948.7**	**979.4**	**979.5**	
Change	+1.0%	+0.1%	+5.0%	+3.2%	+0.0%	+8.5%
Ratio to mean employee remuneration	**12:1**	**12:1**	**13:1**	**13:1**	**13:1**	
Change	+0.1%	-0.8%	+3.5%	+2.2%	+2.9%	+8.3%
Ratio to median employee remuneration	**18:1**	**17:1**	**17:1**	**18:1**	**18:1**	
Change	-2.0%	-3.4%	+1.1%	+3.2%	-0.7%	
Frédéric Oudéa[1] Chief Executive Officer						
Remuneration	**3,606.2**	**3,461.6**	**3,193.2**	**3,542.3**	**2,635.9**	
Change	-0.7%	-4.0%	-7.8%	+10.9%	-25.6%	-26.9%
Ratio to mean employee remuneration	**49:1**	**47:1**	**42:1**	**47:1**	**36:1**	
Change	-1.6%	-4.9%	-9.1%	+9.9%	-23.4%	-26.5%
Ratio to median employee remuneration	**71:1**	**66:1**	**59:1**	**65:1**	**48:1**	
Change	-3.7%	-7.3%	-11.2%	+10.9%	-26.1%	-32.4%
Philippe Aymerich[2] Deputy Chief Executive Officer						
Remuneration	-	-	**1,903.0**	**2,125.1**	**1,599.4**	
Change				+11.7%	-24.7%	-16.0%
Ratio to mean employee remuneration	-	-	**25:1**	**28:1**	**22:1**	
Change				+10.6%	-22.6%	-12.0%
Ratio to median employee remuneration	-	-	**35:1**	**39:1**	**29:1**	
Change				+11.7%	-25.3%	-17.1%
Séverin Cabannes[1] Deputy Chief Executive Officer until 31 December 2020						
Remuneration	**2,121.0**	**2,049.4**	**1,807.3**	**1,955.7**	**1,011.3**	
Change	+1.7%	-3.4%	-11.8%	+8.2%	-48.3%	-52.3%
Ratio to mean employee remuneration	**29:1**	**28:1**	**24:1**	**26:1**	**14:1**	
Change	+0.8%	-4.2%	-13.1%	+7.2%	-46.8%	-51.7%
Ratio to median employee remuneration	**42:1**	**39:1**	**33:1**	**36:1**	**18:1**	
Change	-1.4%	-6.7%	-15.1%	+8.2%	-48.7%	-57.1%
Philippe Heim[2][3] Deputy Chief Executive Officer until 3 August 2020						
Remuneration	-	-	**1,915.5**	**2,135.7**	**804.5**	
Change				+11.5%	-62.3%	-58.0%
Ratio to mean employee remuneration	-	-	**25:1**	**28:1**	**11:1**	
Change				+10.4%	-61.2%	-56.0%
Ratio to median employee remuneration	-	-	**35:1**	**39:1**	**15:1**	
Change				+11.5%	-62.6%	-57.1%
Diony Lebot[2] Deputy Chief Executive Officer						
Remuneration	-	-	**1,872.6**	**2,103.8**	**1,629.8**	
Change				+12.4%	-22.5%	-13.0%
Ratio to mean employee remuneration	-	-	**25:1**	**28:1**	**22:1**	
Change				+11.3%	-20.3%	-12.0%
Ratio to median employee remuneration	-	-	**34:1**	**39:1**	**30:1**	
Change				+12.3%	-23.1%	-11.8%

(1) With regard to Frédéric Oudéa and Séverin Cabannes, the calculation for 2018 includes the amount of their 2018 annual variable remuneration before they decided to waive part of it following agreements with the US authorities.

(2) Philippe Aymerich, Philippe Heim and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018; their remuneration for 2018 has been annualised for comparibility purposes.

(3) Philippe Heim left office on 3 August 2020 further to the decision to reorganise the Group's General Management. The amount indicated corresponds to his Chief Executive Officer remuneration for 2020 annualised for comparibility purposes. Once he left office as Deputy Chief Executive Officer, Philippe Heim's employment contract, which had been suspended throughout his term of office, was automatically reactivated. He therefore received remuneration under his employment contract in 2020. More information is provided in Table 11, on page 141.

GROUP PERFORMANCE OVER THE PAST FIVE YEARS[1]

	2016	2017	2018	2019	2020	Change 2016-2020
Fully-loaded CET1	**11.5%**	**11.4%**	**10.9%**	**12.7%**	**13.2%**	
Change	*+0.6pt*	*-0.1pt*	*-0.5pt*	*+1.8pt*	*+0.5pt*	*+1.7pt*
Underlying C/I	**68.1%**	**68.8%**	**69.8%**	**70.6%**	**74.6%**	
Change	*+0.7pt*	*+0.7pt*	*+1.0pt*	*+0.8pt*	*+4.0pt*	*+6.5pt*
Underlying ROTE	**9.0%**	**9.2%**	**9.7%**	**7.6%**	**1.7%**	
Change	*-0.5pt*	*+0.2pt*	*+0.5pt*	*-2.1pt*	*-5.9pt*	*-7.3pt*
Net tangible asset value per share	**EUR 55.6**	**EUR 54.4**	**EUR 55.8**	**EUR 55.6**	**EUR 54.8**	
Change	*+3.2%*	*-2.2%*	*+2.6%*	*-0.4%*	*-1.5%*	*-1.5%*

(1) On a consolidated basis

DIRECTORS' REMUNERATION

The rules governing the breakdown of the total annual sum allocated between Directors are laid down under Article 15 of the Internal Rules (see Chapter 7) and appear on page 91.

The General Meeting of 23 May 2018 allocated a total of EUR 1,700,000 for the Directors' annual remuneration. The full amount was paid to the Directors in respect of 2020.

The breakdown of the total amount paid in respect of 2020 is shown in the table on page 134.

TOTAL REMUNERATION AND BENEFITS PAID IN OR AWARDED IN RESPECT OF 2020 TO THE CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICERS AND SUBMITTED TO THE SHAREHOLDERS FOR APPROVAL

In accordance with Article L. 22-10-34 (II) of the French Commercial Code, no variable components (*i.e.* annual variable remuneration and long-term incentives) or exceptional components of the 2020 remuneration can be paid until they have been approved by the General Meeting to be held on 18 May 2021.

TABLE 1

Lorenzo Bini Smaghi, Chairman of the Board of Directors
Remuneration compliant with the policy approved by the General Meeting of 19 May 2020

Remuneration components put to the vote	Amounts awarded in respect of 2020	Description	Amounts paid in 2020
Fixed remuneration	EUR 925,000	Gross fixed remuneration paid in 2020. Lorenzo Bini Smaghi's annual gross remuneration was set at EUR 925,000 in May 2018 and will remain unchanged throughout his term of office.	EUR 925,000
Annual variable remuneration	N/A	Lorenzo Bini Smaghi does not receive any variable remuneration.	N/A
Attendance fees	N/A	Lorenzo Bini Smaghi does not receive any attendance fees.	N/A
Value of benefits in kind	EUR 54,488	He is provided with company accommodation for the performance of his duties in Paris.	EUR 54,488

TABLE 2

Frédéric Oudéa, Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 19 May 2020

Remuneration components put to the vote	Amounts awarded in respect of 2020	Description	Amounts paid in 2020
Fixed remuneration	EUR 1,300,000	Gross fixed remuneration paid in 2020, unchanged since the Board of Director's decision of 31 July 2014 (confirmed in May 2015 when the roles of Chairman of the Board and Chief Executive Officer were separated).	EUR 1,300,000
Annual variable remuneration		Frédéric Oudéa benefits from annual variable remuneration broken down into two sub-components: 60% is based on financial targets and 40% on qualitative targets. These components are detailed on page 107. His annual variable remuneration is capped at 135% of his fixed remuneration.	
o.w. annual variable remuneration payable in 2021	EUR 96,139 (nominal amount)	**Evaluation of 2020 performance** – In light of the quantitative and qualitative criteria defined by the Board of Directors on 5 February and 12 March 2020 and the achievement rates observed in financial year 2020, Frédéric Oudéa was awarded annual variable remuneration of EUR 480,695[1]. This corresponds to an overall target achievement rate of 54.8% and is calculated based on his maximum annual variable remuneration (see p. 109).	■ Annual variable remuneration in respect of 2019, as approved by the General Meeting of 19 May 2020 (Resolution 10): EUR 277,430 The criteria used to calculate and pay annual variable remuneration are detailed in the chapter on remuneration for the Chairman of the Board of Directors and Chief Executive Officers. Payment of 50% of the annual variable remuneration vested is deferred.
o.w. annual variable remuneration payable in subsequent years	EUR 384,556 (nominal amount)	■ payment of all annual variable remuneration in respect of 2020 is subject to approval by the General Meeting to be held on 18 May 2021; ■ 40% of this annual variable remuneration will vest upon approval by the General Meeting of 18 May 2021. Half of this portion (20%) will be converted into Societe Generale share equivalents, paid after a one-year holding period; ■ 60% of this annual variable remuneration is conditional upon achievement of targets in terms of Group profitability and equity capital, as assessed over financial years 2021, 2022 and 2023. Two-thirds of this portion will be converted into Societe Generale shares, half of which become transferable after 2 years and 6 months and half after 3 years and 6 months; ■ the terms and conditions of vesting and payment in respect of this deferred remuneration are detailed on page 111.	■ Deferred annual variable remuneration (see Table 2, p. 132): ■ in respect of 2016: EUR 104,561 ■ in respect of 2017: EUR 89,919 ■ in respect of 2018: EUR 212,695 and EUR 268,811 The above variable remuneration was approved by the General Meetings of 23 May 2017 (Resolution 11), 23 May 2018 (Resolution 8) and 21 May 2019 (Resolution 17) respectively. ■ For deferred payments subject to performance conditions, the Board of Directors reviewed the conditions at its meeting of 5 February 2020 and was satisfied that they had been met.
Multi-annual variable remuneration	N/A	Frédéric Oudéa does not receive multi-annual variable remuneration.	N/A
Exceptional remuneration	N/A	Frédéric Oudéa did not receive any exceptional remuneration.	N/A
Value of options awarded during the financial year	N/A	Frédéric Oudéa has not been awarded any stock options since 2009.	N/A

Frédéric Oudéa, Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 19 May 2020

Remuneration components put to the vote	Amounts awarded in respect of 2020	Description	Amounts paid in 2020
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year	EUR 850,000 (value according to IFRS 2 at 8 February 2021). This amount corresponds to an award of 84,367 shares	Since 2012, the Chief Executive Officers have been eligible for a long-term incentive plan, entailing awards of shares or share equivalents, in order to involve them in the Company's long-term progress and align their interests with those of the shareholders. The details of the plan in respect of 2020 approved by the Board of Directors at its meeting of 9 February 2021 are as follows: ■ awards capped at the same level as the annual variable remuneration; ■ 84,367 shares awarded in two instalments, with vesting periods of four and six years followed by a one-year holding period after vesting, thus increasing the indexing periods to five and seven years; ■ award of the long-term incentives in respect of 2020 is conditional upon approval by the General Meeting to be held on 18 May 2021; ■ definitive vesting subject to presence and performance conditions as detailed on page 111; ■ the award was approved under Resolution 24 of the General Meeting of 19 May 2020 (Board of Directors' decision of 11 March 2021 on the award of performance shares); it represents 0.01% of the share capital.	Share equivalents paid as part of the long-term incentives awarded in 2015 in respect of 2014: EUR 489,364 Shares vested as part of the long-term incentives awarded in 2016 in respect of 2015: 11,247 shares These awards were approved at the General Meetings of 19 May 2015 (Resolution 5) and 18 May 2016 (Resolution 6) respectively. The Board of Directors reviewed the performance conditions at its meeting of 5 February 2020 and was satisfied that they had been met (see p. 113 and Table 7, p. 137).
Attendance fees	N/A	N/A	N/A
Value of benefits in kind	EUR 5,161	Frédéric Oudéa is provided with a company car.	EUR 5,161
Severance pay	No amount due in respect of the financial year	The features of severance pay for Chief Executive Officers are detailed on page 105.	No amount paid in respect of the financial year
Non-compete consideration	No amount due in respect of the financial year	The features of non-compete consideration for Chief Executive Officers are detailed on page 105.	No amount paid in respect of the financial year
Supplementary pension scheme	N/A	Frédéric Oudéa does not benefit from any supplementary pension scheme.	N/A
Death/disability insurance		Frédéric Oudéa is covered by death/disability insurance with benefits and contribution rates aligned with those for employees.	Death/disability contributions: EUR 10,193

(1) Nominal amount decided by the Board of Directors on 9 February 2021.

TABLE 3

Philippe Aymerich, Deputy Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 19 May 2020

Remuneration components put to the vote	Amounts awarded in respect of 2020	Description	Amounts paid in 2020
Fixed remuneration	EUR 800,000	Philippe Aymerich's gross fixed annual remuneration amounts to EUR 800,000, as set by the Board of Directors on 3 May 2018 upon his appointment as Deputy Chief Executive Officer, effective from 14 May 2018.	EUR 800,000
Annual variable remuneration		Philippe Aymerich benefits from annual variable remuneration broken down into two sub-components: 60% is based on financial targets and 40% on qualitative targets. These components are detailed on page 107. His annual variable remuneration is capped at 115% of his fixed remuneration.	■ Annual variable remuneration in respect of 2019, as approved by the General Meeting of 19 May 2020 (Resolution 11): EUR 151,027 The criteria used to calculate and pay annual variable remuneration are detailed in the chapter on remuneration for the Chairman of the Board of Directors and Chief Executive Officers. Payment of 50% of the annual variable remuneration vested is deferred. ■ Deferred annual variable remuneration (see Table 2, p. 132): ■ in respect of 2018: EUR 84,621 and EUR 106,918 The above variable remuneration was approved by the General Meeting of 21 May 2019 (Resolution 18). ■ For deferred payments subject to performance conditions, the Board of Directors reviewed the conditions at its meeting of 5 February 2020 and was satisfied that they had been met.
o.w. annual variable remuneration payable in 2021	EUR 45,889 (nominal amount)	**Evaluation of 2020 performance** – In light of the quantitative and qualitative criteria defined by the Board of Directors on 5 February and 12 March 2020 and the achievement rates observed in 2020, Philippe Aymerich was awarded annual variable remuneration of EUR 229,448[1]. This corresponds to an overall target achievement rate of 49.9% and is calculated based on his maximum annual variable remuneration (see p. 109).	
o.w. annual variable remuneration payable in subsequent years	EUR 183,559 (nominal amount)	■ payment of all annual variable remuneration in respect of 2020 is subject to approval by the General Meeting to be held on 18 May 2021; ■ 40% of this annual variable remuneration will vest upon approval by the General Meeting of 18 May 2021. Half of this portion (20%) will be converted into Societe Generale share equivalents, paid after a one-year holding period; ■ 60% of this annual variable remuneration is conditional upon achievement of targets in terms of Group profitability and equity capital, as assessed over financial years 2021, 2022 and 2023. Two-thirds of this portion will be converted into Societe Generale shares, half of which become transferable after 2 years and 6 months and half after 3 years and 6 months; ■ the terms and conditions of vesting and payment in respect of this deferred remuneration are detailed on page 111.	
Multi-annual variable remuneration	N/A	Philippe Aymerich does not receive multi-annual variable remuneration.	N/A
Exceptional remuneration	N/A	Philippe Aymerich did not receive any exceptional remuneration.	N/A
Value of options awarded during the financial year	N/A	Philippe Aymerich has not been awarded any stock options.	N/A

Philippe Aymerich, Deputy Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 19 May 2020

Remuneration components put to the vote	Amounts awarded in respect of 2020	Description	Amounts paid in 2020
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year	EUR 570,000 (value according to IFRS 2 at 8 February 2021) This amount corresponds to an award of 56,576 shares	Since 2012, the Chief Executive Officers have been eligible for a long-term incentive plan, entailing awards of shares or share equivalents, in order to involve them in the Company's long-term progress and align their interests with those of the shareholders. The details of the plan in respect of 2020 approved by the Board of Directors at its meeting of 9 February 2021 are as follows: ■ awards capped at the same level as the annual variable remuneration; ■ 56,576 shares awarded in two instalments, with vesting periods of four and six years followed by a one-year holding period after vesting, thus increasing the indexing periods to five and seven years; ■ award of the long-term incentives in respect of 2020 is conditional upon approval by the General Meeting to be held on 18 May 2021; ■ definitive vesting subject to presence and performance conditions as detailed on page 111; ■ the award was approved under Resolution 24 of the General Meeting of 19 May 2020 (Board of Directors' decision of 11 March 2021 on the award of performance shares); it represents less than 0.01% of the share capital.	N/A
Attendance fees	N/A	Philippe Aymerich did not receive any attendance fees in 2020.	N/A
Value of benefits in kind	N/A	Philippe Aymerich was not provided with a company car over the financial year.	N/A
Severance pay	No amount due in respect of the financial year	The features of severance pay for Chief Executive Officers are detailed on page 105.	No amount paid in respect of the financial year
Non-compete consideration	No amount due in respect of the financial year	The features of non-compete consideration for Chief Executive Officers are detailed on page 105.	No amount paid in respect of the financial year

Philippe Aymerich, Deputy Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 19 May 2020

Remuneration components put to the vote	Amounts awarded in respect of 2020	Description	Amounts paid in 2020
Supplementary pension scheme	Contributions into supplementary Art. 82 pension scheme: EUR 0	A detailed description of the Deputy Chief Executive Officers' pension schemes is given on page 104. ■ Senior management supplementary pension scheme. (Scheme closed to further contributions since 31 December 2019; existing pension entitlements remain conditional upon the beneficiary working for Societe Generale until they retire). For example, based on a hypothetical retirement age of 62 and his current annual fixed remuneration, the potential annuity rights allocated to Philippe Aymerich at 31 December 2019 represent an estimated yearly income of EUR 139,000 regardless of the condition of continued presence being met (i.e. 13.5% of his benchmark remuneration as defined by the AFEP-MEDEF Code). ■ Supplementary Art. 82 pension scheme. In view of Philippe Aymerich's overall performance score of 49.9% for financial year 2020, no contributions will be made to this scheme in respect of 2020 (contribution vesting rate: 0%). ■ Valmy pension savings scheme. Annual contribution paid by the Company: EUR 2,674.	Contributions into the supplementary Art. 82 pension scheme in respect of 2019, as approved by the General Meeting of 19 May 2020 (resolution 11): EUR 51,032 Contributions into the Valmy pension savings scheme: EUR 2,674
Death/disability insurance		Philippe Aymerich is covered by death/disability insurance with benefits and contribution rates aligned with those for employees.	Death/disability contributions: EUR 5,660

(1) Nominal amount decided by the Board of Directors on 9 February 2021.

TABLE 4

Diony Lebot, Deputy Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 19 May 2020

Remuneration components put to the vote	Amounts awarded in respect of 2020	Description	Amounts paid in 2020
Fixed remuneration	EUR 800,000	Diony Lebot's gross fixed annual remuneration amounts to EUR 800,000, as set by the Board of Directors on 3 May 2018 upon her appointment as Deputy Chief Executive Officer, effective from 14 May 2018.	EUR 800,000
Annual variable remuneration		Diony Lebot benefits from annual variable remuneration broken down into two sub-components: 60% is based on financial targets and 40% on qualitative targets. These components are detailed on page 107. Her annual variable remuneration is capped at 115% of her fixed remuneration.	■ Annual variable remuneration in respect of 2019, as approved by the General Meeting of 19 May 2020 (Resolution 14): EUR 145,581 The criteria used to calculate and pay annual variable remuneration are detailed in the chapter on remuneration for the Chairman of the Board of Directors and Chief Executive Officers. Payment of 50% of the annual variable remuneration vested is deferred. ■ Deferred annual variable remuneration (see Table 2, p. 132): ■ in respect of 2018: EUR 78,606 and EUR 99,321 The above variable remuneration was approved by the General Meeting of 21 May 2019 (Resolution 21). ■ For deferred payments subject to performance conditions, the Board of Directors reviewed the conditions at its meeting of 5 February 2020 and was satisfied that they had been met.
o.w. annual variable remuneration payable in 2021	EUR 50,765 (nominal amount)	**Evaluation of 2020 performance** – In light of the quantitative and qualitative criteria defined by the Board of Directors on 5 February and 12 March 2020 and the achievement rates observed in financial year 2020, Diony Lebot was awarded annual variable remuneration of EUR 253,828[1]. This corresponds to an overall target achievement rate of 55.2% and is calculated based on her maximum annual variable remuneration (see p. 109).	
o.w. annual variable remuneration payable in subsequent years	EUR 203,063 (nominal amount)	■ payment of all annual variable remuneration in respect of 2020 is subject to approval by the General Meeting to be held on 18 May 2021; ■ 40% of this annual variable remuneration will vest upon approval by the General Meeting of 18 May 2021. Half of this portion (20%) will be converted into Societe Generale share equivalents, paid after a one-year holding period; ■ 60% of this annual variable remuneration is conditional upon achievement of targets in terms of Group profitability and equity capital, as assessed over financial years 2021, 2022 and 2023. Two-thirds of this portion will be converted into Societe Generale shares, half of which become transferable after 2 years and 6 months and half after 3 years and 6 months; ■ the terms and conditions of vesting and payment in respect of this deferred remuneration are detailed on page 111.	
Multi-annual variable remuneration	N/A	Diony Lebot does not receive multi-annual variable remuneration.	N/A
Exceptional remuneration	N/A	Diony Lebot did not receive any exceptional remuneration.	N/A
Value of options awarded during the financial year	N/A	Diony Lebot has not been awarded any stock options.	N/A

Diony Lebot, Deputy Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 19 May 2020

Remuneration components put to the vote	Amounts awarded in respect of 2020	Description	Amounts paid in 2020
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year	EUR 570,000 (value according to IFRS 2 at 8 February 2021) This amount corresponds to an award of 56,576 shares	Since 2012, the Chief Executive Officers have been eligible for a long-term incentive plan, entailing awards of shares or share equivalents, in order to involve them in the Company's long-term progress and align their interests with those of the shareholders. The details of the plan in respect of 2020 approved by the Board of Directors at its meeting of 9 February 2021 are as follows: ■ awards capped at the same level as the annual variable remuneration; ■ 56,576 shares awarded in two instalments, with vesting periods of four and six years followed by a one-year holding period after vesting, thus increasing the indexing periods to five and seven years; ■ award of the long-term incentives in respect of 2020 is conditional upon approval by the General Meeting to be held on 18 May 2021; ■ definitive vesting subject to presence and performance conditions as detailed on page 111; ■ the award was approved under Resolution 24 of the General Meeting of 19 May 2020 (Board of Directors' decision of 11 March 2021 on the award of performance shares); it represents less than 0.01% of the share capital.	N/A
Attendance fees	N/A	Diony Lebot did not receive any attendance fees in 2020.	N/A
Value of benefits in kind	EUR 5,945	Diony Lebot is provided with a company car.	EUR 5,945
Severance pay	No amount due in respect of the financial year	The features of severance pay for Chief Executive Officers are detailed on page 105.	No amount paid in respect of the financial year
Non-compete consideration	No amount due in respect of the financial year	The features of non-compete consideration for Chief Executive Officers are detailed on page 105.	No amount paid in respect of the financial year

Diony Lebot, Deputy Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 19 May 2020

Remuneration components put to the vote	Amounts awarded in respect of 2020	Description	Amounts paid in 2020
Supplementary pension scheme	Contributions into supplementary Art. 82 pension scheme: EUR 8,812	A detailed description of the Deputy Chief Executive Officers' pension schemes is given on page 104. ■ Senior management supplementary pension scheme. (regime closed to further contributions since 31 December 2019; existing pension entitlements remain conditional upon the beneficiary working for Societe Generale up until they retire). For example, based on a hypothetical retirement age of 62 and her current annual fixed remuneration, the potential annuity rights allocated to Diony Lebot at 31 December 2019 represent an estimated yearly income of EUR 167,000 regardless of the condition of continued presence being met (i.e. 15.8% of her benchmark remuneration as defined by the AFEP-MEDEF Code). ■ Supplementary Art. 82 pension scheme. In view of Diony Lebot's overall performance score of 55.2% for financial year 2020, contributions to this scheme amounted to EUR 8,812 (contribution vesting rate: 17%). ■ Valmy pension savings scheme. Annual contribution paid by the Company: EUR 2,674.	Contributions into the supplementary Art. 82 pension scheme in respect of 2019, as approved by the General Meeting of 19 May 2020 (resolution 14): EUR 49,501 Contributions into the Valmy pension savings scheme: EUR 2,674
Death/disability insurance		Diony Lebot is covered by death/disability insurance with benefits and contribution rates aligned with those for employees.	Death/disability contributions: EUR 5,810

(1) Nominal amount decided by the Board of Directors on 9 February 2021.

TABLE 5

Séverin Cabannes, Deputy Chief Executive Officer until 31 December 2020
Remuneration compliant with the policy approved by the General Meeting of 19 May 2020

Remuneration components put to the vote	Amounts awarded in respect of 2020	Description	Amounts paid in 2020
Fixed remuneration	EUR 800,000	Gross annual fixed remuneration paid in 2019, unchanged since the Board of Directors' decision of 31 July 2014.	EUR 800,000
Annual variable remuneration		Séverin Cabannes benefits from annual variable remuneration broken down into two sub-components: 60% is based on financial targets and 40% on qualitative targets. These components are detailed on page 107. His annual variable remuneration is capped at 115% of his fixed remuneration.	
o.w. annual variable remuneration payable in 2021	EUR 41,234 (nominal amount)	**Evaluation of 2020 performance** – In light of the quantitative and qualitative criteria defined by the Board of Directors on 5 February and 12 March 2020 and the achievement rates observed in financial year 2020, Séverin Cabannes was awarded annual variable remuneration of EUR 206,172[1]. This corresponds to an overall target achievement rate of 44.8% and is calculated based on his maximum annual variable remuneration (see p. 109).	■ Annual variable remuneration in respect of 2019, as approved by the General Meeting of 19 May 2020 (Resolution 12): EUR 116,104 The criteria used to calculate and pay annual variable remuneration are detailed in the chapter on remuneration for the Chairman of the Board of Directors and Chief Executive Officers. Payment of 50% of the annual variable remuneration vested is deferred.
o.w. annual variable remuneration payable in subsequent years	EUR 164,938 (nominal amount)	■ payment of all annual variable remuneration in respect of 2020 is subject to approval by the General Meeting to be held on 18 May 2021; ■ 40% of this annual variable remuneration will vest upon approval by the General Meeting of 18 May 2021. Half of this portion (20%) will be converted into Societe Generale share equivalents, paid after a one-year holding period; ■ 60% of this annual variable remuneration is conditional upon achievement of targets in terms of Group profitability and equity capital, as assessed over financial years 2021, 2022 and 2023. Two-thirds of this portion will be converted into Societe Generale shares, half of which become transferable after 2 years and 6 months and half after 3 years and 6 months; ■ the terms and conditions of vesting and payment in respect of this deferred remuneration are detailed on page 111.	■ Deferred annual variable remuneration (see Table 2, p. 132): ■ in respect of 2016: EUR 53,688 ■ in respect of 2017: EUR 46,343 ■ in respect of 2018: EUR 97,111 and EUR 122,700 The above variable remuneration was approved by the General Meetings of 23 May 2017 (Resolution 12), 23 May 2018 (Resolution 9) and 21 May 2019 (Resolution 19) respectively. ■ For deferred payments subject to performance conditions, the Board of Directors reviewed the conditions at its meeting of 5 February 2020 and was satisfied that they had been met.
Multi-annual variable remuneration	N/A	Séverin Cabannes does not receive multi-annual variable remuneration.	N/A
Exceptional remuneration	N/A	Séverin Cabannes did not receive any exceptional remuneration.	N/A
Value of options awarded during the financial year	N/A	Séverin Cabannes has not been awarded any stock options since 2009.	N/A
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year	N/A	Séverin Cabannes was not awarded any long-term incentives in respect of the financial year.	Share equivalents paid as part of the long-term incentives awarded in 2015 in respect of 2014: EUR 300,147 Shares vested as part of the long-term incentives awarded in 2016 in respect of 2015: 7,498 shares These awards were approved at the General Meetings of 19 May 2015 (Resolution 6) and 18 May 2016 (Resolution 7) respectively. The Board of Directors reviewed the performance conditions at its meeting of 5 February 2020 and was satisfied that they had been met (see p. 113 and Table 7, p. 137).

Séverin Cabannes, Deputy Chief Executive Officer until 31 December 2020
Remuneration compliant with the policy approved by the General Meeting of 19 May 2020

Remuneration components put to the vote	Amounts awarded in respect of 2020	Description	Amounts paid in 2020
Attendance fees	N/A	Séverin Cabannes did not receive any attendance fees in 2020.	N/A
Value of benefits in kind	EUR 5,161	Séverin Cabannes was provided with a company car.	EUR 5,161
Severance pay	No amount due in respect of the financial year	The features of severance pay for Chief Executive Officers are detailed on page 105.	No amount paid in respect of the financial year
Non-compete consideration	No amount due in respect of the financial year	The features of non-compete consideration for Chief Executive Officers are detailed on page 105.	No amount paid in respect of the financial year
Supplementary pension scheme	Contributions into supplementary Art. 82 pension scheme: EUR 0	A detailed description of the Deputy Chief Executive Officers' pension schemes is given on page 104. ■ Senior management supplementary pension scheme. (Scheme closed to further contributions since 31 December 2019; existing pension entitlements remain conditional upon the beneficiary working for Societe Generale up until they retire). For example, based on a hypothetical retirement age of 62 and his current annual fixed remuneration, the potential annuity rights allocated to Séverin Cabannes at 31 December 2019 represent an estimated yearly income of EUR 150,000 regardless of the condition of continued presence being met (i.e. 14.9% of his benchmark remuneration as defined by the AFEP-MEDEF Code). ■ Supplementary Art. 82 pension scheme. In view of Séverin Cabannes' overall performance score of 44.8% for financial year 2020, no contributions will be made to this scheme in respect of 2020 (contribution vesting rate: 0%). ■ Valmy pension savings scheme. Annual contribution paid by the Company: EUR 2,674.	Contributions into the supplementary Art. 82 pension scheme in respect of 2019, as approved by the General Meeting of 19 May 2020 (resolution 12): EUR 22,284 Contributions into the Valmy pension savings scheme: EUR 2,674
Death/disability insurance		Séverin Cabannes is covered by death/disability insurance with benefits and contribution rates aligned with those for employees.	Death/disability contributions: EUR 6,031

(1) Nominal amount decided by the Board of Directors on 9 February 2021.

TABLE 6

Philippe Heim, Deputy Chief Executive Officer until 3 August 2020
Remuneration compliant with the policy approved by the General Meeting of 19 May 2020

Remuneration components put to the vote	Amounts awarded in respect of 2020	Description	Amounts paid in 2020
Fixed remuneration	EUR 473,333	Philippe Heim's gross fixed annual remuneration amounts to EUR 800,000, as set by the Board of Directors on 3 May 2018 upon his appointment as Deputy Chief Executive Officer, effective from 14 May 2018. The figure indicated corresponds to his gross fixed annual remuneration paid in 2020 pro rata to the period up until 3 August 2020, when he left office further to the reorganisation of General Management.	EUR 473,333
Annual variable remuneration	N/A	Philippe Heim was not awarded any annual variable remuneration in respect of the financial year.	■ Annual variable remuneration in respect of 2019, as approved by the General Meeting of 19 May 2020 (Resolution 13): EUR 152,536 The criteria used to calculate and pay annual variable remuneration are detailed in the chapter on remuneration for the Chairman of the Board of Directors and Chief Executive Officers. Payment of 50% of the annual variable remuneration vested is deferred. ■ Deferred annual variable remuneration (see Table 2, p. 132): ■ in respect of 2018: EUR 87,460 and EUR 110,505 The above variable remuneration was approved by the General Meeting of 21 May 2019 (Resolution 20). ■ For deferred payments subject to performance conditions, the Board of Directors reviewed the conditions at its meeting of 5 February 2020 and was satisfied that they had been met.
o.w. annual variable remuneration payable in 2021	N/A		
o.w. annual variable remuneration payable in subsequent years	N/A		
Multi-annual variable remuneration	N/A	Philippe Heim does not receive multi-annual variable remuneration.	N/A
Exceptional remuneration	N/A	Philippe Heim did not receive any exceptional remuneration.	N/A
Value of options awarded during the financial year	N/A	Philippe Heim has not been awarded any stock options.	N/A
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year	N/A	Philippe Heim was not awarded any long-term incentives in respect of the financial year.	N/A
Attendance fees	N/A	Philippe Heim did not receive any attendance fees in 2020.	N/A
Value of benefits in kind	EUR 2,600	Philippe Heim was provided with a company car.	EUR 2,600
Severance pay	No amount due in respect of the financial year	The features of severance pay for Chief Executive Officers are detailed on page 105.	No amount paid in respect of the financial year
Non-compete consideration	No amount due in respect of the financial year	The features of non-compete consideration for Chief Executive Officers are detailed on page 105.	No amount paid in respect of the financial year

Philippe Heim, Deputy Chief Executive Officer until 3 August 2020
Remuneration compliant with the policy approved by the General Meeting of 19 May 2020

Remuneration components put to the vote	Amounts awarded in respect of 2020	Description	Amounts paid in 2020
Supplementary pension scheme	Contributions into supplementary Art. 82 pension scheme: N/A	A detailed description of the Deputy Chief Executive Officers' pension schemes is given on page 104. ■ Senior management supplementary pension scheme. (Scheme closed to further contributions since 31 December 2019). Existing pension entitlements are conditional upon the beneficiary working for Societe Generale until they retire). ■ Supplementary Art. 82 pension scheme. In the absence of variable remuneration in respect of 2020, no contributions will be made to this scheme in respect of the financial year. Contributions paid in 2020 in respect of 2019 have definitively vested. ■ Valmy pension savings scheme. Annual contribution paid by the Company: EUR 1,474.	Contributions into the supplementary Art. 82 pension scheme in respect of 2019, as approved by the General Meeting of 19 May 2020 (resolution 13): EUR 51,032 Contributions into the Valmy pension savings scheme: EUR 1,474
Death/disability insurance		Philippe Heim was covered by death/disability insurance with benefits and contribution rates aligned with those for employees.	Death/disability contributions: EUR 3,822

Standard tables in accordance with AMF recommendations

TABLE 1

SUMMARY OF REMUNERATION AND STOCK OPTIONS, SHARES AND SHARE EQUIVALENTS AWARDED TO THE CHAIRMAN OF THE BOARD OF DIRECTORS AND EACH OF THE CHIEF EXECUTIVE OFFICERS[1]

(In EUR)	Financial year 2019	Financial year 2020
Lorenzo Bini Smaghi, Chairman of the Board of Directors		
Remuneration due for the financial year (detailed in Table 2)	979,378	979,488
Value of options awarded in respect of the financial year (detailed in Table 4)	0	0
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year	0	0
TOTAL	**979,378**	**979,488**
Frédéric Oudéa, Chief Executive Officer		
Remuneration due for the financial year (detailed in Table 2)	2,692,299	1,785,856
Value of options awarded in respect of the financial year (detailed in Table 4)	0	0
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year[2]	850,000	850,000
TOTAL	**3,542,299**	**2,635,856**
Philippe Aymerich, Deputy Chief Executive Officer		
Remuneration due for the financial year (detailed in Table 2)	1,555,136	1,029,448
Value of options awarded in respect of the financial year (detailed in Table 4)	0	0
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year[2]	570,000	570,000
TOTAL	**2,125,136**	**1,599,448**
Séverin Cabannes, Deputy Chief Executive Officer until 31 December 2020[3]		
Remuneration due for the financial year (detailed in Table 2)	1,385,667	1,011,333
Value of options awarded in respect of the financial year (detailed in Table 4)	0	0
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year[2]	570,000	0
TOTAL	**1,955,667**	**1,011,333**
Philippe Heim, Deputy Chief Executive Officer until 3 August 2020[4]		
Remuneration due for the financial year (detailed in Table 2)	1,565,744	475,933
Value of options awarded in respect of the financial year (detailed in Table 4)	0	0
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year[2]	570,000	0
TOTAL	**2,135,744**	**475,933**
Diony Lebot, Deputy Chief Executive Officer		
Remuneration due for the financial year (detailed in Table 2)	1,533,844	1,059,773
Value of options awarded in respect of the financial year (detailed in Table 4)	0	0
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year[2]	570,000	570,000
TOTAL	**2,103,844**	**1,629,773**

(1) Remuneration expressed in EUR, gross, before tax.
(2) This plan is detailed in the chapter on remuneration for the Chairman of the Board of Directors and Chief Executive Officers, from page 111.
(3) Séverin Cabannes left office as Deputy Chief Executive Officer on 31 December 2020, further to his decision to retire in 2021.
(4) Philippe Heim left office as Deputy Chief Executive Officer on 3 August 2020, further to the reorganisation of General Management.

TABLE 2

SUMMARY OF THE REMUNERATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND EACH OF THE CHIEF EXECUTIVE OFFICERS[1]

	Financial year 2019		Financial year 2020	
	Amounts paid	**Amounts due for the financial year**	**Amounts paid**	**Amounts due for the financial year**
Lorenzo Bini Smaghi, Chairman				
■ fixed remuneration	925,000	925,000	925,000	925,000
■ non-deferred annual variable remuneration	0	0	0	0
■ deferred annual variable remuneration	0	0	0	0
■ exceptional remuneration	0	0	0	0
■ attendance fees	0	0	0	0
■ benefits in kind[2]	54,378	54,378	54,488	54,488
TOTAL	**979,378**	**979,378**	**979,488**	**979,488**
Frédéric Oudéa, Chief Executive Officer				
■ fixed remuneration	1,300,000	1,300,000	1,300,000	1,300,000
■ non-deferred annual variable remuneration[3]	212,696	277,430	277,430	96,139
■ deferred annual variable remuneration[3]	825,693	1,109,722	675,986[5]	384,556
■ exceptional remuneration	0	0	0	0
■ attendance fees	0	0	0	0
■ benefits in kind[4]	5,147	5,147	5,161	5,161
TOTAL	**2,343,536**	**2,692,299**	**2,258,577**	**1,785,856**
Philippe Aymerich, Deputy Chief Executive Officer				
■ fixed remuneration	800,000	800,000	800,000	800,000
■ non-deferred annual variable remuneration[3]	84,621	151,027	151,027	45,889
■ deferred annual variable remuneration[3]	0	604,109	191,539[5]	183,559
■ other remuneration paid[6]	261,458	0	124,621	0
■ exceptional remuneration	0	0	0	0
■ attendance fees	0	0	0	0
■ benefits in kind[4]	0	0	0	0
TOTAL	**1,146,079**	**1,555,136**	**1,267,187**	**1,029,448**
Séverin Cabannes, Deputy Chief Executive Officer until 31 December 2020[7]				
■ fixed remuneration	800,000	800,000	800,000	800,000
■ non-deferred annual variable remuneration[3]	97,111	116,104	116,105	41,234
■ deferred annual variable remuneration[3]	417,764	464,416	319,842[5]	164,938
■ exceptional remuneration	0	0	0	0
■ attendance fees	0	0	0	0
■ benefits in kind[4]	5,147	5,147	5,161	5,161
TOTAL	**1,320,022**	**1,385,667**	**1,241,108**	**1,011,333**
Philippe Heim, Deputy Chief Executive Officer until 3 August 2020[8]				
■ fixed remuneration	800,000	800,000	473,333	473,333
■ non-deferred annual variable remuneration[3]	87,460	152,536	152,536	0
■ deferred annual variable remuneration[3]	0	610,144	197,965[5]	0
■ other remuneration paid[6]	323,180	0	0	0
■ exceptional remuneration	0	0	0	0
■ attendance fees	0	0	0	0
■ benefits in kind[4]	3,064	3,064	2,600	2,600
TOTAL	**1,213,704**	**1,565,744**	**826,434**	**475,933**

	Financial year 2019		Financial year 2020	
	Amounts paid	Amounts due for the financial year	Amounts paid	Amounts due for the financial year
Diony Lebot, Deputy Chief Executive Officer				
■ fixed remuneration	800,000	800,000	800,000	800,000
■ non-deferred annual variable remuneration(3)	78,606	145,581	145,581	50,765
■ deferred annual variable remuneration(3)	0	582,323	177,927(5)	203,063
■ other remuneration paid(6)	390,031	0	215,754	0
■ exceptional remuneration	0	0	0	0
■ attendance fees	0	0	0	0
■ benefits in kind(4)	5,940	5,940	5,945	5,945
TOTAL	**1,274,577**	**1,533,844**	**1,345,207**	**1,059,773**

(1) Remuneration expressed in EUR, gross, before tax. The long-term incentives paid to Chief Executive Officers are detailed in Tables 1 and 7.
(2) Provision of company accommodation.
(3) The criteria used to calculate and pay annual variable remuneration are detailed in the chapter on remuneration for the Chairman of the Board of Directors and Chief Executive Officers. Payment of 50% of the annual variable remuneration vested is deferred.
(4) Provision of a company car.
(5) See table below for a detailed breakdown of the amounts paid.
(6) Philippe Aymerich, Philippe Heim and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018. The amounts recorded under "other remuneration paid" correspond to fixed and variable remuneration awarded for their previous positions.
(7) Séverin Cabannes left office as Deputy Chief Executive Officer on 31 December 2020, further to his decision to retire in 2021.
(8) Philippe Heim left office as Deputy Chief Executive Officer on 3 August 2020, further to the reorganisation of General Management.

BREAKDOWN OF DEFERRED ANNUAL VARIABLE REMUNERATION PAID IN 2020 TO THE CHIEF EXECUTIVE OFFICERS

(In EUR)	2016(1)	2017(2)	2018(3)	2018(4)	Other deferred annual variable remuneration(5)	Total paid in 2020
F. OUDÉA	104,561	89,919	212,695	268,811	N/A	675,986
P. AYMERICH	N/A	N/A	84,621	106,918	124,621	316,160
S. CABANNES	53,688	46,349	97,111	122,700	N/A	319,842
P. HEIM(6)	N/A	N/A	87,460	110,505	N/A	197,965
D. LEBOT	N/A	N/A	78,606	99,321	215,754	393,681

(1) Value of shares vested in March 2020 corresponding to the third instalment of the unvested portion of the annual variable remuneration for financial year 2016, the vesting of which was subject to meeting Group net income and CET 1 targets for 2019.
(2) Value of shares vested in March 2020 corresponding to the second instalment of the unvested portion of the annual variable remuneration for financial year 2017, the vesting of which was subject to meeting Group net income and CET1 targets for 2019.
(3) First instalment of the unvested portion of the annual variable remuneration for financial year 2018, granted in cash and not indexed, the vesting of which was subject to meeting Group net income and CET1 targets for 2019.
(4) Vested portion of the annual variable remuneration for 2018 indexed to the Societe Generale share price.
(5) Philippe Aymerich and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018.
The amounts indicated in the column marked "Other deferred annual variable remuneration" correspond to the remuneration paid in 2020 in respect of their previous positions.
(6) Philippe Heim was appointed Deputy Chief Executive Officer on 14 May 2018 and left office on 3 August 2020 further to the reorganisation of General Management.

TABLE 3

REMUNERATION PAID TO NON-EXECUTIVE CORPORATE OFFICERS

(In EUR) **Corporate officers (excl. executive officers)**	Remuneration paid in 2019 – Balance for financial year 2018	Remuneration paid in 2019 – Interim payment for financial year 2019	Remuneration paid in 2020 – Balance for financial year 2019	Remuneration paid in 2020 – Interim payment for financial year 2020	Remuneration – In respect of financial year 2019	Remuneration – In respect of financial year 2020*
Lorenzo BINI SMAGHI						
Attendance fees	-	-	-	-	-	-
Other remuneration	-	-	-	-	-	-
Robert CASTAIGNE						
Attendance fees	10,399	-	-	-	-	-
Other remuneration						
William CONNELLY						
Attendance fees	86,428	56,842	89,670	55,904	146,511	217,333
Other remuneration						
Jérôme CONTAMINE						
Attendance fees	72,172	49,550	81,896	53,175	131,446	139,908
Other remuneration						
Diane CÔTÉ						
Attendance fees	52,365	39,991	65,182	42,217	105,174	103,905
Other remuneration						
Kyra HAZOU						
Attendance fees	100,386	62,655	101,221	63,994	163,875	160,550
Other remuneration						
France HOUSSAYE						
Attendance fees(1)	59,091	35,656	58,256	36,807	93,912	93,363
Societe Generale salary					52,500	54,032
Béatrice LEPAGNOL						
Attendance fees(2)	5,154	-	-	-	-	-
Societe Generale salary						-
David LEROUX						
Attendance fees(1)	40,721	25,408	45,038	28,717	70,446	74,083
Societe Generale salary					37,077	40,133
Jean-Bernard LÉVY						
Attendance fees	78,298	51,317	80,910	49,155	132,227	126,909
Other remuneration						
Ana-Maria LLOPIS RIVAS						
Attendance fees	1,396	-	-	-	-	-
Other remuneration						
Annette MESSEMER						
Attendance fees	-	-	-	-	-	87,599
Other remuneration						
Gérard MESTRALLET						
Attendance fees	78,298	49,839	82,389	49,155	132,227	125,162
Other remuneration						
Juan Maria NIN GENOVA						
Attendance fees	92,607	61,276	87,534	58,585	148,810	150,008
Other remuneration						
Nathalie RACHOU						
Attendance fees	163,280	101,258	162,555	89,718	263,813	94,547
Other remuneration						
Lubomira ROCHET						
Attendance fees	41,943	26,887	43,559	27,377	70,446	79,768
Other remuneration						
Alexandra SCHAAPVELD						
Attendance fees	151,436	96,033	145,078	97,252	241,112	246,865
Other remuneration						
TOTAL (ATTENDANCE FEES)					**1,700,000**	**1,700,000**

* *Board members received the balance of their attendance fees for 2020 at the end of January 2021.*
(1) *Paid to Societe Generale trade union SNB.*
(2) *Paid to Societe Generale trade union CFDT.*

TABLE 4

SHARE PURCHASE OR SUBSCRIPTION OPTIONS AWARDED DURING THE FINANCIAL YEAR TO THE CHAIRMAN OF THE BOARD OF DIRECTORS AND EACH OF THE CHIEF EXECUTIVE OFFICERS BY THE ISSUER AND ANY GROUP COMPANIES

The Board of Directors did not award any options in 2020.

TABLE 5

SHARE PURCHASE OR SUBSCRIPTION OPTIONS EXERCISED DURING THE FINANCIAL YEAR BY THE CHAIRMAN OF THE BOARD OF DIRECTORS AND EACH OF THE CHIEF EXECUTIVE OFFICERS

The last option plan expired in 2017.

TABLE 6

SHARES AWARDED TO THE CHAIRMAN OF THE BOARD OF DIRECTORS AND EACH OF THE CHIEF EXECUTIVE OFFICERS

Societe Generale performance shares awarded during the financial year to the Chairman of the Board of Directors and each of the Chief Executive Officers by the issuer and any Group companies.

(In EUR)	Award date	Reasons for award(1)	Number of shares awarded over the year	Value of the shares based on the method used in the consolidated financial statements	Date of assessment of performance condition	Date of availability	Performance conditions(2)
L. BINI SMAGHI	N/A	N/A	N/A	N/A	N/A	N/A	N/A
F. OUDÉA	12.03.2020	Payment of the annual variable remuneration due in respect of financial year 2019	10,340	120,151	31.03.2022	01.10.2022	yes
			10,340	111,258	31.03.2023	01.10.2023	yes
		Long-term incentives due in respect of financial year 2019	25,930	163,359	31.03.2024	01.04.2025	yes
			25,931	152,993	31.03.2026	01.04.2027	yes
P. AYMERICH	12.03.2020	Payment of the annual variable remuneration due in respect of financial year 2019	5,629	65,409	31.03.2022	01.10.2022	yes
			5,629	60,568	31.03.2023	01.10.2023	yes
		Long-term incentives due in respect of financial year 2019	17,388	109,544	31.03.2024	01.04.2025	yes
			17,389	102,595	31.03.2026	01.04.2027	yes
S. CABANNES	12.03.2020	Payment of the annual variable remuneration due in respect of financial year 2019	4,327	50,280	31.03.2022	01.10.2022	yes
			4,327	46,559	31.03.2023	01.10.2023	yes
		Long-term incentives due in respect of financial year 2019	17,388	109,544	31.03.2024	01.04.2025	yes
			17,389	102,595	31.03.2026	01.04.2027	yes
P. HEIM(3)	12.03.2020	Payment of the annual variable remuneration due in respect of financial year 2019	5,685(3)	66,060	31.03.2022	01.10.2022	yes
			5,685(3)	61,171	31.03.2023	01.10.2023	yes
		Long-term incentives due in respect of financial year 2019	17,388(3)	109,544	31.03.2024	01.04.2025	yes
			17,389(3)	102,595	31.03.2026	01.04.2027	yes
D. LEBOT	12.03.2020	Payment of the annual variable remuneration due in respect of financial year 2019	5,426	63,050	31.03.2022	01.10.2022	yes
			5,426	58,384	31.03.2023	01.10.2023	yes
		Long-term incentives due in respect of financial year 2019	17,388	109,544	31.03.2024	01.04.2025	yes
			17,389	102,595	31.03.2026	01.04.2027	yes

(1) The amounts of variable remuneration and long-term incentives were set at the Board Meeting of 5 February 2020. The corresponding performance shares were awarded at the Board Meeting of 12 March 2020.

(2) Vesting of the annual variable remuneration is subject to two conditions: Group net income and the Core Tier One ratio. Vesting of the long-term incentives is subject to a TSR condition as compared to a panel of peers, as well as CSR and profitability conditions. The performance conditions are further detailed on pages 114-115.

(3) Philippe Heim left office as Deputy Chief Executive Officer on 3 August 2020 further to the reorganisation of General Management. Given that the vesting of annual variable remuneration and long-term incentives is subject to continued presence, none of the unvested annual variable remuneration or long-term incentives awarded in respect of his duties as Deputy Chief Executive Officer in 2019 will be paid. All shares ascribed to him in the table were delisted on his leaving the Group.

TABLE 7

SHARES RECEIVED OVER THE FINANCIAL YEAR BY THE CHAIRMAN OF THE BOARD OF DIRECTORS AND EACH OF THE CHIEF EXECUTIVE OFFICERS

	Award date	Number of shares received over the financial year
L. BINI SMAGHI	N/A	N/A
F. OUDÉA	14.03.2018	5,656[(1)]
	15.03.2017	6,577[(2)]
	18.05.2016	11,247[(3)]
P. AYMERICH	15.03.2017	1,428[(4)]
S. CABANNES	14.03.2018	2,915[(1)]
	15.03.2017	3,377[(2)]
	18.05.2016	7,498[(3)]
P. HEIM[(5)]	N/A	N/A
D. LEBOT	15.03.2017	1,995[(4)]

(1) *As deferred annual variable remuneration granted in 2018 in respect of financial year 2017 (presented in Table 2), the vesting of which was subject to meeting Group net income and CET 1 targets for 2019.*

(2) *As deferred annual variable remuneration granted in 2017 in respect of financial year 2016 (presented in Table 2), the vesting of which was subject to meeting Group net income and CET 1 targets for 2019.*

(3) *First instalment of the long-term incentive plan awarded in 2016; vesting was subject to the Societe Generale share's performance as compared to a panel of peers. The share performance assessed in early 2020 placed Societe Generale in sixth place in the panel (corresponding to vesting of 50% of the maximum number of shares awarded).*

(4) *Philippe Aymerich and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018. The shares recorded correspond to remuneration awarded in respect of their previous positions.*

(5) *Philippe Heim was appointed Deputy Chief Executive Officer on 14 May 2018 and left office on 3 August 2020 further to the reorganisation of General Management. In 2020, Philippe Heim received 1,741 shares awarded on 15 March 2017 in respect of his salaried position prior to becoming Deputy Chief Executive Officer.*

Note: shares from the share buyback programme.

SHARE EQUIVALENTS RECEIVED OVER THE FINANCIAL YEAR BY THE CHAIRMAN OF THE BOARD OF DIRECTORS AND EACH OF THE CHIEF EXECUTIVE OFFICERS

	Award date	Number of share equivalents vested over the financial year	Amount paid *(In EUR)*
L. BINI SMAGHI	N/A	N/A	N/A
F. OUDÉA	31.03.2019	8,244[(1)]	268,811
	31.03.2015	15,008[(2)]	489,364
P. AYMERICH	31.03.2019	3,279[(1)]	106,918
	31.03.2015	1,683[(3)]	22,039
S. CABANNES	31.03.2019	3,763[(1)]	122,700
	31.03.2015	9,205[(2)]	300,147
P. HEIM[(4)]	31.03.2019	3,389[(1)]	110,505
D. LEBOT	31.03.2019	3,046[(1)]	99,321
	31.03.2015	2,251[(3)]	29,477

(1) *Share equivalents received as deferred annual variable remuneration awarded in 2019 in respect of financial year 2018 (presented in Table 2).*

(2) *Share equivalents received after one year of the holding period for the first instalment of the long-term incentive plan awarded in 2015; vesting in March 2019 was subject to targets in terms of Group profitability and Societe Generale share's performance compared to a panel of peers. The share performance assessed in early 2019 placed Societe Generale in fifth place in the panel (corresponding to vesting of 66.7% of the maximum number of share equivalents awarded).*

(3) *Philippe Aymerich and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018. The amounts indicated correspond to remuneration awarded in respect of their previous positions.*

(4) *Philippe Heim was appointed Deputy Chief Executive Officer on 14 May 2018 and left office on 3 August 2020 further to the reorganisation of General Management. In 2020, Philippe Heim received a payment of EUR 47,168 corresponding to the 3,602 share equivalents awarded on 31 March 2015 in respect of his salaried position prior to becoming Deputy Chief Executive Officer.*

TABLE 8

RECORD OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED

Information on subscription or purchase options.

The last option plan expired in 2017.

TABLE 9

SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED TO THE TOP TEN EMPLOYEES (OTHER THAN CORPORATE OFFICERS) AND OPTIONS EXERCISED BY THESE EMPLOYEES

Societe Generale did not implement any option plan during 2020.

The last option plan expired in 2017.

AUDITED I TABLE 10

RECORD OF PERFORMANCE SHARES AWARDED

INFORMATION ON PERFORMANCE SHARES AWARDED

Date of General Meeting	23.05.2018	23.05.2018	18.05.2016	18.05.2016	18.05.2016
Date of Board Meeting	12.03.2020	13.03.2019	14.03.2018	15.03.2017	18.05.2016
Total number of shares awarded	2,545,414	2,834,045	1,677,279	1,796,759	2,478,926
o.w. number awarded to corporate officers[(1)]	*253,783*	*265,413*	*75,880*	*74,565*	*101,544*
Frédéric Oudéa	72,541	86,705	46,472	45,871	62,900
Diony Lebot	45,629	41,795	7,277	5,986	4,860
Philippe Aymerich	46,035	37,889	2,815	2,857	3,626
Séverin Cabannes	43,431	60,139	29,408	28,694	38,644
Philippe Heim[(4)]	46,147[(4)]	38,885[(4)]	4,990[(4)]	5,224[(4)]	7,290[(4)]
Total number of beneficiaries	4,652	5,747	6,016	6,710	6,495
Vesting date	see table below	see table below	see table below	see table below	see table below
Holding period end date	see table below	see table below	see table below	see table below	see table below
Performance conditions[(2)]	yes	yes	yes	yes	yes
Fair value *(In EUR)*[(3)]	see table below	see table below	see table below	see table below	see table below
Number of shares vested at 31.12.2020	372	0	301,008	1,480,174	2,088,474
Total number of cancelled or lapsed shares	61,725	152,608	165,226	167,033	238,459
Performance shares outstanding at year-end	2,483,317	2,681,437	1,211,045	149,552	151,993

(1) For the Chairman of the Board and Chief Executive Officers, see also Tables 6 and 7 of this Universal Registration Document.
(2) The applicable performance conditions are detailed in the Performance and Compensation Report, available at societegenerale.com.
(3) The performance shares are valued at their market value, taking into account a discount for non-transferability.
(4) Philippe Heim left office as Deputy Chief Executive Officer on 3 August 2020, further to the reorganisation of General Management. As vesting of shares is subject to continued presence, the shares awarded to him were delisted as follows: 2020 plan: 46,147 shares delisted; 2019 plan: 32,106 shares delisted; 2018 plan: 4,990 shares delisted; 2017 plan: 3,483 shares delisted; 2016 plan: 4,860 shares delisted.

SUMMARY OF THE 2016 PERFORMANCE SHARE PLAN[1]

Date of General Meeting				**18.05.2016**
Date of Board Meeting				18.05.2016
Total number of shares awarded				2,478,926
Vesting date	29.03.2018 (1st instalment) 29.03.2019 (2nd instalment)	29.03.2019	31.03.2020 (1st instalment) 31.03.2022 (2nd instalment)	31.03.2021
Holding period end date	30.09.2018 30.09.2019	N/A	01.04.2021 01.04.2023	02.10.2021
Fair value *(In EUR)*[2]	30.18 (1st instalment) 28.92 (2nd instalment)	29.55	22.07 (1st instalment) 21.17 (2nd instalment)	32.76

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).
(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2017 PERFORMANCE SHARE PLAN[1]

Date of General Meeting				**18.05.2016**
Date of Board Meeting				15.03.2017
Total number of shares awarded				1,796,759
Vesting date	29.03.2019 (1st instalment) 31.03.2020 (2nd instalment)	31.03.2020	31.03.2021 (1st instalment) 31.03.2023 (2nd instalment)	31.03.2022
Holding period end date	30.09.2019 02.10.2020	N/A	01.04.2022 01.04.2024	02.10.2022
Fair value *(In EUR)*[2]	42.17 (1st instalment) 40.33 (2nd instalment)	41.05	27.22 (1st instalment) 26.34 (2nd instalment)	43.75

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).
(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2018 PERFORMANCE SHARE PLAN[1]

Date of General Meeting				**18.05.2016**
Date of Board Meeting				14.03.2018
Total number of shares awarded				1,677,279
Vesting date	31.03.2020 (1st instalment) 31.03.2021 (2nd instalment)	31.03.2021	31.03.2022 (1st instalment) 29.03.2024 (2nd instalment)	31.03.2023
Holding period end date	01.10.2020 01.10.2021	N/A	01.04.2023 31.03.2025	01.10.2023
Fair value *(In EUR)*[2]	40.39 (1st instalment) 38.59 (2nd instalment)	39.18	26.40 (1st instalment) 24.43 (2nd instalment)	39.17

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).
(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2019 PERFORMANCE SHARE PLAN(1)

Date of General Meeting				**23.05.2018**
Date of Board Meeting				13.03.2019
Total number of shares awarded				2,834,045
Vesting date	31.03.2021 (1st instalment)	31.03.2022	31.03.2023 (1st instalment)	31.03.2023 (1st instalment)
	31.03.2022 (2nd instalment)		31.03.2025 (2nd instalment)	29.03.2024 (2nd instalment)
Holding period end date	01.10.2021	N/A	01.04.2024	01.10.2023
	01.10.2022		01.04.2026	01.10.2024
Fair value *(In EUR)*(2)	22.32 (1st instalment)		8.53 (1st instalment)	10.86 (1st instalment)
	20.93 (2nd instalment)	21.4	9.45 (2nd instalment)	11.35 (2nd instalment)

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2020 PERFORMANCE SHARE PLAN(1)

Date of General Meeting				**23.05.2018**
Date of Board Meeting				12.03.2020
Total number of shares awarded				2,545,414
Vesting date	31.03.2022 (1st instalment)	31.03.2023	31.03.2024 (1st instalment)	31.03.2024 (1st instalment)
	31.03.2023 (2nd instalment)		31.03.2026 (2nd instalment)	31.03.2025 (2nd instalment)
Holding period end date	01.10.2022	N/A	01.04.2025	01.10.2024
	01.10.2023		01.04.2027	01.10.2025
Fair value *(In EUR)*(2)	11.62 (1st instalment)		6.3 (1st instalment)	9.2 (1st instalment)
	10.76 (2nd instalment)	11.26	5.9 (2nd instalment)	8.8 (2nd instalment)

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

TABLE 11

POSITION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICERS IN 2020

	Term of office		Employment contract(1)(5)		Supplementary pension scheme(2)		Compensation or benefits due or likely to become due as a result of leaving office or changing position(3)		Compensation payable under a non-compete clause(4)	
	start	end	yes	no	yes	no	yes	no	yes	no
LORENZO BINI SMAGHI, Chairman of the Board of Directors	2015(6)	2022		X		X		X		X
FRÉDÉRIC OUDÉA, Chief Executive Officer	2008(7)	2023		X		X	X		X	
PHILIPPE AYMERICH, Deputy Chief Executive Officer	2018(8)	2023	X		X		X		X	
DIONY LEBOT, Deputy Chief Executive Officer	2018(8)	2023	X		X		X		X	
SÉVERIN CABANNES, Deputy Chief Executive Officer(9)	2008	2020	X		X (9)		X(9)		X(9)	
PHILIPPE HEIM, Deputy Chief Executive Officer(10)	2018	2020	X		X(10)		X(10)		X(10)	

(1) According to the recommendations of the AFEP-MEDEF Code, only the following should not hold an employment contract during their term of office: the Chairman of the Board of Directors, the Chairman and Chief Executive Officer, and the Chief Executive Officer in companies with a Board of Directors.

(2) Details of the supplementary pension schemes can be found in the tables on page 104.

(3) Details of the compensation or benefits due or likely to become due to Chief Executive Officers as a result of leaving office or changing position are provided on page 104-105.

(4) Details of non-compete consideration for the Chairman of the Board of Directors and the Chief Executive Officers are provided on page 105.

(5) The employment contracts held by Philippe Aymerich, Séverin Cabannes, Philippe Heim and Diony Lebot have been suspended for the duration of their terms of office.

(6) Lorenzo Bini Smaghi was appointed Chairman of the Board of Directors on 19 May 2015. His appointment was renewed on 23 May 2018.

(7) Frédéric Oudéa was appointed Chief Executive Officer in May 2008, and subsequently Chairman and Chief Executive Officer in May 2009, and again Chief Executive Officer on 19 May 2015. His appointment was renewed on 21 May 2019.

(8) Philppe Aymerich and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018. Their appointments were renewed on 21 May 2019.

(9) Séverin Cabannes left office as Deputy Chief Executive Officer on 31 December 2020 further to his decision to retire in 2021. At its meeting of 16 December 2020, the Board of Directors reviewed the benefits applicable to Séverin Cabannes upon his leaving office. Given that he stepped down from his position as Deputy Chief Executive Officer in order to retire, he did not receive any severance pay or non-compete consideration.

(10) Philippe Heim left office as Deputy Chief Executive Officer on 3 August 2020 further to the reorganisation of General Management.

At its meeting of 3 August 2020, and following the recommendation of the Nomination and Corporate Governance Committee and the Compensation Committee, the Board of Directors reviewed the benefits applicable to Philippe Heim upon his leaving office further to the Group's decision to reorganise General Management. Having noted in particular the Group's first-half results, in accordance with the ECB's guidelines, the Board decided that the conditions for severance pay were not satisfied in Philippe Heim's case. The Board also decided, within the 15-day period allowed under the non-compete clause, to waive said clause in light of Philippe Heim's specific future career plans, which were detailed in the request he submitted to the Board to release him from his non-compete obligation. The Board felt that accepting his request would not be detrimental to the Bank's fundamental interests.

Once Philippe Heim left office as Deputy Chief Executive Officer, his employment contract, which had been suspended for the duration of his term of office, was automatically reactivated. He ceased to exercise any function within the Group on 15 August 2020. In 2020, Philippe Heim was paid remuneration under his employment contract amounting to a total of EUR 595,616, of which EUR 177,886 in variable remuneration awarded in respect of his salaried position prior to becoming Deputy Chief Executive Officer. He received EUR 277,730 in fixed remuneration under his employment contract for the period after leaving office as Deputy Chief Executive Officer; and EUR 140,000 in statutory severance pay. The total severance pay awarded by Societe Generale to Philippe Heim respects the AFEP-MEDEF Code's recommended maximum limit of two years' fixed and variable annual remuneration.

Societe Generale share ownership and holding obligations

Pursuant to the AMF's recommendations and in order to align the interests of the the Chief Executive Officers with those of the Company, the Chief Executive Officers have since 2002 been required to hold a minimum number of Societe Generale shares. Accordingly, at its meeting of 13 March 2019, the Board of Directors set the following requirements:

- the Chief Executive Officer must hold 120,000 shares;
- Séverin Cabannes, Deputy Chief Executive Officer must hold 60,000 shares;
- Deputy Chief Executive Officers must hold 45,000 shares.

Chief Executive Officers who were previously employees may hold shares either directly or indirectly through the company savings plan.

Frédéric Oudéa and Séverin Cabannes already hold sufficient shares. Philippe Aymerich and Diony Lebot must acquire the requisite number of shares by the end of their four-year term of office (*i.e.* in 2023). Until they hold the requisite number of shares, Chief Executive Officers must retain 50% of the vested shares awarded under Societe Generale share plans, as well as all shares resulting from the exercise of stock options, after deducting the cost of exercising said options and the corresponding social security charges and taxes.

The Board will review the minimum holding requirement when the Chief Executive Officers are proposed for re-election.

In addition, and in accordance with the law, the Chief Executive Officers are required to hold a certain percentage of the vested shares awarded under Societe Generale share plans or resulting from the exercise of stock options in a registered account until the end of their term of office. For shares awarded under share plans, the Board of Directors at its meeting of 15 March 2017 set this percentage at 5% of vested shares from the award in respect of 2017. This percentage was fixed in view of the regulatory requirement for a significant proportion of variable remuneration to be granted in the form of share and the minimum holding requirements. For shares resulting from the exercise of stock options, the Board set the percentage at 40% of the capital gains realised on exercising the options, net of tax and any other mandatory deductions and less any capital gains used to finance the acquisition of the shares.

Chief Executive Officers are therefore required to hold a significant number of shares. They are prohibited from hedging their shares or options throughout the vesting and holding periods.

Each year, the Chief Executive Officers must provide the Board of Directors with all information enabling it to verify their compliance with these obligations.

In their statements to the Board, the Chief Executive Officers declared that they have not hedged their Societe Generale shares or Société Générale Actionnariat (Fonds E) shares, and undertook not to do so in the future.

Remuneration of the other Management Committee members (not Chief Executive Officers)

As part of the Group's new organisation, the Executive Committee was dissolved in 2018. The Group is now organised into 25 Business and Service Units. A Management Committee was set up, comprising some sixty senior managers appointed by the Chief Executive Officer, including the 24 managers of the Business Units (core businesses, regions) and Service Units (support and audit functions). The Heads of the Business Units and Service Units are part of the Group Strategy Committee which, under the authority of the Chief Executive Officer, ensures the implementation of the Group's strategy.

Remuneration for the Management Committee's members is compliant with CRD5. It is set by General Management and comprises two components:

- fixed remuneration, which is set according to each member's responsibilities and observes market practices;
- annual variable remuneration, subject to meeting predefined collective and individual targets. The collective targets apply to all members of the Management Committee and represent a substantial portion of their total annual variable remuneration. They reflect the Group's collective performance and are defined in line with the targets set for the Chief Executive Officers.

3.1.7 ADDITIONAL INFORMATION

Specific conditions relating to shareholders' participation in the General Meeting

In light of the Covid-19 pandemic, specific dispositions derogating from the rules set out in the present paragraph may apply. These specific dispositions are provided for by Decree No. 2020-1497 dated 2 December 2020 on the extension and modification of Decree No. 2021-321 dated 25 March 2020 on the modification of meeting rules as a result of the Covid-19 pandemic and on the deliberation of meetings and governing bodies of legal persons and entities having no legal personality under private law and by Decree No. 2021-1614 dated 18 December 2020 on the extension and modification of Decree No. 2020-148 dated 10 April 2020 and of Decree No. 2020-629 dated 25 May 2020 to adapt the functioning of certain deliberating bodies in the context created by the Covid-19 pandemic.

The By-laws (see Chapter 7) define the conditions under which shareholders may participate in the General Meeting.

Pursuant to Article 14 of the Company By-laws, General Meetings are called and deliberate as provided or by the legal and regulatory provisions in force. They meet at the Company's Head Office or in any other place in mainland France indicated in the Notice to attend the General Meeting. Such meetings are chaired by the Chairman of the Board or, in his absence, by a Director appointed for this purpose by the Chairman of the Board.

Regardless of the number of shares held, all shareholders whose shares are registered under the terms and at a date set forth by decree have the right to participate in the General Meetings upon proof of their identity and status as a shareholder. They may, as provided for by the legal and regulatory provisions in force, personally attend the General Meetings, vote remotely or appoint a proxy. The intermediary registered on behalf of shareholders may participate in the General Meetings, as provided for by the legal and regulatory provisions in force.

In order for the ballots to be counted, they must be received by the Company at least two days before the General Meeting is held, unless otherwise specified in the Notice of meeting or required by the regulations in force.

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication, when stipulated in the Notice of meeting and subject to the conditions provided therein.

The General Meeting may be publicly broadcast by means of electronic communication subject to the approval and under the terms set by the Board of Directors. Notice will be given in the preliminary Notice of meeting and/or Notice to attend the meeting.

In all General Meetings, the voting right attached to the shares with a right of beneficial ownership is exercised by the beneficial owner.

Any shareholder may participate in the General Meeting online under the conditions indicated in the Notice of meeting published in the *Bulletin des Annonces Légales Obligatoires* (French Mandatory Legal Announcements Gazette).

Information required by Article L. 22-10-11 of the French Commercial Code

Pursuant to the provisions of Article L. 22-10-11 of the French Commercial Code, Societe Generale must disclose and, where applicable, explain the following items when they are likely to have an impact in case of a public tender or exchange offer.

To the best of its knowledge, Societe Generale does not have any specific measures likely to have an impact in case of a public tender or exchange offer. However, the information required by Article L. 22-10-11 of the French Commercial Code is listed below as it has been included in the Universal Registration Document to satisfy other obligations:

1. Share capital structure: this information appears in Chapter 7, "Share, share capital and legal information", section 7.2, "Information on share capital", under the heading "Breakdown of capital and voting rights over three years".
2. Statutory restrictions on the exercise of voting rights and share transfers: this information appears in Chapter 7, "Share, share capital and legal information", section 7.4, "By-laws", more specifically in Articles 6 and 14.
3. Direct or indirect holdings in the share capital of which Societe Generale is aware pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code: this information appears in Chapter 7, "Share, share capital and legal information", section 7.2, "Information on share capital", under the heading "Breakdown of capital and voting rights over three years".
4. The list of holders of any securities bearing special control rights and the description of these: not applicable since the cancellation of the preference shares on 23 December 2009.
5. Control mechanisms provided for under a potential employee share ownership plan when the control rights are not exercised by the latter. Under the terms of the rules governing the Group's mutual fund, the voting rights attached to the Societe Generale shares included in the Fund's assets belong individually to the holders of fund units in proportion to the respective shares they hold. The Fund's Supervisory Board, which is composed of an equal number of unit-holding employee representatives and representatives of management, exercises voting rights for fractional shares. In the event of a public purchase or exchange offer, the Supervisory Board decides whether or not to tender shares to the offer, based on the relative majority of the votes cast. If there is no relative majority, the decision is put to the vote of the unit holders who decide according to the relative majority of the votes cast.
6. Shareholder agreements of which Societe Generale is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights: not concerned.
7. Rules applicable to the appointment and replacement of members of the Board of Directors as well as to the amendment of the Company's By-laws: this information appears in Chapter 7, "Share, share capital and legal information", section 7.4, "By-laws", more specifically in Articles 7 and 14.
8. Powers of the Board of Directors regarding share issuances or buybacks: the delegations granted by the General Meeting to the Board of Directors in this respect appear in this Chapter 3, in this section 3.1, under this heading, in the subsection "List of outstanding delegations and their use in 2020 and early 2021 (up to 9 February 2021)" and the information about share buybacks appears in Chapter 7, "Share, share capital and legal information", section 7.2 "Information on share capital", under the heading "Share buybacks".
9. Agreements entered into by Societe Generale that are amended or terminated in case of a change of control of Societe Generale, unless this disclosure would, except in cases where disclosure is a legal obligation, seriously undermine its interests: not concerned.
10. Agreements providing for compensation for members of the Board of Directors or employees if they resign or are dismissed without real and serious grounds, or if their employment is terminated due to a public tender or exchange offer: this information appears in this Chapter 3, in this section 3.1, under the heading "Remuneration of Group Senior Management" for the Directors. Employees are not concerned.

LIST OF OUTSTANDING DELEGATIONS AND THEIR USE IN 2020 AND EARLY 2021 (UNITIL 9 FEBRUARY 2021)

Type of authorisation	Purpose of the authorisation granted to the Board of Directors	Validity of the delegation
Share buybacks	To buy Societe Generale shares	**Granted by:** GM of 19 May 2020, 18th resolution **For a period of:** 18 months **Start date:** 19 May 2020 **Expiry date:** 19 November 2021
Capital increase	To increase the share capital with pre-emptive subscription rights through the issue of ordinary shares and/or securities giving access to the share capital	**Granted by:** GM of 19 May 2020, 19th resolution **For a period of:** 26 months **Expiry date:** 19 July 2022
	To increase the share capital through the incorporation of reserves, profits or premiums or any other item that may be incorporated to the share capital	**Granted by:** GM of 19 May 2020, 19th resolution **For a period of:** 26 months **Expiry date:** 19 July 2022
	To increase the share capital with cancellation of pre-emptive subscription rights through the issue of ordinary shares and/or securities giving access to the share capital	**Granted by:** GM of 19 May 2020, 20th resolution **For a period of:** 26 months **Expiry date:** 19 July 2022
	To increase the share capital in order to remunerate contributions in kind consisting of equity securities or securities giving access to the share capital	**Granted by:** GM of 19 May 2020, 21st resolution **For a period of:** 26 months **Expiry date:** 19 July 2022
Issuance of subordinated bonds	Issuance of contingent convertible bonds with cancellation of pre-emptive subscription rights	**Granted by:** GM of 19 May 2020, 22nd resolution **For a period of:** 26 months **Expiry date:** 19 July 2022
Capital increase in favour of employees	To increase the share capital through the issuance of ordinary shares or securities giving access to the share capital reserved for members of a Societe Generale company or Group savings plan	**Granted by:** GM of 19 May 2020, 23rd resolution **For a period of:** 26 months **Expiry date:** 19 July 2022
Allocation of free shares	To allocate free shares, existing or to be issued, to regulated and assimilated persons	**Granted by:** AGM of 19 May 2020, 24th resolution **For a period of:** 26 months **Expiry date:** 19 July 2022
	To allocate free shares, existing or to be issued, to employees other than the regulated and assimilated persons	**Granted by:** AGM of 19 May 2020, 25th resolution **For a period of:** 26 months **Expiry date:** 19 July 2022
Cancellation of shares	To cancel shares purchased as part of share buyback programs	**Granted by:** AGM of 19 May 2020, 26th resolution **For a period of:** 26 months **Expiry date:** 19 July 2022

Limit	Use in 2020	Use in 2021 (up to 9 February)
5% of the share capital at the completion date of the purchases	Excluding the liquidity agreement: Societé Generale has bought 2,274,065 shares in order to cover and honor the free share allocation plan for the benefit of employees. On 31 December 2020, 33,500 shares were recorded in the liquidity agreement's account.	Excluding the liquidity agreement: none On 9 February 2021, 33,500 shares were recorded in the liquidity agreement's account.
Nominal EUR 352 million for shares, *i.e.* 33% of the share capital at the date on which the authorisation was granted *Note: this limit counts towards those set forth in resolutions 20 to 25 of the GM of 19 May 2020* Nominal EUR 6 billion for debt securities giving access to the share capital *Note: this limit counts towards those set forth in resolutions 20 to 23 of the GM of 19 May 2020*	None	None
Nominal EUR 550 million	None	None
Nominal EUR 106.670 million for shares, *i.e.* 10% of the share capital at the date on which the authorisation was granted being specified that the issue price of the shares will be equal to the weighted average of the closing prices of the three trading sessions preceding the opening of the public offer, possibly decreased by a maximum discount of 5%. Nominal EUR 6 billion for debt securities giving access to the share capital Note: these limits count towards those set forth in resolution 19, being specified that, where appropriate, the amount of the issues carried out pursuant to resolutions 21 and 22 of the AGM of 19 May 2020 counts towards these limits	None	None
Nominal EUR 106,670 million for shares, i.e. 10% of the share capital at the date on which the authorisation was granted *Note: this limit, in addition to the nominal amount of securities that may be issued, counts towards those set forth in resolutions 19 and 20 of the AGM of 19 May 2020*		
Nominal EUR 106,670 million for shares, i.e. 10% of the share capital at the date on which the authorisation was granted, being specified that the issue price of the shares to be issued through conversion of contingent convertible supersubordinated bonds shall not be lower than, at the Board of Directors' discretion, (i) the average price of the share on the Euronext Paris regulated market, volume-weighted during the last trading session preceding the setting of the contingent convertible super-subordinated bonds' issue price or (ii) the average price of the share on the Euronext Paris regulated market, volume-weighted set during a trading session when the contingent convertible supersubordinated bonds' issue price is set, in both cases, possibly decreased by a maximum discount of 50% Note: this limit, in addition to the nominal amount of securities that may be issued, counts towards those set forth in resolutions 19 and 20 of the AGM of 19 May 2020	None	None
Nominal EUR 16 million for shares, i.e. 1.5% of the capital at the date on which the authorisation was granted, being specified that (i) the discount offered as part of the Employee Share Ownership Plan at 20% of the average closing prices of Societe Generale's shares on the Euronext Paris regulated market during the twenty trading sessions preceding the date of the decision setting the opening date for subscriptions; and that (ii) the Board of Directors will be able to convert all or part of the discount into a free allocation of shares or securities giving access to the share capital of the Company *Note: this limit, in addition to the nominal amount of securities that may be issued, counts towards that set forth in resolution 19 of the AGM of 19 May 2020*	None	None
1.2% of the share capital at the date on which the authorisation was granted including a maximum of 0.5% of the share capital with a 2-year vesting period for the payment of the deferred variable compensation *Note: this limit counts towards the limit set forth in resolution 19 of the GM of 19 May 2020* 0.1% of the share capital for the Chief Executive Officers *Note: this 0,1% limit counts towards the 1.2% and 0.5% limits set forth in resolution 24 of the GM of 19 May 2020*	On 12 March 2020, allocation of 1,425,500 shares, *i.e.* 0.18% of the share capital at the date of allocation.	None
0.5% of the share capital at the date on which the authorisation was granted *Note: this limit counts towards the limit set forth in resolution 19 of the GM of 19 May 2020*	On 12 March 2020, 1,180,800 shares issued representing 0.15% of the share capital at the date of allocation.	None
5% of the total number of shares per 24-month period	None	None

Additional information about the Chief Executive Officer, the Deputy Chief Executive Officers and the members of the Board of Directors

ABSENCE OF CONFLICTS OF INTEREST

To the best of the Board of Directors' knowledge:

- no potential conflicts of interest exist between the duties performed by the Chief Executive Officer, the Deputy Chief Executive Officers and the members of the Board of Directors on behalf of Societe Generale and any other obligations or private interests. Where necessary, Article 14 of the Board of Directors' Internal Rules governs conflicts of interest for Directors;
- no arrangements or agreements have been entered into with a shareholder, customer, supplier or other party pursuant to which one of the aforementioned persons has been selected;
- there is no family relationship between the aforementioned persons;
- no restriction other than statutory restrictions shall be accepted by any of the aforementioned persons with regard to the disposal of their stake in Societe Generale's share capital.

ABSENCE OF CONVICTIONS

To the best of the Board of Directors' knowledge:

- neither the Chief Executive Officer, the Deputy Chief Executive Officers, nor any current member of the Board of Directors has been convicted of fraud over the past five years;
- neither the Chief Executive Officer, nor any Deputy Chief Executive Officer, nor any current member of the Board of Directors has been involved (as a member of the Board of Directors, Management Board or Supervisory Board, or as a manager) in any bankruptcy, receivership, liquidation proceedings or placement of a company under administration over the past five years;
- neither the Chief Executive Officer, nor any Deputy Chief Executive Officer, nor any current member of the Board of Directors, has been involved in an official public incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies);
- neither the Chief Executive Officer, nor any Deputy Chief Executive Officer, nor any current member of the Board of Directors has been disqualified by a court from acting as a member of an administrative, management or supervisory body of an issuer or from acting in a managerial capacity or being involved in the conduct of the business or affairs of any issuer over the past five years.

3.1.8 ORDINARY AGREEMENTS AND REGULATED AGREEMENTS

Ordinary agreements

At the close of its meeting of 12 December 2019, the Board of Directors implemented pursuant to the provisions of Article L. 22-10-12 of the French Commercial Code, a procedure reviewed by the Nomination and Corporate Governance Committee to conduct regular reviews to ascertain whether the agreements involving ordinary operations and concluded under normal conditions genuinely comply with these conditions.

The procedure may be viewed on the Company's website under the Board of Directors tab.

As a result of the implementation of this procedure, an assessment report is drafted based on information received from the Business Units (BU) and the Services Units (SU). Where appropriate, the report specifies the agreements for which the BU or SU sought the assistance of the Secretary of the Board of Directors or of the General Management to help them remove doubts about their legal qualification as ordinary agreements concluded under normal conditions. The persons who have a direct or indirect interest in one of these agreements do not take part in the assessment of the agreements in which they have an interest. For FY 2020, the Assessment Report does not specify any said agreement. On 12 January 2021, the Nomination and Corporate Governance Committee examined the report. At its meeting of 14 January 2021, the Board of Directors subsequently ensured that the assessment procedure put in place was followed correctly and that it was effective, based on the Assessment Report that was previously examined by the Nomination and Corporate Governance Committee.

Regulated agreements

In accordance with the provisions of the Pacte Law, codified in Article L. 22-10-13 of the French Commercial Code, information relating to the agreements described in Article L. 225-38 of the French Commercial Code are available on the Company's website under the Board of Directors tab, at the latest at the conclusion of said agreements and are available in the Universal Registration Document.

3.2 STATUTORY AUDITORS' REPORT ON RELATED-PARTY AGREEMENTS

ERNST & YOUNG et Autres
Tour First
TSA 1444492037
Paris-La Défense Cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

DELOITTE & ASSOCIÉS
6, place de la Pyramide
92908 Paris-La Défense Cedex
S.A.S. au capital de € 2.188.160
572 028 041 R.C.S. Nanterre

SOCIETE GENERALE
Société Anonyme
17, cours Valmy
92972 Paris-La Défense

Annual General Meeting held to approve the financial statements for the year ended on December 31, 2020

This is a translation into English of the statutory auditors' report on related-party agreements that is issued in French and it is provided solely for the convenience of English-speaking users.

This report on related-party agreements should be read in conjunction, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS 24 or other equivalent accounting standards.

To the Annual General Meeting of Société Générale,

In our capacity as statutory auditors of your Company, we hereby report to you on related-party agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying why they benefit the Company, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the year ended on December 31, 2020 of agreements previously approved by the Annual General Meeting.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement.

Agreements submitted to the approval of the Annual General Meeting

We hereby inform you that we have not been notified of any agreements that were authorised and entered into during the year ended on December 31, 2020 to be submitted to the approval of the Annual General Meeting in accordance with Article L. 225-38 of the French Commercial Code (*Code de commerce*).

Agreements previously approved by the Annual General Meeting

We hereby inform you that we have not been notified of any agreement previously approved by the Annual General Meeting whose implementation continued during the year ended on December 31, 2020.

Paris-La Défense, March 17, 2021
The Statutory Auditors
French original signed by

ERNST & YOUNG et Autres
Micha MISSAKIAN

DELOITTE & ASSOCIÉS
Jean-Marc MICKELER

4

RISKS AND CAPITAL ADEQUACY

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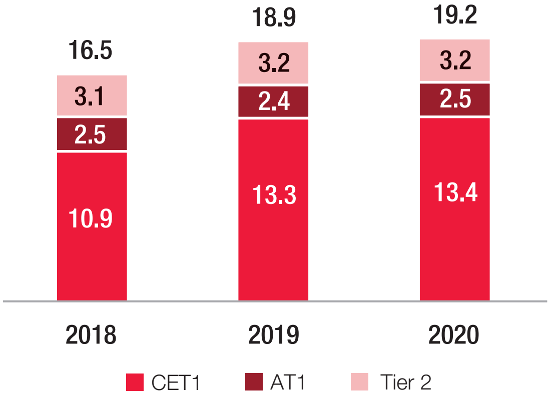
KEY FIGURES

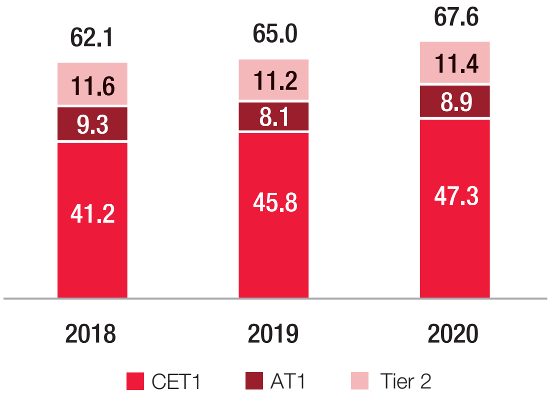
The solvency and leverage prudential ratios, as well as the amounts of regulatory capital and RWA featured here, take into account:

- at 31 December 2020, the IFRS 9 phasing (a CET1 ratio of 13.2% without phasing, the phasing effect being +28 bp);
- at 31 December 2019, the restatement for the 2019 dividend cancellation, in accordance with restrictions on dividend payments imposed by the European authorities.

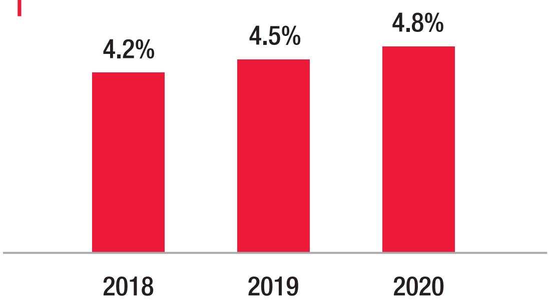
Solvency ratios
(In %)



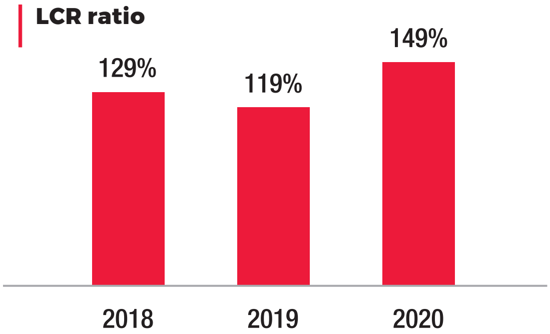
Regulatory capital
(In EURbn)



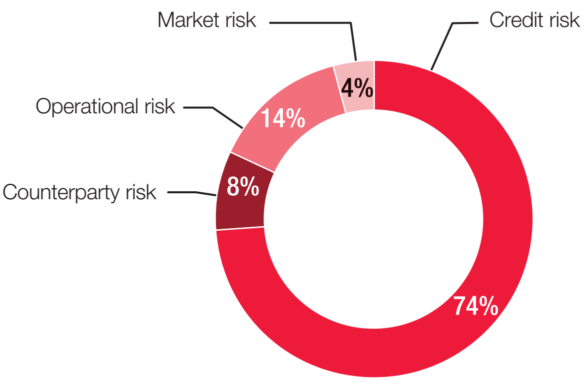
Leverage ratio



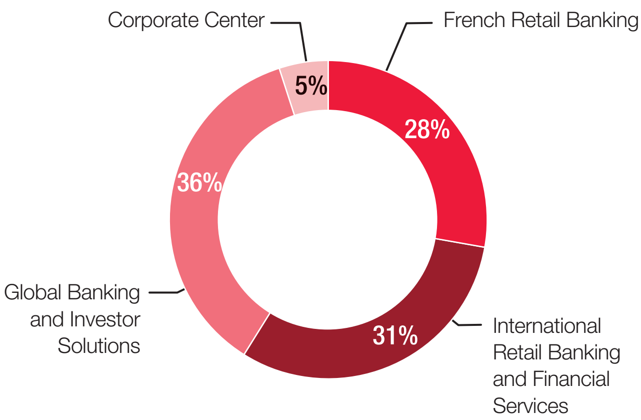
LCR ratio



Distribution of RWA by risk type
(RWA at end 2020: EUR 352bn
RWA at end 2019: EUR 345bn)



Distribution of RWA by core business
(RWA at end 2020: EUR 352bn
RWA at end 2019: EUR 345bn)



This chapter includes information on risk management related to financial instruments, and information on capital management and compliance with regulatory ratios, required by IFRS as adopted by the European Union.

Some of this information forms an integral part of the notes to the consolidated financial statements and is covered by the opinion of the Statutory Auditors on the consolidated financial statements. This information is indicated with the note "**Audited I**" (the symbol ▲ indicates the end of the audited part).

The Societe Generale Group is subject to oversight by supervisory authorities and to regulations on capital requirements applicable to credit institutions and investment firms (Regulation (EU) No. 575/2013 of 26 June 2013).

As part of the Third Pillar of the Basel Accord, a detailed and standardised statement is included in the "Risk Report for the purposes of improving published financial disclosures" (Pillar 3 Report and cross-reference table).

All information regarding the Pillar 3 Report and the prudential disclosures is available on the *www.societegenerale.com* website, under "Investors", Universal Registration Document and Pillar 3.

TYPES OF RISKS

The Group's risk management framework involves the following main categories:

- **credit risk:** risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. This risk includes the risk linked to market transactions and securitisation activities and may be further amplified by individual, country and sector concentration risk;
- **counterparty credit risk:** Credit risk of a counterparty on a market transaction, combined with the risk of changes in exposure;
- **market risk:** risk of a loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include, but are not limited to, exchange rates, interest rates, the price of securities (equity, bonds), commodities, derivatives and other assets;
- **operational risk:** risk of losses resulting from inadequacies or failures in processes, personnel or information systems, or from external events. It includes:
  - **non-compliance risk:** risk of court-ordered, administrative or disciplinary sanctions, financial loss or reputational damage due to failure to comply with legal and regulatory requirements or professional/ethical standards and practices applicable to banking,
  - **reputational risk:** risk arising from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Group's ability to maintain or engage in business relationships and to sustain access to sources of financing,
  - **misconduct risk:** risk resulting from actions (or inactions) or behaviour of the Bank or its employees inconsistent with the Group's Code of Conduct, which may lead to adverse consequences for our stakeholders, or place the Bank's sustainability or reputation at risk,
  - **IT and Information Systems Security risk** (cybercrime, IT systems failures, etc.);
- **structural risk:** risk of losses in interest margin or banking book value if interest rates, exchange rates, or credit spreads change. This risk is related to the Bank's commercial and proprietary activities, it includes the distortion of the structural difference between assets and liabilities related to pension obligations, as well as the risk related to longer terms of future payments;
- **liquidity and funding risk:** liquidity risk is defined as the inability of the Group to meet its financial obligations: debt repayments, collateral supply, etc. Funding risk is defined as the risk that the Group will not be able to finance its business growth on a scale consistent with its commercial objectives and at a cost that is competitive compared to its competitors;
- **model risk:** Risk of losses due to decisions reached based on results of internal modeling due to errors in development, implementation or use of these models;
- **risk related to insurance activities:** through its insurance subsidiaries, the Group is also exposed to a variety of risks linked to this business. In addition to balance sheet management risks (interest rate, valuation, counterparty and exchange rate risk), these risks include premium pricing risk, mortality risk and the risk of an increase in claims;
- **strategic/business risk:** risks resulting from the Group's inability to execute its strategy and to implement its business plan for reasons that are not attributable to the other risks in this list; for instance, the non-occurrence of the macroeconomic scenarios that were used to construct the business plan or sales performance that was below expectations;
- **private equity risk:** risk of reduction in the value of our equity ownership interests;
- **residual value risk:** through its specialised financing activities, mainly in its long-term vehicle leasing subsidiary, the Group is exposed to residual value risk (where the net resale value of an asset at the end of the leasing contract is less than expected).

In addition, **risks associated with climate change**, both physical (increase in the frequency of extreme climatic events) and transition-related (New Carbon Regulation), have been identified as factors that could aggravate the Group's existing risks.

4.1 RISK FACTORS

This section identifies the main risk factors that the Group estimates could have a significant effect on its business, profitability, solvency or access to financing.

The risks inherent to the Group's activity are presented below under six main categories, in accordance with Article 16 of the "Prospectus 3" Regulation 2017/1129 of 14 June 2017 applicable to risk factors since 21 July 2019:

- risks related to the macroeconomic, market and regulatory environments;
- credit and counterparty credit risks;
- market and structural risks;
- operational risks (including risk of inappropriate conduct) and model risks;
- liquidity and funding risks;
- risks related to insurance activities.

Risk factors are presented on the basis of an evaluation of their materiality, with the most material risks indicated first within each category. The risk exposure or measurement figures included in the risk factors provide information on the Group's exposure level but are not necessarily representative of future evolution.

4.1.1 RISKS RELATED TO THE MACROECONOMIC, MARKET AND REGULATORY ENVIRONMENTS

4.1.1.1 The coronavirus pandemic (Covid-19) and its economic consequences could adversely affect the Group's business and financial position.

In December 2019, a new strain of coronavirus (Covid-19) emerged in China. The virus has since spread to numerous countries around the world and the World Health Organization declared the outbreak of a pandemic in March 2020.

The propagation of the virus and the health measures taken in response to it (border closures, lockdown measures, restrictions on certain economic activities, etc.) have and may continue to have a significant impact, both direct and indirect, on the global economic situation and financial markets. The persistence of the Covid-19 pandemic and the emergence of new variants have led to new restrictive measures on mobility (introduction of new lockdown measures and local or national curfews), notably in France, while the economic rebound seen in the summer of 2020 is losing momentum in several countries. An ever-active virus could lead to the extension or repetition of restrictive measures for several months, and thus adversely affect the Group's business, financial position and results. The deployment of vaccination programmes is encouraging, but risks remain regarding the overall effectiveness of these programmes. Logistical difficulties, delays in vaccine production, or doubts over their effectiveness (notably with regard to new variants) could prolong uncertainties and negatively affect economic activity and financial markets.

The sharp recession experienced by the affected countries and the reduced world trade will continue to have a negative impact on the global economic environment as long as global production, investments, supply chains and consumer demand are affected, thereby impacting the Group's business and that of its customers and counterparties.

The different restrictive measures also led to a decline in the Group's commercial activity and results due to the reduced opening of its retail network and lower demand from its customers. New phases of lockdown measures or curfews in the countries where the Group operates may have an even greater impact on the Group's financial results.

In many jurisdictions in which the Group operates, national governments and central banks have taken or announced exceptional measures to support the economy and its actors (government-guaranteed loan facilities programmes, tax deferrals, facilitated recourse to part-time working, compensation, etc.) or to improve liquidity in financial markets (asset purchases, etc.). The agreement reached on 21 July 2020 by the European Commission to provide the European Union with a EUR 750 billion recovery mechanism and the announcement by the French President of a new EUR 100 billion national recovery plan should encourage a more demand-driven recovery. Although the initial support measures adequately addressed the immediate effects of the crisis, the measures that are currently being implemented may not be sufficient to support the recovery. As these plans unfold, the ECB's ability to conduct its quantitative easing policy will remain crucial for ensuring financial stability in the eurozone.

As part of the French government-guaranteed loan programme (Prêts garantis par l'État) for a maximum amount of EUR 300 billion, the Group has adapted its loan approval processes to handle the massive flow of applications. The Group has taken exceptional measures to financially support its customers and help them address the effects of the Covid-19 pandemic on their activities and income. The Group also supports its clients abroad within the framework of public or private moratoria or government-guaranteed loans. These measures require the Group to reallocate resources and to adapt its granting and management processes. In the event that these support measures for both businesses and individuals were to be further strengthened (extension of moratoria, additional financing, strengthening of equity capital, etc.), the Group's business and results may continue to be affected.

The restrictive measures taken in several of the main countries where the Group operates (with Western Europe representing 69% of the Group's EAD (Exposure at Default) at 31 December 2020, of which 47% was in France) are significantly reducing economic activity and are leading many countries to face economic recessions. The risk of new lockdown periods (especially in the event of new pandemic waves) as well as a slow recovery of demand could increase the scale and duration of these recessions. This, combined with a high level of public and corporate indebtedness, could constitute a brake on the recovery and lead to significant adverse repercussions on the quality of the Group's counterparties and the level of non-performing loans for both businesses and individuals.

Within the Corporate portfolio, the most impacted sectors to date have been the automotive sector (0.9% of the Group's total exposure as of 31 December 2020), hotels, catering and leisure (0.6% of the Group's total exposure), non-food retail distribution (the entirety of the retail distribution sector representing 1.6% of the Group's total exposure), air transport and aeronautics (less than 0.5% of the Group's total exposure) and maritime transport (less than 1% of the Group's total exposure). The oil and gas sector has been strongly impacted by a drop in demand due to the pandemic and by the initially uncoordinated actions on supply from several producing countries, including Opec countries and Russia, resulting in a sharp drop in the price per barrel and increased price volatility. Within the Corporate portfolio, this sector represented approximately 1.9% of the Group's total exposure at 31 December 2020.

This context led to a significant increase in the Group's cost of risk in 2020. This increase takes into account the adjustment in our outlook in accordance with IFRS 9 principles and expert analyses resulting in complementary overlays. The Group's cost of risk could be affected by its participation in the French government-guaranteed loan programmes (in respect of the unguaranteed residual exposure) and by the implementation in various jurisdictions of moratoria periods delaying the recognition of defaults. The cost of risk in 2020 reached a higher level than in previous years.

For information purposes, the cost of risk was 54 basis points for the fourth quarter of 2020 and 64 basis points over the full year 2020. At 31 December 2020, the non-performing loan ratio stood at 3.3%.

Due to the Covid-19 pandemic, the Group's results and financial position were affected by unfavourable developments in global financial markets, especially in March and April 2020 (extreme volatility and dislocation of term structure, alternate sharp declines and rapid rebounds in the equity markets, widening of credit spreads, unprecedented declines in dividend distributions, etc.). These exceptional conditions have particularly affected the management of structured financial instruments whose underlyings are equity products. These activities have since been adapted, and are continuously being adapted, in order to improve their risk profiles.

The situation in financial markets improved in the second half of 2020 as a result of recovery plans announced by governments, accommodating central bank policies and the decline in political instability in the US following the election of the democrat Joe Biden. However, the new epidemic wave and the related uncertainties, despite the progressive deployment of vaccine programmes, may result in a further adverse impact on the Group's capital markets activities, including decline in activity, higher hedging costs, trading losses, increase in market risk reserves, reduction in liquidity on certain markets, operational losses related to capital markets activities, etc.

For information purposes, risk-weighted assets (RWA) related to market risks were thus up 6% at the end of 2020 compared to the situation at the end of December 2019, to EUR 15.3 billion. The Global Markets and Investor Services sector, which mainly concentrates the Group's market risks, represented a net banking income of EUR 4.2 billion, or 19% of the Group's total revenues, over the full year 2020.

Restrictive measures have led the Group to massively implement remote working arrangements, particularly in a significant part of its market activities. This organisation, which was deployed in immediate response to the crisis, increases the risk of operational incidents and the risk of cyber-attacks faced by the Group. In addition, all employees remain subject to health risks at the individual level. Prolonged remote working also increases psychosocial risk, with potential impacts in terms of organisation and business continuity in the event of prolonged absence of such individuals.

The unprecedented environment resulting from the Covid-19 pandemic could alter the performance of the models used within the Group (particularly in terms of asset valuation and assessment of own funds requirements for credit risk), due in particular to calibration carried out over periods that are not comparable to the current crisis or to assumptions that are no longer plausible, leading the models beyond their area of validity. The temporary decline in performance and the recalibration of these models could have an adverse impact on the Group's results.

The Group's dividend distribution policy could be influenced in 2021 by the recommendations made by the ECB to banks under its supervision in light of the Covid-19 pandemic and their consequences on the economic and financial situation.

Uncertainty as to the duration and impact of the Covid-19 pandemic makes it difficult to predict its impact on the global economy. The consequences for the Group will depend on the duration of the pandemic, the measures taken by national governments and central banks and developments in the health, economic, financial and social context.

4.1.1.2 The global economic and financial context, as well as the context of the markets in which the Group operates, may adversely affect the Group's activities, financial position and results of operations.

As a global financial institution, the Group's activities are sensitive to changes in financial markets and economic conditions generally in Europe, the United States and elsewhere around the world. The Group generates 44% of its business in France (in terms of 2020 net banking income), 35% in Europe (excluding France), 7% in the Americas and 14% in the rest of the world. The Group could face a significant deterioration in market and economic conditions resulting from, in particular, crises affecting capital or credit markets, liquidity constraints, regional or global recessions, sharp fluctuations in commodity prices (notably oil), currency exchange rates or interest rates, inflation or deflation, rating downgrades, restructuring or defaults of sovereign or private debt, or adverse geopolitical events (including acts of terrorism and military conflicts). Such events, which can develop quickly and thus potentially may not be anticipated and hedged, could affect the Group's operating environment for short or extended periods and have a material adverse effect on its financial position, cost of risk and results of operations.

The situation related to the Covid-19 crisis is an aggravating factor in these risks and represents the main source of uncertainty. It is detailed in the risk factor 4.1.1.1 "The coronavirus (Covid-19) pandemic and its economic consequences could adversely affect the Group's business and financial performance".

In recent years, the financial markets have thus experienced significant disruptions resulting notably from concern over the trajectory of the sovereign debt of several eurozone countries, the Brexit situation (refer to the risk factor "Brexit and its impact on the financial markets and the economic environment could have repercussions on the Group's activity and results of operations."), the persistence of commercial and political tensions (especially between the United States and China) or fears of a major slowdown growth in China. The crisis related to the Covid-19 pandemic is unprecedented in nature and its potential effects on the financial markets are not yet fully understood. These factors are likely to weaken several economic sectors and consequently the credit quality of the actors concerned, which could negatively affect the Group's activities and results. Geopolitical risks also remain high and the accumulation of different risks is an additional source of instability, which could also weigh on economic activity and demand for credit, while increasing the volatility of financial markets.

The long period of low interest rates in the eurozone and the United States, driven by accommodating monetary policies, has affected, and could continue to affect, the Group's net interest margin (which stood at EUR 3.9 billion in 2020 for Retail Banking in France). The growth in the volume of loans made to non-financial companies, already high before the pandemic, significantly increased in 2020 with the implementation of government-guaranteed loan programmes (such as the *Prêt garanti par l'État* programme in France). If the economic recovery is too slow, it may provoke a rise in the volume of non-performing loans and create a weak investment dynamic in a context where companies' balance sheets are already fragile. The environment of low interest rates tends to lead to an increased risk appetite of some participants in the banking and financial system, lower risk premiums compared to their historical average and high valuation levels of certain assets. These favourable market conditions could change in the context of a gradual phase-out of highly expansionary central-bank policies. The financial markets' long-term expectations for inflation are still very low, but relative price changes are likely and the risk of inflationary pressures in the medium term cannot be excluded.

Furthermore, the environment of abundant liquidity that has been at the origin of the upturn in credit growth in the eurozone and particularly in France, amplified by the implementation of the French government-guaranteed loan programme, could lead in the future to additional regulatory measures by supervisory authorities in order to limit the extension of credit or to further protect banks against a financial cycle downturn. In addition, the ongoing presence of geopolitical or political risks is another source of uncertainty which, if tensions are escalated, could impact global economic activity and credit demand, while increasing the volatility of financial markets.

The Group's results are significantly exposed to economic, financial and political conditions in the principal markets in which it operates.

At 31 December 2020, Group's exposures at default (EAD) to credit and counterparty credit risks were concentrated in Europe and the United States (together accounting for 90%), with a predominant exposure to France (47% of EAD). The other exposures concern Western Europe excluding France (accounting for 22%), North America (accounting for 13%), Eastern European members of the European Union (accounting for 6%) and Eastern Europe excluding the European Union (accounting for 2%).

In France, the Group's principal market, the good growth performance during the 2016-2019 period and low interest rates have fostered an upturn in the housing market. A reversal of activity in this area could have a material adverse effect on the Group's asset value and business, by decreasing demand for loans and resulting in higher rates of non-performing loans.

The Group also operates in emerging markets, such as Russia (2% of the Group's exposure to credit and counterparty credit risk at 31 December 2020) and Africa and the Middle East (4% of the Group's credit exposure). A significant adverse change in the macroeconomic, health, political or financial environment in these markets could have a material adverse effect on the Group's business, results and financial position. These markets may be adversely affected by uncertainty factors and specific risks, such as the significant decline in oil prices since the Covid-19 epidemic, which, if it were to last beyond several quarters, would deteriorate the financial health of producing countries. The correction of macroeconomic or budgetary imbalances that would result could be imposed by the markets with an impact on growth and on exchange rates. Another source of uncertainty comes from the enforcement of international sanctions against certain countries such as Russia. In the longer term, the energy transition to a "low-carbon economy" could adversely affect fossil energy producers, energy-intensive sectors of activity and the countries that depend on them. In addition, capital markets (including foreign exchange activity) and securities trading activities in emerging markets may be more volatile than those in developed markets and may also be vulnerable to certain specific risks, such as political instability and currency volatility. These elements could negatively impact the Group's activity and results of operations.

4.1.1.3 The Group's failure to achieve its strategic plan and financial objectives disclosed to the market could have an adverse effect on its business, results of operations and value of its financial instruments.

At the time of the publication of its annual results on 11 February 2021, the Group communicated new guidance on operating expenses, cost of risk and the solvency of the Group. The Group aims by 2023 to reduce its underlying costs compared to 2020. The Group has launched several initiatives expected to produce results starting from 2022, with a cost reduction target of approximately EUR 450 million in market activities as early as 2022-2023, a cost reduction target of approximately EUR 450 million in retail banking in France in 2025 compared to 2019 (of which approximatively 80% is expected by 2024) and other cost reductions through the finalisation of remediation actions and by standardising and digitalising certain processes. The Group expects a lower cost of risk in 2021 compared to 2020. The Group is aiming to achieve a 2021 CET1 ratio above target, at a value of more than 200 basis points above the Maximum Distributable Amount (MDA) at all times, including in a Basel IV environment. These expectations are based on a number of assumptions related to the health and macroeconomic context. A deterioration in the health situation could have an impact on the global macroeconomic situation, which may compromise the achievement of Group's objectives and negatively affect the Group's profitability. It should be noted that the Group regularly reports on its financial aggregates as part of its financial communication.

More precisely, the *Vision 2025* project anticipate the merger between the Retail Banking network of Societe Generale in France and Crédit du Nord. Although this project has been designed to enable a controlled deployment, the merger could have a short-term material adverse effect on the Group's business, financial position and costs. System reconciliations could face unanticipated delays, delaying part of the expected merger benefits. The project could lead to the departure of a number of employees, requiring replacements and efforts related to new employee training, thus potentially generating additional costs. The merger could also lead to the departure of a portion of the Group's customers, resulting in loss of revenue. The legal and regulatory aspects of the transaction could result in delays or additional costs.

Furthermore, the Group is committed to becoming a leading bank in the field of responsible finance through, among others:

- a new commitment to raise EUR 120 billion for energy transition between 2019 and 2023 (including EUR 100 billion in sustainable bond issues and EUR 20 billion earmarked for the renewable energy sector in the form of advisory and financing);
- a planned total exit from thermal coal;
- the signing as co-founder of the Principles for a Responsible Banking Sector, through which the Group undertakes to strategically align its business with the Sustainable Development Objectives set by the United Nations and the Paris Agreement on Climate Change.

These actions (or similar actions that may be taken in the future) could in some cases negatively impact the Group's results in the sectors concerned.

4.1.1.4 The Group is subject to an extensive supervisory and regulatory framework in each of the countries in which it operates and changes in this regulatory framework could have a negative effect on the Group's businesses, financial position, costs, as well as on the financial and economic environment in which it operates.

The Group applies the regulations of the jurisdictions in which it operates. French, European and U.S. regulations as well as other local regulations are concerned, given the cross-border activities of the Group. The application of existing regulations and the implementation of future regulations requires significant resources that could affect the Group's performance. In addition, non-compliance with regulations could lead to fines, damage to the Group's reputation, forced suspension of its operations or the withdrawal of operating licences. By way of illustration, exposures to credit and counterparty credit risks (EAD) in France, the 27-member European Union (including France) and the United States represented 47%, 67% and 12%, respectively, at 31 December 2020.

Among the recent regulations that have a significant influence on the Group:

- following the 2008 financial crisis, the legal and regulatory framework for activities on the financial markets (such as the European regulations and directives EMIR, MiFID 2 and MiFIR or the Volcker Regulation in the United States) have increased the Group's obligations, notably in the areas of transparency and reporting, and have also implemented an obligation to offset some of its derivative transactions or to increase related collateral requirements. In the next two years, certain factors are still likely to degrade the environment for market activities: (i) the possible strengthening of transparency constraints and investor protection measures (review of MiFID II/MiFIR), (ii) the implementation of the phased-in Basel III Package (including the fundamental review of the trading book, FRTB), which may unilaterally increase requirements applicable to European banks and (iii) a potential forced relocation of clearing activities related to euro-denominated rate derivatives, which could affect the competitiveness of European actors;
- in the United States, the implementation of the Dodd-Frank Act has been almost finalised. The new Securities and Exchange Commission (SEC) regulations related to security-based swap dealers will be applicable in 2021 and will constitute a significant step for the Group's U.S. market activities;
- new European measures aimed at restoring banks' balance sheets, especially through active management of non-performing loans (NPLs), which are leading to a rise of prudential requirements and an adaptation of the Group's strategy for managing NPLs. More generally, additional measures to define a framework of good practices for granting (*e.g.*, loan origination orientations published by the European Banking Authority) and monitoring loans could also impact the Group;
- the strengthening of the supervisor's requirements (through the adoption of best practices) within the Single Supervisory Mechanism (SSM) could have an impact on the management costs and risk-weighted exposure levels of internal models;
- a strengthening of requirements related to internal control as well as the Group's rules of governance and good conduct, with a potential impact on costs;
- the strengthening of data quality and protection requirements and a potential strengthening of cyber-resilience requirements in relation to the consultation on "digital operational resilience framework for financial services" initiated by the European Commission in December 2019;
- the implementation of the European sustainable finance regulatory framework, with an increase in non-financial reporting obligations, enhanced inclusion of environmental and social issues in risk management activities and the potential inclusion of such risks in the supervisory review and assessment process (Supervisory Review and Evaluation Process - SREP);
- the strengthening of the crisis prevention and resolution regime set out in the Bank Recovery and Resolution Directive of 15 May 2014 (BRRD), as revised, gives the Single Resolution Board (SRB) the power to initiate a resolution procedure when the point of non-viability is reached. In this context, the SRB could, in order to limit the cost to the taxpayer, force creditors and shareholders of the Group to incur losses in priority. Should the resolution mechanism be triggered, the Group could, in particular, be forced to sell certain of its activities, modify the terms and conditions of the remuneration of its debt instruments, issue new debt instruments, or be subjected to the depreciation of its debt instruments or their conversion into equity securities. Furthermore, the Group's contribution to the annual financing of the Single Resolution Fund (SRF) is significant and will grow steadily until 2023, with 2024 being the year of the full endowment of the fund. The contribution to the banking resolution mechanisms is described in Note 7.3.2 *Other provisions for risks and expenses* of the 2021 Universal Registration Document.

Future legal and regulatory obligations could also be imposed on the Group, such as:

- the ongoing implementation in France of consumer-oriented measures affecting retail banking (limitation of banks' fees for individuals and extension of such measures to small and medium-sized businesses, protection measures for vulnerable customers, extended liability of customer advisers on societal issues (equality between men and women, advice on energy transition, etc.);
- the potential requirement (at the European level) to open more bank accounts (savings books, investments) to third-party service providers and/or to pool customer data.

The Group is also subject to complex tax rules in the countries in which it operates. Changes in applicable tax rules, uncertainty regarding the interpretation of such changes or their impact may have a negative impact on the Group's business, financial position and costs.

Moreover, as an international bank that handles transactions with US persons, denominated in US dollars, or involving US financial institutions, the Group is subject to US laws and regulations relating in particular to compliance with economic sanctions, the fight against corruption and market abuse. More generally, in the context of agreements with US and French authorities, the Group has undertaken to implement, through a dedicated programme and organisation, corrective actions to address identified deficiencies, the cost of which will be significant, and strengthen its compliance programme. In the event of a failure to comply with relevant US laws and regulations, or a breach of the Group's commitments under these agreements, the Group could be exposed to the risk of (i) administrative sanctions, including fines, suspension of access to US markets, and even withdrawals of banking licences, (ii) criminal proceedings, and (iii) damage to its reputation.

4.1.1.5 Brexit and its impact on financial markets and the economic environment could have an adverse effect on the Group's activities and results of operations.

The British law on the withdrawal of the United Kingdom from the European Union came into force on 1 February 2020, confirming the United Kingdom's departure from the European Union. Shortly before the end of the transition period ended on 31 December 2020, the EU and the United Kingdom concluded the EU-UK Trade and Cooperation Agreement (TCA) on 24 December 2020. The TCA was approved by the British parliament and was transposed into UK law by the European Union (Future Relationship) Act 2020 and remains subject to ratification by the European Parliament. Even if the TCA avoided a "no deal" Brexit at the end of the transition period, certain aspects of the future relationship between the EU and the United Kingdom remain uncertain and the Group has had to adapt its economic model. The TCA does not replicate the market access that the UK had as a member of the EU's single market and customs union, and the Group will now have to rely on the replacement of the passport regime with the EU's existing general access regime for foreign banks, which relies heavily on granting market access through a series of equivalency determinations. It is still unclear when or if the European Commission will make further equivalence decisions. The Group will continue to face trade barriers between the UK and the EU, including compliance with two regulatory regimes and the need to respect local rules governing the provision of services.

At the end of the transition period, the Group did not experience major disruptions related to market, counterparty or credit risks. Also, there was no significant increase in volumes over the year-end period, and IT systems functioned normally. At 31 December 2020, the Group had an Exposure at Default of EUR 50 billion in the United Kingdom (5% of the Group's credit exposure). Despite the trade agreement, Brexit could lead to further disruption of the European and global economies and financial markets and thus have an impact on the Group's activities and results.

4.1.1.6 Increased competition from banking and non-banking operators could have an adverse effect on the Group's business and results, both in its French domestic market and internationally.

Due to its international activity, the Group faces intense competition in the global and local markets in which it operates, whether from banking or non-banking actors. As such, the Group is exposed to the risk of not being able to maintain or develop its market share in its various activities. This competition may also lead to pressure on margins, which is detrimental to the profitability of the Group's activities.

In France and in the other main markets in which the Group operates, the presence of major domestic banking and financial actors, as well as new market participants (notably online banking and financial services providers), has increased competition for virtually all products and services offered by the Group (particularly our online banking activities, with Boursorama, which had more than 2,500,000 customers at the end of 2020). Driven by new market participants such as "fintechs" and new services that are automated, scalable and based on new technologies (such as blockchain) are developing rapidly and are fundamentally changing the relationship between consumers and financial services providers, as well as the function of traditional retail bank networks. Competition with these new actors could also be exacerbated by the emergence of substitutes for central bank currency (crypto-currencies, digital central bank currency, etc.). In this context, additional investments may be necessary for the Group to be able to offer new innovative services and to be competitive with these new actors.

Consolidation in the financial services industry could result in the competitors benefiting from greater capital, resources and an ability to offer a broader range of products. Moreover, competition is also enhanced by the emergence of non-banking actors that, in some cases, may benefit from a regulatory framework that is more flexible and in particular less demanding in terms of equity capital requirements.

To address these challenges, the Group has implemented a strategy, in particular with regard to the development of digital technologies and the establishment of commercial or equity partnerships with these new actors (such as Lumo, the platform offering green investments, or Shine, the neobank for professionals). This intensification of competition could, however, adversely affect the Group's business and results, both on the French market and internationally.

4.1.2 CREDIT AND COUNTERPARTY CREDIT RISKS

Weighted assets (RWA) subject to credit and counterparty credit risks amounted to EUR 287.3 billion at 31 December 2020.

4.1.2.1 The Group is exposed to credit, counterparty and concentration risks, which may have a material adverse effect on the Group's business, results of operations and financial position.

Due to its financing and market activities, the Group is exposed to credit and counterparty credit risk. The Group may therefore incur losses in the event of default by one or more counterparties, particularly if the Group encounters legal or other difficulties in enforcing its collateral or if the value of this collateral is not sufficient to fully recover the exposure in the event of default. Despite the Group's efforts to limit the concentration effects of its credit portfolio exposure, it is possible that counterparty defaults could be amplified within the same economic sector or region of the world due to the interdependence of these counterparties. Moreover, some economic sectors could, in the longer term, be particularly impacted by the measures implemented to promote energy transition or by the physical risks related to climate change.

Consequently, the default of one or more significant counterparties of the Group could have a material adverse effect on the Group's cost of risk, results of operations and financial position.

For information, at 31 December 2020, the Group's exposure at default (EAD, excluding counterparty credit risk) was EUR 877 billion, with the following breakdown by type of counterparty: 31% on sovereigns, 28% on corporates, 23% on retail customers and 7% on credit institutions and similar. Risk-weighted assets (RWA) for credit risk totalled EUR 262 billion.

Regarding counterparty credit risks resulting from market transactions (excluding CVA), at the end of December 2020, the exposure value (EAD) was EUR 126 billion, mainly to corporates (44%) and credit institutions and similar entities (34%) and to a lesser extent to sovereign entities (19%). Risk-weighted assets (RWA) for counterparty credit risk amounted to EUR 23 billion.

The main sectors to which the Group was exposed in its corporate portfolio included financial activities (accounting for 18.1% of exposure), commercial services (10.7%), real estate (10.1%), wholesale trade (7.6%), the transport, postal services and logistics sector (7.2%), the oil and gas sector (5.6%), and the collective services sector (6.3%).

In addition, the sectors particularly impacted by the Covid-19 pandemic are described in the risk factor 4.1.1.1 “The coronavirus pandemic (Covid-19) and its economic consequences could adversely affect the Group’s business and financial performance”.

In terms of geographical concentration, the five main countries in which the Group was exposed at 31 December 2020 were France (47% of the Group’s total EAD, mainly related to retail customers and sovereigns), the United States (12% of EAD, mainly related to corporates and sovereigns), the United Kingdom (5% of EAD, mainly related to corporates and sovereigns), the Czech Republic (4% of the Group’s total EAD, mainly related to retail clients, corporates and sovereigns) and Germany (4% of the Group’s total EAD, mainly related to corporates and retail customers).

For more details on credit and counterparty credit risk, see sections 4.5.6 *Quantitative information* and 4.6.3 *Counterparty credit Risk Measures* of the 2021 Universal Registration Document.

4.1.2.2 The financial soundness and conduct of other financial institutions and market participants could adversely affect the Group.

Financial institutions and other market players (commercial or investment banks, mutual funds, alternative funds, institutional clients, clearing houses, investment service providers, etc.) are important counterparties for the Group in capital or inter-bank markets. Financial services institutions and financial players are closely interrelated as a result of trading, clearing, counterparty and funding relationships. In addition, there is a growing involvement in the financial markets of players with little or no regulation (hedge funds, for example). As a result, defaults by one or several actors in the sector or a crisis of confidence affecting one or more actors could result in market-wide liquidity scarcity or chain defaults, which could adversely affect the Group.

The Group is exposed to clearing institutions and their members because of the increase in transactions traded through these institutions, induced in part by regulatory changes that require mandatory clearing for over-the-counter derivative instruments standardised by these clearing counterparties. For information, the Group’s exposure to clearing houses amounted to EUR 28 billion of EAD at 31 December 2020. The default of a clearing institution or one of its members could generate losses for the Group and have an adverse effect on the Group’s business and results of operations.

The Group is also exposed on assets held as collateral for credit or derivatives instruments, with the risk that in the event of failure of the counterparty, some of these assets may not be sold or that their disposal price may not cover the entire exposure in credit and counterparty credit risks. These assets are subject to periodic monitoring and a specific management framework.

For information purposes, at 31 December 2020, the Group’s exposure (EAD) to credit and counterparty credit risks on financial institutions amounted to EUR 106 billion, representing 11% of the Group’s EAD in respect of credit risk.

4.1.2.3 The Group’s results of operations and financial position could be adversely affected by a late or insufficient provisioning of credit exposures.

The Group regularly records provisions for doubtful loans in connection with its lending activities in order to anticipate the occurrence of losses. The amount of provisions is based on the most accurate assessment at the time of the recoverability of the debts in question. This assessment relies on an analysis of the current and prospective situation of the borrower as well as an analysis of the value and recovery prospects of the debt, taking into account any security interests. In some cases (loans to individual customers), the provisioning method may call for the use of statistical models based on the analysis of historical loss and recovery data. Since 1 January 2018, the Group has also been recording provisions on performing loans under the IFRS 9 accounting standard. This assessment is based on statistical models for assessing probabilities of default and potential losses in the event of default, which take into account a prospective analysis based on macroeconomic scenarios.

IFRS 9 accounting standard principles and provisioning models could be pro-cyclical in the event of a sharp and sudden deterioration in the environment, which has resulted in a significant increase in the net cost of risk in 2020 in anticipation of the future degradations on the basis of a multi-scenario economic approach. Such a deterioration in the operating environment could lead to a significant and/or not-fully-anticipated variation in the cost of risk and therefore in the Group’s results of operations.

At 31 December 2020, the stock of provisions relating to outstanding amounts (on- and off-balance sheet) amounted to EUR 3.6 billion on performing assets and EUR 9.3 billion on assets in default. Outstanding loans in default (stage 3 under IFRS 9) represented EUR 18.3 billion, including 49% in France, 19% in Africa and Middle East and 16% in Western Europe (excluding France). The gross ratio of doubtful loans on the balance sheet was 3.3% and the gross coverage ratio of these loans was approximately 52%. The Group’s cost of risk stood at 64 basis points in 2020, against a cost of risk of 25 basis points in 2019.

4.1.3 MARKET AND STRUCTURAL RISKS

Market risk corresponds to the risk of impairment of financial instruments resulting from changes in market parameters, the volatility of these parameters and the correlations between these parameters. The concerned parameters include exchange rates, interest rates, as well as the prices of securities (shares, bonds) and commodities, derivatives and any other assets.

4.1.3.1 Changes and volatility in the financial markets may have a material adverse effect on the Group’s business and the results of market activities.

In the course of its activities, the Group takes trading positions in the debt, currency, raw material and stock markets, as well as in unlisted shares, real estate assets and other types of assets including derivatives. The Group is thus exposed to “market risk”. Volatility in the financial markets can have a material adverse effect on the Group’s market activities. In particular:

- significant volatility over a long period of time could lead to corrections on risky financial assets (and especially on the riskiest assets) and generate losses for the Group;
- a sudden change in the levels of volatility and its structure, or alternative short-term sharp declines and fast rebounds in markets, could make it difficult or more costly to hedge certain structured products and thus increase the risk of loss for the Group.

Severe market disruptions and high market volatility have occurred in recent years and may occur again in the future (the Covid-19 pandemic being the latest example; see the risk factor 4.1.1.1 “The coronavirus (Covid-19) pandemic and its economic consequences could negatively affect the Group’s business and financial performance” for more information), which could result in significant losses for the Group’s markets activities. Such losses may extend to a broad range of trading and hedging products, including swaps, forward and future contracts, options and structured products.

In the event that a low-volatility environment emerges, reflecting a generally optimistic sentiment in the markets and/or the presence of systematic volatility sellers, increased risks of correction may also develop, particularly if the main market participants have similar positions on certain products. Such corrections could result in significant losses for the Group’s market activities. The volatility of the financial markets makes it difficult to predict trends and implement effective trading strategies; it also increases risk of losses from net long positions when prices decline and, conversely, from net short positions when prices rise. Such losses could have a material adverse effect on the Group’s results of operations and financial position.

Similarly, the sudden decrease, or even the cancellation of dividends, as experienced during in the Covid-19 pandemic, and changes in the correlations of different assets of the same class, could affect the Group’s performance, with many activities being sensitive to these risks.

A prolonged slowdown in financial markets or reduced liquidity in financial markets could make asset disposals or position manoeuvrability more difficult, leading to significant losses. In many of the Group’s activity segments, a prolonged decline in financial markets, particularly asset prices, could reduce the level of activity in these markets or their liquidity. These variations could lead to significant losses if the Group were unable to quickly unwind the positions concerned, adjust the coverage of its positions, or if the assets held in collateral could not be divested, or if their selling prices did not cover the Group’s entire exposure on defaulting loans or derivatives.

The assessment and management of the Group’s market risks are based on a set of risk indicators that make it possible to evaluate the potential losses incurred at various time horizons and given probability levels, by defining various scenarios for changes in market parameters impacting the Group’s positions. These scenarios are based on historical observations or are theoretically defined. However, these risk management approaches are based on a set of assumptions and reasoning that could turn out to be inadequate in certain configurations or in the case of unexpected events, resulting in a potential underestimation of risks and a significant negative effect on the results of the Group’s market activities.

Furthermore, in the event of a deterioration of the market situation, the Group could experience a decline in the volume of transactions carried out on behalf of its customers, leading to a decrease in the revenues generated from this activity and in particular in commissions received.

For information purposes, Global Markets & Investor Services activities, which account for most of the Group’s market risks, represented EUR 4.2 billion of net banking income in the first half of 2020, or 19% of the Group’s total revenues. At 31 December 2020, risk-weighted assets (RWA) subject to market risk represented EUR 15.3 billion (representing 4% of the Group’s total RWA).

4.1.3.2 Changes in interest rates may adversely affect retail banking activities.

The Group generates a significant part of its income through net interest margin and as such remains highly exposed to interest rate fluctuations as well as to changes in the yield curve, particularly in its retail banking activities. The Group’s results are influenced by changes in interest rates in Europe and in the other markets in which it operates. In Europe in particular, a protracted environment of low or even negative interest rates has affected and could continue to adversely affect the Group’s retail banking income, notably in France.

For information, net banking income (NBI) of French retail banking amounted to EUR 7.3 billion in 2020.

For more details on structural interest rate risks, see Chapter 4.9 *Structural interest rate and exchange risks* and Note 8.1 *Segment reporting* of the 2021 Universal Registration Document.

4.1.3.3 Fluctuations in exchange rates could adversely affect the Group’s results.

As a result of its international activities and its geographical presence in many countries, the Group’s revenues and expenses as well as its assets and liabilities are recorded in different currencies, which exposes it to the risk of exchange-rate fluctuations.

Because the Group publishes its consolidated financial statements in euros, which is the currency of most of its liabilities, it is also subject to translation risk for items recorded in other currencies, in the preparation of its consolidated financial statements. Exchange rate fluctuations of these currencies against the euro may adversely affect the Group’s consolidated results, financial position and cash flows. Exchange rate fluctuations may also negatively affect the value (denominated in euros) of the Group’s investments in its subsidiaries outside the eurozone.

For information, at 31 December 2020, out of a total of EUR 1,258 billion of assets on the balance sheet, 39% was recorded in euros, 37% in USD and 7% in JPY.

See Chapter 4.7.5 *Market Risk Capital Requirements and Risk-Weighted Assets*, Chapter 4.9.3 *Structural exchange rate risk* and Note 8.5 *Foreign exchange transactions* in Chapter 6 of the 2021 Universal Registration Document.

4.1.4 OPERATIONAL RISKS (INCLUDING RISK OF INAPPROPRIATE CONDUCT) AND MODEL RISKS

At 31 December 2020, risk-weighted assets subject to operational risk amounted to EUR 49.2 billion, or 14% of the Group’s total RWA. These risk-weighted assets relate mainly to Global Markets & Investor Services (67% of total operational risk).

Between 2016 and 2020, the Group’s operational risks were primarily concentrated in five risk categories, representing 93% of the Group’s total operating losses over the period: fraud and other criminal activities (34%), mainly comprising external frauds, execution errors (23%), disputes with authorities (16%), errors in pricing or risk assessment, including model risk (12%) and commercial disputes (9%). The Group’s other categories of operational risk (unauthorised activities in the markets, failure of information systems and loss of operating resources) remain minor, representing 7% of the Group’s losses on average over the 2016 to 2020 period.

See Chapter 4.7.3 *Main market risk measures* of the 2021 Universal Registration Document for more information on the allocation of operating losses.

4.1.4.1 The Group is exposed to legal risks that could have a material adverse effect on its financial position or results of operations.

In the case of alleged non-compliance with applicable laws and regulations, the Group and certain of its former and current representatives may be involved in various types of litigation, including civil, administrative, tax, criminal and arbitration proceedings. The large majority of such proceedings arise from transactions or events that occur in the Group's ordinary course of business. There has been an increase in client, depositor, creditor and investor litigation and regulatory proceedings against intermediaries such as banks and investment advisors in recent years, in part due to the challenging market environment. This has increased the risk, for the Group, of losses or reputational harm arising from litigation and other proceedings. Such proceedings or regulatory enforcement actions could also lead to civil, administrative, tax or criminal penalties that could adversely affect the Group's business, financial position and results of operations.

In preparing its financial statements, the Group makes estimates regarding the outcome of civil, administrative, tax, criminal and arbitration proceedings in which it is involved, and records a provision when losses with respect to such matters are probable and can be reasonably estimated. It is inherently difficult to predict the outcome of litigation and proceedings involving the Group's businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, cases where claims for damages are of unspecified or indeterminate amounts, or cases involving unprecedented legal claims. Should such estimates prove inaccurate or should the provisions set aside by the Group to cover such risks prove inadequate, the Group's financial position or results of operations could be adversely affected.

The provision recorded in the Group's financial statements for public rights disputes amounted to EUR 334 million at 31 December 2020.

For a description of the most significant ongoing proceedings, see the section *Compliance risk, litigation*, Note 8.3.2 *Other provisions* and Note 9 *Information on risks and litigation* to Chapter 6 of the 2021 Universal Registration Document.

4.1.4.2 Operational failure, termination or capacity constraints affecting institutions the Group does business with, or failure or breach of information technology systems, especially cyber-attacks, could have an adverse effect on the Group's business and result in losses and damages to its reputation.

The Group relies heavily on communication and information systems to conduct its business and this is reinforced by the widespread use of remote banking. Any dysfunction, failure, interruption of service or breach in security of its systems, even if only brief and temporary, could result in significant disruptions to the Group's business. Such incidents could result in significant costs related to information retrieval and verification, loss of revenue, loss of customers, litigation with counterparties or customers, difficulties in managing market operations and short-term refinancing, and ultimately tarnish to the Group's reputation.

The Group is exposed to the risk of operational failure or capacity constraints in its own systems and in the systems of third parties, including those of financial intermediaries that it uses to facilitate cash settlement or securities transactions (such as clearing agents and houses and stock exchanges), as well as those of clients and other market participants.

The interconnectivity of multiple financial institutions with clearing agents and houses and stock exchanges, and the increased concentration of these entities, increases the risk that an operational failure at one institution or entity may cause an industry-wide operational failure that could adversely affect the Group's ability to conduct business and could therefore result in losses. Industry concentration, whether among market participants or financial intermediaries, can exacerbate these risks, as disparate complex systems need to be integrated, often on an accelerated basis.

The Group is also exposed to the risk of fraud, mainly external and relating to credit risks, methods of payment (cheques and credit/debit cards) and cybercrime through fraudulent attempts to break into its information systems. Every year, the Group experiences numerous cyber-attacks to its systems, or *via* those of its clients, partners or suppliers. The Group could be subject to targeted and sophisticated attacks on its IT network, resulting in embezzlement, loss, theft or disclosure of confidential or customer data (in particular in violation of the European Data Protection Regulation, "GDPR"). Such actions are likely to result in operational losses and have an adverse effect on the Group's business and results of operations.

The Group also continues to follow the IBOR reform, which aims to ensure the continuity of contracts indexed on interbank rates. This reform still presents uncertainties concerning the timing and precise conditions of the transition between current and new indices, as well as changes that could be applicable to transactions indexed to current indices. This could lead to changes in the value of contracts, operational disruptions related to the management of interests, consequences to the accounting of transactions and their tax or prudential treatment, the need to update IT tools, etc. This reform could thus have an impact on the activities and results of the Group.

See *Information security risks* of section 4.8.1 *Organisation of operational risk management, Quantitative data* of section 4.8.3 *Measurement of operational risk* for a breakdown of operational risk losses, and section 4.8.4 *Weighted assets and capital requirements* of the 2021 Universal Registration Document.

The operational risks specific to the Covid-19 pandemic are also described in the section 4.1.1.1 "The coronavirus (Covid-19) pandemic and its economic consequences could negatively affect the Group's business and financial performance".

4.1.4.3 Reputational damage could harm the Group's competitive position, its activity and financial condition

The Group's reputation for financial strength and integrity is critical to its ability to foster loyalty and develop its relationships with customers and other counterparties in a highly competitive environment. Any reputational damage could result in loss of activity with its customers or a loss of confidence on the part of its investors, which could affect the Group's competitive position, its business and its financial condition.

As a result, negative comments regarding the Group, whether or not legitimate, and concerning events that may or may not be attributable to the Group, could deteriorate the Group's reputation and affect its competitive position.

The Group's reputation could also be adversely affected by a weakness in its internal control measures aimed at monitoring and preventing operational, compliance, credit and market risks, particularly with respect to monitoring inappropriate conduct of its employees (such as corruption, fraud, market abuse and tax evasion). This risk may arise from the conduct itself as well as from administrative or criminal sanctions penalising an insufficiently effective control environment, such as the sanctions issued by the US and French authorities in 2018.

Financing extended by the Bank that does not comply with regulations or its commitments could affect the Group's reputation. Methods of distribution of products and services that do not provide sufficient information to customers, a lack of transparency in its communication (particularly financial communication) or internal management rules (including human resources management or relations with suppliers and service providers) that do not comply with regulatory obligations or the Bank's commitments could affect the Group's reputation. In addition, a corporate social responsibility strategy (in particular with regard to environmental issues) deemed insufficiently ambitious in relation to the expectations of external stakeholders or difficulties in implementing this strategy could also impact the Group's reputation.

The consequences of these events, which could potentially result in legal proceedings, may vary according to the extent of media coverage and the overall context and remain difficult to estimate.

For more information about reputation risk please see section 4.11 *Compliance risk, litigation* and section 5.2.1 *Satisfying clients by ensuring their protection* of Chapter 5 *Corporate Social Responsibility* of the 2021 Universal Registration Document.

4.1.4.4 The Group's inability to attract and retain qualified employees may adversely affect its performance.

The Group employs more than 133,251 people in 61 countries. The Group's human resources are key assets of the Group, its business model and value proposition. Inadequate career or skills management (integration, career prospects and training, or in terms of compensation levels in line with market practice, etc.) could affect the performance of the Group's banking and financial activities. The Group's inability to attract and retain employees, a high rate of turnover or the departure of strategic employees could expose the Group to a loss in its know-how as well as a deterioration in the quality of service, at the expense of client satisfaction.

Furthermore, the increased oversight of compensation policies to which the banking sector is subject, including rules on certain types of compensation (fixed, variable, performance conditions, deferred payments, etc.), may limit the Group's ability to attract and retain talent. This is the case in particular of the CRD IV directive, which has applied since 2014 to banks in the European Economic Area and therefore to the Group, and of the CRD V directive applicable from January 2021. This directive includes a cap on the variable component of compensation compared to its fixed component for the relevant personnel, which could reduce the Group's ability to attract and retain employees.

4.1.4.5 The models, in particular the Group's internal models, used in strategic decision-making and in risk management systems could fail, face delays in deployment or prove to be inadequate and result in financial losses for the Group.

Internal models used within the Group could prove to be deficient in terms of their conception, calibration, use or monitoring of performance over time in relation to operational risk and therefore could produce erroneous results, engendering more specifically financial consequences.

In particular:

- the valuation of certain financial instruments that are not traded on regulated markets or other trading platforms, such as OTC derivative contracts between banks, uses internal models that incorporate unobservable parameters. The unobservable nature of these parameters results in an additional degree of uncertainty as to the adequacy of the valuation of the positions. In the event that the relevant internal models prove unsuitable for changing market conditions, some of the instruments held by the Group could be misvalued and the Group could incur losses. For illustrative purposes, financial assets and liabilities measured at fair value on the balance sheet categorised within level 3 (for which the valuation is not based on observed data) represented EUR 12.6 billion and EUR 46 billion, respectively, at 31 December 2020 (see Note 3.4.1 and Note 3.4.2 of Chapter 6 of the consolidated financial statements included in the second amendment to the 2020 Universal Registration Document on financial assets and liabilities measured at fair value);
- the assessment of customer solvency and the Bank's exposure to credit and counterparty credit risk is generally based on historical assumptions and observations that may prove to be inappropriate in light of new economic conditions and is based on economic scenarios and projections that may not adequately anticipate unfavourable economic conditions or the occurrence of unprecedented events. This miscalculation could, among other things, result in an under-provisioning of risks and an incorrect assessment of capital requirements;
- hedging strategies used in market activities rely on models that include assumptions about the evolution of market parameters and their correlation, partly inferred from historical data. These models could be inappropriate in certain market environments (in the event of strong movements in volatility resulting, for example, from a new Covid-19 pandemic wave, from the evolution of the trade war between the United States and China, or from Brexit), leading to an ineffective hedging strategy and causing unanticipated losses that could have a material adverse effect on the Group's results and financial position;
- management of the interest rate risk of the investment portfolio and of the liquidity risk of all balance sheet and off-balance sheet items uses behavioural models that depend on market conditions. These models, based in particular on historical observations, could have an impact on the hedging of these risks when unprecedented events occur.

In addition, the Group has initiated an evolution of its system of internal credit risk models (project "Haussmann"). This evolution could have a significant impact on the calculation of its RWA credit and counterparty credit risk in the event of delay in the schedule for submitting its models to the supervisor or in the event of late validation by the supervisor.

4.1.4.6 The Group may incur losses as a result of unforeseen or catastrophic events, including health crises, terrorist attacks or natural disasters.

The Group remains dependent on its natural and social environment. The occurrence of a new epidemic or pandemic crisis (such as the Covid-19 pandemic) or a crisis related to the pollution of the natural environment could have a significant impact on the Group's activities. Also, terrorist attacks, natural disasters (including earthquakes, such as in Romania, and floods, such as the exceptional flooding of the Seine in Paris), extreme weather conditions (such as heatwaves), or major social unrest (such as the *Gilets jaunes* movement in France) could disturb the Group's activities.

Such events could create economic and financial disruptions or lead to operational difficulties (including travel limitations or relocation of affected employees) for the Group.

These events could impair the Group's ability to manage its businesses and also expose its insurance activities to significant losses and increased costs (such as higher re-insurance premiums). Upon the occurrence of such events, the Group could incur losses.

4.1.5 LIQUIDITY AND FUNDING RISKS

4.1.5.1 The Group's access to financing and the cost of this financing could be negatively affected in the event of a resurgence of financial crises or deteriorating economic conditions

In past crises (such as the 2008 financial crisis, the eurozone sovereign debt crisis or more recently the tensions on the financial markets linked to the Covid-19 pandemic before the intervention of the central banks), access to financing from European banks was intermittently restricted or subject to less favourable conditions.

If unfavourable debt market conditions were to reappear following a new systemic or Group-specific crisis, the effect on the liquidity of the European financial sector in general and on the Group in particular could be very significantly unfavourable and could have an adverse impact on the Group's operating results as well as its financial position.

For several years, central banks have taken measures to facilitate financial institutions' access to liquidity, in particular by lowering interest rates to historical lows and by setting up TLTRO- (Targeted Longer-Term Refinancing Operations) type facilities. In the event that central banks put an end to these extraordinary measures, the Group could face an unfavourable evolution of its financing cost and of its access to liquidity.

In addition, if the Group were unable to maintain a satisfactory level of deposits from its customers, it could be forced to resort to more expensive financing, which would reduce its net interest margin as well as its results.

The Group's regulatory short-term liquidity coverage ratio (LCR) stood at 149% at 31 December 2020 and liquidity reserves amounted to EUR 243 billion at 31 December 2020.

4.1.5.2 A downgrade to the Group's external rating or to the sovereign rating of the French state could have an adverse effect on the Group's cost of financing and its access to liquidity.

For the proper conduct of its activities, the Group depends on access to financing and other sources of liquidity. In the event of difficulties in accessing the secured or unsecured debt markets on terms it considers acceptable, due to market conditions or factors specific to the Group, or if it experiences unforeseen outflows of cash or collateral, including material decreases in customer deposits, its liquidity could be impaired. In addition, if the Group is unable to maintain a satisfactory level of customer deposits collection, it may be forced to turn to more expensive funding sources, which would reduce the Group's net interest margin and results.

The Group is exposed to the risk of an increase in credit spreads. The Group's medium- and long-term financing cost is directly linked to the level of credit spreads which can fluctuate depending on general market conditions. These spreads can also be affected by an adverse change in France's sovereign debt rating or the Group's external ratings by rating agencies.

The Group is currently monitored by four financial rating agencies: Fitch Ratings, Moody's, R&I and Standard & Poor's. The downgrading of the Group's credit ratings, by these agencies or by other agencies, could have a significant impact on the Group's access to funding, increase its financing costs and reduce its ability to carry out certain types of transactions or activities with customers. This could also require the Group to provide additional collateral to certain counterparties, which could have an adverse effect on its business, financial position and results of operations.

The deterioration of the economic environment following the health crisis and its impact on the Group, particularly in terms of profitability and cost of risk, could increase the risk of external ratings downgrades. The Group's ratings could be placed under negative watch or be subject to a downgrade. In addition, France's sovereign ratings could also be downgraded due to an increase in its debt and deficits (further increased by the Covid-19 pandemic and the response measures taken by the French government). These elements could have a negative impact on the Group's financing costs and its access to liquidity. The Group's ratings by Fitch Ratings, Moody's, R&I and Standard & Poor's are available on the Group's website (*https://investors.societegenerale.com/en/financial-and-non-financial-information/ratings/credit-ratings*).

Access to financing and liquidity constraints could have a material adverse effect on the Group's business, financial position, results of operations and ability to meet its obligations to its counterparties.

For 2021, the Group has planned a funding programme of approximately EUR 16 billion in vanilla long-term debt, in senior preferred and secured debt as well as in senior non-preferred debt and subordinated debt.

At 31 December 2020, the Group had raised a total of EUR 37.2 billion of long-term funding (EUR 34.3 billion for the parent company and EUR 2.9 billion for its subsidiaries) which relates, at the parent company level, to senior structured issues (EUR 18 billion), subordinated issues (EUR 2.6 billion), senior vanilla non-preferred issues (EUR 9.8 billion), unsecured senior vanilla preferred issues (EUR 2.6 billion) and secured issues (EUR 1.3 billion).

4.1.6 RISKS RELATED TO INSURANCE ACTIVITIES

4.1.6.1 A deterioration in market conditions, and in particular a significant increase or decrease in interest rates, could have a material adverse effect on the life insurance activities of the Group's Insurance business.

In the first half of 2020, the Group's insurance activities represented net banking income of EUR 0.9 billion, or 4% of the Group's consolidated net banking income. The Group's Insurance Division is mainly focused on Life Insurance. At 31 December 2020, life insurance contracts registered outstandings of EUR 126 billion, divided between euro-denominated contracts (68%) and unit-linked contracts (32%).

The Group's Insurance business is highly exposed to structural interest-rate risk due to the high proportion of bonds in the euro-denominated funds in its life insurance contracts. The level of and changes in interest rates may, in certain configurations, have a material adverse effect on the results and financial position of this business line.

With its impact on the yield of euro-denominated contracts, a prolonged outlook of low interest rates reduces the attractiveness of these products for investors, which can negatively affect fundraising and income from this segment of the life insurance business.

A sharp rise in interest rates could also degrade the competitiveness of the life insurance offerings in euros (compared with bank savings products, for example) and trigger significant repurchases and arbitrage operations by customers, in an unfavourable context of unrealised losses on bond holdings. This configuration could affect the revenues and profitability of the Life Insurance business.

More generally, a pronounced widening of spreads and a decline in equity markets could also have a significant negative effect on the results of the Group's life insurance business.

In the event of a deterioration in market parameters, the Group could be required to strengthen the own funds of its insurance subsidiaries to enable them to continue meeting their regulatory capital requirements.

4.2 RISK MANAGEMENT ORGANISATION

ADAPTATION OF THE RISK MANAGEMENT SYSTEM TO COVID-19

Like all economic players, Societe Generale Group has been strongly impacted by the Covid-19 pandemic and by the economic, financial and social consequences of the health crisis. From the outset, the risk management organisation has been adapted to ensure the continued monitoring and control of Group activities, while remaining attentive to the protection of the Group's employees. As part of the large-scale rollout of working-from-home measures, the Group has remained particularly vigilant with regard to the control of its operational risks and the security of its information systems.

Governance was also strengthened during the period by activating crisis units and generating more frequent reports, whether intended for Management, the Board of Directors or the supervisor. These included indicators adapted to the context (monitoring sectors with sensitive activity and/or weakened by the economic crisis, business continuity, etc.).

4.2.1 RISK APPETITE

Risk appetite is defined as the level of risk that the Group is prepared to accept to achieve its strategic goals.

Principles governing risk appetite

The Group's ambition is to push ahead with sustainable development based on a diversified and balanced banking model with a strong European anchor and a targeted global presence in selected areas of strong business expertise. The Group also wishes to maintain long-term relationships with its clients built on the mutual confidence deserved and to meet the expectations of all of its stakeholders.

This is reflected in:

- an organisation with 16 Business Units offering various products and services to the Group's clients in different geographic locations;
- balanced capital allocation between activities:
  - a preponderance of retail banking activities in France and abroad, which currently represent around 60% of risk weighted assets (“RWA”) of the Group,
  - limitation of Business Unit Global Markets’ share in the RWA of the Group. In accordance with its client-focused development strategy, the Group also announced the closure of its proprietary trading activities[1], and promotes a simplification of the products offered,
  - non-bank services activities, in particular Insurance, are conducted in line with the business strategy; they demonstrate a disciplined risk profile and thus generate profitability compliant with the Group’s expectations;
- a geographically balanced model:
  - in Retail Banking, the Group focuses its development on Europe and Africa where it enjoys an historic presence, extensive knowledge of the markets and top-tier positions,
  - as regards Global Banking and Investor Solutions, outside the Europe and Africa zones, the Group targets activities for which it can leverage international expertise;
- a targeted growth policy, favouring existing areas of expertise, a sound quality business fund and the search for synergies in the diversified banking model;
- a positive contribution to the transformations of our economies, in particular with regard to the technological revolution, and economic, social and environmental transitions; CSR concerns are therefore at the heart of its strategy and the Group's relationships with stakeholders;
- a strong vigilance as regards its reputation, deemed by the Group to be a high-value asset which must be protected.

A robust financial strength profile

The Group seeks to achieve sustainable profitability, relying on a robust financial profile consistent with its diversified banking model, by:

- aiming for profitable and resilient business development;
- maintaining a target rating allowing access to financial resources at a cost consistent with the development of the Group’s businesses and its competitive positioning;
- calibrating its capital and hybrid debt targets to ensure:
  - meeting the minimum regulatory requirements on regulatory capital ratios,
  - one-year coverage of the “internal capital requirement” using available CET1 capital,
  - a sufficient level of creditor protection consistent with a debt issuance programme that is particularly hybrid consistent with the Group's objectives in terms of rating and regulatory ratios such as Tier 1, TLAC (“Total Loss Absorbing Capacity”), MREL (“Minimum Required Eligible Liabilities”), and the leverage ratio;
- ensuring resilience of its liabilities, which are calibrated by taking into account a survival horizon in a liquidity stress ratio, compliance with LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) regulatory ratios and the level of dependence on short-term fundings;
- controlling the leverage ratio through a leverage ratio target.

(1) In accordance with French banking law, the Group's few residual trading activities with no connection to clients were isolated in a dedicated subsidiary called Descartes Trading, which was closed in February 2020.

Credit risk (including concentration effects)

Credit risk appetite is managed through a system of credit policies, risk limits and pricing policies.

When it takes on credit risk, the Group focuses on medium- and long-term client relationships, targeting both clients with which the bank has an established relationship of trust and prospects representing profitable business development potential over the mid-term.

Acceptance of any credit commitment is based on in-depth client knowledge and a thorough understanding of the purpose of the transaction.

In a credit transaction, risk acceptability is based first on the borrower’s ability to meet its commitments, in particular through the cash flows which will allow the repayment of the debt. For medium and long-term operations, the funding duration must remain compatible with the economic life of the financed asset and the visibility horizon of the borrower’s cash flow.

Security interests are sought to reduce the risk of loss in the event of a counterparty defaulting on its obligations, but may not, except in exceptional cases, constitute the sole justification for taking the risk. Security interests are assessed with prudent value haircuts and paying special attention to their actual enforceability.

Complex transactions or those with a specific risk profile are handled by specialised teams within the Group with the required skills and expertise.

The Group seeks risk diversification by controlling concentration risk and maintaining a risk allocation policy through risk sharing with other financial partners (banks or guarantors).

Counterparty ratings are a key criterion of the credit policy and serve as the basis for the credit approval authority grid used in both the commercial and risk management functions. The rating framework relies on internal models. Special attention is paid to timely updating of ratings (which, in any event, are subject to annual review).

The risk measure of the credit portfolio is based primarily on the Basel parameters that are used to calibrate the capital need. As such, the Group favours the so-called advanced Basel models (IRBA), which are more risk-sensitive and more adapted to the specific characteristics of the bank's portfolio. These measures are complemented by an internal stress-sized risk assessment, either at the global portfolio level or at the sub-portfolio level, linking risk measures and rating migration to macro-economic variables. In addition, the calculation of expected losses under the provisions of IFRS9, used to determine the level of impairment on healthy outstandings, provides additional insight into assessing portfolio risk.

In consultation with the Risk Department, the businesses implement pricing policies that are differentiated according to the level of risk of counterparties and transactions. The purpose of pricing a transaction is to ensure acceptable profitability, in line with the objectives of ROE (Return on Equity) of the business or entity, after taking into account the cost of the risk of the transaction in question. However, the pricing of an operation may be adapted in some cases to take into account the overall profitability and the development potential of the customer relationship.

Proactive management of counterparties whose situation has deteriorated is key to containing the risk of final loss in the event of counterparty failure. As such, the Group implements stringent procedures to monitor counterparties whose risk profiles are deteriorating. In addition, the businesses and entities, in conjunction with the Risk Department, and through collaborators specialising in recovery and litigation, work together to effectively protect the Bank's interests in the event of default.

Counterparty credit risk

Counterparty credit risk management is based on a combination of several types of indicators:

- indicators of potential future exposures (potential future exposures, or PFE), aimed at measuring exposure to our counterparties.
  - the Group controls idiosyncratic counterparty credit risks via a set of CVaR (Counterparty VaR)[1] limits. The CVaR measures the potential future exposure linked to the replacement risk in the event of default by one of the group's counterparties. The CVaR is calculated for a 99% confidence level and different time horizons, from one day until the maturity of the portfolio,
  - in addition to the risk of a counterparty default, the CVA (Credit Valuation Adjustment) measures the adjustment of the value of our portfolio of derivatives and repos account the credit quality of our counterparties;
- the abovementioned indicators are supplemented by stress test frameworks or on nominal ones in order to capture risks that are more difficult to measure:
  - the more extreme correlation risks are measured via stress tests at different levels (wrong-way risk, stress monitoring at sector level, risk on collateralised financing activities and agency),
  - the CVA risk is measured via a stress test in which representative market scenarios are applied, notably involving the credit spreads of our counterparties;
- exposures to clearing houses (CCP) are subject to specific supervision:
  - the amount of collateral posted for each segment of a CCP: the initial posted margins, both for our principal and agency activities, and our contributions to CCP default funds,
  - in addition, a stress test measures the impact linked to the default of a member of a CCP;
- the Global Stress Test on market activities includes cross market-counterparty risks, it is described in more detail in the “Market risks” section.

Market risk

The Group’s market activities are carried out as part of a business development strategy primarily focused on meeting client requirements through a full range of products and solutions.

Market risk is managed through a set of limits for several indicators (such as stress tests, Value at Risk (VaR) and stressed Value at Risk (SVaR), “sensitivity” and “nominal” indicators). These indicators are governed by a series of limits proposed by the business lines and approved by the Risk Division during the course of a discussion-based process.

(1) The CVaR economic indicator is built on the same modelling assumptions as the regulatory Effective Expected Positive Exposure (EEPE) indicator used to calculate RWAs.

The choice of limits and their calibration reflect qualitatively and quantitatively the fixing of the Group's appetite for market risks. A regular review of these frameworks also enables risks to be tightly controlled according to changing market conditions with, for example, a temporary reduction of limits in case of a deterioration. Warning thresholds are also in place to prevent the possible occurrence of overstays.

Limits are set at different sub-levels of the Group, thereby cascading down the Group's risk appetite from an operational standpoint within its organisation.

Within these limits, the Global Stress Test limits on market activities and the Market Stress Test limits play a pivotal role in determining the Group's market risk appetite; in fact, these indicators cover all operations and the main market risk factors as well as risks associated with a severe market crisis which helps limit the total amount of risk and takes account of any diversification effects.

Operational risk (including reputation and compliance risk)

The Group is exposed to a diversity of operational risks inherent in its business: execution errors, internal and external fraud, IT system failures, malicious acts against IT systems, loss of operational resources, commercial disputes, failure to comply with tax obligations, but also risk of non-compliance, unappropriated behavior or even reputation.

As a general rule, the Group has no appetite for operational risk or for non-compliance risk. Furthermore, the Group maintains a zero-tolerance policy on incidents severe enough to potentially inflict serious harm to its image, jeopardise its results or the trust displayed by customers and employees, disrupt the continuity of critical operations or call into question its strategic focus.

The Group underscores that it has is no or very low tolerance for operational risk involving the following:

- internal fraud: the Group does not tolerate unauthorised trading by its employees. The Group's growth is founded on trust, as much between employees as between the Group and its employees. This implies respecting the Group's principles at every level, such as exercising loyalty and integrity. The Group's internal control system must be capable of preventing acts of major fraud;
- cybersecurity: The Group has zero tolerance for fraudulent intrusions, in particular those resulting in the theft of customer data or a major operational disruption. The Group intends to introduce effective means to prevent and detect this risk. It is adequately organised to deal with potential incidents;
- data leaks: the Group is committed to deploying the necessary resources and implementing controls to prevent, detect and remediate data leaks. It does not tolerate any leaks of its most sensitive information, in particular that of customer data;
- business continuity: the Group relies heavily on its information systems to perform its operations and is therefore committed to deploying and maintaining the resilisence of its information systems to ensure the continuity of its most essential services. The Group has very low tolerance for the risk of downtime in its information systems that perform essential functions, in particular systems directly accessible to customers or those enabling it to conduct business on financial markets;
- outsourced services: the Group seeks to achieve a high degree of thoroughness in the control of its activities entrusted to external service providers. As such, the Group adheres to a strict policy of reviewing its providers;
- managerial continuity: the Group intends to ensure the managerial continuity of its organisation to avoid the risk of a long-term absence of a manager that would question the achievement of its strategic objectives, which might threaten team cohesion or disrupt the Group's relationships with its stakeholders.

Structural interest rate and exchange rate risks, risk to employee commitments

The Group measures and strictly controls structural risks. The mechanism whereby rate risk, foreign exchange risk and the risk on pension/long-service obligations is controlled is based on sensitivity or stress limits which are broken down within the various businesses (entities and business lines).

There are four main types of risk: rate level risk, curve risk book, optional risk (arising from automatic options and behavioral options) and basis risk, related to the impact of relative changes in interest rates indices. The Group's structural interest rate risk management primarily relies on the sensitivity of Net Present Value ("NPV") of fixed-rate residual positions (excesses or shortfalls) to interest rate changes according to several interest rate scenarios. Limits are set by the Finance Committee or the Board of Directors at the Business Unit/Service Unit and Group levels. Furthermore, the Group measures and controls the sensitivity of its net interest margin ("NIM") on different horizons.

The Group's policy consists of requesting entities to hedge their exposure to currency fluctuations by endorsing all on- and off-balance sheet positions and controlling residual exposure by setting low limits. In addition, at Group level, the hedging policy consists of reducing as far as possible the sensitivity of its CET1 ratio to fluctuations in exchange rates.

Regarding risks to pension and long-service obligations, which are the bank's long-term obligations towards its employees, the amount of the provision is monitored for risk on the basis of a specific stress test and an attributed limit. The risk management policy has two main objectives: reduce risk by moving from defined-benefit plans to defined-contribution plans and optimise asset risk allocation (between hedge assets and performance assets) where allowed by regulatory and tax constraints.

Liquidity and financing risks

Controlling liquidity risk is based primarily on:

- compliance with regulatory liquidity ratios, with precautionary buffers: LCR (liquiditycoverage ratio) ratios that reflect a stress situation and NSFR (net stable funding ratio);
- the off-cap USD LCR surplus, which is used to inform the internal management of dollar liquidity risk;
- framing of transformation and anti-transformation positions (price risk).

Controlling financing risk is based on:

- maintaining a liability structure to meet the Group's regulatory constraints (Tier1, Total Capital, Leverage, TLAC, NSFR, MREL) and complying with rating agencies' constraints to secure a minimum rating level;
- capping the use of market and short-term cash financing; in particular, the hold in wholesale unsecured financing markets is governed by a dedicated metric.

Model risk

The Group is committed to defining and deploying internal standards to reduce model risk on the basis of key principles, including the creation of three independent lines of defence, the proportionality of due diligence according to each model's level of risk inherent, the consideration of the models' entire lifecycle and the appropriateness of the approaches within the Group.

Risk related to insurance activities

The Group conducts Insurance activities (Life Insurance and Savings, Retirement savings, Property & Casualty Insurance, etc.) which exposes the Group to two major types of risks:

- subscription risk related to pricing and fluctuations in the claims ratio;
- risks related to financial markets (interest rate, credit and equity) and asset-liability management.

Private equity risk

The Group has limited appetite for financial holdings, such as proprietary private equity transactions. The investments allowed are mainly related to:

- commercial support for the network through the activities of MCIB, Crédit du Nord, and certain subsidiaries abroad;
- taking stakes, either directly or through investment funds, in innovative companies via SG Ventures;
- the takeover of stakes in local companies: Euroclear, *Crédit Logement*, etc.

4.2.2 RISK APPETITE – GENERAL FRAMEWORK

Risk appetite is determined at Group level and attributed to the businesses and subsidiaries. Monitoring of risk appetite is performed according to the principles described in the Risk Appetite Framework governance and implementation mechanism, which are summarised below.

Governance

As part of the supervision of risk appetite, the Group relies on the following organisation:

- The Board of Directors:
  - approves each year the Group Risk Appetite Statement and the Group Risk Appetite Framework, as well as the Group Risk Appetite Framework;
  - ensures that risk appetite is relevant to the Group's strategic and financial objectives and its vision of the risks of the macro-economic and financial environment;
  - reviews quarterly the risk appetite dashboards presented to it, and is informed of risk appetite overruns and remediation action plans;
  - sets the compensation of corporate officers, sets out the principles of the remuneration policy applicable in the Group, especially for regulated persons whose activities may have a significant impact on the Group's risk profile, and ensures that they are in line with risk management objectives.

The Board of Directors relies primarily on the Risk Committee.

- General Management:
  - approves the Risk Appetite Statement and its Risk Appetite Framework based on the proposal of the Chief Risk Officer and the Deputy General Manager, Head of Finance;
  - regularly ensures that risk appetite is complied with
  - ensures the effectiveness and integrity of the risk appetite implementation system;
  - ensures that the risk appetite for the Group's Business Units and subsidiaries/branches is formalised and translated into frameworks consistent with the Group's risk appetite;
  - ensures internal communication of risk appetite and its transposition in the Universal Registration Document.

In addition, the main mission of the Risk Department is to develop the Group's risk appetite, as well as the implementation of a risk management, monitoring and control system.

The Finance Department contributes to setting this risk appetite in the framework of indicators under the responsibility of the Finance Committee (profitability, solvency, liquidity and structural risks).

The Compliance Department is also responsible for instructing the risk appetite setting for indicators falling within its scope.

Identification of risks

The identification of risks is the cornerstone of the Group's risk management framework which implies on an ongoing basis the whole of Business Units and enables the identification of all the risks[1] that are or could be significant. The approach is global and holistic: it covers all types of risks and all Group exposures.

In addition to the annual review of the Group's risk taxonomy in the context of risk appetite, risk identification is based on two pillars in order to ensure a complete and up-to-date view of all the material risks facing the Group:

(1) Risks are classified on the basis of the Group's risk taxonomy, which names and defines the categories of risks and their possible sub-categories.

- risk management governance and key committees such as CORISQs at Group or Business Unit level or New Product Committees making it possible to monitor changes in the risk profile for all types of risk (credit, market, operation, etc.). In addition to monitoring well-identified risks, this governance can also generate a debate between risk experts and senior management on emerging risks. This debate is fueled by the latest market news, early warning signals, internal alerts, and more;
- a series of exercises aimed at identifying additional risks, for example arising from changes in macroeconomic or sectoral conditions, financial markets, regulatory constraints, competitors or market pressure, business model (concentration effects) and changes in banking organisations. These additional identification exercises are also organised by risk types, but include some identification of cross-risk effects (*e.g.* credit and market or credit and operational). For a given type of risk, these exercises analyse and segment the Group's exposure along several axes (Business Unit, activity, customer, product, region, etc.). The underlying risk factors are identified for the perimeters where this risk is assessed as being significant.

When a significant risk is identified, a risk management system, which may include a quantitative risk appetite (risk ceiling or threshold) or a risk policy, is implemented.

In addition, where possible, the risk factors underlying a significant risk are identified and combined in a dedicated scenario, and the associated loss is then quantified by means of a stress test (see also section "Risk quantification and stress test system”).

Risk quantification and stress test system

For each identified material risk, indicators to measure this risk are introducd to ensure monitoring. These indicators can be based on measurements of outstandings (risk weighted or not), sensitivities to the variation of one or more risk factors (interest rate, etc.), impacts of stress tests based on scenarios, etc. These indicators can be expressed as ratios and are sometimes the subject of regulatory or publication requirements.

Regarding more specifically stress tests, or crisis simulations, they assess what would be the behavior of a portfolio, activity, entity or Group in a context of degraded activity.

Within the Group, stress tests contribute to the identification, measurement and management of risks, as well as to the assessment of the adequacy of capital and liquidity to the Group's risk profile.

Hence, stress tests:

- are a preferential measure providing information on the resilience of the Group, its activities and its portfolios, and are an integral part of the process of building risk appetite;
- are based on hypothetical economic scenarios defined in conjunction with the Economic and Sectoral Studies department, or historical scenarios. The stress tests break down these scenarios into impacts on the Group's activities, by taking into account the reaction capacities of the activities, by systematically combining quantitative methods and expert judgment (risks, finance or business lines);
- can also be based on sensitivity analysis (single or multi-factor risk).

The stress test system thus comprises:

- a global stress test, integrated into the budget process (Strategic and financial plan), to ensure that the Group's profile meets its objectives in the event of an adverse scenario, but also to quantify the deterioration in the profitability of the Business Units in this scenario. The stress test system is an integral part of the ICAAP (Internal Capital Adequacy Assessment Process);
- specific stress tests by type of risk or portfolio:
  - stress tests on credit risk complete the overall analysis with a more granular approach, and thus shed light on the fixing of risk appetite at a portfolio, activity, etc. They are also used to refine the identification, measurement and operational management of this risk,
  - stress tests on market activities are based on historical and hypothetical scenarios and apply to the entire Group. They are supplemented by specific sensitivity stress tests on certain risk factors (rates, equities, etc.) or certain activities (emerging markets, etc.). A stress test limit is established for these different risk measures,
  - stress tests assess the sensitivity of structural interest rate risk. The exercise focuses on changes in the economic value of assets and liabilities in bank portfolios and on changes in the net interest margin generated by these assets and liabilities. The Group sets limits on these sensitivities in scenarios of translation and deformation (steepening and flattening) of the yield curves,
  - a stress test on social commitments consists of simulating the impact of variations in market risk factors (inflation, interest rate, etc.) on the Group's net position (dedicated investments minus the corresponding social commitments). A stress test limit is established on this indicator,
  - liquidity stress tests,
  - an assessment of operational risk under stress uses the scenario analysis and loss modeling work to calibrate the Group's capital requirement regarding operational risk, and makes it possible to understand the exposure to operational losses, including exposure to rare and severe losses not present in the history,
  - stress tests of insurance activities support the process of defining the risk appetite of the Insurance Business Unit, which is based on minimum profitability and solvency targets for a central and a stressed scenario. The Insurance Business Unit also uses also results from stress tests to define its hedging policy, the distribution of its assets and the dividend distribution policy;
- reverse stress tests, both as part of the risk appetite and the recovery plan. The impact of these stress tests is typically defined by a breaking point in the solvency ratio or liquidity indicator, which poses a significant threat to the Bank. Hypothetical scenarios leading to this breaking point are then constructed in order to identify new weaknesses.

In addition to internal stress test exercises, the Group is part of the sample of European banks participating in major international stress test programs piloted by the EBA (European Banking Authority) and the ECB (European Central Bank).

In addition, and specifically on climate risk, the Group participates on a voluntary basis in exploratory climate stress exercises organised by the ACPR (*Autorité de Contrôle Prudentiel et de Résolution*) and the European Banking Authority in 2020.

DEFINITION OF THE "CENTRAL" AND "STRESSED" ECONOMIC SCENARIOS

Central scenario

The central scenario is based first of all on a set of observed factors such as recent economic situation and economic policy shifts (budgetary, monetary and exchange-rate policies). From these observed factors, economists calculate the most likely trajectory of economic and financial variables for the desired forecast horizon.

Stressed scenario

The severity of the stressed scenario, which is determined by the deviation of the GDP trajectory from the central scenario, is based on the magnitude of the 2008-2009 crisis and has been adjusted to take into account the impacts - health, economic and financial - of the Covid-19 crisis on the basis of current knowledge.

Setting and formalisation of risk appetite at Group level

The Group's risk appetite is formalised in a document ("Risk Appetite Statement") which sets out:

- the strategic profile of the Group;
- its profile of profitability and financial soundness;
- the frameworks relating to the management of the Group's main risks (qualitative, through risk policies, and quantitative, through indicators).

Regarding the profile of profitability and financial soundness, the Finance Department proposes each year, upstream of the budgetary procedure, to the General Management, financial targets at Group level. These targets, supplemented by alert thresholds and crisis levels according to a "traffic light" approach, allow:

- to respect, with a sufficient safety margin, the regulatory obligations to which the Group is subject (in particular the minimum regulatory solvency, leverage and liquidity ratios), by anticipating as best as possible the implementation of new regulations;
- to ensure, via a safety margin, sufficient resistance to stress scenarios (stress standardised by regulators or stress defined according to a process internal to the Group).

The frameworks relating to risk management, also represented via a graduated approach (limits, alert thresholds, etc.), result from a process in which the needs expressed by the businesses are confronted with a contradictory opinion independent from the second line defence. The latter is based on:

- independent analysis of risk factors;
- the use of prospective measures based on stress approaches;
- the proposal for a framework.

For the main risks, the frameworks set make it possible to consolidate the achievement of the Group's financial targets and to orient the Group's profitability profile.

Allocation of risk appetite in the organisation

The allocation of risk appetite in the organisation is based on the strategic and financial plan, and on risk management systems:

- based on recommendations by the Finance Department to General Management, the financial targets defined at Group level are broken down into budget allocation targets at business level as part of the budget and the strategic and financial plan;
- the breakdown of frameworks and risk policies is based on an understanding of the needs of the businesses and their business prospects and takes into account the profitability and financial strength targets of the Business Unit and/or the entity.

4.2.3 RISK MANAGEMENT ORGANISATION

Audited I Implementing a high-performance and efficient risk management structure is a critical undertaking for Societe Generale Group in all businesses, markets and regions in which it operates, as is maintaining a balance between strong awareness of risks and promoting innovation. The Group's risk management, supervised at the highest level, is compliant with the regulations in force, in particular the Order of 3 November 2014 on the internal control of companies in the banking sector, payment services and investment services subject to the control of the French Prudential Supervisory and Resolution Authority (*Autorité de contrôle prudentiel et de résolution* – ACPR) and European Regulations Basel 3 (CRR/CRD). ▲ (See Board's Expertise, p. 82.).

Audited I The main objectives of the Group's risk management strategy are:

- to contribute to the development of the Group's businesses and profitability by defining the Group's risk appetite in conjunction with the Finance Division and the business divisions;
- to contribute to the Group's sustainability by establishing a risk management and monitoring system;
- to reconcile the independence of the risk management system (with respect to the businesses) in close collaboration with the core businesses, which have primary responsibility for the transactions they initiate. ▲

Governance of risk management

Audited I Two main high-level bodies govern Group risk management: the Board of Directors and General Management.

General Management presents the main aspects of, and notable changes to, the Group's risk management strategy to the Board of Directors at least once a year (more often if circumstances so require).

As part of the Board of Directors, the Risk Committee (see Art. 11 of the Internal rules of the Board of Directors, p. 87) advises the Board on overall strategy and appetite regarding all kinds of risks, both current and future, and assists the Board when the latter verifies that the strategy is being rolled out.

The Board of Directors' Audit and Internal Control Committee (see Art. 10 of the Internal Rules of the Board of Directors, p. 86) ensures that the risk control systems operate effectively.

Chaired by General Management, the specialised committees responsible for central oversight of internal control and risk management are as follows:

- **the Risk Committee** (CORISQ), which met 22 times in 2020, defines the Group's key priorities in respect of risk policies (credit, country, market and operational risks), within the framework of the risk appetite and the financial targets set by the Group Strategy Committee, and to monitor compliance of same. Subject to the powers attributed to the Board of Directors, the CORISQ, based on proposals from the Risk Division, takes the main decisions relating to the management of various risks (credit risks, country risks, market and operational risks). Along with the Risks Committee, the Major Risks Committee (*Comité Grands Risques*) is an ad hoc body that validates the commercial strategy and risk-taking with regard to large client groups;
- **the Finance Committee** (COFI) is responsible for setting out the Group's financial strategy and for managing scarce resources (capital, liquidity, balance sheet, tax capacity) in the context of the allocation and management of structural risks. The COFI, based upon proposals from the Finance division and the Risk division, validates the structural risk oversight and management framework for the Group and its significant entities, and reviews changes in such risks (limits and consumption). It periodically assesses the consumption of scarce resources. It reviews the financial panorama, ILAAP and ICAAP documents, ongoing issues regarding to ALM, Liquidity, the Preventive Recovery Plan, and the Corporate Center budget and intra-group re-invoicing. Lastly, it addresses issues pertaining to the Group's taxation (managed jointly by the Finance division and the Corporate Secretary);
- **the Compliance Committee** (COMCO) meets quarterly to monitor non-compliance risks and major compliance incidents; under the responsibility of the Compliance Department, it is chaired by the General Management;
- **the Digital Transformation Committee (DTCO)**, in line with the Group Strategy Committee's decisions, initiates and monitors changes in the information system and the relevant operational model which require approval by General Management due to their cross-business character or to the scale of the envisaged transformation;
- **the Group Internal Control Coordination Committee** (CCCIG) is responsible for the overall architecture of the Group's internal control system, for evaluating its efficiency, consistency and comprehensiveness, for taking corrective actions and for monitoring their implementation;
- **the Responsible Commitments Committee** (CORESP) deals with topics related to the Group's commitments and normative framework in CSR (including CSR sectoral policies), culture and conduct, or other topics that have an impact on the Group's liability and are not already covered by an existing committee.

Divisions in charge of risk monitoring

The Group's Corporate Divisions, which are independent from the core businesses, contribute to the management and internal control of risks.

The Corporate Divisions provide the Group's General Management with all the information needed to perform its role of managing Group strategy under the authority of the Chief Executive Officer. The Corporate Divisions report directly to General Management.

- The primary role of the **Risk Division** is to support the development of the Group's activities and profitability by defining the Group's risk appetite (allocated between the Group's different business lines) in conjunction with the Finance Division and the Business and Service Units, and establishing a risk management and monitoring system in its capacity as a second line of defence.

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

  Accordingly, the Risk Division:

  - provides hierarchical and functional supervision for the Group's Risk function,
  - is jointly responsible, with the Finance Division, for setting the Group's risk appetite as recommended to General Management,
  - identifies all Group risks,
  - implements a governance and monitoring system for these risks, including cross-business risks, and regularly reports on their nature and extent to General Management, the Board of Directors and the banking supervisory authorities,
  - helps define the risk policies, taking into account the objectives of the businesses and the relevant risk issues,
  - defines or validates the methods and procedures used to analyse, measure, approve and monitor risks,
  - implements a second-level control to ensure the correct application of these methods and procedures,
  - assesses and approves transactions and limits proposed by business managers,
  - defines or validates the architecture of the central risk information system and ensures its suitability to business requirements;
- **The Finance Division** is organised according to three levels of supervision, each reporting to a Deputy Chief Financial Officer:

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

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

  - **the Group Accounting Department** is responsible for coordinating the mechanism used to draw up the Group's consolidated financial statements,
  - **the Experts on Metrics and Reporting Department** is responsible for producing the regulatory reports of the Group,
  - **the Mutualised Transactions Processing Department** manages the shared service centers of the Finance Division with the support of its Paris teams and the oversight of Finance teams in Bucharest and Bangalore.

- **the Finance Control Department** is responsible for the second-level permanent control system across all the Finance processes,
- **the Asset and Liability Management Department** is in charge of the ALM function for the Group, of controlling the Group's liquidity and exchange rate risks, as well as the operational management of ALM for the Societe Generale Parent Company (SGPM).

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

- The Finance Departments of the Business Units and Service Units, which report hierarchically to the Group Finance Division, ensure that the financial statements are prepared correctly at local level and control the quality of the information in the financial reports (accounting, management control, regulations, etc.).
- The Group Compliance Division is responsible for defining and ensuring the consistency of the system for preventing and controlling the risk of non-compliance, as well as for coordinating the system intended to prevent, detect, assess and control reputational risk across the entire Group.
- **The Corporate Secretary** brings together:
  - the Group Legal Department, which ensures in particular the security and legal regularity of the Group's activities, drawing on the legal services of subsidiaries and branches where applicable,
  - the Group Tax Department, which ensures compliance with tax laws in France and abroad,
  - the Corporate Social Responsibility Department, which is in charge of defining and proposing a policy in favour of Corporate Social Responsibility within the Group,
  - the Group Security Department, which oversees the Group's security in conjunction with the Service Unit of the Resources and Digital Transformation Department regarding the security of information systems,
  - the Group's Administrative Department, which provides the Group's central administration services and provides support, as necessary, to the Secretary of the Board of Directors.
- **The Human Resources and Communication Division** monitors the implementation of compensation policies, amongst other things.
- **The Corporate Resources and Innovation Division** is specifically responsible for defining the policies to be applied in matters of information systems and information systems security.
- **The Group Internal Audit and General Inspection Division** is in charge of internal audits and reports to the Head of Group Internal Audit. ▲

According to the last census carried out on a declarative basis (at 31 December 2020), the full-time equivalent (FTE) workforce:

- of the Group's Risk Department stood at around 5,463 FTEs:
  - including 4,620 as the second line of defence, i.e. 1,536 in the Group Risk Division itself and 3,084 in the rest of the Risk sector: the Risk Management function,
  - and including 857 as the first line of defence on issues of operational risks, crisis management and the fight against fraud;
- the Compliance Department represented approximately 3,900 FTEs;
- the Information System Security Department totalled approximately 630 FTEs.

Risk reporting and assessment systems

The Group’s data aggregation system operates at two levels and has clearly defined responsibilities. The teams of Business Units, Service Units and entities perform data collection and data quality control functions for both local and Group consolidation requirements, as well as a first level of aggregation when necessary. The cross-business teams of the Finance Department and the Risk Department aggregate this data and produce Group-wide risk indicators and reports.

Since 2015, the Group has defined architectural principles relating to Finance and Risk information systems. The TOMFIR principles (Target Operating Model for Finance & Risk) revolve around the following objectives:

- the production of risk indicators is based on data from Business Units and certified entities (golden sources), the granularity of the contract and accounting quality. The data are updated daily and fed by the entities' operational systems;
- the Group-level information system manages its own data aggregation rules to avoid multiplying local developments at BU and entity level. It is based on Group-wide benchmarks, subject to the benchmarks of Business Units and entities;
- the IS architecture must address Finance and Risk uses to meet local needs and the needs shared with the Group.

These architectural principles are applied to the following four main application areas:

- the pooled Finance and Risk information system for credit risk and the calculation of RWA;
- interest rate and liquidity risk calculation chains;
- the market risk calculation chain;
- the counterparty credit risk calculation chain on market operations.

The significant strengthening of the Finance and Risk information system was initially aimed at increasing our data aggregation and risk management capacities. Despite the delay in the first half of 2021 of some milestones in the planned trajectory, the action plans have been widely implemented and allowed the Group to reach a new level of maturity at the end of 2020 by:

- feeding the Group's credit risk systems with the commitments of retail customers at contract level on all the BCBS 239 priority entities;
- being able to produce liquidity indicators more quickly in a crisis situation on the most critical perimeter;
- deploying data warehouses on new significant entities in the Retail Banking and International Financial Services scope;
- the faster production of monthly Group rate risk indicators;
- the ability to manage the NIM (Net Interest Margin) centrally over a wide area;
- industrialising almost all of market risk's main indicators and strengthening the certification of these indicators by centralising controls and alerts.

INTEREST RATE BENCHMARK REFORM

Audited I As part of the reform of interbank rates ('IBOR' rates), the Group is pushing ahead with its efforts towards the significant deadline of the end of 2021. The project structure, which the Group has placed under the leadership of the General Management, pursues a dual objective: on the one hand, to prepare the Group to deal with "Risk Free Rates", and on the other hand to prepare the migration of the stock of operations in progress indexed to IBOR rates which will expire successively after 2021 and 2023.

In 2014, the Financial Stability Board considered in its report on interbank rates that uncertainty related to IBOR rates and their termination, if left unchecked, constituted systemic vulnerability and risk.

The Group assesses its own main risks as follows:

- governance and programme execution risk that could lead to delays and lost opportunities is monitored as part of the regular Committee and arbitration bodies;
- risk of legal documentation that could lead to post-transition litigation is managed by the introduction of fallback clauses in transactions depending on the presence of market standards and the support of external firms in the renegotiation of bilateral contracts;
- market risk with the creation of a basic risk between the rate curves associated with the different indices is the subject of close monitoring and supervision;
- operational risks in the execution of transaction migrations, depending on the willingness and preparedness of our customers, the volume of transactions to be migrated and their spread over time;
- risk of "conduct" associated with the announced end of LIBORs, managed in particular through specific group guidelines and broken down by entity. Team training and client communication actions (conferences, events, bilateral points, especially with less well-informed clients) are organised on the associated risks, the alternative solutions that could be deployed, and the way in which they could be affected. ▲

AUDITED I TABLE 1: FINANCIAL ASSETS AND LIABILITIES AND DERIVATIVES IMPACTED BY THE INTEREST RATE BENCHMARKS REFORM

(In EURbn)		Exposures at 30.09.2020		
		Remaining capital		Notional Amounts(1)
	New risk-free rates likely to replace current benchmark interest rates	Financial assets(2) (excluding derivatives) impacted by the reform	Financial liabilities(3) (excluding derivatives) impacted by the reform	Derivatives(4) impacted by the reform
EURIBOR - Euro Interbank Offered Rate		106	6	3,463
EONIA - Euro OverNight Index Average	Euro Short-Term Rate (EUR STR)	4	16	495
LIBOR - London Interbank Offered Rate - USD	Secured Overnight Financing Rate (SOFR)	35	3	2,536
LIBOR - London Interbank Offered Rate - GBP	Reformed Sterling Overnight Index Average (SONIA)	4	0	568
LIBOR - London Interbank Offered Rate - CHF	Swiss Average Rate Overnight (SARON)	0	0	63
LIBOR - London Interbank Offered Rate - JPY	Tokyo Overnight Average (TONA)	0	1	641
LIBOR - London Interbank Offered Rate - EUR	Euro Short-Term Rate (€STR)	1	0	7
TOTAL		**150**	**26**	**7,774**

(1) Notional amounts used in combination with a reference interest rate to calculate derivative cash flows.
(2) Of which accounts receivable, loans, securities received under repurchase agreements, debt securities bearing interest at variable rates.
(3) Of which deposits, borrowing, transaction of securities given in delivered reseal, debt issued in the form of securities bearing interest at variable rates.
(4) Of which firm instruments (swap and futures) and conditional instruments.

4.3 INTERNAL CONTROL FRAMEWORK

4.3.1 INTERNAL CONTROL

Internal control is part of a strict regulatory framework applicable to all banking institutions.

In France, the conditions for conducting internal controls in banking institutions are defined in the Order of 3 November 2014. This Order, which applies to all credit institutions and investment companies, defines the concept of internal control, together with a number of specific requirements relating to the assessment and management of the various risks inherent in the activities of the companies in question, and the procedures under which the supervisory body must assess and evaluate how the internal control is carried out.

The Basel Committee has defined four principles – independence, universality, impartiality, and sufficient resources – which underpin the internal control carried out by credit institutions.

The Board of Directors ensures that Societe Generale has a solid governance system and a clear organisation ensuring:

- a well-defined, transparent and coherent sharing of responsibilities;
- effective procedures for the detection, management, monitoring and reporting of risks to which the Company could be exposed.

The Board tasks the Group's General Management with rolling out the Group’s strategic guidelines to implement this set-up.

The Audit and Internal Control Committee (CACI) is a Board of Directors' committee that is specifically responsible for preparing the decisions of the Board in respect of internal control supervision.

As such, General Management submits reports to the Audit and Internal Control Committee on the internal control of the Group. The Committee monitors the implementation of remediation plans when it considers the risk level to be justified.

Internal control is based on a **body of standards and procedures.**

All Societe Generale Group activities are governed by rules and procedures contained in a set of documents referred to collectively as the “Standard Guidelines”, compiled in the Societe Generale Code, which:

- set out the rules for action and behaviour applicable to Group staff;
- define the structures of the businesses and the sharing of roles and responsibilities;
- describe the management rules and internal procedures specific to each business and activity.

The Societe Generale Code groups together the standard guidelines which, in particular:

- define the governance of the Societe Generale Group, the structures and duties of its Business Units and Services Units, as well as the operating principles of the cross-business systems and processes (Codes of Conduct, charters, etc.);
- set out the operating framework of an activity and the management principles and rules applicable to products and services rendered, and also define internal procedures.

The Societe Generale Code has force of law within the Group and falls under the responsibility of the Group Corporate Secretary.

In addition to the Societe Generale Code, operating procedures specific to each Group activity are applied. The rules and procedures in force are designed to follow basic rules of internal control, such as:

- segregation of functions;
- immediate, irrevocable recording of all transactions;
- reconciliation of information from various sources.

Multiple and evolving by nature, risks are present in all business processes. Risk management and control systems are therefore key to the Bank’s ability to meet its targets.

The internal control system is represented by all methods which ensure that the operations carried out and the organisation and procedures implemented comply with:

- legal and regulatory provisions;
- professional and ethical practices;
- the internal rules and guidelines defined by the Company’s management body of the undertaking in its executive function.

Internal control in particular aims to:

- prevent malfunctions;
- assess the risks involved, and exercise sufficient control to ensure they are managed;
- ensure the adequacy and effectiveness of internal processes, particularly those which help safeguard assets;
- detect irregularities;
- guarantee the reliability, integrity and availability of financial and management information;
- check the quality of information and communication systems.

The internal control system is based on **five basic principles:**

- the comprehensive scope of the controls, which cover all risk types and apply to all the Group’s entities;
- the individual responsibility of each employee and each manager in managing the risks they take or supervise, and in overseeing the operations they handle or for which they are responsible;
- the responsibility of functions, in line with their expertise and independence, in defining normative controls and, for three of them, exercising second-level permanent control;
- the proportionality of the controls to the materiality of the risks involved;
- the independence of internal auditing.

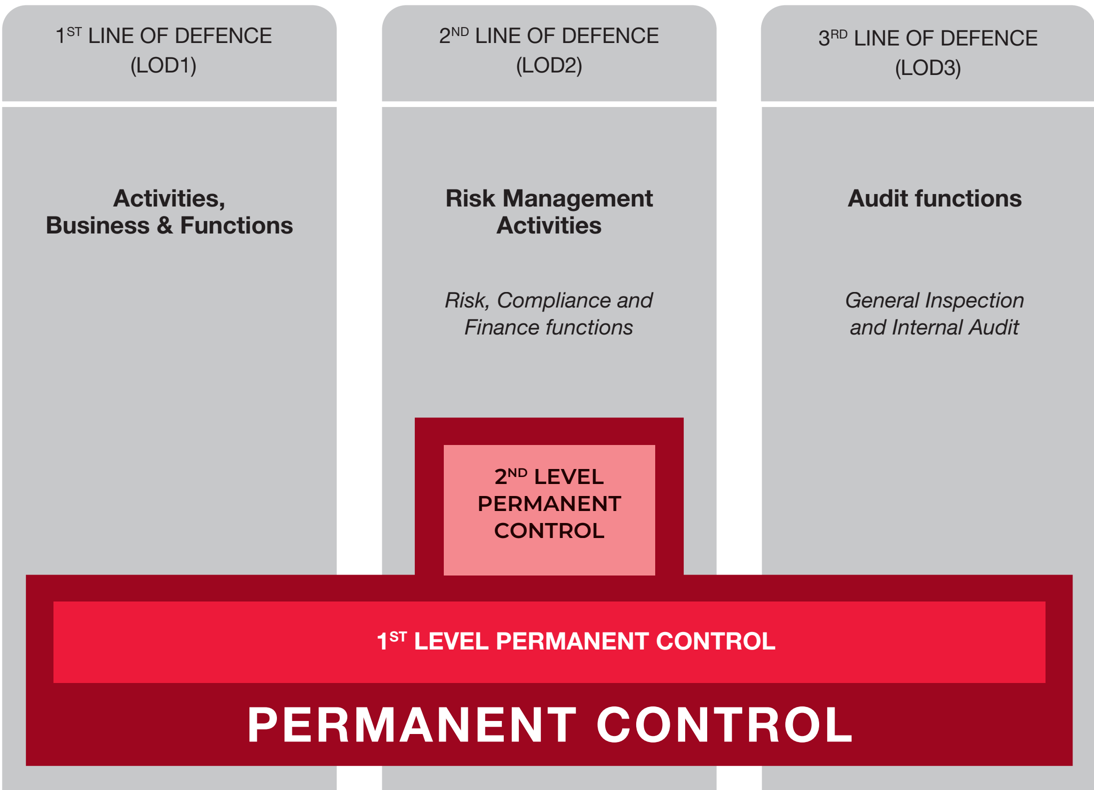
The internal control framework is based on the "**three lines of defence**" model, in accordance with the Basel Committee and European Banking Authority guidelines:

- the **first line of defence** comprises all Group employees and operational management, both within the Business Units and the Services Units in respect of their own operations.

  Operational management is responsible for risks, their prevention and their management (by putting in place first-level permanent control measures, amongst other things) and for implementing corrective or remedial actions in response to any deficiencies identified by controls and/or process steering;
- the **second line of defence** is provided by the compliance, finance and risk functions.

  Within the internal control framework, operational management is responsible for verifying the proper and continuous running of the risk security and management operation functions through the effective application of established standards, defined procedures, methods and requested controls.

  Accordingly, these functions must provide the necessary expertise to define in their respective fields the controls and other means of risk management to be implemented by the first line of defence, and to ensure that they are effectively implemented; they conduct second-level permanent control over all of the Group's risks, employing the controls they have established, where appropriate with other expert functions (*e.g.* sourcing, legal, tax, human resources, information system security, etc.) and by the businesses;
- the **third line of defence** is provided by the Internal Audit Division, which encompasses the General Inspection and Internal Audit functions. This division performs periodic internal audits that are strictly independent of the business lines and the permanent control function;
- **internal control coordination,** which falls under the responsibility of a Deputy Chief Executive Officer, is also provided at Group level and is rolled out in each of the divisions and core businesses.



A Deputy Chief Executive Officer is responsible for ensuring the overall consistency and effectiveness of the internal control system. This Deputy Chief Executive Officer also chairs the Group Internal Control Coordination Committee (Group ICCC), which comprises the Chief Risk Officer, the Chief Financial Officer, the Group Chief Compliance Officer, the Group Chief Information Officer, the Head of Group Internal Audit, and the Head of Internal Control Coordination.

The Group Internal Control Coordination Committee met 12 times in 2020. It addressed the following issues:

- review of the effectiveness of permanent control in each Business Unit (BU) and Service Unit (SU);
- review of the effectiveness and consistency of the Group internal control framework;
- review of the Group quarterly permanent control dashboard prior to its communication to the Group Audit and Internal Control Committee (CACI);
- cross-business review of cybersecurity and security tools and resources.

The organisation implemented at Group level to coordinate the actions of the various participants in internal control is coordinated in each Business Unit (BU) and Service Unit (SU). All of the Group's BUs and SUs have an Internal Control Coordination Committee. Chaired by the Head of the Business Unit or the Service Unit, these Committees bring together the competent Heads of Internal Audit and Permanent Control for the Business Unit and Service Unit in question, as well as the Head of Group Internal Control Coordination and the Heads of the Group-level control functions.

Permanent control system

The Group's permanent control system comprises:

- the **first-level permanent control,** which is the basis of the Group's permanent control, is performed by the businesses. Its purpose is to ensure the security, quality, regularity and validity of transactions completed at operational level;
- the **second-level permanent control,** which is independent of the businesses and concerns three divisions, *i.e.* the Compliance, Risk and Finance Divisions.

In 2018, General Management initiated a transformation programme of the Group's permanent control system, which is under its direct supervision. Through a set of actions focusing on areas such as standards, methods, tools, procedures and training, the programme served to consolidate the control culture and optimise risk control, and thus helps to improve the quality and the reliability of services provided to our customers and partners. All scheduled deadlines were met and the programme's long-term activities are being transferred to operating teams. The transfer is set to be completed in 2021.

FIRST-LEVEL PERMANENT CONTROL

Permanent Level 1 controls, carried out on operations performed by BUs and the SUs, ensure the security and quality of transactions and the operations. These controls are defined as a set of provisions constantly implemented to ensure the regularity, validity, and security of the operations carried out at operational level.

The permanent Level 1 controls consist of:

- **any combination of actions and/or devices that may limit the likelihood of a risk occurring or reduce the consequences for the company:** these include controls carried out on a regular and permanent basis by the businesses or by automated systems during the processing of transactions, automated or non-automated security rules and controls that are part of transaction processing, or controls included in operational procedures. Also falling into this category are the organisational arrangements (*e.g.*, segregation of duties) or governance, training actions, when they directly contribute to controlling certain risks;
- **controls performed by managers:** line managers control the correct functioning of the devices for which they are responsible. As such, they must apply formal procedures on a regular basis to ensure that employees comply with rules and procedures, and that Level 1 controls are carried out effectively.

Defined by a Group entity within its scope, Level 1 controls include controls (automated or manual) that are integrated into the processing of operations, proximity controls included in operating procedures, safety rules, etc. They are carried out in the course of their daily activities by agents directly in charge of an activity or by their managers. These controls aim to:

- ensure the proper enforcement of existing procedures and control of all risks related to processes, transactions and/or accounts;
- alert management in the event of identified anomalies or malfunctions.

Permanent Level 1 controls are set by management and avoid, as far as possible, situations of self-assessment. They are defined in the procedures and must be traced without necessarily being formalised, *e.g.* preventive automated controls that reject transations that do not comply with system-programmed rules.

In order to coordinate the operational risk management system and the permanent Level 1 control system, the BUs/SUs deploy a specific department called CORO (Controls & Operational Risks Office department).

SECOND-LEVEL PERMANENT CONTROL

The permanent Level 2 control ensures that the Level 1 control works properly:

- the scope includes all permanent Level 1 checks, including managerial supervision checks and checks carried out by dedicated teams;
- this review and these audits aim to give an opinion on (i) the effectiveness of Level 1 controls, (ii) the quality of their implementation, (iii) their relevance (including, in terms of risk prevention), (iv) the definition of their modus operandi, (v) the relevance of remediation plans implemented following the detection of anomalies, and the quality of their follow-up, and thus contribute to the evaluation of the effectiveness of Level 1 controls.

The permanent level 2 control, control of the controls, is carried out by teams independent of the operational.

These controls are performed centrally by dedicated teams within Risk Service Unit (RISQ/CTL), Compliance Service Unit (CPLE/CTL) and Finance Service Unit (DFIN/CTL) and locally by the second-level control teams within the BU/SUs or entities.

Internal audit

Reporting to the Group Head of Inspection and Audit, the Inspection and Audit Service Unit (IGAD) is the Group's third line of defence.

The IGAD Service Unit comprises General Inspection (IGAD/INS), Internal Audit Departments (IGAD/AUD) and a support function (IGAD/COO). To fulfil its mandate, the Group's IGAD Service Unit has adequate resources from a qualitative and quantitative point of view. The Group's Inspection and Audit Service Unit has about 1,100 employees.

The Group Head of Inspection and Audit reports directly to the Group Chief Executive Officer, with whom it holds regular meetings. The Group Head of Inspection and Audit meets regularly with the Chairman of the Board of Directors. The Audit and Internal Control Committee and the Risk Committee refer to the Group Head of Inspection and Audit on their initiative or at his request on any subject. The Group Head of Inspection and Audit participates in the Internal Control Committee and the Risk Committee meetings. Moreover, bilateral meetings are held as needed between the Group Head of Inspection and Audit and the chairpersons of these Committees.

The Inspection and Audit Service Unit (IGAD) is part of the Group's internal control framework. IGAD carries out an internal audit mandate through its missions. In its role as the third line of defence, it is strictly independent from the Group's business units and permanent control functions.

In line with standards set by the IIA (Institute of Internal Auditors), IGAD's internal audit mandate is defined as an independent and objective activity that provides the Group with assurance as to how effectively it is controlling its operations, advises on improvements and contributes to the creation of added value. By carrying out this mandate, Inspection and Internal Audit help the Group to achieve its targets by evaluating systematically and methodically its processes for risk management, control and corporate governance and making recommendations to increase their efficiency.

The Inspection and Audit Service Unit exercises a key role in the Group's risk management set-up and can assess any of its components.

Under this mandate, the General Inspection and Internal Audit assess (i) the quality of risk management within an audited scope, (ii) the permanent control framework is adequately structured and effective, (iii) management's risk awareness and compliance with conduct rules and expected professional practices.

Whilst Audit Departments perform solely an internal audit role, General Inspection has, in addition to its internal audit role, a mandate to undertake other assignments such as any type of analysis or research, be involved in the assessment of strategic projects or intervene on specific subjects as requested by General Management. Such assignments, limited with regards to resources dedicated to them, are carried out within a framework ensuring that ethical principles defined in Institute of Internal Auditors' Standards are being met.

The General Inspection also supervises the rollout of data-analysis initiatives within the scope of Inspection and Audit activities. This mission is ensured *via* a dedicated data-lab (INS/DAT), under the responsibility of an Inspection Managing Director *(Inspecteur principal)*. The General Inspection also supervises and coordinates the Service Unit's relationship with regulators.

IGAD has six distinct Audit Departments aligned with the Group organisation. Audit Departments placed under the supervision of a Head of internal Audit are each responsible for a scope of activity. A matrix organisation allows coverage of the main cross-business issues at Group level. In France, the Internal Audit teams are hierarchically linked to the Inspection unit. Audit Department heads based in branches or affiliates overseas report to the local entity's head. However, in their internal audit role they report directly to the Internal Audit Head in charge of their region or entity.

Inspection and Audit teams work together on an annual risk assessment to define the Inspection and Audit plans for the upcoming year. IGAD teams regularly work together on joint assignments. They issue recommendations to correct issues identified in risk management and generally improve operations and risk management. IGAD teams are subsequently in charge of monitoring the effective implementation of these recommendations.

4.3.2 CONTROL OF THE PRODUCTION AND PUBLICATION OF FINANCIAL MANAGEMENT INFORMATION

The participants involved

There are many participants in the production of financial data:

- the **Board of Directors**, and more specifically its **Audit and Internal Control Committee**, has the task of examining the draft financial statements which are to be submitted to the Board, as well as verifying the conditions under which they were prepared and ensuring not only the relevance but also the consistency of the accounting principles and methods applied. The Audit and Internal Control Committee's remit also is to monitor the independence of the Statutory Auditors, and the effectiveness of the internal control, measurement, supervision and control systems for risk related to the accounting and financial processes. The Statutory Auditors meet with the Audit and Internal Control Committee during the course of their assignment;
- the **Group Finance Division** gathers the accounting and management data compiled by the subsidiaries and the Business Units/Services Units in a set of standardised reports. It consolidates and verifies this information so that it can be used in the overall management of the Group and disclosed to third parties (supervisory bodies, investors, etc.). It also has a team in charge of the preparation of the Group regulatory reports;

  In the framework of these missions, it is in charge of:

  - monitoring the financial aspects of the Group's capital transactions and its financial structure,
  - managing its assets and liabilities, and consequently defining, managing and controlling the Group's financial position and structural risks,
  - ensuring that the regulatory financial ratios are respected,
  - defining accounting standards, frameworks, principles and procedures for the Group, and ensuring that they are observed,
  - verifying the accuracy of all financial and accounting data published by the Group;
- the **Finance Divisions of subsidiaries and Business Units/Services Units** carry out certification of the accounting data and entries booked by the back offices and of the management data submitted by the front offices. They are accountable for the financial statements and regulatory information required at the local level and submit reports (accounting data, finance control, regulatory reports, etc.) to the Group Finance Division. They can perform these activities on their own or else delegate their tasks to Shared Service Centers operating in finance and placed under Group Finance Division governance;
- the **Risk Division** consolidates the risk monitoring data from the Group's Business Units/Services Units and subsidiaries in order to control credit, market and operational risks. This information is used in Group communications to the Group's governing bodies and to third parties. Furthermore, it ensures in collaboration with the Group Finance Division, its expert role on the dimensions of credit risk, structural liquidity risks, rates, exchange rates, on the issues of recovery and resolution and the responsibility of certain closing processes, notably the production of solvency ratios;
- the **Back offices** are responsible for all support functions to front offices and ensure contractual settlements and deliveries. Among other responsibilities, they check that financial transactions are economically justified, book transactions and manage means of payment.

Accounting and regulatory standards

Local financial statements are drawn up in accordance with local accounting standards, and the consolidated Group financial statements are prepared in accordance with the standards defined by the Group Finance Division, which are based on IFRS as adopted by the European Union.

The applicable standards on solvency and liquidity, promulgated by the Basel Committee, were translated into European law by a directive (CRD4) and a regulation (CRR). They were completed by the Regulation CRR2 and the Directive CRD5 which entered into force on 28 June 2019. These texts are supplemented by several delegated acts and implementation technical standards. As the Societe Generale Group is identified as a "financial conglomerate", it is subjected to additional supervision.

The Group Finance Division has dedicated teams that monitor the applicable standards and draft new internal standards to comply with any changes in the accounting and regulatory framework.

Procedures for producing financial and accounting data

Each entity in the consolidation scope of the Group prepares its own accounting and management statements on a monthly basis. This information is then consolidated each month at Group level and published for the markets on a quarterly basis. Data reported are subject to analytical reviews and consistency checks performed by Finance Divisions or delegated to financial shared service centres acting under their responsibility and sent to the Group Finance Division. The Group Finance Division forwards the consolidated financial statements, Management Reports and regulatory statements to General Management and any interested third parties.

In practice, procedures have been tailored to the growing complexity of products and regulations. Moreover, specific adaptation action plans can be implemented where necessary.

Internal control procedures governing the production of financial and accounting data

Accounting data are compiled independently of the front offices and the sales teams.

The quality and objectivity of the accounting and management data are ensured by the separation of sales functions and all the functions of operational processing and follow-up of the operations: back offices and middle offices integrated into Resources Division and teams in charge of result production integrated into Finance Division. These teams carry out a series of controls defined by Group procedures on financial and accounting data, in particular:

- verification of the economic justification of all information reported;

- reconciliation of accounting and management data, using specific procedures, respecting the specified deadlines;
- for market activities, reconciliation between the accounting result, produced by the Finance Division and the economic result, produced by a dedicated expert department in the Risk Division.

Given the increasing complexity of the Group's financial activities and organisation, staff training and IT tools are regularly upgraded to ensure that the production and verification of accounting and management data are effective and reliable.

SCOPE OF CONTROL

In practice, the internal control procedures implemented in the Group's businesses are designed to guarantee the quality of financial and accounting information, and notably to:

- ensure that the transactions entered in the Group's accounts are exhaustive and accurate;
- validate the valuation methods used for certain transactions;
- ensure that transactions are correctly assigned to the corresponding fiscal period and recorded in the accounts in accordance with the applicable accounting regulations, and that the accounting aggregates used to prepare the Group financial statements are compliant with the regulations in force;
- ensure the inclusion of all entities that must be consolidated in accordance with Group regulations;
- check that the operational risks associated with the production and transmission of accounting data through the IT system are correctly controlled, that the necessary adjustments are accurately performed, that the reconciliation of accounting and management data is satisfactory, and that the flows of cash payments and other items generated by transactions are exhaustive and adequate.

CONTROL BY THE FINANCE DEPARTMENTS

The Finance Department of each subsidiary checks the accuracy and consistency of the financial statements with respect to the relevant accounting frameworks (local standards and IFRS for subsidiaries, as well as French standards for branches). It performs checks to guarantee the accuracy of the information disclosed.

The data received for consolidation from each subsidiary are drawn from corporate accounting data by the subsidiaries after they have been locally brought into compliance with Group accounting principles.

Each subsidiary must be able to explain the transition from the company financial statements to the financial statements reported through the consolidation tool.

The Finance Departments of the Business Units/Services Units have a dedicated department for financial management and control.

CONTROL BY THE FINANCIAL SHARED SERVICE CENTRES

Financial shared service centres perform the first-level controls necessary to ensure the reliability of accounting, tax and regulatory information on the financial statements they produce in accordance with local and IFRS standards and notably data quality and consistency checks (equity, securities, foreign exchange, financial aggregates from the balance sheet and income statement, deviations from standards), justification and certification of the financial statements under their responsibility, intercompany reconciliation of the financial statements, regulatory statement checks and verification of evidence of tax charges and balances (current, deferred and duties).

These controls are declared as part of the managerial supervision and Group accounting certification processes.

These controls allow the Shared Services Centres to provide all necessary information to the Finance Departments of Business Units/Services Units and the Group Finance and Accounting Division to ensure the reliability and consistency of the accounts prepared.

SUPERVISION BY THE GROUP FINANCE DIVISION

Once the financial statements prepared by the entities have been restated according to Group standards, they are entered into a central database and processed to produce the consolidated statements.

The service in charge of consolidation in the Group Accounting Officer Department checks that the consolidation scope complies with the applicable accounting standards and performs multiple checks on data received for consolidation purposes. These checks include:

- confirmation that the data collected are properly aggregated;
- verification of recurring and non-recurring consolidation entries;
- exhaustive treatment of critical points in the consolidation process;
- treatment of any residual differences in reciprocal or intercompany statements.

Last, this service ensures that the overall consolidation process has been conducted properly by performing analytical reviews of the summary data and verifying the consistency of the main aggregates of the financial statements. Changes in shareholders' equity, goodwill, provisions and any deferred taxes consolidated in the fiscal year are also analysed.

A team in this department is in charge of managing and coordinating the quarterly Group accounting certification framework to certify first-level controls on a quarterly basis (internal control certification).

The Group Finance Division has also a dedicated team reporting directly to it which is responsible for ensuring second-level permanent controls on all Finance processes and for implementing the framework within the Group. Its mission is to ensure the effectiveness, quality and relevance of the Level 1 control framework by assessing it through process or activity reviews, testing controls and quarterly certifications. The team also reports to the Head of Permanent & Internal Control Division of Societe Generale Group.

Accounting audit framework

CONTROLS BY ALL OPERATIONAL STAFF INVOLVED IN THE PRODUCTION OF ACCOUNTING, FINANCIAL AND MANAGEMENT DATA

The operational staff monitor their activity *via* a permanent supervision process under the direct responsibility of their management teams, repeatedly verifying the quality of the controls carried out on accounting data and the associated accounting treatment.

CONTROLS THROUGH AUDITS AND SPECIALISED AUDIT TEAMS OF THE INTERNAL AUDIT DIVISION

Internal Audit and the General Inspection define their audits and inspections using a risk-based approach and define an annual work programme (Inspection and Audit plan schedule - *plan de tournée*). As part of their assignments, teams may verify the quality of the control environment contributing to the quality of the accounting and management data produced by the audited entities. They may check a certain number of accounts and assess the reconciliations between accounting and management data, as well as the quality of the permanent supervision procedures for the production and control of accounting data. They also assess the performance of IT tools and the accuracy of manual processing.

The team in charge of auditing the Corporate Divisions is also responsible for auditing the Group Finance Division. Placed under the responsibility of a dedicated business correspondent, the team coordinates and monitors all audits related to accounting and financial matters on a Group-wide basis. The team provides expertise in identifying the Group's main accounting risks and carries out audits to verify the adequate application of accounting standards in areas deemed to be the most significant for the accuracy of the Group's accounting information. The team also organises training sessions and develops methodologies to help share expertise in the auditing of accounting risks.

Based on their findings, these teams issue recommendations to the parties involved in the production and control of accounting, financial and management data to improve this process through more specific initiatives targeting particular entities or activities.

4.4 CAPITAL MANAGEMENT AND ADEQUACY

4.4.1 THE REGULATORY FRAMEWORK

Audited I Since January 2014 Societe Generale has been applying the new Basel 3 Regulation implemented in the European Union via a directive (CRD4) and a regulation (CRR) .

The general framework defined by Basel 3 is structured around three pillars:

- Pillar 1 sets the minimum solvency requirements and defines the rules that banks must use to measure risks and calculate the related capital requirements, according to standard or more advanced methods;
- Pillar 2 concerns the discretionary supervision implemented by the competent authority, which allows them – based on a constant dialogue with supervised credit institutions – to assess the adequacy of capital requirements as calculated under Pillar 1, and to calibrate additional capital requirements taking into account all the risks to which these institutions are exposed;
- Pillar 3 encourages market discipline by developing a set of qualitative or quantitative disclosure requirements which will allow market participants to better assess a given institution's capital, risk exposure, risk assessment processes and, accordingly, capital adequacy.

Some amendments to the European regulatory legislation were adopted in May 2019 (CRR2/CRD5). Although several of the new amendments are already in force, most of the new provisions will enter into force in June 2021.

The new provisions include the following:

- NSFR: the text introduces regulatory requirements related to the NSFR ratio. A 100% ratio has to be met as of June 2021;
- Leverage ratio: a 3% minimum requirement to which an additional 50% buffer for systemic entities will be added from 2023;
- Counterparty derivatives risk: the "SA-CCR" Basel method replaces the current "CEM" method to calculate the prudential exposure to derivatives using the Standardised Approach (SA);
- Large exposures: the main change concerns the calculation of the regulatory limit (25%) on Tier 1 (instead of total capital), as well as the introduction of a cross-specific limit on systemic institutions (15%);
- TLAC: The ratio requirement for G-SIBs has been introduced in CRR. According to the Basel text, the G-SIBs must have an amount of eligible capital and debt equal to the highest between 16%+risk-weighted capital buffers and 6% of the leverage exposure in 2019, the ratio increasing to 18%+weighted risk cushions and 6.75% leverage in 2022.

With regard to the implementation of the market risk reform (FRTB), after the publication of the first revised standard in January 2016 and of the consultation in March 2018 on this subject, the Basel Committee published in January 2019 its final text: BCBS457. In March 2020, the Basel Committee announced a one-year delay in the implementation of FRTB (1 January 2023 instead of 1 January 2022 as originally planned in the January 2019 text).

The European FRTB calendar would be as follows:

- regarding reporting requirements:
  - in April 2020, EBA postponed the Standardised Approach (SA) from Q1 2021 to Q3 2021,
  - 2023 for the Internal Model Approach (IMA);
- the capital requirements for FRTB would then become mandatory at the end of 2023 at the earliest, or in 2024.

In December 2017, the Group of Central Bank Governors and Heads of Supervision (GHOS), the Basel Committee's oversight body, endorsed the regulatory reforms aiming to complete Basel 3. These new rules, which were to take effect from 2022, have been postponed to January 2023 with an overall output floor: the risk-weighted assets (RWA) will be floored to a percentage of the standard method (credit, market and operational). The output floor level will increase gradually, from 50% in 2023 to 72.5% in 2028. Nevertheless, these rules will have to be transposed into European law (CRR3/CRD6) to be applicable to the Group.▲

In the face of the health crisis and of its economic and financial consequences, a number of measures have been taken by the supervisory and regulatory authorities. For example, the ECB announced the immediate implementation of Article 104a of CRD5: possible fulfilment of P2R requirement *via* 56% of CET1, 19% of AT1 and 25% of Tier 2 instruments (instead of 100% of CET1 previously), but also possibility to operate below the conservation cushion (CCB), as well as the countercyclical (CCyB) and the Systemic Risk Buffer (0% in France) ones.

In addition, the European Parliament and the Council reached an agreement through the CRR "quick fix" regulation, implemented as of 30 June 2020. The most significant elements reside in the anticipation of the implementation date for the non-deduction of CET1 software, but also for the SME and "Infrastructure financing" discount factors. Regarding the leverage ratio, the implementation of the cushion (0.5% for the Group) has been postponed from 1 January 2022 to 1 January 2023 in order to be in line with the Basel 4 application date. Central bank reserves may be excluded from the exposure base (without increasing the 3% requirement) until 27 June 2021 .

At the end of 2019, the ECB confirmed the level of additional capital requirements in respect of Pillar 2 (P2R or "Pillar 2 Requirement"), effective since 1 March 2019, at 1.75% for 2020.

As part of the ECB Covid-19 specific measures, the 2020 Pillar 2 rate will remain at the same level in 2021.

Detailed information on the G-SIB requirements and other prudential information are available on the Group website, www.societe generale.com, under "Universal Registration Document and Pillar 3".

Throughout 2020, Societe Generale complied with the minimum ratio requirements applicable to its activities.

4.4.2 CAPITAL MANAGEMENT

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

- maintaining its financial solidity and respecting the Risk Appetite targets;
- preserving its financial flexibility to finance organic growth and growth through acquisitions;
- allocating adequate capital to the various businesses, according to the Group's strategic objectives;
- maintaining the Group's resilience in the event of stress scenarios;
- meeting the expectations of its various stakeholders: supervisors, debt and equity investors, rating agencies, and shareholders.

The Group determines its internal solvency targets in accordance with these objectives and regulatory thresholds.

The Group has an internal process for assessing the adequacy of its capital that measures and explains the evolution of the Group's capital ratios over time, taking into account any future regulatory constraint.▲

This process (ICAAP) also takes into account, in addition to future regulatory changes, any future changes in scope (asset disposals and acquisitions). The assessment of this adequacy is based on a selection of key metrics that are relevant to the Group in terms of risk and capital measurement, such as CET1, Tier 1 and Total Capital ratios. These regulatory indicators are supplemented by an assessment of the coverage of internal capital needs by available CET1 capital, thus confirming the relevance of the targets set in the risk appetite. Besides, this assessment takes into account the constraints arising from the other metrics of the risk appetite, such as rating, MREL and TLAC or leverage ratio.

All of these indicators are measured on a forward-looking basis in relation to their target on a quarterly or even monthly basis for the current year. During the preparation of the financial plan, they are also assessed on an annual basis over a five-year horizon according to two distinct scenarios, central and adverse, in order to demonstrate the resilience of the bank's business model in the face of adverse macroeconomic and financial environments. Capital adequacy is continuously monitored by the Executive Management and by the Board of Directors as part of the Group's corporate governance process and is reviewed in depth during the preparation of the multi-year financial plan. It ensures that the bank always complies with its financial target with a buffer of +200bp to the "Maximum Distributable Amount" (MDA) threshold.

Besides, the Group maintains a balanced capital allocation among its three strategic core businesses:

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

Each of the Group's core businesses accounts for around a third of total Risk-Weighted Assets (RWA), with a predominance of French and International Retail Banking (62% of total business RWA) and credit risk (82% of total Group RWA).

At 31 December 2020, Group RWA were up 2% to EUR 352 billion, compared with EUR 345 billion at end December 2019.

The evolution of the business lines' RWA is at the heart of the operational management of the Group's capital trajectory based on a detailed understanding of the vectors of variations. Where appropriate, the General Management may decide, upon a proposal from the Finance Division, to implement managerial actions to increase or reduce the share of the business lines, for instance by validating the execution of synthetic securitisation or of disposals of performing or non-performing portfolios.

4.4.3 SCOPE OF APPLICATION – PRUDENTIAL SCOPE

The Group's prudential reporting scope includes all fully consolidated entities, with the exception of insurance entities, which are subject to separate capital supervision.

All regulated entities of the Group comply with their prudential commitments on an individual basis.

Non-regulated entities outside of the scope of prudential consolidation are subject to periodic reviews, at least annually.

The following table provides the main differences between the accounting scope (consolidated Group) and the prudential scope (Banking Regulation requirements).

TABLE 2: DIFFERENCE BETWEEN ACCOUNTING SCOPE AND PRUDENTIAL REPORTING SCOPE

Type of entity	Accounting treatment	Prudential treatment under CRR/CRD4
Entities with a finance activity	Full consolidation	Full consolidation
Entities with an Insurance activity	Full consolidation	Equity method
Holdings with a finance activity by nature	Equity method	Equity method
Joint ventures with a finance activity by nature	Equity method	Proportional consolidation

The following table provides a reconciliation between the consolidated balance sheet and the accounting balance sheet within the prudential scope. The amounts presented are accounting data, not a measure of RWA, EAD or prudential capital. Prudential filters related to entities and holdings not associated with an insurance activity are grouped together on account of their non-material weight (< 0.2%).

TABLE 3: RECONCILIATION BETWEEN THE CONSOLIDATED BALANCE SHEET AND THE PRUDENTIAL ACCOUNTING BALANCE SHEET

ASSETS at 31.12.2020 *(In EURm)*	**Consolidated balance sheet**	**Prudential restatements linked to insurance[1]**	**Prudential restatements linked to consolidation methods**	**Accounting balance sheet within the prudential scope**
Cash, due from banks	168,179	(0)	0	168,179
Financial assets at fair value through profit or loss	429,458	10,966	(0)	440,424
Hedging derivatives	20,667	22	-	20,689
Financial assets at fair value through other comprehensive income	52,060	(0)	-	52,060
Securities at amortised cost	15,635	(0)	-	15,635
Due from banks at amortised cost	53,380	0	214	53,594
o.w. subordinated loans to credit institutions	*97*	*(0)*	-	*97*
Customer loans at amortised cost	448,761	1,543	(5)	450,299
Revaluation differences on portfilios hedged against interest rate risk	378	-	-	378
Investment of insurance activities	166,854	(166,854)	-	-
Tax assets	5,001	(88)	0	4,913
o.w deferred tax assets that rely on future profitability excluding those arising from temporary differences	*1,840*	-	*(613)*	*1,227*
o.w deferred tax assets arising from temporary differences	*2,267*	-	*436*	*2,703*
Other assets	67,341	(2,529)	50	64,862
o.w defined-benefit pension fund assets	*52*	-	-	*52*
Non-current assets held for sale	6	-	-	6
Investments accounted for using the equity method	100	4,668	(76)	4,692
Tangible and intangible assets	30,088	(166)	0	29,922
o.w intangible assets exclusive of leasing rights	*2,485*	-	*(140)*	*2,345*
Goodwill	4,044	(325)	-	3,719
TOTAL ASSETS	**1,461,952**	**(152,763)**	**183**	**1,309,372**

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

LIABILITIES at 31.12.2020 *(In EURm)*	**Consolidated balance sheet**	**Prudential restatements linked to insurance[1]**	**Prudential restatements linked to consolidation methods**	**Accounting balance sheet within the prudential scope**
Due to central banks	1,489	-	-	1,489
Financial liabilities at fair value through profit or loss	390,247	2,031	-	392,278
Hedging derivatives	12,461	10	-	12,471
Debt securities issued	138,957	823	-	139,780
Due to banks	135,571	(2,710)	43	132,904
Customer deposits	456,059	1,438	(58)	457,439
Revaluation differences on portfolios hedged against interest rate risk	7,696	-	-	7,696
Tax liabilities	1,223	(294)	0	929
Other Liabilities	84,937	(6,881)	198	78,254
Non-current liabilities held for sale	-	-	-	-
Liabilities related to insurance activities contracts	146,126	(146,126)	-	-
Provisions	4,775	(20)	-	4,755
Subordinated debts	15,432	40	-	15,472
o.w redeemable subordinated notes including revaluation differences on hedging items	*15,001*	*40*	-	*15,041*
TOTAL DEBTS	**1,394,973**	**(151,690)**	**183**	**1,243,466**
Sub-Total Equity, Group share				
Issued common stocks, equity instruments and capital reserves	31,628	0	-	31,628
Retained earnings	32,076	(202)	(0)	31,874
Net income	(258)	(0)	-	(258)
Unrealised or deferred capital gains and losses	(1,761)	(0)	(0)	(1,762)
Minority interests	5,295	(871)	-	4,424
TOTAL EQUITY	**66,979**	**(1,074)**	**(0)**	**65,905**
TOTAL LIABILITIES	**1,461,952**	**(152,763)**	**183**	**1,309,372**

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

ASSETS at 31.12.2019 *(In EURm)*	Consolidated balance sheet	Prudential restatements linked to insurance[1]	Prudential restatements linked to consolidation methods	Accounting balance sheet within the prudential scope
Cash, due from banks	102,311	-	-	102,311
Financial assets at fair value through profit or loss	385,739	9,499	-	395,238
Hedging derivatives	16,837	36	-	16,873
Financial assets at fair value through other comprehensive income	53,256	-	-	53,256
Securities at amortised cost	12,489	-	-	12,489
Due from banks at amortised cost	56,366	-	94	56,460
o.w. subordinated loans to credit institutions	*88*	-	-	*88*
Customer loans at amortised cost	450,244	1,556	(3)	451,797
Revaluation differences on portfilios hedged against interest rate risk	401	-	-	401
Investment of insurance activities	164,938	(164,938)	-	-
Tax assets	5,779	(135)	-	5,644
o.w deferred tax assets that rely on future profitability excluding those arising from temporary differences	*2,659*	-	*(756)*	*1,903*
o.w deferred tax assets arising from temporary differences	*2,082*	-	*650*	*2,732*
Other assets	68,045	(2,614)	65	65,496
o.w defined-benefit pension fund assets	*120*	-	-	*120*
Non-current assets held for sale	4,507	-	-	4,507
Investments accounted for using the equity method	112	4,501	(73)	4,540
Tangible and intangible assets	30,652	(169)	-	30,483
o.w intangible assets exclusive of leasing rights	*2,363*	-	*(138)*	*2,225*
Goodwill	4,627	(325)	-	4,302
TOTAL ASSETS	**1,356,303**	**(152,589)**	**83**	**1,203,797**

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

LIABILITIES at 31.12.2019 *(In EURm)*	Consolidated balance sheet	Prudential restatements linked to insurance[1]	Prudential restatements linked to consolidation methods	Accounting balance sheet within the prudential scope
Due to central banks	4,097	-	-	4,097
Financial liabilities at fair value through profit or loss	364,129	3,228	(59)	367,298
Hedging derivatives	10,212	3	-	10,215
Debt securities issued	125,168	1,135	-	126,303
Due to banks	107,929	(3,643)	61	104,347
Customer deposits	418,612	1,517	(73)	420,056
Revaluation differences on portfolios hedged against interest rate risk	6,671	-	-	6,671
Tax liabilities	1,409	(396)	-	1,013
Other Liabilities	85,062	(9,204)	154	76,012
Non-current liabilities held for sale	1,333	-	-	1,333
Liabilities related to insurance activities contracts	144,259	(144,259)	-	-
Provisions	4,387	(14)	-	4,373
Subordinated debts	14,465	40	-	14,505
o.w redeemable subordinated notes including revaluation differences on hedging items	*14,032*	*42*	-	*14,074*
TOTAL DEBTS	**1,287,733**	**(151,593)**	**83**	**1,136,223**
Sub-Total Equity, Group share	63,527	(203)	-	63,324
Issued common stocks, equity instruments and capital reserves	31,102	-	-	31,102
Retained earnings	29,558	(203)	-	29,355
Net income	3,248	-	-	3,248
Unrealised or deferred capital gains and losses	(381)	-	-	(381)
Minority interests	5,043	(793)	-	4,250
TOTAL EQUITY	**68,570**	**(996)**	**-**	**67,574**
TOTAL LIABILITIES	**1,356,303**	**(152,589)**	**83**	**1,203,797**

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

The main Group companies outside the prudential reporting scope are as follows:

TABLE 4: ENTITIES OUTSIDE THE PRUDENTIAL SCOPE

Company	Activity	Country
Antarius	Insurance	France
ALD RE Designated Activity Company	Insurance	Ireland
Catalyst RE International LTD	Insurance	Bermuda
Société Générale Strakhovanie Zhizni LLC	Insurance	Russia
Sogelife	Insurance	Luxembourg
SG Strakhovanie LLC	Insurance	Russia
Sogecap	Insurance	France
Komercni Pojstovna A.S.	Insurance	Czech Republic
La Marocaine Vie	Insurance	Morocco
Oradea Vie	Insurance	France
Société Générale RE SA	Insurance	Luxembourg
Sogessur	Insurance	France
Société Générale Life Insurance Broker SA	Insurance	Luxembourg
Banque Pouyanne	Bank	France

Generally, all regulated Group undertakings are subject to solvency requirements set by their respective supervisory authorities. Regulated financial entities and affiliates outside of Societe Generale's prudential consolidation scope are all in compliance with their respective solvency requirements. As a general principle, all banks should be under a double supervision, on a standalone basis and on a consolidated basis but the CRR allows, under specific conditions, waivers from the requirements on an individual basis granted by the competent authorities.

The supervisory authority accepted that some Group entities may be exempted from the application of prudential requirements on an individual basis or, where applicable, on a sub-consolidated basis. Terms and conditions of waiver of requirements granted by supervisors include a commitment to provide these subsidiaries with the Group's support to ensure their overall solvency and liquidity, as well as a commitment to ensure that they are managed prudently according to the applicable banking regulations.

The conditions for applying waivers regarding monitoring on an individual basis for a Parent Institution, as far as solvency and large exposure ratios are concerned, are defined by the CRR, which stipulates that two conditions have to be met:

- there is no significant obstacle, in law or in fact, current or anticipated, to the prompt transfer of equity capital or the rapid repayment of liabilities to the Parent Institution in a Member State;
- the risk assessment, measurement and control procedures that are useful for the purposes of supervision on a consolidated basis cover the Parent Institution in a Member State.

Accordingly, for instance, Societe Generale SA is not subject to prudential requirements on an individual basis.

Any transfer of equity or repayment of liabilities between the parent company and its entities is carried out in compliance with capital and liquidity requirements that are locally applicable.

4.4.4 REGULATORY CAPITAL

Reported in accordance with International Financial Reporting Standards (IFRS), Societe Generale's regulatory capital consists of the following components.

Common Equity Tier 1 capital

According to the applicable regulations, Common Equity Tier 1 capital is made up primarily of the following:

- ordinary shares (net of repurchased shares and treasury shares) and related share premium accounts;
- retained earnings;
- components of other comprehensive income;
- other reserves;
- minority interests limited by CRR/CRD4.

Deductions from Common Equity Tier 1 capital essentially involve the following:

- estimated dividend payments;
- goodwill and intangible assets, net of associated deferred tax liabilities;
- unrealised capital gains and losses on cash flow hedging;
- income on own credit risk;
- deferred tax assets on tax loss carryforwards;
- deferred tax assets resulting from temporary differences beyond a threshold;
- assets from defined benefit pension funds, net of deferred taxes;
- any positive difference between expected losses on customer loans and receivables managed under the internal ratings-based (IRB) approach, and the sum of related value adjustments and collective impairment losses;
- expected losses on equity portfolio exposures;
- value adjustments resulting from the requirements of prudent valuation;
- securitisation exposures weighted at 1,250%, when these positions are excluded from the calculation of RWA.

Additional Tier 1 capital

According to CRR/CRD4 regulations, Additional Tier 1 capital is made up of deeply subordinated notes that are issued directly by the Bank, and have the following features:

- These instruments are perpetual and constitute unsecured, deeply subordinated obligations. They rank junior to all other obligations of the Bank, including undated and dated subordinated debt, and senior only to common stock shareholders;
- Societe Generale may elect, on a discretionary basis, not to pay the interest and coupons linked to these instruments. This compensation is paid out of distributable items;
- They include neither a step-up in compensation nor any other incentive to redeem;
- They must have a loss-absorbing capacity;
- They might be haircut or converted when in resolution or independently of a resolution measurement;
- Subject to the prior approval of the European Central Bank, Societe Generale has the option to redeem these instruments at certain dates, but no earlier than five years after their issuance date.

Deductions of Additional Tier 1 capital essentially apply to the following:

- AT1 hybrid treasury shares;
- holding of AT1 hybrid shares issued by financial sector entities;
- minority interests beyond the minimum T1 requirement in the entities concerned.

Tier 2 capital

Tier 2 capital includes:

- undated deeply subordinated notes[1];
- dated subordinated notes;
- any positive difference between the sum of value adjustments and impairment losses on customer loans and receivables exposures managed under the IRB approach and expected losses, up to 0.6% of total credit RWA under the IRB approach;
- value adjustments for credit risk related to collective impairment losses on customer loans and receivables exposures managed under the standardised approach, up to 1.25% of total credit RWA.

Deductions of Tier 2 capital essentially apply to the following:

- Tier 2 hybrid treasury shares;
- holding of Tier 2 hybrid shares issued by financial sector entities;
- minority interests beyond the minimum capital requirement in the entities concerned.

All capital instruments and their features are detailed online (*www.societegenerale.com/en/measuring-our-performance/information-and-publications/registration-documents*).

(1) The undated deeply subordinated notes' remuneration will be paid from the distributable profits for the purposes of the consolidated prudential regulation.

TABLE 5: CHANGES IN DEBT INSTRUMENTS ELIGIBLE FOR SOLVENCY CAPITAL REQUIREMENTS

(In EURm)	31.12.2019	Issues	Redemptions	Prudential supervision valuation haircut	Others	31.12.2020
Debt instruments eligible for Tier 1	8,165	1,222	-	-	(557)	8,830
Debt instruments eligible for Tier 2	13,032	1,427	(266)	(1,088)	(518)	12,587
TOTAL ELIGIBLE DEBT INSTRUMENTS	**21,197**	**2,649**	**(266)**	**(1,088)**	**(1,075)**	**21,417**

Solvency ratios

The solvency ratios are set by comparing the Group's equity (Common Equity Tier 1 (CET1), Tier 1 (T1) or Total Capital (TC)) with the sum of risk-weighted credit exposures and the capital requirement multiplied by 12.5 for market and operational risks. They are expressed as a percentage of RWA and according to the split of own funds i.e.: Common Equity Tier 1 (CET1), Tier 1 (T1) or Total Capital (TC).

Each quarter, the ratios are calculated following the accounting closing and then compared to the supervisory requirements.

The Pillar 1 regulatory minimum capital requirement is set at 4.5% for CET1, 6% for T1 and 8% for TC. This minimum remains stable over time.

The minimum Pillar 2 requirement (P2R) is set by the supervisor following the Supervisory Review and Evaluation Process (SREP). It has been standing at 1.75% since 1 March 2019 .

In addition to these requirements comes the overall buffer requirement which is the sum of:

- the mean of the countercyclical buffer rates of each country, weighted by the relevant credit risk exposures in these countries. As of 1 January 2021, Societe Generale's countercyclical buffer is equal to 0.04%;
- the conservation buffer in force as of 1 January 2016 with a maximum level standing at 2.50% since 1 January 2019;
- the Group's G-SIB buffer imposed by the Financial Stability Board (FSB), which is equal to 1%.

As of 1 January 2021, taking into account the combined regulatory buffers, the phased-in CET1 ratio level that would trigger the Maximum Distributable Amount (MDA) mechanism stands at 9.02%.

TABLE 6: BREAKDOWN OF PRUDENTIAL CAPITAL REQUIREMENT FOR SOCIETE GENERALE

	01.01.2021	01.01.2020
Minimum requirement for Pillar 1	4.50%	4.50%
Minimum requirement for Pillar 2 (P2R)[(1)]	0.98%	1.75%
Minimum requirement for countercyclical buffer	0.04%	0.28%
Minimum requirement for conservation buffer	2.50%	2.50%
Minimum requirement for systemic buffer	1.00%	1.00%
Minimum requirement for CET1 ratio	**9.02%**	**10.03 %**

(1) The ECB has decided to implement earlier the provisions adopted in article 104a of the CRD5 directive, stating that a minimum of 56% of P2R add-on has to be covered by CET1 capital (instead of 100% previously) and 75% by Tier 1 capital.

TABLE 7: REGULATORY CAPITAL AND CRR/CRD4 SOLVENCY RATIOS[1]

(In EURm)	31.12.2020	31.12.2019
Shareholders' equity (IFRS), Group share	**61,684**	**63,527**
Deeply subordinated notes	(8,830)	(9,500)
Perpetual subordinated notes	(264)	(283)
Group consolidated shareholders' equity net of deeply subordinated and perpetual subordinated notes	**52,590**	**53,744**
Non-controlling interests	4,378	3,928
Intangible assets	(1,647)	(2,214)
Goodwill	(3,710)	(4,302)
Dividends proposed (to the General Meeting) and interest expenses on deeply subordinated and perpetual subordinated notes	(557)	(102)
Deductions and regulatory adjustments	(3,764)	(5,290)
COMMON EQUITY TIER 1 CAPITAL	**47,290**	**45,764**
Deeply subordinated notes and preferred shares	8,830	8,165
Other additional Tier 1 capital	195	100
Additional Tier 1 deductions	(136)	(137)
TOTAL TIER 1 CAPITAL	**56,179**	**53,892**
Tier 2 instruments	12,587	13,032
Other Tier 2 capital	240	37
Tier 2 deductions	(1,422)	(1,915)
Total regulatory capital	**67,584**	**65,046**
TOTAL RISK-WEIGHTED ASSETS	**351,852**	**345,010**
Credit and counterparty credit risk-weighted assets	287,324	282,536
Market risk-weighted assets	15,340	14,513
Operational risk-weighted assets	49,188	47,961
Solvency ratios		
Common Equity Tier 1 ratio	13.4%	13.3%
Tier 1 ratio	16.0%	15.6%
Total capital ratio	19.2%	18.9%

(1) December 2020 ratios take into account the IFRS 9 phasing (CET1 ratio of 13.2% without phasing, the phasing effect being +28 bps). December 2019 figures include the restatement for 2019 dividend cancellation, in accordance with restrictions to the payment of dividends imposed by European Authorities.

The solvency ratio as at 31 December 2020 stood at 13.4% in Common Equity Tier 1 (13.3% at 31 December 2019) and 16.0% in Tier 1 (15.6% at 31 December 2019) for a total ratio of 19.2% (18.9% at 31 December 2019).

Group shareholders' equity at 31 December 2020 totalled EUR 61.7 billion (compared with EUR 63.5 billion at 31 December 2019).

After taking into account non-controlling interests and regulatory adjustments, CET1 regulatory capital was EUR 47.3 billion at 31 December 2020, *vs.* EUR 45.8 billion at 31 December 2019. The Additional Tier One deductions mainly concern authorisations to buy back own Additional Tier 1 capital instruments as well as subordinated bank and insurance loans.

TABLE 8: CET1 REGULATORY DEDUCTIONS AND ADJUSTMENTS UNDER CRR/CRD4

(In EURm)	31.12.2020	31.12.2019
Unrecognised minority interests	(2,507)	(2,094)
Deferred tax assets	(1,226)	(1,903)
Prudent Valuation Adjustment	(884)	(935)
Adjustments related to changes in the value of own liabilities	289	217
Other	564	(575)
TOTAL CET1 REGULATORY DEDUCTIONS AND ADJUSTMENTS	**(3,764)**	**(5,290)**

CRR/CRD4 prudential deductions and restatements included in the “Other” category essentially involve the following:

- any positive difference between expected losses on customer loans and receivables managed under the internal ratings-based (IRB) approach, and the sum of related value adjustments and impairment losses;
- expected losses on equity portfolio exposures;
- unrealised gains and losses on cash flow hedges;
- assets from defined benefit pension funds, net of deferred taxes;
- securitisation exposures weighted at 1,250%, when these positions are excluded from the calculation of RWA.

4.4.5 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

The Basel 3 Accord has established the rules for calculating minimum capital requirements in order to more accurately assess the risks to which banks are exposed, taking into account the risk profile of transactions *via* two approaches intended for determining RWA: a standardised approach and an advanced one based on internal methods modelling the counterparties' risk profiles.

The total amount of RWA featured in this chapter (EUR 351.9 billion) shows a EUR 0.5 billion gap compared with the amount published through the financial communication of 10 February 2021 of Societe Generale group as regards Q4 2020 and 2020 full year. This discrepancy is due to the consideration, in the present regulatory information disclosed, of the phasing related to IFRS 9 transitional arrangements.

Change in risk-weighted assets and capital requirements

TABLE 9: GROUP CAPITAL REQUIREMENTS AND RISK-WEIGHTED ASSETS

	RWA		Minimum capital requirements	
(In EURm)	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Credit risk (excluding counterparty credit risk)	**247,423**	**251,113**	**19,794**	**20,089**
o.w. standardised approach	*86,000*	*93,302*	*6,880*	*7,464*
o.w. Foundation IRB (F-IRB) approach	*4,417*	*4,725*	*353*	*378*
o.w. Advanced IRB (A-IRB) approach	*136,302*	*133,026*	*10,904*	*10,642*
o.w. equity IRB under the simple risk-weighted approach or IMA	*20,704*	*20,061*	*1,656*	*1,605*
Counterparty credit risk	**26,330**	**19,567**	**2,106**	**1,565**
o.w. risk exposure for contributions to the default fund of a CCP	*986*	*1,077*	*79*	*86*
o.w. CVA	*3,131*	*2,586*	*250*	*207*
Settlement risk	**77**	**41**	**6**	**3**
Securitisation exposures in the Banking Book (after cap)[1]	**5,486**	**3,762**	**439**	**301**
o.w. SEC-ERBA incl. IAA	*2,951*	*1,836*	*236*	*147*
o.w. SEC-IRBA	*2,233*	*1,860*	*179*	*149*
o.w. SEC-SA	*301*	*66*	*24*	*5*
o.w. 1,250% / deductions	-	-	-	-
Market risk	**15,340**	**14,513**	**1,227**	**1,161**
o.w. standardised approach	*1,728*	*1,373*	*138*	*110*
o.w. IMA	*13,612*	*13,140*	*1,089*	*1,051*
Large exposures	-	**-**	-	**-**
Operational risk	**49,188**	**47,961**	**3,935**	**3,837**
o.w. basic indicator approach	-	-	-	-
o.w. standardised approach	*2,250*	*2,470*	*180*	*198*
o.w. advanced measurement approach	*46,938*	*45,491*	*3,755*	*3,639*
Amounts below the thresholds for deduction (subject to 250% risk-weighting)	**8,008**	**8,052**	**641**	**644**
Floor adjustment	-	-	-	-
TOTAL	**351,852**	**345,010**	**28,148**	**27,601**

(1) The amounts of RWA and of capital requirements as at 31 December 2019 relating to securitisation in the Banking Book are featured in accordance with the new classification by prudential approach.

TABLE 10: RISK-WEIGHTED ASSETS (RWA) BY CORE BUSINESS AND RISK TYPE

(In EURbn)	Credit and counterparty credit	Market	Operational	Total 2020	Total 2019
French Retail Banking	94.4	0.1	4.4	98.9	97.8
International Retail Banking and Financial Services	102.3	0.1	5.6	108.0	115.3
Global Banking and Investor Solutions	79.0	15.0	31.9	125.9	117.7
Corporate Centre	11.6	0.2	7.3	19.1	14.1
Group	**287.3**	**15.3**	**49.2**	**351.9**	**345.0**

At 31 December 2020, RWA (EUR 351.9 billion) broke down as follows:

- credit and counterparty credit risks accounted for 82% of RWA (of which 36% for International Retail Banking and Financial Services);
- market risk accounted for 4% of RWA (of which 98% for Global Banking and Investor Solutions);
- operational risk accounted for 14% of RWA (of which 65% for Global Banking and Investor Solutions).

4.4.6 TLAC AND MREL RATIOS

The Total Loss Absorbing Capacity (TLAC) requirement which applies to Societe Generale is 16% of RWA until 1 January 2022 and 18% of RWA thereafter, to which the conservation buffer of 2.5%, the G-SIB buffer of 1% and the countercyclical buffer must be added. As at 31 December 2020, the global TLAC requirement thus stood at 19.54% of Group RWA.

The TLAC rule also provides for a minimum ratio of 6% of the leverage exposure from 2019 before reaching 6.75% of the leverage exposure starting from January 2022.

As at 31 December 2020, Societe Generale reached a TLAC ratio of 28.6% of RWA and 9.2% of leverage exposure.

The Minimum Requirement for own funds and Eligible Liabilities (MREL) has applied to credit institutions and investment firms within the European Union since 2016.

Contrary to the TLAC ratio, the MREL is tailored to each institution and regularly revised by the resolution authority.

Throughout 2020, Societe Generale complied with the 8% (until May) and the 8.51% (after May) ratio of total own funds and eligible liabilities, as required by its resolution authority, the Single Resolution Board.

4.4.7 LEVERAGE RATIO

The Group calulates its leverage effect according to the CRR leverage ratio rules, as amended by the Delegated Act of 10 October 2014 and manages it according to the changes brought by CRR2 applicable from June 2021 (except those regarding G-SIBs expected to be applicable from January 2023).

Managing the leverage ratio means both calibrating the amount of Tier 1 capital (the numerator of the ratio) and controlling the Group's leverage exposure (the denominator of the ratio) to achieve the target ratio levels that the Group sets for itself. To this end, the leverage exposure of the different businesses is under the Finance Division's control.

The Group aims to maintain a consolidated leverage ratio that is significantly higher than the 3.5% minimum set in the Basel Committee's recommendations, transposed in Europe *via* CRR2, including a fraction of the systemic buffer which is applicable to the Group.

As at 31 December 2020, the leverage ratio of Societe Generale stood at 4.8%, considering a Tier 1 capital amount of EUR 56.2 billion compared with a leverage exposure of EUR 1,179 billion (versus 4.5% as at 31 December 2019, with EUR 53.9 billion and EUR 1,200 billion respectively).

TABLE 11: LEVERAGE RATIO SUMMARY AND TRANSITION FROM PRUDENTIAL BALANCE SHEET TO LEVERAGE EXPOSURE(1)

(In EURm)	31.12.2020	31.12.2019
Tier 1 capital(2)	**56,179**	**53,892**
Total assets in prudential balance sheet(3)	**1,309,372**	**1,203,797**
Adjustments for fiduciary assets recognised on the balance sheet but excluded from the leverage ratio exposure	-	-
Adjustments for derivative financial instruments	*(118,705)*	*(80,869)*
Adjustments for securities financing transactions(4)	*5,988*	*(3,037)*
Off-balance sheet exposure (loan and guarantee commitments)	*104,034*	*103,856*
Technical and prudential adjustments (Tier 1 capital prudential deductions)	*(6,866)*	*(10,217)*
Technical and prudential adjustments (regulated saving exemption)	*(17,087)*	*(13,268)*
Technical and prudential adjustments (central banks exemption)	*(98,192)*	-
Leverage ratio exposure	**1,178,543**	**1,200,262**
Leverage ratio	**4.8%**	**4.5%**

(1) December 2020 ratio takes into account the IFRS 9 phasing (leverage ratio of 4.7% without phasing, the phasing effect being +8 bps). December 2019 figures include the restatement for 2019 dividend cancellation, in accordance with restrictions to the payment of dividends imposed by European Authorities.
(2) The capital overview is available in Table 6.
(3) The reconciliation between the consolidated balance sheet and the accounting balance sheet within the prudential scope is available in Table 2.
(4) Securities financing transactions: repurchase transactions, securities lending or borrowing transactions and other similar transactions.

4.4.8 RATIO OF LARGE EXPOSURES

The CRR incorporates the provisions regulating large exposures. As such, Societe Generale must not have any exposure towards a single beneficiary which exceeds 25% of the Group’s capital.

The eligible capital used to calculate the large exposure ratio is the total regulatory capital, with a limit on the amount of Tier 2 capital. The latter cannot exceed one third of Tier 1 capital.

The final rules of the Basel Committee on large exposures have been transposed in Europe *via* CRR2, applicable from June 2021. The main changes compared with CRR reside in the calculation of the regulatory limit (25%), henceforth expressed as a proportion of Tier 1 (instead of cumulated Tier 1 and Tier 2), and in the introduction of a cross-specific limit on systemic institutions (15%).

4.4.9 FINANCIAL CONGLOMERATE RATIO

The Societe Generale group, also identified as a “Financial conglomerate”, is subject to additional supervision from the ECB.

As at 31 December 2020, Societe Generale's financial conglomerate equity covered the solvency requirements for both banking and insurance activities.

The financial conglomerate ratio as at 30 June 2020 has been modified as follows: 143%, consisting of a numerator (“Own funds of the Financial Conglomerate”) of EUR 71.3 billion and a denominator (“Regulatory requirement of the Financial Conglomerate”) of EUR 50.0 billion.

At 31 December 2019, the financial conglomerate ratio stood at 145%, consisting of a numerator “Own funds of the Financial Conglomerate” of EUR 70.0 billion and of a denominator “Regulatory requirement of the Financial Conglomerate” of EUR 48.4 billion.

4.5 CREDIT RISK

Audited I Credit risk corresponds to the risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. This risk includes the risk related to securitisation activities, and may be further amplified by individual, country and sector concentration risk. ▲

4.5.1 CREDIT RISK MONITORING AND SURVEILLANCE SYSTEM

General principles governing risk-taking

Audited I The risk approval process is based on the following main principles:

- the analysis and the validation of the files fall respectively and independently to the sector of commercial follow-up of the client and to the dedicated risk units within the risk management function. In order to guarantee a consistent approach to Group risk-taking, this commercial monitoring sector and this risk unit examine all authorisation requests relating to a given client or category of clients. This commercial monitoring sector and this risk unit must be independent of each other;
- the internal rating of counterparties is a key criterion in the granting policy. These ratings are proposed by the commercial monitoring sector and validated by the dedicated risk unit;
- for retail customers, the granting process is based on risk analysis tools (score) controlled by the risk units. Credit decisions are subject to compliance with the granting criteria previously defined in credit policies whose effectiveness is regularly evaluated;
- a system of delegation of competence, largely based on the internal rating of the counterparties, confers decision-making capacities to the risk units on the one hand and the commercial monitoring sectors on the other.

The business line assumes the burden of provisions and losses related to its credit decisions as the first line of defence. The Risk Department submits recommendations to CORISQ on the evolution of the granting policy, with limits on credit portfolios, for the countries, geographic areas, sectors, products or types of customers presenting high concentration risks.

The monthly Risk Monitoring Report presented to CORISQ by the Risk Department comments among others on the evolution of the Group's credit portfolio and ensures compliance with the guidelines. Changes in the credit portfolio, changes in credit policy validated by CORISQ and respect for the Group's risk appetite are presented at least quarterly to the Risk Committee of the Board of Directors. ▲

Monitoring individual concentration

Societe Generale complies with regulations governing large exposures (major regulatory risks exposure cap of 25% of equity). Moreover, the Group has set a stricter internal limit at 10% of consolidated shareholders' equity applying to any concentrated exposure on linked clients. Since 1 July 2018, the High Council for Financial Stability has imposed an exposure limit on most indebted companies established in France at a maximum level of 5% of eligible equity.

Internal systems are implemented to identify and manage the risks of individual concentrations, particularly at granting. For example, concentration thresholds, based on the internal rating, are set by CORISQ and define the governance for validating the limits on individual concentrations. Exposures to groups of clients deemed significant by the Group are reviewed by the Large Exposure Committee chaired by the General Management. As part of identifying its risks, the Group also performs loss simulations by customer type and typical of significant individual exposures that the Group may have.

The Group uses credit derivatives to reduce some exposures considered to be overly significant. Furthermore, the Group systematically seeks to mutualise risks with other banking partners by avoiding keeping an excessive share in the banking pool of large-scale companies.

Monitoring country risk

Country risk arises when an exposure (loan, security, guarantee or derivative) becomes susceptible to negative impact from changing regulatory, political, economic, social and financial conditions.

Country risk breaks down into two major categories:

- political and non-transfer risk covers the risk of non-payment resulting from either actions or measures taken by local government authorities (decision to prohibit the debtor from meeting its commitments, nationalization, expropriation, non-convertibility, etc.), domestic events (riots, civil war, etc.) or external events (war, terrorism, etc.);
- commercial risk occurs when the credit quality of all counterparties in a given country deteriorates due to a national economic or financial crisis, independently of each counterparty's individual financial situation. This could be a macroeconomic shock (sharp slowdown in activity, systemic banking crisis, etc.), currency depreciation, or sovereign default on external debt potentially entailing other defaults.

Overall limits and/or monitoring of exposures have been established for countries based on their internal ratings and governance indicators. The supervision is strengthened depending on the level of the country's risk.

Country limits are approved annually by Risk Division (or General Management in specific situations). They can be revised downward at any time if the country's situation deteriorates or is expected to deteriorate.

All Group exposures (securities, derivatives, loans and guarantees) are taken into account by this monitoring. The Country Risk methodology determines an initial risk country and a final risk country (after any guarantee-related effects), which is supervised using country limits for each counterparty.

The procedure for placing a country on a watch list is triggered when there is a deterioration in country risk, or such a deterioration can be anticipated. During 2020, several countries were put under alert list due to difficulties encountered.

Sector monitoring

The Group regularly reviews its entire credit portfolio through analyses by business sector. To do this, it relies on industrial studies (including a one-year anticipation of sectoral risk) and on sectoral concentration analyses.

In addition, the Group periodically reviews its exposures to the portfolio segments presenting a specific risk profile, within the framework of CORISQs at Group or Business Unit level. These identified sectors or sub-portfolios are, where appropriate, subject to specific supervision through portfolio limits and specific granting criteria. The limits are monitored either at the General Management level or at the level of the Business Unit Management depending on the materiality and the level of risk of the portfolios.

As a complement, more targeted sector-based research and business portfolio analyses, may be conducted by General Management, the Risk Division or bank divisions, depending on current issues.

Portfolios specifically monitored by the Group CORISQ are among others:

- individual and professional credit portfolio (retail) in metropolitan France on the first hand and in International Retail Banking in Europe on the other hand. Other retail perimeters are covered by the Business Unit CORISQ. The Group defines in particular a risk appetite target concerning the minimum share covered by Credit Logement guarantee for real estate loans granted to individuals;
- oil and gas scope, on which the Group has defined a credit policy adapted to the different types of activity of sector players. This policy distinguishes financing guaranteed by oil reserves, project financing, short-term trade finance transactions, and takes into regional characteristics;
- commercial real estate scope, on which the Group has defined a framework for origination and monitoring of exposures and limits according to the different types of financing, geographical areas and/or activities;
- leveraged finance, on which the Group applies the ECB definition of perimeter and management approach ("Guidance on Leveraged Transactions"). The Group continues to pay a particular attention to the Leverage Buy-Out (LBO) sub-portfolio;
- exposures on hedge funds is subject to a specific attention. The Group incurs risk on hedge funds through derivative transactions and its financing activity guaranteed by shares in funds. Risks related to hedge funds are governed by individual limits and global limits on market risks and wrong way risks;
- exposures on shadow banking are managed and monitored in accordance with the EBA guidelines published in 2015 which specifies expectations regarding the internal framework for identifying, controlling and managing identified risks. CORISQ has set a global exposure threshold for shadow banking.

Credit stress tests

With the aim of identifying, monitoring and managing credit risk, the Risk Division works with the businesses to conduct a set of specific stress tests relating to a country, subsidiary or activity. These specific stress tests combine both recurring stress tests, conducted on those portfolios identified as structurally carrying risk, and *ad hoc* stress tests, designed to recognise emerging risks. Some of these stress tests are presented to the Risk Committee and used to determine how to frame the corresponding the activities concerned.

Credit risk stress tests complement the global analysis with a more granular approach and allow fine-tuning of the identification, assessment and operational management of risk, including concentration. They project expected credit losses both on defaulted exposures and on non-defaulted exposures consistently with IFRS 9 methodology. The perimeter covered may include counterparty credit risk on market activities when relevant.

4.5.2 CREDIT RISK HEDGING

Audited I Guarantees and collateral

The Group uses credit risk mitigation techniques for both market and commercial banking activities. These techniques provide partial or full protection against the risk of debtor insolvency.

There are two main categories:

- personal guarantees are commitments made by a third party to replace the primary debtor in the event of the latter's default. These guarantees encompass the protection commitments and mechanisms provided by banks and similar credit institutions, specialised institutions such as mortgage guarantors (*e.g.* Crédit Logement in France), monoline or multiline insurers, export credit agencies, etc. By extension, credit insurance and credit derivatives (purchase of protection) also belong to this category;
- collateral can consist of physical assets in the form of property, commodities or precious metals, as well as financial instruments such as cash, high-quality investments and securities, and also insurance policies.

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 CDS).

During the credit approval process, an assessment is performed on the value of guarantees and collateral, their legal enforceability and the guarantor's ability to meet its obligations. This process also ensures that the collateral or guarantee successfully meets the criteria set forth in the Capital Requirements Directive (CRD).

The guarantors are subject to an internal rating updated at least annually. Regarding collateral, regular revaluations are made on the basis of an estimated disposal value composed of the market value of the asset and a discount. The market value corresponds to the value at which the good should be exchanged on the date of the valuation under conditions of normal competition. It is preferably obtained on the basis of comparable assets, failing this by any other method deemed relevant (example: value in use). This value is subject to haircuts depending on the quality of the collateral and the liquidity conditions.

In accordance with the requirements of European Regulation No. 575/2013 (CRR), the Group applies minimum collateralization frequencies for all collateral held in the context of commitments granted (financial collateral, commercial real estate, residential real estate, other security interests, leasing guarantees).

Closer valuations must be carried out in the event of a significant change in the market concerned, the default or litigation of the counterparty or at the request of the risk management function.

In addition, the effectiveness of credit risk hedging policies is monitored as part of the LGD.

It is the responsibility of the risk management function to validate the operational procedures put in place by the business lines for the periodic valuation of collateral (guarantees and collateral), whether automatic valuations or on an expert opinion and whether during the credit decision for a new competition or during the annual renewal of the credit file.

The amount of guarantees and collateral is capped at the amount of outstanding loans less provisions, i.e. EUR 319 billion as at 31 December 2020 (compared with EUR 302 billion as at 31 December 2019), of which EUR 156 billion for retail customers and EUR 163 billion for other types of counterparties (compared with EUR 139 billion and EUR 163 billion as at 31 December 2019, respectively).

The outstanding loans covered by these guarantees and collateral correspond mainly to loans and receivables at amortised cost, which amounted to EUR 258 billion as at 31 December 2020, and to off-balance sheet commitments, which amounted to EUR 51 billion (compared with EUR 238 billion and EUR 57 billion as at 31 December 2019 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 4.3 billion as at 31 December 2020 (EUR 4.5 billion as at 31 December 2019), including EUR 1.7 billion on retail customers and EUR 2.6 billion on other types of counterparties (versus EUR 1.5 billion and EUR 3.0 billion as at 31 December 2019 respectively).

The amount of guarantees and collateral received for non-performing outstanding loans as at 31 December 2020 amounted to EUR 4.5 billion (compared with EUR 3.9 billion as at 31 December 2019), of which EUR 1.8 billion on retail customers and EUR 2.7 billion on other types of counterparties (compared with EUR 1.9 billion and EUR 2.0 billion respectively as at 31 December 2019). These amounts are capped at the amount of outstanding.

Use of credit derivatives to manage Corporate concentration risk

The Group may use credit derivatives for in the management of its Corporate credit portfolio, primarily to reduce individual, sector and geographic concentrations and to implement a proactive risk and capital management approach.

Housed in Corporate and Investment Banking, the Performance & Scarce Resources management (PSR) team works in close conjunction with the Risk Division and the businesses to reduce excessive portfolio concentrations, react quickly to any deterioration in the creditworthiness of a particular counterparty and recommend actions to improve the capital allocation. PSR is part of the department responsible for defining and effectively deploying the strategy, for monitoring performance and managing the scarce resources in the credit and loan portfolio.

Total outstanding purchases of protection through Corporate credit derivatives were stable at EUR 2.5 billion at end of December 2020 in nominal terms and a corresponding fair value of EUR 7.3 million at the end of December 2020 (compared to EUR 2.5 billion nominal value and a corresponding fair value of -16 million euros at the end of December 2019). New operations have mainly been performed to approve capital allocation (+EUR 1.9 billion) and to a lower extend reduce concentration risk (EUR 0.6 billion).

Over 2020, the credit default swaps (CDS) spreads of European investment grade issues (Itraxx index) were volatile, peaking at 151bps at the end of March followed by a downward trend (the index reached 50bps at the end of December 2020). The overall sensitivity of the portfolio (Price Value of a Basis Point) is falling due to the reduction in the average maturity of the protections.

The majority of protection purchases (98% of outstandings as of 31 December 2020) are made against European clearing houses, and all against counterparties with “Investment Grade” ratings (rating at least equal to BBB-).

Moreover, the amounts recognised as assets (EUR 1.3 billion as at 31 December 2020 *versus* EUR 2.4 billion as at 31 December 2019) and liabilities (EUR 1.4 billion as at 31 December 2020 *versus* EUR 2.0 billion as at 31 December 2019) correspond to the fair value of credit derivatives mainly held under a transaction activity.

Credit insurance

The Group has been developing relationships with private insurers over the last several years in order to hedge some of its loans against commercial and political non-payment risks.

This activity is performed within a risk framework and monitoring system approved by the Group’s General Management. The system is based on an overall limit for the activity, along with sub-limits by maturity, and individual limits for each insurance counterparty, the latter being furthermore required to meet strict eligibility criteria. There is also a limit for insured transactions in Non Investment Grade countries. ▲

TABLE 12: CREDIT RISK MITIGATION TECHNIQUES – OVERVIEW

	31.12.2020			
(In EURm)	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees
Total loans	442,980	262,058	104,775	157,282
Total debt securities	62,035	5,590	5,486	104
TOTAL EXPOSURES	**505,014**	**267,648**	**110,262**	**157,386**

The table as at 31 December 2019 has been modified as follows:

	31.12.2019			
(In EURm)	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees
Total loans	391,647	250,974	116,495	134,479
Total debt securities	63,907	3,225	3,225	
TOTAL EXPOSURES	**455,555**	**254,200**	**119,720**	**134,479**

4.5.3 NEW DEFINITION OF DEFAULT

Audited I The objective of the European Banking Authority (EBA) published Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No. 575/2013, applicable from 1 January 2021, and Regulation (EU) 2018/1845 of the European Central Bank (ECB) in relation to the threshold for assessing the materiality of credit obligations past due, applicable from 31 December 2020 at the latest, is to harmonise the definition of default across the European Union, thus contributing to improving consistency in the way EU banks apply regulatory requirements to their capital positions.

In particular, they clarify all aspects relating to the application of the definition of default, including conditions for a return to non-defaulted status (introduction of a probation period), explicit criteria for classification of restructured loans as defaulted, and the introduction of materiality thresholds (an absolute one and a relative one) to identify past-due payments as defaulted.

The Group has been applying these new provisions to identify defaulted exposures from 6 July 2020 to the entities whose capital requirements are determined using the internal ratings-based approach.

The other entities, under the standardised approach, have implemented these new provisions since 1 January 2021, date when the internal parameters used to calculate expected losses will be adjusted for the whole Group.

The preliminary assessments made by the Group show that the clarifications provided regarding the identification of defaulted loans remain consistent with the criteria used to assess whether Stage 3 exposures are doubtful according to IFRS 9 provisions on the recognition of expected credit losses (ECL). The Group considers that the changes brought about by the implementation of these new regulatory default provisions will have no material impact on its consolidated financial statements.▲

4.5.4 IMPAIRMENT

Audited I Impairment includes impairments of performing loans (Stages 1 and 2) and impairments of non-performing loans (Stage 3).

Exposures classified in stages

The classification methods are described in the accounting principles and in the specific Covid-19 paragraph of Note 3.8 to the consolidated financial statements featured in Chapter 6 of the universal Registration Document. These were adjusted in 2020 to take into account the context of health and economic crisis linked to Covid-19.

Estimation of expected credit losses

The methodology for calculating Stage 1 and 2 expected credit losses is based on the Basel framework, which served as the basis for determining the methods for setting calculation inputs (probability of default and loss given default for exposures under the A-IRB and F-IRB approaches, and the provisioning rate for exposures under the Standardised Approach).

The Group's portfolios have been segmented to ensure consistency in risk characteristics and a better correlation with both global and local macro-economic variables. This segmentation allows to deal with all the specifics of the Group. This segmentation is consistent or similar to that defined in the Basel framework in order to guarantee the uniqueness of default and credit loss.

IMPAIRMENT OF PERFORMING LOANS (STAGES 1 AND 2)

Impairment is recorded on performing loans based on estimates of 12-month expected credit losses (general case) or lifetime expected credit losses (contracts on which the credit risk has deteriorated since the loan was granted).

This impairment is calculated using assumptions on default rates and losses on default. It takes into account macro-economic forecasts or forecasts specific to the business sector or country. The assumptions are calibrated by homogenous groups of assets based on each group's specific characteristics, its sensitivity to the economic environment and historical data. The assumptions are reviewed periodically by the Risk Division. ▲

The expected credit losses were at 31 December 2019 calculated according to the probabilised average of three macroeconomic scenarios, established by the economists of the Group for all the entities of the Group. The basic and stress scenarios correspond to those used by the Group in its budget planning and its stress test exercise. As of 31 December 2020, the scenarios have been updated and reflect the current situation. In addition, to take into account the increased uncertainty, a fourth scenario has been defined, which reflects a slightly more degraded sensitivity compared to the central scenario, without being as severe as the stress.

The models used since the implementation of IFRS 9 and calibrated based on historical correlations between defaults and economic variables are no longer adequate due to two specificities of the current crisis, the magnitude of the drop in GDP and the exceptional supporting measures. As a consequence, the inputs of the models have been adjusted to correspond to anticipated default increase from 2020 to 2022.

The probabilities used as of 31 December 2019 were based on past observations, spanning a 25-year period, of differences in outcome between the base scenario and the actual scenario (positive and negative differences) which corresponds at 31 December 2019 to: 74% for the central scenario, 16% for the stress scenario and 10% for the optimistic scenario. As of 31 December 2020, the weights of the stress and optimistic scenarios have been kept rather unchanged (15% on the stress scenario and 10% on the optimistic scenario). The previous weight of the central scenario of 75% is split between the central scenario (65%) and the fourth scenario called "Extended scenario" 10%.

The method is supplemented with a sector adjustment that increases or decreases expected credit loss in an effort to better anticipate defaults or recoveries in certain cyclical sectors. These sector adjustments are quarterly reviewed and updated. These adjustments concern cyclical economic sectors which have had default peaks in the past or which are particularly exposed to the current crisis and whose Group exposure exceeds a threshold determined and reviewed every year by Risk Department. Lastly, loss allowances based on expert opinion that increase or decrease expected credit loss have been retained and increased to factor in future risks which cannot be modeled (mainly legislative or regulatory changes) and in increased risks on portfolio under the simplified approach in which there is no modeled correlations between default and economic variables. These inputs are updated quarterly.

IMPAIRMENT OF NON-PERFORMING LOANS (STAGE 3)

Audited I Impairment is recorded on the counterparties concerned when there is objective evidence of default. The amount of impairment depends on the probability of recovering the amounts due. The expected cash flows are based on the financial position of the counterparty, its economic prospects and the guarantees called up or which may be called up.

The methods for estimating credit losses were revised in 2020 to take into account the context of health and economic crisis linked to Covid-19. In particular, Note 1 to the consolidated financial statements in Chapter 6 describes the characteristics of the macroeconomic scenarios used and the specific Covid-19 paragraph of Note 3.8 to the consolidated financial statements specifies the model adjustments. ▲

The variables and segmentations are described in the table below:

Scope		Macro-economic variables
Retail	France	French growth rate French inflation rate French unemployment rate 10Y Yield France
	Romania	Romanian growth rate Exchange rate EUR/RON Romanian unemployment rate
	Italy	Italian unemployment rate
Non retail	Financial institutions	Spread EURIBOR – EONIA swap 3 months US growth rate
	Very large enterprises	Brazilian growth rate Indian growth rate Chinese growth rate Russian growth rate Japanese growth rate US growth rate Eurozone growth rate
	Middle-market companies France	Profit margins of companies France French growth rate
	Local communities	French growth rate
	SMEs France	Profit margins of French companies French growth rate
	SMEs (excluding France)	Romanian growth rate Romanian unemployment rate Eurozone growth rate

4.5.5 RISK MEASUREMENT AND INTERNAL RATINGS

Since 2007, Societe Generale has been authorised by its supervisory authorities to apply, for the majority of its exposures, the internal method (IRB method, Internal Rating Based) to calculate the capital required for credit risk.

The rating model monitoring system is operational, in accordance with regulatory requirements, and detailed in this section 4.5.5 “Risk measurement and internal ratings”.

In accordance with the texts published by the EBA as part of the “IRB Repair” program and following the review missions carried out by the ECB (TRIM – Targeted Review of Internal Models), the Group plans to develop its internal model system credit risk, so as to comply strictly with these new requirements. A program (“Haussmann”) has been launched in this direction within the Group, and deals with aspects such as:

- the simplification of the architecture of the models, and the improvement of its auditability: either by *ex nihilo* development of new models based on the New Definition of Default (NDoD), and natively integrating the expectations of the EBA and ECB, or by bringing certain existing models up to standard;
- simplifying the architecture of models, and improving its auditability;
- improving the quality of data and its traceability throughout the chain;
- the review of the roles and responsibilities of the teams, particularly with regard to the construction and monitoring (“backtest”) of the system;
- the review of certain IT application bricks, and their rationalization;
- the establishment of a more complete normative base, and a more closely monitored relationship with the supervisor;
- the roll-out plan towards the IRB approach and the maintenance of the Standard approach (Permanent Partial Use – PPU), in consultation with the supervisors.

The exposures subject to the Standard approach mainly concern the portfolios of retail customers and SMEs (Small and Medium Enterprises) of the International Retail Banking division. For exposures processed under the standard method excluding retail banking, the Group mainly uses external ratings from the Standard & Poor’s, Moody’s and Fitch rating agencies and the Banque de France. In the event that several Ratings are available for a third party, the second best Rating is retained.

General framework of the internal approach

Audited I To calculate its capital requirements under the IRB method, Societe Generale estimates the Risk-Weighted Assets (RWA) and the Expected Loss (EL) that may be incurred in light of the nature of the transaction, the quality of the counterparty (*via* internal rating) and all measures taken to mitigate risk.

The calculation of RWA is based on the parameters Basel parameters, which are estimated using its internal risk measurement system:

- the Exposure at Default (EAD) value is defined as the Group’s exposure in the event that the counterparty should default. The EAD includes exposures recorded on the balance sheet (loans, receivables, accrued income, market transactions, etc.), and a proportion of off-balance sheet exposures calculated using internal or regulatory Credit Conversion Factors (CCF);
- the Probability of Default (PD): the probability that a counterparty of the Bank will default within one year;
- the Loss Given Default (LGD): the ratio between the loss incurred on an exposure in the event a counterparty defaults and the amount of the exposure at the time of the default.

The estimation of these parameters is based on a quantitative evaluation system which is sometimes supplemented by expert or business judgment.

In addition, a set of procedures sets out the rules relating to ratings (scope, frequency of review, grade approval procedure, etc.) as well as those for supervision, back-testing and the validation of models. These procedures allow, among other things, to facilitate critical human judgment, an essential complement to the models for these portfolios.

The Group also takes into account:

- the impact of guarantees and credit derivatives, by substituting the PD, the LGD and the risk-weighting calculation of the guarantor for that of the obligor (the exposure is considered to be a direct exposure to the guarantor) in the event that the guarantor’s risk weighting is more favorable than that of the obligor;
- collateral used as guarantees (physical or financial). This impact is taken into account *via* the LGD level. ▲

To a very limited extent, Societe Generale also applies an IRB Foundation approach (where only the probability of default is estimated by the Bank, while the LGD and CCF parameters are determined directly by the supervisory authority) to a portfolio of specialised lending exposures, including those granted to the subsidiaries Franfinance Entreprises, Sogelease and Star Lease.

Moreover, the Group has authorization from the regulator to use the IAA (internal assessment approach) method to calculate the regulatory capital requirement for ABCP (Asset-Backed Commercial Paper) securitisation.

In addition to the capital requirement calculation objectives under the IRBA method, the Group’s credit risk measurement models contribute to the management of the Group’s operational activities. They also constitute tools to structure, price and approve transactions and contribute to the setting of approval limits granted to business lines and the Risk function.

TABLE 13: BREAKDOWN OF EAD[1] BY BASEL APPROACH

	31.12.2020	31.12.2019
IRB	83%	81%
Standard	17%	19%
TOTAL	**100%**	**100%**

(1) Credit risk and counterparty credit risk

TABLE 14: SCOPE OF APPLICATION OF THE IRB AND STANDARD APPROACHES FOR THE GROUP

	IRB approach	Standard approach
French Retail Banking	Majority of portfolios	Some retail customer portfolios, including those of the SOGELEASE subsidiary
International Retail Banking and Financial Services	Subsidiaries KB (Czech Republic), CGI, Fiditalia, GEFA, SG Leasing SPA and Fraer Leasing SPA, SGEF Italy	Other subsidiaries
Global Banking and Investor Solutions	Majority of Corporate and Investment Banking portfolios Private Banking, Securities Services and Brokerage, mainly the retail portfolios of the following subsidiaries: SGBT Luxembourg, SGBT Monaco, SG Private Banking Suisse	For Private Banking, Securities Services and Brokerage, exposures granted to banks and companies, SG Hambros,
Corporate Center	Majority of portfolios	-

Credit risk measurement for wholesale clients

For Corporate (including specialised financing), Banking and Sovereign portfolios, the Group has implemented the following system:

RATING SYSTEM AND ASSOCIATED PROBABILITY OF DEFAULT

The rating system consists in assigning a rating to each counterparty according to an internal scale, for which each grade corresponds to a probability of default determined using historical series observed by Standard & Poor’s for over more than twenty years.

The following table presents the indicative corresponding scales of the main external credit assessment institutions and and the corresponding average probabilities of default, as well as the Group's internal rating scale.

The rating assigned to a counterparty is generally proposed by a model, and possibly adjusted by a credit analyst, who then submits it for validation by the Risk Management.

The counterparty rating models are structured in particular according to the type of counterparty (companies, financial institutions, public entities, etc.), geographic region and size of the Company (usually assessed through its annual revenue).

The Company rating models are underpinned by statistical models (regression methods) of client default. They combine quantitative parameters derived from financial data that evaluate the sustainability and solvency of companies and qualitative parameters that evaluate economic and strategic dimensions.

TABLE 15: SOCIETE GENERALE'S INTERNAL RATING SCALE AND INDICATIVE CORRESPONDING SCALES OF RATING AGENCIES

Probability of Default range	Counterparty internal rating	Indicative Equivalent Standard & Poor's	Indicative equivalent Fitch	Indicative Equivalent Moody's	Internal probability of Default (one year)
0.00 to < 0.25	1	AAA	AAA	Aaa	0.009%
	2+	AA+	AA+	Aa1	0.014%
	2	AA	AA	Aa2	0.020%
	2-	AA-	AA-	Aa3	0.026%
	3+	A+	A+	A1	0.032%
	3	A	A	A2	0.036%
	3-	A-	A-	A3	0.061%
	4+	BBB+	BBB+	Baa1	0.130%
0.25 to < 0.50	4	BBB	BBB	Baa2	0.257%
0.50 to < 0.75	4-	BBB-	BBB-	Baa3	0.501%
0.75 to < 2.50	5+	BB+	BB+	Ba1	1.100%
	5	BB	BB	Ba2	2.125%
2.50 to < 10.00	5-	BB-	BB-	Ba3	3.260%
	6+	B+	B+	B1	4.612%
	6	B	B	B2	7.761%
10.00 to < 100	6-	B-	B-	B3	11.420%
	7+	CCC+	CCC+	Caa1	14.328%
	7	CCC	CCC	Caa2	20.441%
	7-	C/CC/CCC-	CCC-	Caa3	27.247%

LGD MODELS

The Loss Given Default (LGD) is an economic loss that is measured by taking into account all parameters pertaining to the transaction, as well as the fees incurred for recovering the receivable in the event of a counterparty default.

The models used to estimate the Loss Given Default (LGD) excluding retail clients are applied by regulatory sub-portfolios, type of asset, size and location of the transaction or of the counterparty, depending on whether or not collateral has been posted, and the nature thereof if applicable. This makes it possible to define homogeneous risk pools, particularly in terms of recovery, procedures and the legal environment.

These estimates are founded on statistics when the number of loans in default is sufficient. In such circumstances, they are based on recovery data observed over a long period. When the number of defaults is insufficient, the estimate is revised or determined by an expert.

CREDIT CONVERSION FACTOR (CCF) MODELS

For its off-balance sheet exposures, the Group is authorised to use the internal approach for "Term loan with drawing period" products and revolving credit lines.

TABLE 16: MAIN CHARACTERISTICS OF MODELS AND METHODS – WHOLESALE CLIENTS

Parameter modeled	Portfolio/ Category of Basel assets	Number of methods, models	Methodology Number of years default/loss
WHOLESALE CLIENTS			
Probability of Default (PD)	Sovereigns	1 method.	Econometric method, low default portfolio.
	Public sector entities	4 models according to geographic region.	Statistical (regression)/expert methods for the rating process, based on the combination of financial ratios and a qualitative questionnaire. Low default portfolio.
	Financial institutions	11 models according to type of counterparty: banks, insurance, funds, financial intermediaries, funds of funds.	Expert models based on a qualitative questionnaire. Low default portfolio.
	Specialised financing	3 models according to type of transaction.	Expert models based on a qualitative questionnaire. Low default portfolio.
	Large corporates	9 models according to geographic region.	Mainly statistical models (regression) for the rating process, based on the combination of financial ratios and a qualitative questionnaire. Defaults observed over a period of 8 to 10 years.
	Small- and medium-sized companies	19 models according to the size of the Company and the geographic region.	Mainly statistical models (regression) for the rating process, based on the combination of financial ratios and a qualitative questionnaire, behavioral score. Defaults observed over a period of 8 to 10 years.
Loss Given Default (LGD)	Public sector entities – Sovereigns	6 models according to type of counterparty.	Calibration based on historical data and expert judgments. Losses observed over a period of more than 10 years.
	Large corporates – Flat-rate Approach	24 models Flat-rate approach according to type of collateral.	Calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Large corporates – Discount Approach	16 models Discount approach according to type of recoverable collateral.	Statistical calibration based on historical market data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Small- and medium-sized companies	15 models Flat-rate approach according to type of collateral or unsecured.	Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Project financing	9 models Flat-rate approach according to project type.	Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Financial institutions	5 models Flat-rate approach according to type of counterparty: banks, insurance, funds, etc. and the nature of the collateral.	Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Other specific portfolios	6 models: factoring, leasing with option to purchase and other specific cases.	Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
Credit Conversion Factor (CCF)	Large corporates	5 models: term loans with drawing period, revolving credits, Czech Corporates.	Models calibrated by segment. Defaults observed over a period of more than 10 years.
Expected Loss (EL)	Real estate transactions	2 models by slotting.	Statistical model based on expert judgments and a qualitative questionnaire. Low default portfolio.

MONITORING THE PERFORMANCE OF INTERNAL MODELS

The performance level of the entire wholesale client credit system is measured by regular backtests that compare PD, LGD and CCF estimates with actual results by portfolio, thus making it possible to measure the prudence of the risk parameters used by the IRB approach.

The results of backtests and remedial plans are presented to the Expert Committee for discussion and approval (see section "Governance of the modeling of credit risk"). These results justify the implementation of remedial plans if the system is deemed to be insufficiently prudent.

The results presented above cover the entire Group portfolios. Backtests compare the estimated probability of default (arithmetic mean weighted by debtors) with the observed results (the historical annual default rate). The historical default rate was calculated on the basis of performing exposure over the period from 2007 to 2019.

The historic default rate remains stable across all of the Basel portfolios. The estimated default probability is higher than the historical default rates for all Basel portfolios and for most of the ratings. It should be noted that new internal models are being developed on the most significant portfolios in order to comply with new regulatory requirements and to address the identified weaknesses of existing models.

TABLE 17: COMPARISON OF RISK PARAMETERS: ESTIMATED AND ACTUAL PD VALUES – WHOLESALE CLIENTS

	31.12.2020						
			Number of obligors				
Basel Portfolio	Weighted average PD	Arithmetic average PD	End of previous year	End of the year	Defaulted obligors over the year	o.w. new defaulted obligors over the year	Average historical annual default rate
Sovereigns	0.1%	1.0%	729	621	-	-	0.2%
Institutions	0.2%	0.9%	5,582	4,166	10	1	0.3%
Specialised financing	1.4%	2.6%	2,289	2,339	28	4	2.1%
Large corporates	1.1%	3.5%	37,285	36,592	493	57	1.5%
Small- and medium-sized enterprises	3.3%	5.3%	97,833	97,695	2 752	420	3.3%

	31.12.2019						
			Number of obligors				
Basel Portfolio	Weighted average PD	Arithmetic average PD	End of previous year	End of the year	Defaulted obligors over the year	o.w. new defaulted obligors over the year	Average historical annual default rate
Sovereigns	0.1%	0.6%	645	729	1	-	0.2%
Institutions	0.2%	0.7%	4,230	5,582	6	-	0.3%
Specialised financing	1.3%	2.3%	2,234	2,289	14	2	2.2%
Large corporates	1.0%	3.1%	36,637	37,285	407	35	1.6%
Small- and medium-sized enterprises	3.1%	5.5%	99,378	97,833	2,609	404	3.2%

TABLE 18: COMPARISON OF RISK PARAMETERS: ESTIMATED AND ACTUAL LGD VALUES – WHOLESALE CLIENTS

	31.12.2020	
Basel portfolio	**A-IRB LGD(1)**	**Estimated losses excluding margin of prudence**
Large corporates	38%(2)	33%
Small- and medium-sized enterprises	39%	25%

(1) Senior unsecured LGD.
(2) Adjustment of the LGD Large Corporate unsecured following the TRIM Large Corporate.

The method for calculating the "Observed EAD/A-IRB EAD" ratio is being revised.

	31.12.2019	
Basel portfolio	**A-IRB LGD(1)**	**Estimated losses excluding margin of prudence**
Large corporates	34%	33%
Small- and medium-sized enterprises	39%	27%

(1) Senior unsecured LGD.

Credit risk measurements of retail clients

The Group has implemented the following system for the retail portfolio made up of individual customers, SCIs (real estate investment companies – *Sociétés civiles immobilières*) and professional customers:

RATING SYSTEM AND ASSOCIATED PROBABILITY OF DEFAULT

The modeling of the probability of default of retail client counterparties is carried out specifically by each of the Group's business lines recording its exposures using the IRBA method. The models incorporate data on the payment behavior of counterparties. They are segmented by type of customer and distinguish between retail customers, professional customers, very small businesses and real estate investment companies (*Sociétés civiles immobilières*).

The counterparties of each segment are classified automatically, using statistical models, into homogeneous risk pools, each of which is assigned a probability of default. These estimates are adjusted by a safety margin to estimate as best as possible a complete default cycle, using a through-the-cycle (TTC) approach.

LGD MODELS

The models for estimating the Loss Given Default (LGD) of retail customers are specifically applied by business line portfolio and by product, according to the existence or not of collateral.

Consistent with operational recovery processes, estimate methods are generally based on a two-step modeling process that initially estimates the proportion of defaulted loans in loan termination, followed by the loss incurred in case of loan termination.

The expected losses are estimated using internal long-term historical recovery data for exposures that have defaulted. These estimates are adjusted by safety margins in order to reflect the possible impact of a downturn.

CCF MODELS

For its off-balance sheet exposures, Societe Generale applies its estimates for revolving loans and overdrafts on current accounts held by retail and professional customers.

TABLE 19: MAIN CHARACTERISTICS OF MODELS AND METHODS USED – RETAIL CLIENTS

Parameter modeled	Portfolio/Category of Basel assets	Number of models	Methodology Number of years of default/loss
RETAIL CLIENTS			
Probability of Default (PD)	Residential real estate	8 models according to entity, type of guarantee (security, mortgage), type of counterparty: individuals or professionals/VSB, real estate investment company (SCI).	Statistical model (regression), behavioral score. Defaults observed over a period of more than 5 years.
	Other loans to individual customers	15 models according to entity and to the nature and object of the loan: personal loan, consumer loan, car loan, etc.	Statistical model (regression), behavioral score. Defaults observed over a period of more than 5 years.
	Renewable exposures	5 models according to entity and nature of the loan: overdraft on current account, revolving credit or consumer loan.	Statistical model (regression), behavioral score. Defaults observed over a period of more than 5 years.
	Professionals and very small businesses (VSB)	10 models according to entity, nature of the loan (medium- and long-term investment credits, short-term credit, car loans), and type of counterparty (individual or real estate investment company (SCI)).	Statistical model (regression or segmentation), behavioral score. Defaults observed over a period of more than 5 years.
Loss Given Default (LGD)	Residential real estate	8 models according to entity, type of guarantee (security, mortgage), and type of counterparty: individuals or professionals/VSB, real estate investment company (SCI).	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
	Other loans to individual customers	17 models according to entity and to the nature and object of the loan: personal loan, consumer loan, car loan, etc.	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
	Renewable exposures	7 models according to entity and nature of the loan: overdraft on current account, revolving credit or consumer loan.	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
	Professionals and very small businesses	12 models according to entity, nature of the loan (medium- and long-term investment credits, short-term credit, car loans), and type of counterparty (individual or real estate investment company (SCI)).	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
Credit Conversion Factor (CCF)	Renewable exposures	12 calibrations by entity for revolving products and personal overdrafts.	Models calibrated by segment over a period of observation of defaults of more than 5 years.

MONITORING THE PERFORMANCE OF INTERNAL MODELS

The performance level of the entire retail client credit system is measured by regular backtests, which check the performance of PD, LGD and CCF models and compare estimated figures with actual figures.

Each year, the average long-term default rate observed for each homogeneous risk pool is compared with the PD. If necessary, the calibrations of PD are adjusted to preserve a satisfactory safety margin. The discrimination level of the models and changes in the portfolio's composition are also measured.

The results presented above cover the entire Group portfolios. Backtests compare the estimated probability of default (arithmetic mean weighted by debtors) with the observed results (the historical annual default rate). The historical default rate has been calculated on the basis of performing exposure over the period from 2010 to 2019. Credit customers are included in accordance with the revised instructions of the EBA publication of 14 December 2016 (EBA/GL/2016/11).

While the historical default rate is relatively stable across all Basel Retail portfolios, the probability of default is falling. Indeed, the quality of the counterparties has artificially improved (migration of populations to the best risk classes) due in particular to government measures taken in the Covid context. As the risk scores are mainly based on the number of days of non-payment and the cash balance, they are impacted by: (i) the freezing of the number of days of non-payment and (ii) the artificial increase in cash balances by the payment of government guaranteed loans.

TABLE 20: COMPARISON OF ESTIMATED RISK PARAMETERS: ESTIMATED AND ACTUAL PD VALUES – RETAIL CLIENTS[1]

	31.12.2020					
			Number of obligors			
Basel Portfolio	Weighted average PD	Arithmetic average PD	End of previous year	End of the year	Defaulted obligors in the year	Average historical annual default rate
Other loans to individual customers	2.3%	3.3%	2,251,637	2,244,161	28,691	3.5%
Real estate loans	1.0%	1.0%	879,422	886,357	4,090	1.1%
Revolving credits	4.4%	2.2%	7,886,771	7,403,642	145,516	2.1%
VSB and professionals	2.8%	2.7%	823,464	811, 861	19,762	3.8%

	31.12.2019					
			Number of obligors			
Basel Portfolio	Weighted average PD	Arithmetic average PD	End of previous year	End of the year	Defaulted obligors in the year	Average historical annual default rate
Other loans to individual customers	2.4%	3.6%	2, 244,707	2,251,637	47,721	3.4%
Real estate loans	1.2%	1.1%	850,310	879,422	7,461	1.1%
Revolving credits	5.0%	2.3%	7,552,793	7,886,771	154,816	2.1%
VSB and professionals	3.9%	4.0%	828,042	823,464	37,021	3.8%

(1) Data presented on the basis of the latest figures available at 30 September 2020.

TABLE 21: COMPARISON OF RISK PARAMETERS: ESTIMATED AND ACTUAL LGD AND EAD VALUES – RETAIL CLIENTS

	31.12.2020		
Basel portfolio	A-IRB LGD	Estimated losses excluding margin of prudence	Observed EAD/A-IRB EAD
Real estate loans (excl. guaranteed exposures)	18%	11%	-
Revolving credits	46%	41%	74%
Other loans to individual customers	28%	24%	-
VSB and professionals	28%	22%	79%
TOTAL GROUP RETAIL CLIENTS	**25%**	**20%**	**75%**

The changes in the portfolio “Other loans to individual customers” are explained by a change in scope.

	31.12.2019		
Basel portfolio	A-IRB LGD	Estimated losses excluding margin of prudence	Observed EAD/A-IRB EAD
Real estate loans (excl. guaranteed exposures)	18%	12%	-
Revolving credits	45%	39%	73%
Other loans to individual customers	26%	21%	-
VSB and professionals	28%	22%	76%
TOTAL GROUP RETAIL CLIENTS	**25%**	**19%**	**74%**

Governance of the modeling of credit risk

Credit own funds estimation models are subject to the global model risk management framework (see Chapter 4.12 “Model risk”).

The first line of defence is responsible for designing, putting into production, using and monitoring models, in compliance with model risk management governance rules throughout the model lifecycle, which include for credit risk internal models traceability of development and implementation stages and annual backtesting. Depending on the specificities of each model family, in particular depending on the regulatory environment, the second line of defence may decide to perform the backtesting of the model family. In such case the LOD2 is responsible for defining a dedicated standard for the model family and informing the first line of defence (starting with the model owner) of the outcome of the backtesting.

The Model Risk Division, reporting directly to the Risk Division, acts as a second line of defence for all credit risk models. Independent model review teams rely, for the conduct of their missions, on principles of control of the theoretical robustness (assessment of the quality of the design and development) of the models, the conformity of the implementation and the use, the continuous follow-up of model relevance over time. The independent review process concludes with (i) a report summarizing the scope of the review, the tests performed, the results of the review, the conclusions or recommendations and with (ii) Reviewing and Approval Committees (respectively “*Comité Modèles*” and “Comité Experts” in the case of credit risk models). The model control system gives rise to recurring reports to the Risk Department within the framework of various bodies and processes (Group Model Risk Management Committee, Risk Appetite Statement / Risk Appetite Framework, monitoring of recommendations, etc.) and annually to the General Management (CORISQ). The Model Risk Division reviews, amongst others, new models, backtesting results and any change to the credit own funds estimation models. In accordance with the Delegated Regulation (EU) No. 529/2014 of 20 May 2014 relating to the follow-up of internal models used for own funds computation, any model change to the Group’s credit risk measurement system is then subjected to two main types of notification to the competent supervisor, depending on the significant nature of the change laid down by this regulation itself:

- significant changes which are subject to a request for approval prior to their implementation;
- other changes which should be notified to the competent authorities: i) prior to their implementation: non-material changes, according to the criteria defined by the regulation, are notified to the Supervisor (ex-ante notification) ; barring a negative response, these may be implemented within a two months period; ii) after their implementation: these changes are notified to the competent authorities after their implementation at least once a year, through a specific report (ex-post notification).

The Internal Audit Division, as a third line of defence, is responsible for periodically assessing the overall effectiveness of the model risk management framework (relevance of the model risk governance and efficiency of second line of defence activities) and performing the independent model audit.

Climate risk – Measuring sensitivity to transition risk

Audited I Transition risk’s impact on Societe Generale Corporate clients’ credit risk has been identified as the main climate change-related risk for the Group.

In order to measure this impact, the Group is gradually implementing a Vulnerability Indicator which aims to reinforce the credit analysis on the most exposed counterparties. ▲

The climate risk management system is further detailed in section 5.4.2 "Positive climate action" of this Universal Registration Document.

4.5.6 QUANTITATIVE INFORMATION

Audited I In this section, the measurement used for credit exposures is the EAD – Exposure At Default (on- and off-balance sheet). Under the Standardised Approach, the EAD is calculated net of collateral and provisions. ▲

The EAD is broken down according to the guarantor's characteristics, after taking into account the substitution effect (unless otherwise indicated).

The presentation of the data, applied since last year, is in line with the guidelines on prudential disclosure requirements published by the European Banking Authority (EBA) in December 2016 (document EBA/GL/2016/11).

This presentation features the exposure classes as defined in the portfolios of the COREP regulatory financial statements, in relation to EBA requirements on Pillar 3.

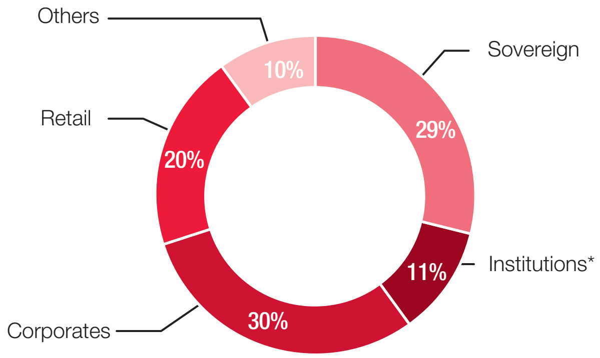
More information available in sections 6.6 *Quantitative information* and 6.7 *Additional quantitative information on credit risk* in the Risk Report Pillar 3 document.

Audited I Credit risk exposure (including counterparty credit risk)

As at 31 December 2020, the Group's Exposure at Default (EAD) amounted to EUR 1,004 billion.

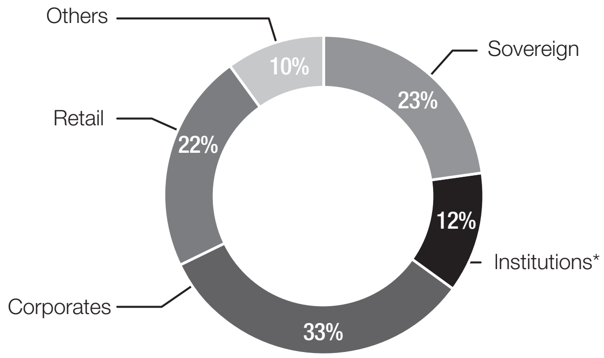
GROUP RISK EXPOSURE BY EXPOSURE CLASS (EAD) AT 31 DECEMBER 2020

On- and off-balance sheet exposures (EUR 1,004 billion in EAD)



GROUP RISK EXPOSURE BY EXPOSURE CLASS (EAD) AT 31 DECEMBER 2019

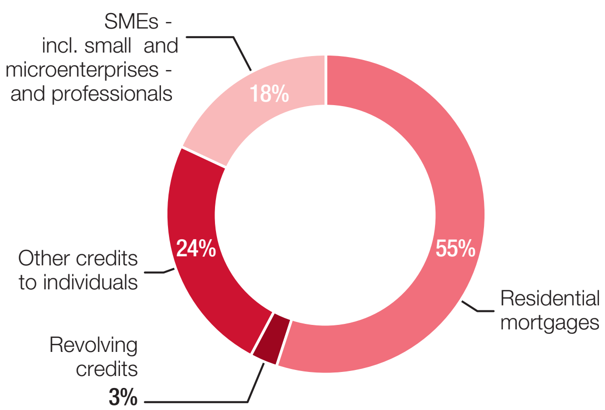
On- and off-balance sheet exposures (EUR 918 billion in EAD)



** Institutions: Basel classification bank and public sector portfolios.*

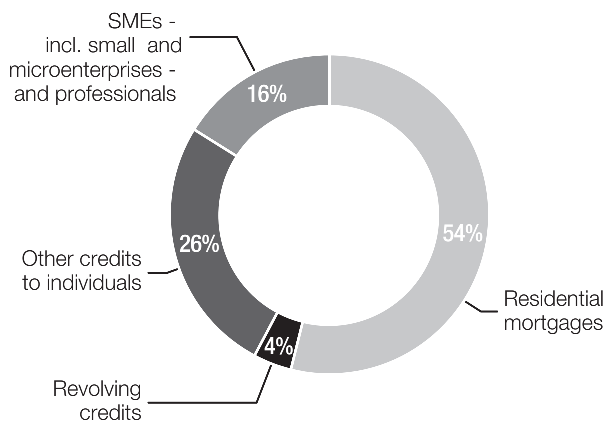
GROUP RETAIL RISK EXPOSURE BY EXPOSURE SUBCLASS (EAD) AT 31 DECEMBER 2020

On- and off-balance sheet exposures (EUR 202 billion in EAD)

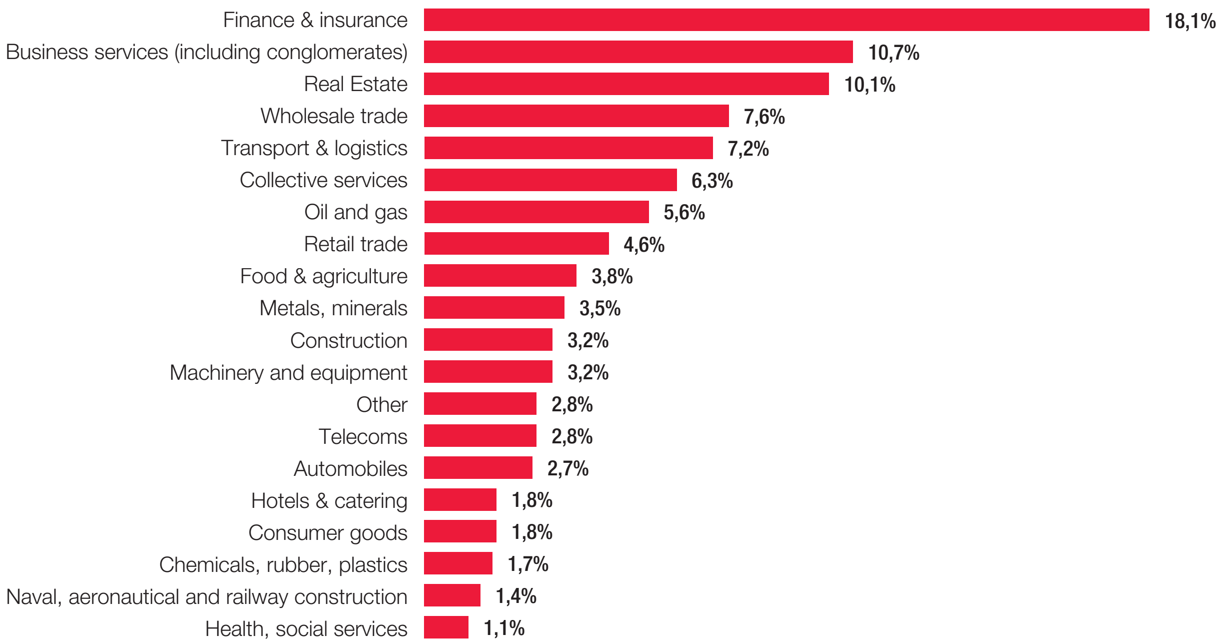


GROUP RETAIL RISK EXPOSURE BY EXPOSURE SUBCLASS (EAD) AT 31 DECEMBER 2019

On- and off-balance sheet exposures (EUR 203 billion in EAD)



SECTOR BREAKDOWN OF GROUP CORPORATE EXPOSURE (BASEL PORTFOLIO)

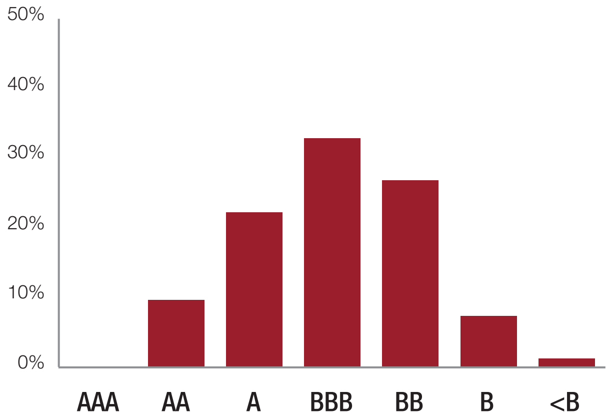


The EAD of the Corporate portfolio is presented in accordance with the Basel rules (large corporates, including insurance companies, funds and hedge funds, SMEs, specialised financing, factoring businesses), based on the obligor's characteristics, before taking into account the substitution effect (credit risk scope: debtor, issuer and replacement risk).

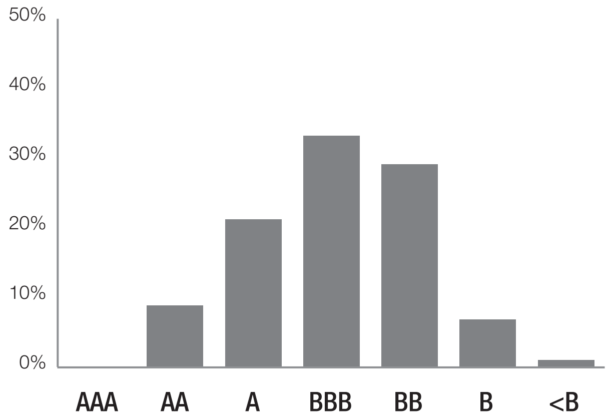
At 31 December 2020, the Corporate portfolio amounted to EUR 339 billion (on- and off-balance sheet exposures measured in EAD). Three sectors account for more than 10% of the portfolio each (Finance and Insurance, Business services, Real Estate). The Group's exposure to its ten largest Corporate counterparties accounts for 6% of this portfolio.

Corporate and bank clients' exposure

BREAKDOWN OF RISK BY INTERNAL RATING FOR CORPORATE CLIENTS AT 31 DECEMBER 2020 (AS % OF EAD)



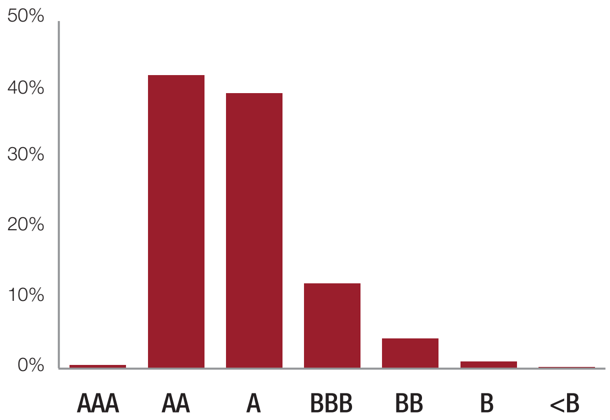
BREAKDOWN OF RISK BY INTERNAL RATING FOR CORPORATE CLIENTS AT 31 DECEMBER 2019 (AS % OF EAD)



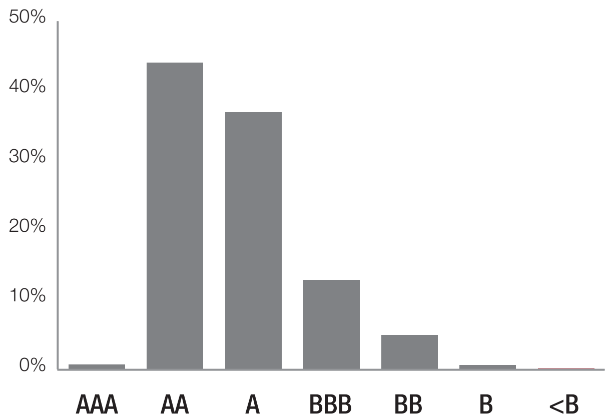
Regarding Corporate clients, the scope consists of performing loans recorded under the IRB approach (excluding prudential classification criteria, by weight, of specialised financing) over the entire Corporate clients portfolio, all divisions combined, and represents a EUR 264 billion EAD (out of a EUR 296 billion total EAD for the Corporate Basel portfolio, Standardised Approach included). The rating breakdown of Societe Generale Group's Corporate counterparty exposure reveals the sound quality of the portfolio. It is based on an internal counterparty rating system, displayed above as its Standard & Poor's equivalent.

As at 31 December 2020, the majority of the portfolio had an Investment Grade rating, i.e. counterparties with an S&P-equivalent internal rating higher than BBB- (65% of Corporate clients). Transactions with non-Investment Grade counterparties were very often backed by guarantees and collaterals in order to mitigate the risk incurred.

BREAKDOWN OF RISK BY INTERNAL RATING FOR BANKING CLIENTS AT 31 DECEMBER 2020 (AS % OF EAD)



BREAKDOWN OF RISK BY INTERNAL RATING FOR BANKING CLIENTS AT 31 DECEMBER 2019 (AS % OF EAD)

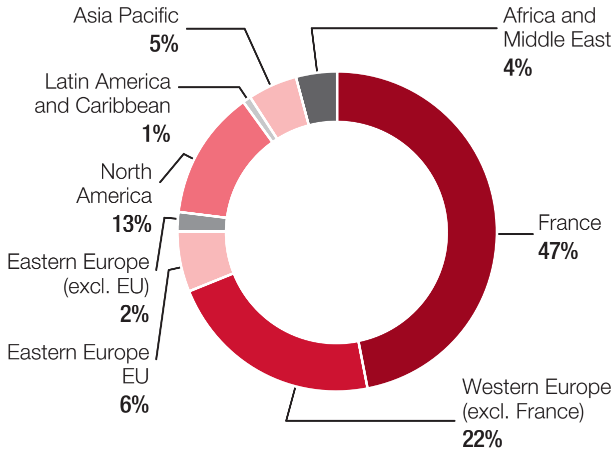


Regarding banking clients, the scope consists of performing loans recorded under the IRB approach over the entire banking clients portfolio, all divisions combined, and represents a EUR 62 billion EAD (out of a EUR 106 billion total EAD for the Bank Basel portfolio, Standardised Approach included). The rating breakdown of Societe Generale Group's banking counterparty exposure reveals the sound quality of the portfolio. It is based on an internal counterparty rating system, displayed above as its Standard & Poor's equivalent.

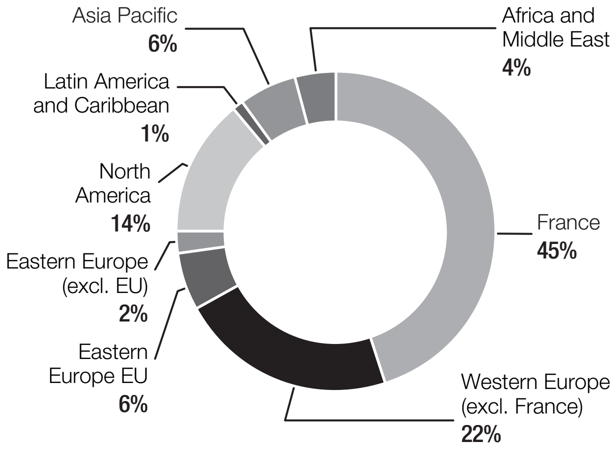
As at 31 December 2020, exposure on banking clients was concentrated on Investment Grade counterparties (95% of the exposure) and in developed countries (90%).

Geographic breakdown of Group exposure

GEOGRAPHIC BREAKDOWN OF GROUP RISK EXPOSURE AT 31 DECEMBER 2020 (ALL CLIENT TYPES INCLUDED): EUR 1,004 BN

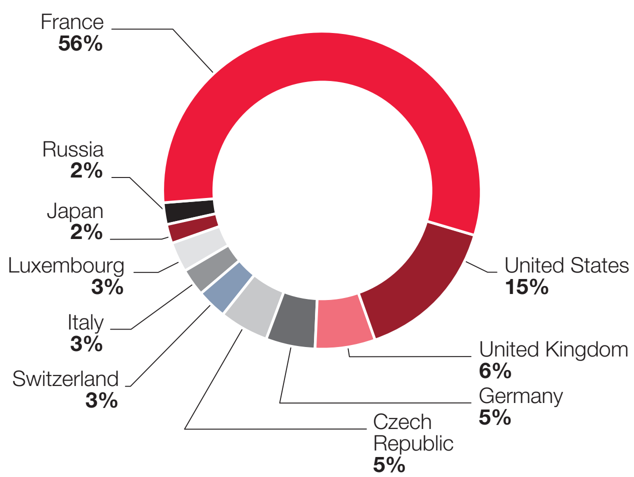


GEOGRAPHIC BREAKDOWN OF GROUP RISK EXPOSURE AT 31 DECEMBER 2019 (ALL CLIENT TYPES INCLUDED): EUR 918 BN

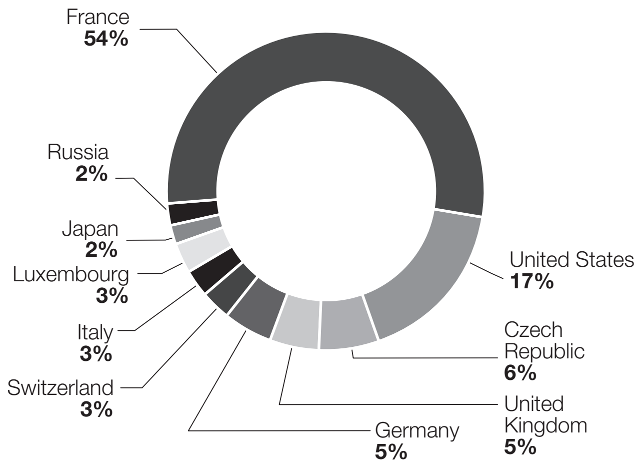


At 31 December 2020, 90% of the Group's on- and off-balance sheet exposure was concentrated in the advanced economies[1]. Almost half of the overall amount of outstanding loans was towards French clients (32% exposure to the non-retail portfolio and 15% to the retail portfolio). ▲

GEOGRAPHIC BREAKDOWN OF GROUP RISK EXPOSURE ON TOP TEN COUNTRIES AT 31 DECEMBER 2020: EUR 844 BN



GEOGRAPHIC BREAKDOWN OF GROUP RISK EXPOSURE ON TOP TEN COUNTRIES AT 31 DECEMBER 2019: EUR 761 BN



The Group's exposure to its top ten countries represented 84% of total exposure (i.e. EUR 844 billion of EAD) at 31 December 2020 (versus 83% and EUR 761 billion of EAD at 31 December 2019).

(1) As defined by the IMF in its World Economic Outlook document of October 2020.

TABLE 22: BREAKDOWN OF EXPOSURES (CREDIT AND COUNTERPARTY CREDIT RISKS) ON TOP FIVE COUNTRIES BY EXPOSURE CLASS (IN %)

	France		United States		United Kingdom		Germany		Czech Republic	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Sovereign	29%	19%	31%	33%	32%	14%	19%	17%	31%	29%
Institutions	9%	9%	16%	16%	18%	27%	16%	18%	4%	4%
Corporates	22%	27%	40%	38%	33%	37%	25%	27%	29%	30%
Retail	32%	37%	0%	0%	4%	10%	21%	22%	34%	35%
Other	8%	8%	13%	13%	13%	12%	19%	16%	2%	2%

Change in risk-weighted assets (RWA) and capital requirements for credit and counterparty credit risks

TABLE 23: CHANGE IN RISK-WEIGHTED ASSETS (RWA) BY APPROACH (CREDIT AND COUNTERPARTY CREDIT RISKS)

(In EURm)	RWA - IRB	RWA - Standard	RWA - Total	Capital requirements - IRB	Capital requirements - Standard	Capital requirements - total
RWA as at end of previous reporting period (31.12.2019)	**175,359**	**104,549**	**279,908**	**14,029**	**8,364**	**22,393**
Asset size	3,542	(4,118)	(577)	283	(329)	(46)
Asset quality	3,985	700	4,685	319	56	375
Model updates	13,605	200	13,805	1,088	16	1,104
Methodology and policy	(3,830)	1,382	(2,448)	(306)	111	(196)
Acquisitions and disposals	(1,613)	(1,518)	(3,130)	(129)	(121)	(250)
Foreign exchange movements	(3,273)	(3,508)	(6,782)	(262)	(281)	(543)
Other	(367)	(979)	(1,346)	(29)	(78)	(108)
RWA as at end of reporting period (31.12.2020)	**187,407**	**96,708**	**284,115**	**14,993**	**7,737**	**22,729**

The table above presents the data without CVA (Credit Valuation Adjustment).

The main effects explaining the EUR 4.2 billion rise in RWA (excluding CVA) in 2020 are as follows:

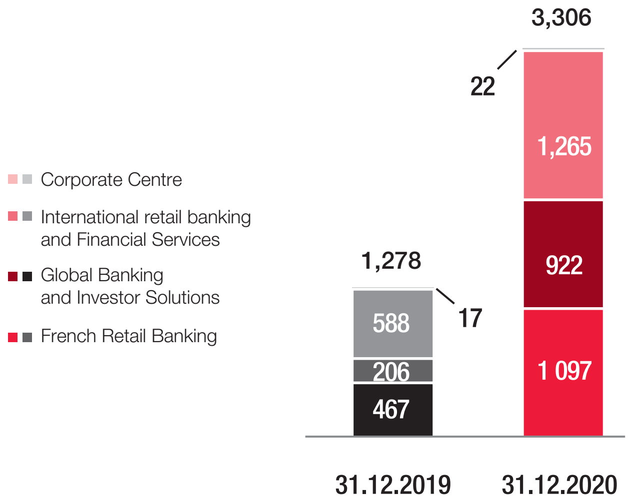
- a model effect of EUR +13.8 billion including an increase of EUR 10 billion due to TRIM ("Targeted Review of Internal Models");
- a change in the prudential scope (EUR -3.1 billion) linked with the various disposals operated in 2020, including SG Banque aux Antilles (EUR -0.4 billion) and SG Finans (EUR -2.5 billion);
- a foreign exchange effect (EUR -6.8 billion), mainly related to the depreciation of the US dollar against the euro (EUR -2.8 billion), of the Russian ruble (EUR -1.8 billion), of the Czech crown (EUR -0.5 billion) and of the British pound (EUR -0.4 billion).

The effects are defined as follows:

- asset size: organic changes in book size and composition (including the creation of new business lines and maturing loans) but excluding changes due to acquisitions and disposals of entities;
- asset quality: changes in the quality of the Bank's assets due to changes in borrower risk, such as rating grade migration or similar effects;
- model updates: changes due to model implementation, changes in model scope or any changes intended to address model weaknesses;
- methodology and policy: changes due to methodological changes in calculations driven by regulatory changes, including both revisions to existing regulations and new regulations;
- acquisitions and disposals: changes in book size due to acquisitions and disposals of entities;
- foreign exchange movements: changes arising from market fluctuations, such as foreign currency translation movements;
- other: this category is used to capture changes that cannot be attributed to any other categories.

Net cost of risk

CHANGE IN GROUP NET COST OF RISK (IN EURM)



The **Group's net cost of risk** in 2020 was EUR - 3,306 million, up by + 159% compared to 2019. The cost of risk surged compared to 2019 due to the increase in stage 1/stage 2 risk following the deterioration of the economic outlook and, to a lesser extent, the risein stage 3 risk due to defaults occurring mainly in the first semester.

The cost of risk (expressed in basis points on the average of the outstanding amounts at the beginning of the four quarters preceding the closing, including operating leases) thus amounts to 64 basis points for the year 2020 compared to 25 basis points in 2019.

- In **French Retail Banking**, the cost of commercial risk rose to 52 basis points in 2020 compared to 24 basis points in 2019, including 30 basis points for stage 1/stage 2 in anticipation of future defects.
- At 96 basis points in 2020 (versus 43 basis points in 2019), the cost of risk for the **Retail Banking and International Financial Services** division increased due to defaults mainly in the first semester and by 29 pb of cost of risk stage 1/stage 2.
- The cost of risk for **Corporate Banking and Investor Solutions** is at 57 basis points (compared to 13 basis points in 2019). This cost of risk includes 19bp of the cost of stage 1/stage 2 risk.

Audited I Analysis of gross outstanding amounts and provisions for credit risk

The following tables detail the outstanding amounts (balance sheet and off-balance sheet) subject to impairment and provisions.

The scope of these tables includes:

- securities (excluding securities received under repurchase agreements) and loans to customers and credit institutions and similar measured at amortised cost or at fair value through equity;
- deposits towards central banks;
- operating and finance lease;
- financing and guarantee commitments;
- guarantee deposits towards clearing houses.

Since 2020, outstanding amounts for which provisions can be booked have included:

- guarantee deposits towards clearing houses, booked in the Other assets line of the consolidated balance sheet. They amount to EUR 9 billion as at 31 December 2020;
- outstanding amounts relating to brokerage activities, formerly Newedge, outside France. These outstanding amounts amount to EUR 51 billion as at 31 December 2020.

Credit risk exposures have increased by EUR 158 billion, rising from EUR 840 billion to EUR 998 billion euros, mainly due to the following:

- the increase in exposures to sovereigns (EUR +68 billion), notably linked to an increase in deposits towards the Central Bank in France;
- the increase in exposures to banks (EUR +66 billion), notably in Western Europe, Asia-Pacific and North America, due to the integration of outstanding amounts of the ex-Newedge brokerage activity (EUR +51 billion) and of the guarantee deposits towards clearing houses (EUR +9 billion);
- the increase in exposures to corporates (EUR +15 billion), in particular due to State-Guaranteed Loans (EUR +19 billion). A transfer from Stage 1 to Stage 2 of exposures to vulnerable sectors due to the impact of the health crisis is also worth noticing.

Impairments and provisions have increased by EUR 1.3 billion, rising from EUR 11.6 billion to EUR 12.9 billion.

The description of the variation of impairments and provisions is presented in Note 3.8 to the consolidated financial statements of Chapter 6 of the Universal Registration Document. ▲

AUDITED I TABLE 24: OUTSTANDING AMOUNTS FOR WHICH PROVISIONS CAN BE BOOKED AND PROVISIONS BY BASEL PORTFOLIO

	31.12.2020							
	Outstanding amounts				Impairment and Provisions			
(In EURm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Sovereign	232,976	483	121	233,580	4	1	69	74
Institutions	113,467	969	69	114,505	10	71	17	98
Corporates	313,623	54,819	9,943	378,385	590	1,517	5,082	7,189
Retail	204,820	19,536	8,052	232,408	573	738	4,103	5,414
Others	36,964	2,297	121	39,382	65	55	4	124
TOTAL	**901,850**	**78,104**	**18,306**	**998,260**	**1,242**	**2,382**	**9,275**	**12,899**

	31.12.2019							
	Outstanding amounts				Impairment and Provisions			
(In EURm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Sovereign	165,237	183	109	165,529	5	6	67	78
Institutions	48,200	506	36	48,742	9	42	12	63
Corporates	342,066	12,536	8,683	363,285	542	626	4,717	5,885
Retail	204,232	16,673	8,558	229,463	465	549	4,560	5,574
Others	32,880	247	5	33,132	18	4	3	25
TOTAL	**792,615**	**30,145**	**17,391**	**840,151**	**1,039**	**1,227**	**9,359**	**11,625**

AUDITED I TABLE 25: GEOGRAPHICAL BREAKDOWN OF OUTSTANDING AMOUNTS FOR WHICH PROVISIONS CAN BE BOOKED

	31.12.2020							
	Outstanding amounts				Impairment and Provisions			
(In EURm)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
France	427,788	36,432	8,884	473,104	542	1,307	4,147	5,996
Western European countries (excluding France)	188,997	13,681	2,861	205,539	228	311	999	1,538
Eastern European countries EU	48,635	4,923	1,144	54,702	110	353	681	1,144
Eastern Europe excluding EU	20,046	3,163	425	23,634	110	40	355	505
North America	113,578	9,606	444	123,628	35	125	125	285
Latin America and Caribbean	8,518	1,902	262	10,682	10	23	80	113
Asia-Pacific	54,112	3,097	734	57,943	20	19	367	406
Africa and Middle East	40,176	5,300	3,552	49,028	187	204	2,521	2,912
TOTAL	**901,850**	**78,104**	**18,306**	**998,260**	**1,242**	**2,382**	**9,275**	**12,899**

	31.12.2019							
	Outstanding amounts				Impairment and Provisions			
(In EURm)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
France	358,931	19,606	9,927	388,464	421	703	4,834	5,958
Western European countries (excluding France)	153,418	3,680	1,911	159,009	186	119	821	1,126
Eastern European countries EU	48,747	3,358	1,012	53,117	93	184	639	916
Eastern Europe excluding EU	25,879	518	516	26,913	85	25	437	547
North America	108,578	411	348	109,337	37	28	49	114
Latin America and Caribbean	10,198	344	206	10,748	9	5	103	117
Asia-Pacific	43,174	391	230	43,795	16	5	191	212
Africa and Middle East	43,690	1,837	3,241	48,768	192	158	2,285	2,635
TOTAL	**792,615**	**30,145**	**17,391**	**840,151**	**1,039**	**1,227**	**9,359**	**11,625**

AUDITED I TABLE 26: OUTSTANDING AMOUNTS FOR WHICH PROVISIONS CAN BE BOOKED AND PROVISIONS BY COUNTERPARTY RATING

	31.12.2020							
	Outstanding amounts				Impairment and Provisions			
(In EURm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	75,967	-	-	75,967	-	-	-	-
2	175,096	2,172	-	177,268	1	1	-	2
3	81,909	5,634	-	87,543	9	8	-	17
4	120,509	10,280	-	130,789	61	36	-	97
5	91,511	16,012	-	107,523	200	275	-	475
6	20,084	15,877	-	35,961	143	667	-	810
7	1,692	4,327	-	6,019	30	267	-	297
Default (8, 9, 10)	-	-	9,655	9,655	-	-	4,694	4,694
Other method	335,082	23,802	8,651	367,535	798	1,128	4,581	6,507
TOTAL	**901,850**	**78,104**	**18,306**	**998,260**	**1,242**	**2,382**	**9,275**	**12,899**

	31.12.2019							
	Outstanding amounts				Impairment and Provisions			
(In EURm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	68,702	-	-	68,702	-	-	-	-
2	106,537	1	-	106,538	1	-	-	1
3	75,750	8	-	75,758	5	-	-	5
4	127,321	372	-	127,693	34	2	-	36
5	105,472	2,252	-	107,724	153	59	-	212
6	22,731	5,503	-	28,234	146	221	-	367
7	812	2,174	-	2,986	7	137	-	144
Default (8, 9, 10)	-	-	8,133	8,133	-	-	4,316	4,316
Other method	285,290	19,835	9,258	314,383	693	808	5,043	6,544
TOTAL	**792,615**	**30,145**	**17,391**	**840,151**	**1,039**	**1,227**	**9,359**	**11,625**

AUDITED I TABLE 27: RECONCILIATION BETWEEN ACCOUNTING OUTSTANDING AMOUNTS AND OUTSTANDING AMOUNTS FOR WHICH PROVISIONS CAN BE BOOKED

(In EURm)		31.12.2020
Debt instruments at Fair Value through Other Comprehensive Income	Note 3.3	51,801
Securities at amortised cost	Note 3.5	15,635
Due from banks at amortised cost	Note 3.5	53,380
Due from central banks(1)		165,837
Customer loans at amortised cost	Note 3.5	448,761
Other assets(2)		51,533
NET VALUE OF ACCOUNTING OUTSTANDING AMOUNTS (BALANCE SHEET)		**786,947**
Impairment of loans at amortised cost	Note 3.8	11,861
GROSS VALUE OF ACCOUNTING OUTSTANDING AMOUNTS (BALANCE SHEET)		**798,808**
Additional items included in the scope of outstanding amounts for which provisions can be booked		237,438
Financing and guarantee commitments (off-balance sheet)		*237,438*
Items excluded from the scope of outstanding amounts for which provisions can be booked(3)		(37,986)
GROSS VALUE OF ACCOUNTING OUTSTANDING AMOUNTS AFTER RETREATMENTS		**998,260**
GROSS VALUE OF OUTSTANDING AMOUNTS FOR WHICH PROVISIONS CAN BE BOOKED		**998,260**

(1) Included in line "Cash, due from central banks".
(2) Of which mainly 51,896 million euros of guarantee deposits paid and 914 million euros of operating lease payment amounts (cf. Note 4.4).
(3) Exclusion of assets bearing a low or null level of credit risk, of which essentially securities borrowed under repurchase agreements and guarantee deposits paid in relation to losing positions on derivatives.

Provisioning of doubtful loans

TABLE 28: PROVISIONING OF DOUBTFUL LOANS

(In EURbn)	31.12.2020	31.12.2019
Stage 1 book outstandings*	447.3	481.2
Stage 2 book outstandings*	49.2	25.9
Doubtful loans (stage 3)*	17.0	16.1
Total Gross book outstandings*	513.6	523.2
GROUP GROSS NON PERFORMING LOANS RATIO	**3.3%**	**3.1%**
Stage 1 provisions	1.1	0.9
Stage 2 provisions	1.9	1.1
Stage 3 provisions	8.8	9.0
GROUP GROSS DOUBTFUL LOANS COVERAGE RATIO (STAGE 3 PROVISIONS / DOUBTFUL LOANS)	**52%**	**56%**

* *Customer loans and advances, deposits at banks and loans due from banks, finance leases, excluding loans and advances classified as held for sale, cash balances at central banks and other demand deposits, in accordance with the EBA/ITS/2019/02 Implementing Technical Standards amending Commission Implementing Regulation (EU) No 680/2014 with regard to the reporting of financial information (FINREP). The NPL rate calculation was modified in order to exclude from the gross exposure in the denominator the net accounting value of the tangible assets for operating lease. Historical data restated. Data as at 31.12.2019 restated due to a reallocation of EUR 4.2bn book outstandings from Stage 2 to Stage 1.*

Restructured debt

Audited I For the Societe Generale Group, “restructured” debt refers to loans with amounts, terms or financial conditions contractually modified due to the borrower’s insolvency (whether insolvency has already occurred or will definitely occur unless the debt is restructured). Societe Generale aligns its definition of restructured loans with the EBA one.

Restructured debt does not include commercial renegotiations involving customers for whom the Bank has agreed to renegotiate the debt in order to maintain or develop a business relationship, in accordance with credit approval rules in force and without relinquishing any of the principal amounts or accrued interests.

Any situation leading to debt restructuring entails classifying the considered customer in the Basel default category and classifying the loans themselves as impaired in the event of a loss of value greater than 1% of the original debt. The customers whose loans have been restructured are kept in the default category for as long as the Bank remains uncertain of their ability to meet their future commitments and for at least one year. In other cases, an analysis of the customer's situation makes it possible to estimate his ability to repay according to the new schedule. Otherwise, the customer is also transferred to Basel default.

Restructured debt totalled EUR 3.6 billion at 31 December 2020. ▲

TABLE 29: RESTRUCTURED DEBT

(In EURm)	31.12.2020	31.12.2019
Non-performing restructured debt	2,470	3,092
Performing restructured debt	1,223	815
GROSS AMOUNT OF RESTRUCTURED DEBT(1)	**3,692**	**3,907**

(1) including EUR 3.6 billion carried on the balance sheet at 31 December 2020.

The decrease in non-performing restructured loans mainly results from the return to performing status of significant restructured loans. Note also the exit from restructured status of performing loans reaching the end of the two-year probation period with no credit event.

4.6 COUNTERPARTY CREDIT RISK

Audited I Counterparty credit risk is the risk of losses on market operations, resulting from the inability of the Group's counterparties to meet their financial commitments. The value of the exposure to a counterparty and its credit quality are uncertain and variable over time, and they are affected by changes in market parameters.

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

Counterparty credit risk may increase in the event of an adverse correlation (Wrong Way Risk), *i.e.* when the Group's exposure to a counterparty increases at the same time as the credit quality of this counterparty deteriorates (*i.e.* when its probability of default increases).

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

4.6.1 DETERMINING LIMITS AND MONITORING FRAMEWORK

Main principles

Audited I Counterparty credit risk is framed through a set of limits that reflect the Group's appetite for risk. The Risk approval process follows the same fundamental principles as for Credit Risk:

- a system of delegation of competence, largely based on the internal rating of the counterparties, confers decision-making capacities to the risk units on the one hand and the customer monitoring sector on the other;
- the commercial monitoring sector and this risk unit must be independent of each other;
- the limits and internal rating set for each counterparty are proposed by the customer monitoring sector and validated by the dedicated risk unit in charge of the counterparty type. Individual limits are supplemented by stress test or nominal frameworks to capture the impact of certain risk factors that are more difficult to measure.

These limits are subject to annual or *ad hoc* reviews depending on the needs and changing market conditions.

A dedicated team within the Risk Department is in charge of production, reporting and controls on risk metrics, namely:

- ensuring the completeness and reliability of the risk calculation by taking into account all the transactions transmitted by the transaction processing department;
- producing daily certification and risk indicator analysis reports;
- controlling compliance with defined limits, at the frequency of metrics calculation, most often on a daily basis.

In addition, a specific monitoring and approval process is implemented for the most sensitive counterparties or the most complex categories of financial instruments.

Governance

While not a substitute for CORISQ or for the Risk Committee of the Board of Directors (see the section on Risk management governance), the Counterparty Credit Risk Committee (CCRC) closely monitors counterparty credit risk and identifies emerging risk areas through specific analysis (focus). This Committee, chaired by the Risk Department, brings together representatives from the Market Activities and the Global Banking and Advisory Business Units, but also departments that, within the risk management function, are in charge of monitoring counterparty credit risks on market transactions and credit risk. The CCRC also provides an opinion on the changes to the frameworks within its competence.

Replacement risk

The Group frames the replacement risks by limits:

- defined at the counterparty level;
- consolidated across all products types authorised with the counterparty;
- established by maturity buckets to control future exposure using the Potential Future Exposure (PFE) measure also known as CVaR within the Group;
- calibrated according to the credit quality and the nature of the counterparty, the nature/maturity of the financial instruments contemplated (FX transactions, repos transactions, security lending transactions, derivatives, etc.), and the economic understanding, the contractual legal framework agreed and any other risk mitigants.

The Group also considers other measures to further control the replacement cost risk : it has developed a set of stress test scenarios that are used to calculate the exposure that would result from changes in the fair value of transactions concluded with all its counterparties in the event of extreme shocks affecting the market parameters (see wrong way risk section).

CVA (Credit Valuation Adjustment)

In addition to the replacement risk, the CVA (Credit Valuation Adjustment) measures the adjustment of the value of the Group's derivatives and repos portfolio in order to take into account the credit quality of the Group's counterparties (see dedicated section).

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 and exchange rates) are applied to carry out the stress test on CVA.

The different indicators and the Stress-Tests are monitored on the net amount (the sum of the CVA exposure and of the hedges traded by the desk).

Calibrations and monitoring of these limits follow the same rules as the one described in the market risk section.

Risk on central counterparties

The counterparty credit risk stemming from the clearing of derivatives and repos with central counterparties (CCP) is framed by specific limits on initial margins, both for house and client activities (client clearing), and on the Group's contributions to the CCP default funds (guarantee deposits).

In addition, a stress test limit is also defined to capture the impact of a scenario where a major CCP member should default.

It should be noted that the EMIR (European Market Infrastructure Regulation) Regulations in Europe and the DFA (Dodd-Frank Act) in the United States, require that the most standardised over-the-counter transactions be compensated *via* clearing houses approved by the authorities and subject to prudential regulation. ▲

See table "EAD and RWA on central counterparties" of section 4.6.3.4 "Quantitative Information" for more information.

4.6.2 MITIGATION OF COUNTERPARTY CREDIT RISK ON MARKET TRANSACTIONS

Audited I The Group uses various techniques to reduce this risk:

- the signing, in the most extensive way possible, of close-out netting agreements for over-the-counter (OTC) transactions;
- the collateralization of market operations, either through clearing houses for eligible products (listed products and certain 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.

In order to reduce any legal risk associated with documentation and to comply with key international standards, the Group prefers to document 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. This standardization reduces implementation times and secures operations. Provisions detailing counterparty credit risk mitigation techniques are reviewed and analysed by the Bank's legal services to ensure their applicability.

Collateralization

Most of over-the-counter transactions are collateralised. There are two types of collateral exchanges:

- initial margin (IM): an initial amount of collateral aiming at covering potential future exposure, *i.e.* the unfavorable 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. This initial deposit is kept by a third party[1] to ensure its immediate availability, even in the event of a default of the counterparty;
- Variation Margin (VM): collateral collected to cover current exposure arising from Mark-to-Market changes, used as an approximation of the actual loss resulting from the default of one of the counterparties.

The Group ensures a monitoring of collateral received and given both for the part covering the market value of the contracts (VM) and the risk of an unfavorable change in the Mark-to-Market of positions in the event of default of the counterparty (IM). The collaterals given and received, are subject to a 'haircut', which are negotiated at the time of signing of the collateral agreement. A haircut is the valuation percentage applicable to each type of collateral and is largely based on liquidity and price volatility of the underlying during both normal and stressed market conditions.

Main types of collateral are cash or high-quality and liquid assets such as for example prime or high-grade sovereign bonds.

BILATERAL COLLATERAL EXCHANGE

The initial margin, historically very rare except with hedge funds, was generalised by EMIR and DFA Regulations. 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).

(1) Except for repos and clearing activities.

CLEARING HOUSES

EMIR and DFA Regulations have also required that the most standard over-the-counter derivatives transactions be compensated through clearing houses. The Group thus compensates its own operations (principal activity), but also operates a client clearing activity (agency-type activity), which is subject to systematic margin calls to mitigate counterparty credit risk (customers posting daily variation margins and initial margins to Societe General, in order to cover current exposure and future exposure.▲

See table "Breakdown of collateral for counterparty credit risk exposures" section 4.6.3.4 "Quantitative Information" for more information.

4.6.3 COUNTERPARTY CREDIT RISK MEASURES

4.6.3.1 Replacement Risk

Audited I The measure of replacement risk is based on an internal model that determines the Group's exposure profiles. ▲

PRINCIPLES OF THE MODEL

The future fair value of market transactions with each counterparty is estimated from Monte Carlo models based on a historical analysis of market risk factors.

The principle of the model is to represent the possible future financial markets conditions by simulating the evolutions of the main risk factors to which the institution's portfolio is sensitive. For these simulations, the model uses different diffusion models to account for the characteristics inherent in the risk factors considered and uses a 10-year history for calibration.

The transactions with the various counterparties are then revalued according to these different scenarios at the different future dates until the maturity of the transactions, taking into account the terms and conditions defined in the contractual legal framework agreed, notably in terms of netting and collateralisation.

The distribution of the counterparty exposures thus obtained allows the calculation of regulatory capital for counterparty credit risk and the economic monitoring of positions.

The Risk Department responsible for Model Risk Management at Group level, assesses the theoretical robustness (review of the design and development quality), the compliance of the implementation and the suitability of the use of the model. This independent review process ends with (i) a report that describes the scope of the review, the tests carried out, the results of the review, the conclusions or recommendations and (ii) review and approval Committees. This process results in reporting to the appropriate bodies.

REGULATORY INDICATOR

Audited I With respect to the calculation of capital requirements for counterparty credit risk, the ECB, following the Targeted Review of Internal Models, has renewed the approval for using the internal model described above to determine the Effective Expected Positive Exposure (EEPE) indicator.

For products not covered by the internal model as well as for entities in the Societe Generale Group that have not been authorised by the supervisor to use the internal model, the Group uses the market-price valuation method for derivatives[(1)] and the general financial security-based method for securities financing transactions (SFT).

The effects of compensation agreements and collateralization are taken into account either by their simulation in the internal model, or by applying the rules as defined in the market-price valuation method or the financial security-based method, and by subtracting the value of the collateral.

These exposures are then weighted by rates resulting from the credit quality of the counterparty to compute the Risk Weighted Assets (RWA). These rates can be determined by the standard approach or the advanced approach (IRBA). ▲

The RWA breakdown for each approach is available in the "Analysis of Counterparty Credit Risk Exposure by Approach" table in Section 4.6.3.4 "Quantitative Information".

ECONOMIC INDICATOR

For the economic monitoring of positions, Societe Generale relies mainly on a maximum exposure indicator determined from the Monte Carlo simulation, called Credit Value-at-Risk (CVaR) internally or PFE (Potential Future Exposure). This is the maximum amount of loss that could occur after eliminating 1% of the most adverse occurrences. This indicator is calculated at different future dates, which are then aggregated into segments, each of them being framed by limits.

The Group has also developed a set of stress test scenarios to determine the exposure that would result from changes in the fair value of transactions with all its counterparties in the event of an extreme shock affecting the market parameters.

4.6.3.2 Credit Valuation Adjustment

MAIN PRINCIPLES

The CVA (Credit Valuation Adjustment) refers to adjustment to Marked-to-market of derivatives and repos portfolio to take into account counterparty credit risk of each counterparty facing the Group in the valuation. This adjustment is equivalent to the counterparty credit risk hedging cost in the Credit Default Swap (CDS) market.

For a specific counterparty, the CVA is determined on the basis of:

- the positive expected exposure to the counterparty, which is the average of the positive hypothetical future exposure values for a transaction or a group of transactions. It is mainly determined using risk neutral Monte Carlo simulations of risk factors that may affect the valuation of the derivatives transactions. The transactions are revalued through time according to the different scenarios, taking into account the terms and conditions defined in the contractual legal framework agreed, notably in terms of netting and collateralization (i.e that transactions with appropriate credit mitigants will generate lower expected exposure compared to transactions without credit mitigants);

(1) In this method, the EAD (Exposure At Default) relating to the Bank's counterparty credit risk is by aggregating the positive market values of all transactions (replacement cost) supplemented by an add-on factor.

- the probability of default of the counterparty, which is linked to the level of CDS spreads;
- the amount of losses in the event of default (LGD – Loss Given Default taking into account the recovery rate).

The Group computes this adjustment for all counterparties which are not subject to a daily margin call or for which collateral only partially covers the exposure.

CAPITAL REQUIREMENT FOR CVA RISK

The financial institutions are subject to the calculation of a capital requirement under the CVA, to cover its variation over ten days. The scope of counterparties is reduced to financial counterparties as defined in EMIR (European Market Infrastructure Regulation) or to certain Corporates that may use derivatives beyond certain thresholds and for purposes other than hedging.

The CVA charge is computed by the Group using mainly the advanced method:

- the positive expected exposure to the counterparty is mainly determined using the internal model described in section 4.6.3.1, which allows to estimate the future exposure profiles to a counterparty, taking into account counterparty credit risk mitigants;
- the capital charge is the sum of two elements: VaR on CVA and Stressed VaR on CVA. The method chosen is similar to the one developed for the calculation of the market VaR (see chapter Market Risk), and consists of an historical simulation of the change in the CVA due to fluctuations in the credit spreads observed on the counterparties, with a confidence interval of 99%. The calculation is made on the credit spreads variation observed, on the one hand, over a one-year rolling period (VaR on CVA), and, on the other hand, over a fixed one-year historical window corresponding to the period of greatest tension in terms of credit spreads (stressed VaR on CVA). The associated capital charge is equal to the sum of the two multiplied by a coefficient set by the regulator, specific to each bank.

The positions not taken into account in the advanced method are subject to a capital charge determined through the standard method by applying a normative weighting factor to the product of the EAD (Exposure At Default) by a maturity calculated according to the rules defined by the CRR (Capital Requirement Regulation). Refer to the "Credit Valuation Adjustment (CVA)" capital requirements table in Section 4.6.3.4 "Quantitative Information") for the decomposition of CVA-related RWA between advanced and standard methods.

CVA RISK MANAGEMENT

The management of this exposure and of this regulatory capital charge led the Bank to purchase hedging instruments such as Credit Default Swap (CDS) from large credit institutions on certain identified counterparties or on indices composed of identifiable counterparties. In addition to reducing credit risk, it decreases the variability of the CVA and the associated capital amounts resulting from fluctuations in counterparty credit spreads.

4.6.3.3 Unfavorable Correlation Risk (Wrong Way Risk)

Wrong-way risk is the risk of the Group’s exposure to a counterparty increasing significantly, combined with a simultaneous increase in the probability of the counterparty defaulting.

There are two different cases:

- general wrong-way risk, where there is a correlation between certain market conditions and the creditworthiness of the counterparty;
- specific wrong-way risk, where the amount of exposure is directly related to the credit quality of the counterparty.

The specific wrong-way risk is subject to dedicated regulatory capital requirements, through an add-on applied when calculating the capital requirements. The EEPE indicator for transactions identified as facing a specific wrong-way risk is reassessed based on the assumption of a default from the counterparty. This process leads to stricter capital requirements regarding counterparty credit risks on such transactions. The PFE (Potential Future Exposure) calculated in these specific risk situations is also increased, thereby limiting the exposure on such transactions, as there is no change in the risk limit framework.

The general wrong way risk is controlled *via* a set of stress tests (single or multifactor stress tests) applied to transactions made with a given counterparty, based on scenarios common with the market stress tests. This set-up is based on:

- a quarterly analysis of stress tests on all counterparties (financial institutions, corporates, sovereigns, hedge funds and proprietary trading groups) allowing to understand the most adverse scenarios related to a joint deterioration in the quality of counterparties and the associated positions;
- a multi-factor stress test monitoring 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 weekly monitoring of dedicated single-factor stress tests for hedge fund counterparties and Proprietary Trading Groups, subject to limits at the counterparty level. This framework is supplemented by an adverse stress test that quantifies the potential loss on the principal and third-party activities (client clearing) in the event of market movements violent enough to trigger a wave of defaults on this type of counterparty.

4.6.3.4 Quantitative Information

TABLE 30: COUNTERPARTY CREDIT RISK, EAD AND RWA BY APPROACH AND EXPOSURE CLASS

Counterparty credit risk is broken down as follows:

	31.12.2020								
(In EURm)	IRB			Standard			Total		
Exposure class	**Exposure**	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**
Sovereign	23,472	23,560	382	170	170	-	23,642	23,730	382
Institutions	19,536	19,673	3,387	23,628	23,928	1,403	43,164	43,601	4,789
Corporates	54,370	54,145	15,786	1,697	1,398	1,246	56,067	55,543	17,032
Retail	121	121	8	2	2	2	122	122	10
Other	1	1	-	3,499	3,499	986	3,500	3,500	987
TOTAL	**97,500**	**97,500**	**19,563**	**28,996**	**28,996**	**3,636**	**126,496**	**126,496**	**23,199**

The table as at 31 December 2019 has been modified as follows in order to include risk exposures related to contributions to the default funds of central counterparties (EUR 1.1 billion of RWA as at 31 December 2019):

	31.12.2019								
(In EURm)	IRB			Standard			Total		
Exposure class	**Exposure**	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**
Sovereign	22,843	22,954	302	3	3	-	22,845	22,956	302
Institutions	20,006	20,005	2,901	29,209	29,209	1,035	49,215	49,215	3,936
Corporates	44,030	43,919	10,639	1,042	1,042	826	45,072	44,961	11,465
Retail	189	189	9	1	1	1	190	190	11
Other	9	9	-	3,960	3,960	1,267	3,970	3,970	1,267
TOTAL	**87,077**	**87,077**	**13,852**	**34,215**	**34,215**	**3,129**	**121,292**	**121,292**	**16,981**

The tables above feature amounts excluding the CVA (Credit Valuation Adjustment) which represents EUR 3.1 billion at 31 December 2020 (vs. EUR 2.6 billion at 31 December 2019).

TABLE 31: ANALYSIS OF COUNTERPARTY CREDIT RISK (CCR) EXPOSURE BY APPROACH

Subject to supervisor approval, the Internal Model Method (IMM) enables the use of an internal model to calculate the Effective Expected Positive Exposure (EEPE), multiplied by a regulatory factor called "alpha" as defined in Article 284-4 of Regulation (EU) 575/2013. For Societe Generale Group, it is 1.85. The aim of the internal model is to determine exposure profiles.

	31.12.2020						
(In EURm)	Notional	Replace-ment cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
Mark to market		21,626	29,694			26,586	5,677
Original exposure							
Standardised approach							
IMM (for derivatives and SFTs)				36,449	1.85	67,431	15,767
of which securities financing transactions				*15,500*	*1.85*	*28,676*	*2,270*
of which derivatives and long settlement transactions				*20,949*	*1.85*	*38,756*	*13,497*
of which from contractual cross-product netting							
Financial collateral simple method (for SFTs)							
Financial collateral comprehensive method (for SFTs)						9,937	383
VaR for SFTs							
TOTAL							**21,827**

The table as at 31 December 2019 has been modified as follows :

	31.12.2019						
(In EURm)	Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
Mark to market		6,802	31,535			26,443	4,481
Original exposure							
Standardised approach							
IMM (for derivatives and SFTs)				43,569	1.5	65,354	11,698
of which securities financing transactions				*20,159*	*1.5*	*30,239*	*1,514*
of which derivatives and long settlement transactions				*23,410*	*1.5*	*35,115*	*10,184*
of which from contractual cross - product netting							
Financial collateral simple method (for SFTs)							
Financial collateral comprehensive method (for SFTs)						3,433	418
VaR for SFTs							
TOTAL							**16,597**

TABLE 32: EAD AND RWA TOWARDS CENTRAL COUNTERPARTIES (CCP)

	31.12.2020		31.12.2019	
(In EURm)	EAD	RWA	EAD	RWA
Exposures to QCCPs	28,248	1,228	32,252	1,454
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which:	10,038	201	16,225	326
▪ OTC derivatives	1,003	20	1,108	23
▪ Exchange-traded derivatives	7,243	145	13,793	277
▪ Securities financing transactions	1,791	36	1,323	26
▪ Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	12,701	-	9,731	-
Non-segregated initial margin	2,036	41	2,525	51
Pre-funded default fund contributions	3,474	986	3,771	1,077
Alternative calculation of own funds requirements for exposures	-	-	-	-
Exposures to non-QCCPs	61	35	-	-
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which:	-	-	-	-
▪ OTC derivatives	-	-	-	-
▪ Exchange-traded derivatives	-	-	-	-
▪ Securities financing transactions	-	-	-	-
▪ Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	35	35	-	-
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	25	-	-	-
Unfunded default fund contributions	-	-	-	-

TABLE 33: BREAKDOWN OF COLLATERAL FOR COUNTERPARTY CREDIT RISK

	31.12.2020			
	Collateral used in derivative transactions		Collateral used in SFTs	
(In EURm)	Fair value of collateral received	Fair value of posted collateral	Fair value of collateral received	Fair value of posted collateral
Cash	110,446	25,241	23,251	33,134
Banks/Broker-dealers	119	383	91,651	96,638
Central Counterparties	20	12,098	9,241	4,145
Government-sponsored entities/Government Agencies	-	-	-	-
Hedge funds	0	-	17	111
Insurance and Financial Guaranty Firms	18	-	825	3,279
Mutual funds	63	-	1,399	3,034
Nonfinancial corporations	1,088	36	22,697	72,315
Pension Plans	-	-	-	-
Sovereign national governments	16,771	3,621	258,657	292,114
SPVs, SPCs, and SPEs	-	-	-	-
Supranationals	64	-	2,228	951
Others	-	-	4	272

	31.12.2019			
	Collateral used in derivative transactions		Collateral used in SFTs	
(In EURm)	Fair value of collateral received	Fair value of posted collateral	Fair value of collateral received	Fair value of posted collateral
Cash	24,186	22,125	14,418	22,569
Banks/Broker-dealers	27	576	58,188	64,052
Central Counterparties	-	8,238	8,262	5,620
Government-sponsored entities/Government Agencies	-	-	-	-
Hedge funds	0	-	3	107
Insurance and Financial Guaranty Firms	4	10	864	2,647
Mutual funds	179	-	823	2,444
Nonfinancial corporations	464	1,437	25,488	60,671
Pension Plans	0	-	2	-
Sovereign national governments	4,391	2,393	230,186	241,977
SPVs, SPCs, and SPEs	-	-	-	186
Supranationals	-	-	1,561	1,557

TABLE 34: EXPOSURES AND RWA RELATED TO CREDIT VALUATION ADJUSTMENT (CVA)

	31.12.2020		31.12.2019	
(In EURm)	Exposure value	RWA	Exposure value	RWA
Total portfolios subject to the Advanced Method	37,471	2,783	33,457	2,276
(i) VaR component (including the 3×multiplier)	-	740	-	318
(ii) Stressed VaR component (including the 3×multiplier)	-	2,043	-	1,959
All portfolios subject to the Standardised Method	5,349	347	5,611	310
Based on Original Exposure Method	-	-	-	-
Total subject to the CVA capital charge	**42,821**	**3,131**	**39,068**	**2,586**

4.7 MARKET RISK

Audited I Market risk is the risk of loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters, and the correlations between them. These parameters include, but are not limited to, exchange rates, interest rates, the price of securities (equities or bonds), commodities, derivatives and other assets. ▲

4.7.1 ORGANISATION OF MARKET RISK MANAGEMENT

Main functions

Audited I Although primary responsibility for managing risk exposure relies on the front office managers, the supervision system comes under the Market Risk Department of the Risk Division, which is independent from the businesses.

This department:

- checks the existence of an effective market risk monitoring framework based on suitable limits;
- assesses 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;
- proposes appropriate market risk limits by Group activity to the Group Risk Committee;
- defines indicators used to monitor market risk;
- calculates and certifies on a daily basis, market risk indicators and P&L resulting from market activities, based on formal and secure procedures, then reports and analyses these indicators;
- monitors on a daily basis the limits set for each activity.

In order to perform its tasks, the department also defines the architecture and the functionalities of the information system used to produce the risk and P&L indicators for market transactions, and ensures it meets the needs of the different businesses and of the Market Risk Department. ▲

This department contributes to the detection of possible rogue trading operations through a monitoring mechanism based on alert levels (on gross nominal value of positions for example) applied to all instruments and desks.

Governance

In terms of governance, within the Market Risk Department, the main functional and transversal subjects are dealt with during Committees organised by value chains (market risk, P&L, etc.). These Committees are decision-making bodies, composed of senior representatives from each relevant Department teams and regions. Market risks oversight is provided by various Committees at different levels of the Group:

- the Risk Committee of the Board of Directors is informed of the Group's major market risks; in addition, it issues a recommendation on the most substantial proposed changes in terms of market risk measurement and framework (after prior approval by the CORISQ); this recommendation is then referred to the Board of Directors for a decision;
- the Risk Committee (CORISQ), chaired by the Chief Executive Officer of the Group, is regularly informed of Group-level market risks. Moreover, upon a proposal from the Market Risk Department, it validates the main choices with regard to market risk measurement, as well as the key developments on the architecture and implementation of the market risk framework at Group level;
- the market risks related to the Global Markets Division are reviewed during the Market Risk Committee (MRC) led by the Market Risk Department and co-chaired by the Risk Division and by the Global Markets Division. This Committee provides information on risk levels for the main risk indicators as well as for some specific activities pointed out depending on market or business driven events. It also provides an opinion on the market risk framework changes falling under the remit of the Risk Division and Global Markets Division.

In addition to these Committees, detailed and summary market risk reports, produced on a daily, weekly, monthly or quarterly basis, either related to various Group levels or geographic areas, are sent to the relevant business line and risk function managers. ▲

4.7.2 MARKET RISK MONITORING PROCESS

Market risk appetite

Audited I The business development strategy of the Group for market activities is primarily focused on meeting client needs, with a full range of products and solutions. The risk resulting from these market activities is strictly managed through a set of limits for several indicators:

- the Value-at-Risks (VaR) and stressed Value-at-Risks (sVaR): these global indicators are used for market risk calculations for RWA and for the day-to-day monitoring of the market risks incurred by the Group within the scope of its trading activities;
- stress test measurements, based on decennial shock-type indicators, which make it possible to restrict the Group's exposure to systemic risk and exceptional market shocks. These measurements can be global, multi-risk factor (based on historic or hypothetical scenarios), by activity or risk factor in order to take into account extreme risks on a specific market, or event-driven, to temporarily monitor a particular situation;
- sensitivity and nominal indicators used to manage the size of positions:
  - sensitivities are used to monitor the risk incurred locally on a given type of position (*e.g.* sensitivity of an option to changes in the underlying asset),
  - while nominal indicators are used for significant positions in terms of risk;
- additional indicators such as concentration risk or holding period, maximum maturity, etc. ▲

The Market Risk Department is responsible for the assessment and validation of the limit requests submitted by the different business lines. These limits ensure that the Group complies with the market risk appetite approved by the Board of Directors, further to a proposal from General Management[(1)].

Determining and monitoring limits

The choice and calibration of these limits ensure the operational transposition of the Group's market risk appetite through its organization:

- these limits are allocated at various levels of the Group's structure and/or by risk factor;
- their calibration is determined using a detailed analysis of the risks related to the portfolio managed. This analysis may include various elements such as market conditions, specifically liquidity, position maneuverability, risk/rewards analysis, etc.;
- regular reviews make it possible to manage risks according to the prevailing market conditions;
- specific limits, or even bans, may be put in place to manage risks for which the Group has little or no risk appetite.

The desk mandates and Group policies stipulate that traders must have a sound and prudent management of positions and must respect the defined frameworks. The limits set for each activity are monitored daily by the Market Risk Department. This continuous monitoring of the market risk profile is the object of regular discussions between the risk and business teams, further to which various risk hedging or mitigation initiatives may be taken by the Front Office in order to remain within the defined limits. In the event of a breach of the risk framework, the front office must detail the reasons, and take the necessary measures to return within the defined framework, or otherwise request a temporary or permanent increase of limit if the clients requests and if market conditions justify such a course of action.

In addition to the governance structure in place between the various departments of the Risk function and business lines, the monitoring of limits usage, due to the products/solutions provided to clients and the market-making activities, also contributes to ensuring that market risk to which the Group is exposed are properly managed and understood.

4.7.3 MAIN MARKET RISK MEASURES

Stress test assessment

Audited I Societe Generale monitors its exposure using stress test simulations to take into account exceptional market disruptions.

A stress test estimates the loss resulting from an extreme change in market parameters over a period corresponding to the time required to unwind or hedge the positions affected.

Two major metrics are defined and used:

- the Global Stress Test on market activities, which estimates the losses linked to market risks, market/counterparty cross-risk, and dislocation and carry risk on exotic activities, that could arise simultaneously in the event of a severe but plausible systemic crisis. This stress test is modeled on five scenarios;
- the Market Stress Test, which focuses solely on market risks, applying the same scenarios as the Global Stress Test and additional scenarios corresponding to different market conditions.

The various scenarios for those stress tests are reviewed by the Risk Division on a regular basis. These reviews are presented during dedicated biannual Committees, chaired by the Market Risk Department and attended by economists and representatives of Societe Generale's trading activities. These Committees cover the following topics: changes in scenarios (introduction, removal, shock review), appropriate coverage of the risk factors by the scenarios, review of the approximations made in terms of calculation, correct documentation of the whole process. The delegation level needed to validate the changes in stress test scenarios depends on the impact of the change in question.

These stress tests are applied throughout all the Bank's market activities. Stress test limits are established for Societe Generale's activity as a whole (and then for the Group's various business lines for the Market Stress Test). Together with the VaR model, these stress test risk assessments are one of the main pillars of the risk management framework.

(1) See "Risk Appetite" section for the detailed description of the governance and implementation of the risk appetite, as well as the role the Risk Division plays in defining it.

GLOBAL STRESS TEST ON MARKET ACTIVITIES

The Global Stress Test on market activities is the main risk indicator used on this scope. It covers all the risks on market activities that would occur simultaneously in case of a severe, but plausible, market crisis. The impact is measured over a short period of time with an expected occurrence of once per decade. The Global Stress Test uses five market scenarios and has three components, each of which are considered in each of the five scenarios in order to ensure consistency within the same scenario:

- market risk;
- dislocation and carry risks on exotic activities related to concentration effects and crowded trades;
- market/counterparty cross-risks arising in transactions with weak counterparties (hedge funds and proprietary trading groups).

The Global Stress Test corresponds to the least favorable results arising from the five scenarios and their respective components.

Market risk component

It corresponds to:

- the results of the Market Stress Test[1] restricted to scenarios that could cause dislocation effects on market positions and default by weak counterparties. These scenarios all simulate a sharp fall in the equity markets and a widening in credit spreads which could trigger dislocation effects. Following the last review of the scenarios at the end of 2020, it was decided to use for the calculation of the stress test three theoretical scenarios (generalised (*i.e.* financial crisis scenario), eurozone crisis, general decline in risk assets) and two historical scenarios focusing respectively on the period of early October 2008 and early March 2020;
- the impact of the stress test scenario on CVA (Credit Value Adjustment) and FVA (Funding Value Adjustment) reserves, as their variations affect trading results.

Dislocation and carry risk component

Additional market risks to those assessed in the Market Stress Test can occur in market situation in which one or more participants – generally structured products sellers – have concentrated or crowded trades. Dynamic risk hedging strategies can cause larger market dislocations than those calibrated in the Market Stress Test, and these dislocations can extend beyond the shock timeline used due to an imbalance between supply and demand.

Equity, credit, fixed income, currency and commodity trading activities are regularly reviewed to identify these areas of risk and to define a scenario that takes into account the specific features of each activity and position. Each scenario associated with an identified area of risk is added to the market risk component if – and only if – it is compatible with the market scenario in question.

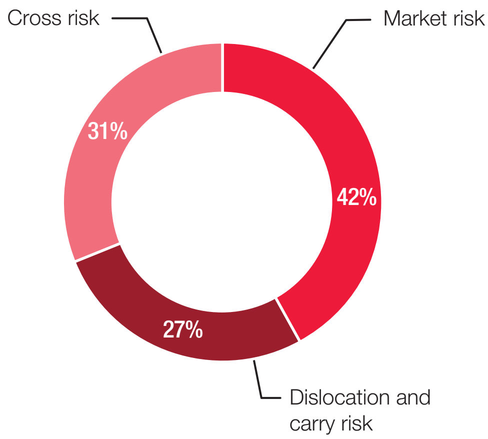
Market/counterparty cross-risk component on weak counterparties

Some counterparties may be significantly affected by a major crisis on the financial markets and their probability of default may increase. The third component of the Global Stress Test therefore aims to take into account this increased risk on certain types of weak counterparties (hedge funds and proprietary trading groups).

Two measurements are used:

- **the collateralised financing stress test:** this stress test focuses on collateralised financing activities and more specifically on weak counterparties. It applies a dislocation shock to several asset classes with the assumption of extremely tight liquidity conditions. Collateral and counterparty default rates are stressed concomitantly, taking into account any consanguinity with the collateral posted;
- **the adverse stress test on hedge funds and proprietary trading groups (PTG):** this stress test applies two stress scenarios to all market transactions qualifying for replacement risk with this type of counterparties. A stressed probability of default – based on the counterparty's ratings – is taken into account. ▲

AVERAGE CONTRIBUTION OF THE COMPONENTS IN 2020 GLOBAL STRESS TEST ON MARKET ACTIVITIES



MARKET STRESS TEST

Audited I This metric focuses on market risk and estimates the loss resulting from shocks on the set of risk factors. This stress test is based on 11 scenarios[2] (four historical and seven hypothetical). The main principles are as follows:

- the scenario considered in the market stress test is the worst of the different scenarios defined;
- the shocks applied are calibrated on time horizons specific to each risk factor (the time horizon can range from five days for the most liquid risk factors to three months for the least liquid);
- risks are calculated every day for each of the Bank's market activities (all products together), using each of the historical and hypothetical scenarios.

(1) *Measurement of the impact in the Net Banking Product in case of shocks on all risk factors (refer to description below).*
(2) *Including the scenarios used in the global stress tests on market activities.*

Historical scenarios

This method consists of an analysis of the major economic crises that have affected the financial markets: changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, etc.) during each of these crises have been analysed in order to define scenarios for potential variations in these main risk factors which, when applied to the Bank's trading positions, could generate significant losses. Accordingly, this approach makes it possible to determine the historical scenarios used for the calculation of the stress test. This set of scenarios is also the subject of regular reviews. In 2020, two new historical scenarios related to the covid-19 crisis were integrated: a crisis scenario (marked by a decline in equity indices and an increase in credit spreads) as well as a rebound scenario (marked by an increase in equity indices and a decrease in credit spreads). Societe Generale is currently using four historical scenarios in the calculation of the stress test, which cover the periods from October to December 2008 and March 2020.

Hypothetical scenarios

The hypothetical scenarios are defined with the Group's economists and are designed to identify possible sequences of events that could lead to a major crisis in the financial markets (*e.g.* a major terrorist attack, political instability in the main oil-producing countries, etc.). The Group's aim is to select extreme but plausible events which would have major repercussions on all international markets. Accordingly, Societe Generale has defined seven hypothetical scenarios. ▲

Regulatory indicators

99% VALUE-AT-RISK (VAR)

Methodology

Audited I The Internal VaR Model was introduced at the end of 1996 and has been approved by the French regulator within the scope of the regulatory capital requirements.

The Value-at-Risk (VaR) assesses the potential losses on positions over a defined time horizon and for a given confidence interval (99% for Societe Generale). The method used is the "historical simulation" method, which implicitly takes into account the correlation between the various markets, as well as general and specific risk. It is based on the following principles:

- storage in a database of the risk factors that are representative of Societe Generale's positions (*i.e.* interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.). Controls are regularly performed in order to check that all major risk factors for the trading portfolio of the Group are taken into account by the internal VaR model;
- definition of 260 scenarios corresponding to one-day variations in these market parameters over a rolling one-year period; these scenarios are updated daily with the inclusion of a new scenario and the removal of the oldest scenario. There are three coexisting methods for modeling scenarios (relative shocks, absolute shocks and hybrid shocks), the choice between these methods for a given risk factor is determined by its nature and its historical trend;
- the application of these 260 scenarios to the market parameters of the day;
- revaluation of daily positions, on the basis of the 260 sets of adjusted market parameters: in most cases this calculation involves a full repricing. Nonetheless, for certain risk factors, a sensitivity-based approach may be used.

Main risk factors	Description
Interest rates	Risk resulting from changes in interest rates and their volatility on the value of a financial instrument sensitive to interest rates, such as bonds, interest rate swaps, etc.
Share prices	Risk resulting from variations in prices and volatility of shares and equity indices, in the level of dividends, etc.
Exchange rates	Risk resulting from the variation of exchange rates between currencies and of their volatility.
Commodity prices	Risk resulting from changes in prices and volatility of commodities and commodity indices.
Credit Spreads	Risk resulting from an improvement or a deterioration in the credit quality of an issuer on the value of a financial instrument sensitive to this risk factor such as bonds, credit derivatives (credit default swaps for example).

Within the framework described above, the one-day 99% VaR, calculated according to the 260 scenarios, corresponds to the mean of the second and third largest losses computed, without applying any weighting to the scenarios.

The day-to-day follow-up of market risk is performed *via* the one-day VaR, which is calculated on a daily basis at various granularity levels. Regulatory capital requirements, however, oblige us to take into account a ten-day horizon, thus we also calculate a ten-day VaR, which is obtained by multiplying the one-day VaR aggregated at Group level by the square root of 10. This methodology complies with regulatory requirements and has been reviewed and validated by the regulator.

The VaR assessment is based on a model and a certain number of conventional assumptions, the main limitations of which are as follows:

- by definition, the use of a 99% confidence interval does not take into account losses arising beyond this point; VaR is therefore an indicator of the risk of loss under normal market conditions and does not take into account exceptionally significant fluctuations;
- VaR is computed using closing prices, meaning that intraday fluctuations are not taken into account;
- the use of a historical model is based on the assumption that past events are representative of future events and may not capture all potential events.

The Market Risk Department mitigates the limitations of the VaR model by performing stress tests and other additional measurements.

The same model is used for the VaR computation for almost all of Global Banking & Investor Solution's activities (including those related to the most complex products) and the main market activities of Retail Banking and Private Banking. The few activities not covered by the VaR method, either for technical reasons or because the stakes are too low, are monitored using stress tests, and capital charges are calculated using the standard method or through alternative in-house methods. The main market risk not covered by an internal model is the exchange risk of the banking book, which is not subject to a daily revaluation by construction and therefore cannot be taken into account in a VaR calculation.

Backtesting

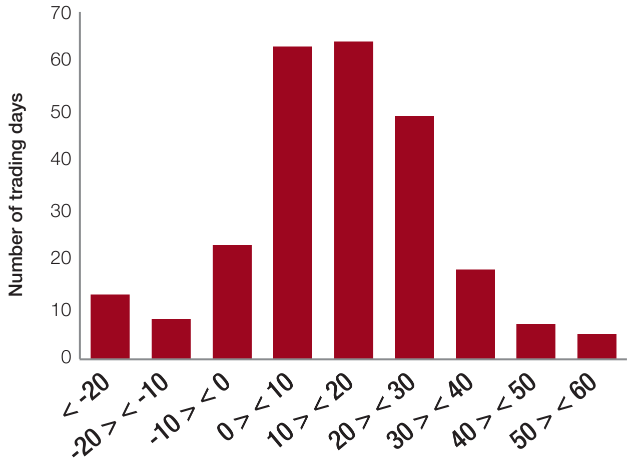
The relevance of the model is checked through continuous backtesting in order to verify whether the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval. The results of the backtesting are audited by the Risk Department in charge of the validation of internal models, which, as second line of defence, also assesses the theoretical robustness (from a design and development standpoint), the correctness of the implementation and the adequacy of the model use. The independent review process ends with (i) review and approval Committees and (ii) an Audit Report detailing the scope of the review, the tests performed and their outcomes, the recommendations and the conclusion of the review. The model control mechanism gives rise to reporting to the appropriate authorities.

In compliance with regulations, backtesting compares the VaR to the (i) actual and (ii) hypothetical change in the portfolio's value:

- in the first case (backtesting against "actual P&L"), the daily P&L[1] includes the change in book value, the impact of new transactions and of transactions modified during the day (including their sales margins), refinancing costs, the various related commissions (brokerage fees, custody fees, etc.), as well as provisions and parameter adjustments made for market risk;
- in the second case (backtesting against "hypothetical P&L"), the daily P&L[2] includes only the change in book value related to changes in market parameters and excludes all other factors. ▲

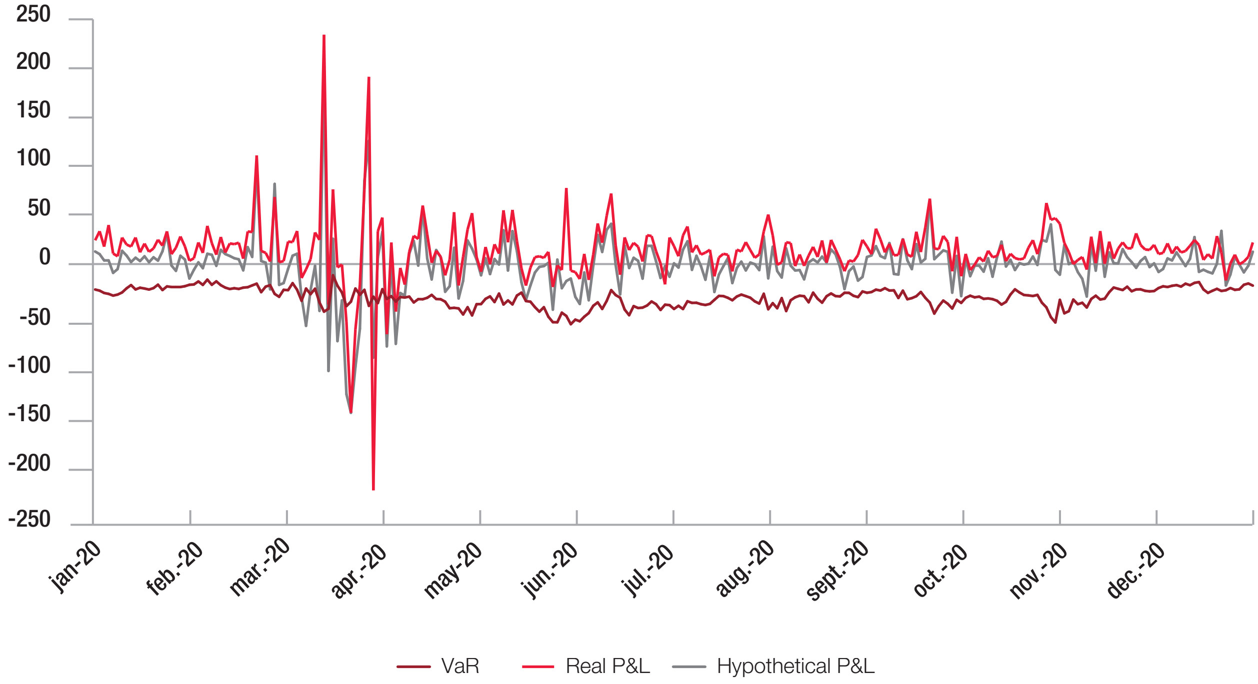
As a result of the Covid-19 crisis, markets were impacted, particularly in the first half of 2020, by high volatility across all asset classes. Daily losses on market activities were recorded 44 times. A breach of VaR backtesting was observed at Societe Generale Group level on 13 days. Following the decision of the European Parliament to authorise the exclusion of backtesting events occurring between 1 January 2020 and 31 December 2021 not attributable to internal model, the competent authorities have validated the exclusion of such events from the calculation of Societe Generale's risk-weighted assets for market risk. Three VaR backtesting breaches were finally maintained at Group level, against hypothetical result, in particular as a result of the VaR model not taking into account movements on share dividends once they are announced.

BREAKDOWN OF THE DAILY[3] P&L OF MARKET ACTIVITIES (2020, IN EURM).



(1) "Actual P&L" by agreement hereinafter.
(2) "Hypothetical P&L" by agreement hereinafter.
(3) Actual P&L.

TRADING VAR (ONE-DAY, 99%), DAILY ACTUAL[1] P&L AND DAILY HYPOTHETICAL P&L[2] OF THE TRADING PORTFOLIO (2020, IN EURM)



VaR Changes

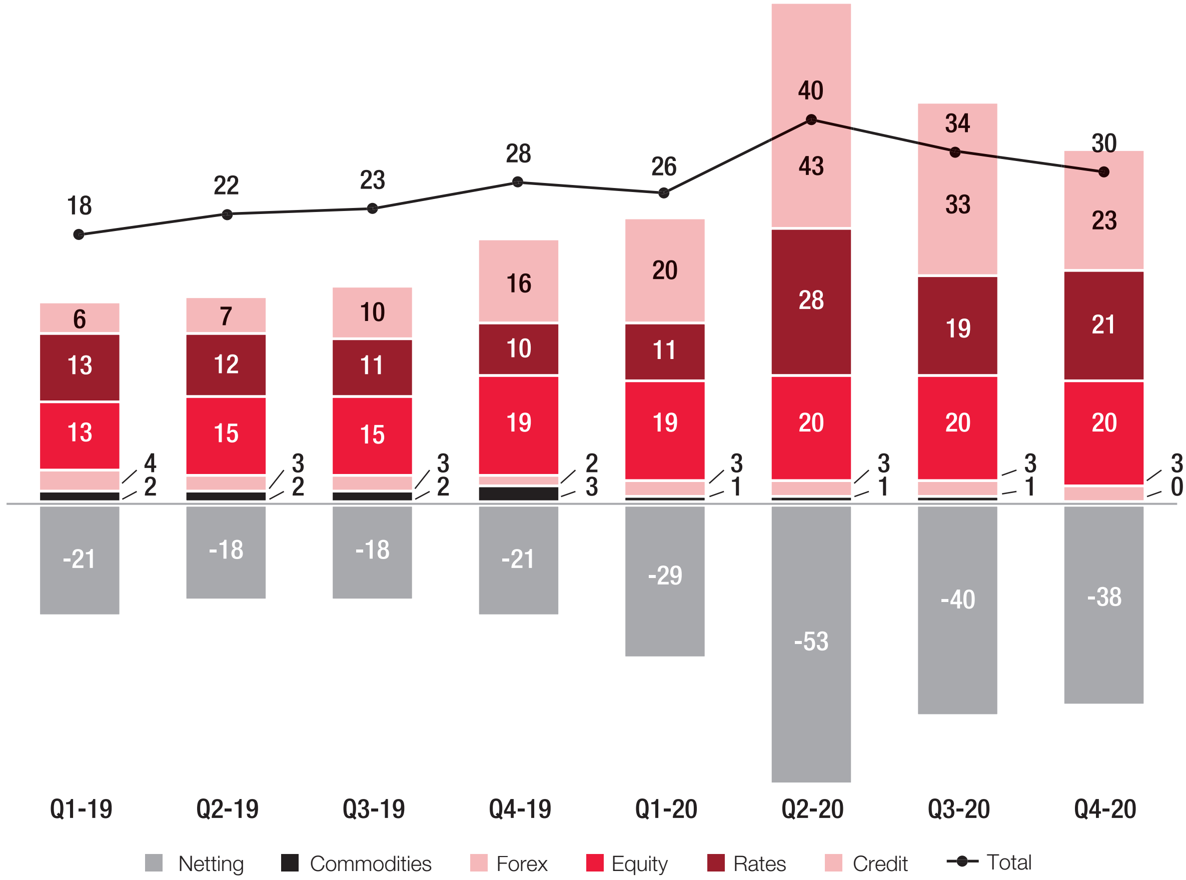
TABLE 35: REGULATORY TEN-DAY 99% VAR AND ONE-DAY 99% VAR

	31.12.2020		31.12.2019	
(In EURm)	VaR (10 days, 99%)[1]	VaR (1 day, 99%)[1]	VaR (10 days, 99%)[1]	VaR (1 day, 99%)[1]
Period start	93	29	49	16
Maximum value	188	60	113	36
Average value	103	33	71	23
Minimum value	35	11	40	13
Period end	67	21	85	27

(1) Over the scope for which capital requirements are assessed by internal model.

(1) Daily profit or loss used for the VaR backtesting against actual P&L, as defined in the "99% Value-at-Risk (VaR)".
(2) Daily profit or loss used for the VaR backtesting against hypothetical P&L, as defined in the "99% Value-at-Risk (VaR)".

AUDITED I BREAKDOWN BY RISK FACTOR OF TRADING VAR (ONE-DAY, 99%) – CHANGES IN QUARTERLY AVERAGE OVER THE 2019-2020 PERIOD (IN EURM)



Audited i VaR was riskier in 2020 on average (EUR 33 million *vs* EUR 23 million in 2019) with contrasting trends:

- over the first two months of the year, VaR remained relatively stable at its 2019 year-end level;
- from the end of February and throughout the second quarter, VaR increased sharply, with a high level of variability due to the financial crisis triggered by the Covid-19 epidemic. This increase is mainly attributable to the interest rate and credit scope, the equity scope, and notably the exotic products activities, being the main factor of volatility;
- VaR then fell gradually to reach again pre-crisis values and dynamic at the end of the year. ▲

STRESSED VAR (SVAR)

Audited I The Internal Stressed VaR Model (SVaR) was introduced at the end of 2011 and has been approved by the Regulator within the scope of the regulatory capital requirements on the same scope as the VaR.

The calculation method used for the 99% one-day SVaR is the same as as the one for the VaR. It consists in carrying out a historical simulation with one-day shocks and a 99% confidence interval. Contrary to VaR, which uses 260 scenarios for one-day fluctuations over a rolling one-year period, SVaR uses a fixed one-year historical window corresponding to a period of significant financial tension.

The method for determining the fixed historical stress window, which has been approved by the regulator[1], is based on a review of the historic shocks on the risk factors representative of the Societe Generale portfolio (related to equity, fixed income, foreign exchange, credit and commodity risks): historical shocks are aggregated to determine the period of highest stress for the entire portfolio. Each risk factor is assigned a weighting to account for the weight of each risk factor within its asset class and the weight of the asset class in the Group's VaR. The historical window used is reviewed annually. In 2020, this window was "September 2008-September 2009".

The ten-day SVaR used for the computation of the regulatory capital is obtained, as for VaR, by multiplying the one-day SVaR by the square root of ten.

The continuous backtesting performed on VaR model cannot be replicated to the SVaR model as, by definition, it is not sensitive to the current market conditions. However, as the VaR and the SVaR models rely on the same approach, they have the same advantages and limitations.

The relevance of the SVaR is regularly monitored and reviewed by the Risk Department in charge of the validation of internal models, as second line of defence. The independent review process ends with (i) review and approval Committees and (ii) an Audit Report detailing the scope of the review, the tests performed and their outcomes, the recommendations and the conclusion of the review. The model control mechanism gives rise to recurrent reporting to the appropriate authorities.

(1) A complementary method was submitted to the regulator for approval in Q2 2018: the purpose was to ensure the relevance of the period obtained following the method based on the weighting of historical shocks by computing an approached VaR on the same selection of risk factors representative of the portfolio.

The SVaR increased on average in 2020 (EUR 50 million *vs* EUR 38 million in 2019). Its evolution over the year was marked by three main stages:

- over the first two months of the year, the SVaR remained at a low level, following on from 2019;
- in March, SVaR increased significantly, with a high level of variability due to the financial crisis triggered by the Covid-19 epidemic. This increase is mainly attributable to the equity scope initially, then mainly results from Fixed Income activities thereafter;
- the SVaR then fell gradually and in July returned to the pre-crisis values and dynamic. ▲

TABLE 36: REGULATORY TEN-DAY 99% SVAR AND ONE-DAY 99% SVAR

	31.12.2020		31.12.2019	
(In EURm)	Stressed VaR (10 days, 99%)[1]	Stressed VaR (1 day, 99%)[1]	Stressed VaR (10 days, 99%)[1]	Stressed VaR (1 day, 99%)[1]
Period start	105	33	108	34
Maximum value	343	109	213	67
Average value	158	50	119	38
Minimum value	73	23	49	15
Period end	131	41	112	35

(1) Over the scope for which capital requirements are assessed by internal model.

IRC AND CRM

At end-2011, Societe Generale received approval from the Regulator to expand its internal market risk modeling system by including IRC (Incremental Risk Charge) and CRM (Comprehensive Risk Measure), for the same scope as for VaR.

They estimate the capital charge on debt instruments that is related to rating migration and issuer default risks. These capital charges are incremental, meaning they are added to the charges calculated based on VaR and SVaR.

In terms of scope, in compliance with regulatory requirements:

- IRC is applied to debt instruments, other than securitizations and the credit correlation portfolio. In particular, this includes bonds, CDS and related derivatives;
- CRM exclusively covers the correlation portfolio, *i.e.* CDO tranches and First-to-Default products (FtD), as well as their hedging using CDS and indices.

Societe Generale estimates these capital charges using internal models[1]. These models determine the loss that would be incurred following especially adverse scenarios in terms of rating changes or issuer defaults for the year that follows the calculation date, without ageing the positions. IRC and CRM are calculated with a confidence interval of 99.9%: they represent the highest risk of loss obtained after eliminating 0.1% of the most unfavorable scenarios simulated.

The internal IRC model simulates rating transitions (including default) for each issuer in the portfolio, over a one-year horizon[2]. Issuers are classified into five categories: US-based companies, European companies, companies from other regions, financial institutions and sovereigns. The behaviours of the issuers in each category are correlated with each other through a systemic factor specific to each category. In addition, a correlation between these five systemic factors is integrated to the model. These correlations, along with the rating transition probabilities, are calibrated from historical data observed over the course of a full economic cycle. In case of change in an issuer's rating, the decline or improvement in its financial health is modeled by a shock in its credit spread: negative if the rating improves and positive in the opposite case. The price variation associated with each IRC scenario is determined after revaluation of positions *via* a sensitivity approach, using the delta, the gamma as well as the level of loss in the event of default (Jump to Default), calculated with the market recovery rate for each position.

The CRM model simulates issuer's rating transitions in the same way as the internal IRC model. In addition, the dissemination of the following risk factors is taken into account by the model:

- credit spreads;
- basis correlations;
- recovery rate excluding default (uncertainty about the value of this rate if the issuer has not defaulted);
- recovery rate in the event of default (uncertainty about the value of this rate in case of issuer default);
- First-to-Default valuation correlation (correlation of the times of default used for the valuation of the First-to-Default basket).

These dissemination models are calibrated from historical data, over a maximum period of ten years. The price variation associated with each CRM scenario is determined thanks to a full repricing of the positions. In addition, the capital charge computed with the CRM model cannot be less than a minimum of 8% of the capital charge determined with the standard method for securitisation positions.

(1) The same internal model is used for all portfolios for which an IRC calculation is required. The same is true for the portfolios on which a CRM calculation is performed. Note that the scope covered with internal models (IRC and CRM) is included in the VaR scope: only entities authorised for a VaR calculation via an internal model can use an internal model for IRC and CRM calculation.

(2) The use of a constant one-year liquidity horizon means that shocks that are applied to the positions to calculate IRC and CRM, are instantaneous one-year shocks. This hypothesis appears to be the most prudent choice in terms of models and capital, rather than shorter liquidity horizons.

The internal IRC and CRM models are subject to similar governance to that of other internal models meeting the Pillar 1 regulatory requirements. More specifically:

- an ongoing monitoring allows to follow the adequacy of IRC and CRM models and of their calibration. This monitoring is based at least on a yearly review of the modeling hypotheses. As these metrics are estimated *via* a 99.9% quantile over a one-year horizon, the low frequency of breaches means that a backtesting as the one performed on VaR model is not possible. In particular, this review includes:
  - a check of the adequacy of the structure of the rating transition matrices used for IRC and CRM models,
  - a backtesting of the probabilities of default used for these two models,
  - a check of the adequacy of the models for the dissemination of recovery rates, spread dissemination and dissemination of basic correlations used in the CRM calculation;

Regarding the checks on the accuracy of these metrics:

  - the IRC calculation being based on the sensitivities of each instrument – delta, gamma – as well as on the level of loss in the event of default (Jump to Default) calculated with the market recovery rate, the accuracy of this approach is checked against a full repricing every six months,
  - such a check on CRM is not necessary as its computation is performed following a full repricing;
- these metrics are compared to normative stress tests defined by the regulator. In particular, the EBA stress test and the risk appetite exercise are performed regularly on the IRC metric. These stress tests consist of applying unfavorable rating migrations to issuers, shocking credit spreads and shocking rating transition matrices. Other stress tests are also carried out on an *ad hoc* basis to justify the correlation hypotheses between issuers and those made on the rating transition matrix;
- a weekly analysis of these metrics is carried out by the production and certification team for market risk metrics;
- the methodology and its implementation have been initially validated by the French Prudential and Resolution Supervisory Authority (*Autorité de Contrôle Prudentiel et de Résolution* – ACPR). Thereafter, a review of the IRC and the CRM is regularly carried out by the Risk Department in charge of the validation of internal models as second line of defence. This independent review process ends with (i) review and approval Committees and (ii) an Audit Report detailing the scope of the review, the tests performed and their outcomes, the recommendations and the conclusion of the review. The model control mechanism gives rise to recurrent reporting to the appropriate authorities.

Moreover, regular operational checks are performed on the completeness of the scope's coverage as well as the quality of the data describing the positions.

TABLE 37: IRC (99.9%) AND CRM (99.9%)

(In EURm)	31.12.2020	31.12.2019
Incremental Risk Charge (99.9%)		
Period start	93	317
Maximum value	172	352
Average value	103	192
Minimum value	53	58
Period end	112	83
Comprehensive Risk Measure (99.9%)		
Period start	95	164
Maximum value	462	211
Average value	116	144
Minimum value	51	73
Period end	70	95

4.7.4 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

Allocation of exposures in the trading book

The on- and off-balance sheet items must be allocated to one of the two portfolios defined by prudential regulations: the banking book or the trading book.

The banking book is defined by elimination: all on- and off-balance sheet items not included in the trading book are included by default in the banking book.

The trading book consists of all positions in financial instruments and commodities held by an institution either for trading purposes or in order to hedge other positions in the trading book. The trading interest is documented as part of the traders' mandates.

The prudential classification of instruments and positions is governed as follows:

- the Finance Division's prudential regulation experts are responsible for translating the regulations into procedures, together with the Risk Division for procedures related to holding period and liquidity. They also analyse specific cases and exceptions. They share these procedures to the business lines;
- the business lines comply with these procedures. In particular, they document the trading interest of the positions taken by traders;
- the Finance and Risk Departments are in charge of the control framework.

The following controls are implemented in order to ensure that activities are managed in accordance with their prudential classification:

- new product process: any new product or activity is subject to an approval process that covers its prudential classification and regulatory capital treatment for transactions subject to validation;
- holding period: the Market Risk Department has designed a control framework for the holding period of certain instruments;
- liquidity: on a case-by-case basis or on demand, the Market Risk Department performs liquidity controls based on certain criteria (negotiability/transferability, bid/ask size, market volumes, etc.);
- strict process for any change in prudential classification, involving the business line and the Finance and Risk Divisions;
- internal audit: through its various periodic assignments, Internal Audit verifies or questions the consistency of the prudential classification with policies/procedures as well as the suitability of the prudential treatment in light of existing regulations.

Quantitative information

Almost ninety per cent of Societe Generale capital requirements related to market risk are determined using an internal model approach. The standard approach is mainly used for the positions presenting a foreign exchange risk, which are not part of the trading book, as well as for the Group's subsidiaries that do not have access to the core IT tools developed internally. The main entities concerned are some International Retail Banking and Financial Services entities such as Rosbank, SG Maroc, Crédit du Nord, BRD, SG Algérie, etc.

The increase in capital requirements for market risk is due to a diffuse and moderate increase in several components:

- VaR, which has almost returned to its pre Covid-19 level at the end of the year, after having increased significantly at the end of the first quarter and in the second quarter, increase mainly attributable to Fixed Income activities and to a lesser extent to the credit perimeter;
- IRC, which is increasing due to debt instruments on several categories of issuers (US companies and European governments);
- RWAs calculated under the standard approach, reflecting new securitization positions, and a growth in the rate component.

TABLE 38: MARKET RISK CAPITAL REQUIREMENTS AND RWA BY RISK FACTOR

	Risk-weighted assets			Capital requirement		
(In EURm)	31.12.2020	31.12.2019	*Change*	31.12.2020	31.12.2019	*Change*
VaR	4,117	3,881	*236*	329	310	*19*
Stressed VaR	6,671	6,678	*(7)*	534	534	*(1)*
Incremental Risk Charge (IRC)	1,758	1,361	*398*	141	109	*32*
Correlation portfolio (CRM)	1,066	1,220	*(154)*	85	98	*(12)*
Total market risk assessed by internal model	**13,612**	**13,140**	***472***	**1,089**	**1,051**	***38***
Specific risk related to securitisation positions in the trading portfolio	534	277	*257*	43	22	*21*
Risk assessed for currency positions	219	865	*(646)*	17	69	*(52)*
Risks assessed for interest rates (excl. securitisation)	975	231	*745*	78	18	*60*
Risk assessed for ownership positions	-	-	-	-	-	-
Risk assessed for commodities	0	0	*0*	0	0	*0*
Total market risk assessed by standard approach	**1,728**	**1,373**	***355***	**138**	**110**	***28***
TOTAL	**15,340**	**14,513**	***827***	**1,227**	**1,161**	***66***

TABLE 39: MARKET RISK CAPITAL REQUIREMENTS AND RWA BY TYPE OF RISK

	Risk-weighted assets		Capital requirement	
(In EURm)	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Risk assessed for currency positions	462	1,173	37	94
Risk assessed for credit (excl. deductions)	5,943	4,768	475	381
Risk assessed for commodities	43	792	3	63
Risk assessed for ownership positions	4,133	3,904	331	312
Risk assessed for interest rates	4,760	3,876	381	310
TOTAL	**15,340**	**14,513**	**1,227**	**1,161**

4.7.5 FINANCIAL INSTRUMENT VALUATION

Management risk related to financial instrument valuation relies on the Global Market Division as first line of defence as well as two independent departments within the Finance Division and the Risk Division.

Governance

Governance on accounting valuation topics is enforced through two valuation Committees, both attended by representatives of the Global Markets Division, the Market Risk Department and the Finance Division:

- the Global Valuation Committee is convened whenever necessary, and at least every quarter, to discuss and approve financial instrument valuation methodologies (model refinements, reserve methodologies, etc.). This Committee, chaired by the Finance Division and organised by its valuation expert team (Valuation Group) has worldwide accountability with respect to the approval of the valuation policies concerning financial instruments on market activities;
- on a quarterly basis, the Global Valuation Review Committee, chaired by the Finance Division, reviews changes in reserves, valuation adjustment figures, and related accounting impacts. This analytical review is performed by the Valuation Group.

The topics related to Prudent Valuation are dealt with during methodological Committees and validation Committees, organised quarterly, and both chaired by the Finance Division and both attended by representatives of the Global Markets Division and the Market Risk Department.

Lastly, a Valuation Policy describes the valuation framework and its governance, specifying the breakdown of responsibilities between the stakeholders.

Valuation principles and associated controls

In terms of valuation, market products are marked to market, when such market prices exist; otherwise, they are valued using parameter-based models.

On the one hand, each model designed by the front office is subject to independent validation by the Market Risks Department as second line of defence that especially checks the theoretical aspects of the model (relevance of the hypotheses, analytical calculations, numerical methods), its performance (for instance in case of stressed conditions) and its implementation in systems. Following this review, the validation status of the model, its scope of use and the recommendations to be dealt with are formalised in a report.

On the other hand, the parameters used in the valuation models – whether or not they come from observable data – are subject to controls by the Market Risks Department and the Finance Division (Independent Pricing Verification).

If necessary, the valuations are supplemented by reserves or adjustments (for example, bid-ask spreads or liquidity) using calculation methods developed in consultation with the front office, which are subject to approval by the Market Risk Department and the Finance Division during the Global Valuation Committees.

Regulatory requirements

Furthermore, regarding the prudential component, Additional Valuation Adjustments (AVAs) are computed on fair value assets, in compliance with the Regulatory Technical Standards (RTS) published by the European Banking Authority (EBA), which lay out the requirements related to Prudent Valuation, in addition to the principles already specified in the CRD (Capital Requirements Directive). These Regulatory Technical Standards define the various uncertainties which have to be taken into account in the Prudent Valuation and set a target level of confidence to reach.

Within this framework, in order to take into account the various factors which could generate additional exit costs compared to the expected valuation (model risk, concentration risk, liquidation cost, uncertainty on market prices, etc.), Prudent Valuation Adjustments (PVAs) are computed for each exposure on the basis of methodologies designed by the Market Risk Department. The Additional Valuation Adjustments (AVAs) are defined as the difference between the Prudent Valuation obtained and the accounting fair value of the positions, in order to comply with the target level of confidence to reach (the confidence interval is equal to 90%). These amounts of AVA are deducted from the Common Equity Tier 1 capital.

4.8 OPERATIONAL RISK

Operational risk is the risk of losses resulting from inadequacies or failures in processes, personnel or information systems, or from external events.

Societe Generale's operational risk classification is divided into eight event categories:

- commercial litigation;
- disputes with authorities;
- errors in pricing or risk evaluation including model risk;
- execution errors;
- fraud and other criminal activities;
- rogue trading;
- loss of operating resources;
- IT system interruptions.

This classification is declined into 58 risk categories, cornerstone of the Group risk modeling, ensuring consistency throughout the system and enabling cross-business analyses throughout the Group (see section 4.8.2), particularly on the following risks:

- risks related to information and communication technologies and security (cybercrime, IT systems failures, etc.);
- risks related to outsourcing of services and business continuity;
- risks related to the launch of new products/services/activities for customers;
- non-compliance risk (including legal and tax risks): risk of court-ordered, administrative or disciplinary sanctions, or of material financial loss, due to failure to comply with the provisions governing the Group's activities;
- reputational risk: risk arising from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Group's ability to maintain or engage in business relationships and to sustain access to sources of financing;
- misconduct risk: risk resulting from actions (or inactions) or behavior of the Bank or its employees inconsistent with the Group's Code of Conduct, which may lead to adverse consequences for our stakeholders, or place the Bank's sustainability or reputation at risk.

The framework relating to the risks of non-compliance, reputation and inappropriate conduct is detailed in Chapter 4.11 "Compliance risk, litigation".

4.8.1 ORGANISATION OF OPERATIONAL RISK MANAGEMENT

The Group operational risk management framework, other than non-compliance risks detailed in Chapter 4.11 "Compliance risk, litigation" is structured around a two-level system with the following participants:

- a first line of defence in each core Business Units/Service Units, responsible for applying the framework and putting in place controls that ensure risks are identified, analysed, measured, monitored, managed, reported and contained with the limits set by the Group-defined risk appetite;
- a second line of defence: the Operational Risk Department within the Group's Risk Division.

In particular, the Operational Risk Department:

- conducts a critical examination of the BU/SUs management of operational risks (including fraud risk, risks related to information systems and information security, and risks related to business continuity and crisis management);
- sets regulations and procedures for operational risk systems and production of cross Group analyses;
- produces risk and oversight indicators for operational risk frameworks.

To cover the whole Group, the Operational Risk Department has a central team supported by regional hubs. The regional hubs report back to central, providing all information necessary for a consolidated overview of the Bank's risk profile that is holistic, prospective and valid for both internal oversight purposes and regulatory reporting.

The regional hubs are responsible for implementing the Operational Risk Division's briefs in accordance with the demands of their local regulators.

The Operational Risk Department communicates with the first line of defence through a network of operational risk correspondents in each Business Units/Service Units.

Concerning risks specifically linked to business continuity, crisis management and information security, the Operational Risk Department carries out the critical review of the management of these risks in connection with the Group Security Division. Specifically, regarding IT risks, the Operational Risk Department carries out the critical review of the management of these risks in connection with the Resources and Digital Transformation Department.

Second-level control

Level 2 control consists of verifying the definition and actual performance of level 1 controls, and in particular the examination of the results of level 1 controls in quantitative and qualitative aspects, in particular with regard to completion rate, anomaly levels, etc. This review also ensures the effectiveness and relevance of the deployment of controls by control needs and risk type and of corrective action plans.

According to the internal control system, the level 2 permanent control Risk teams carry out this mission on the risks operational covering the risks specific to the various businesses (including operational risks related to credit risks and market risks), as well as the risks associated with purchases, communication, real estate, human resources and information system.

Risk related to security of property and people

The Group Security Division (SEGL/DSG) is in charge of establishing a forward-looking overview of security, allowing to assess threats and identify weak signals, forewarning and protecting persons, Group's physical and intangible assets. Also coordinate the planning of actions to maintain the Bank's critical activities under all circumstances and assist crisis management if necessary. SEGL/DSG acts as first line of defence (LoD1 expertise) on issues of security.

To this end, the Division's main roles are as follows:

- defining a Group-level overview of security issues;
- identifying existing and future security threats and risks for the Group as well as its weaknesses to confront them;
- developing and disseminating Group mechanisms and policies to better protect its activities and ensure it is capable of withstanding security crises;
- implementing the Group's security oversight mechanism;
- organising the Group's crisis management system;
- coordinating relations with national, European and international security agencies in respect of security issues;
- developing and coordinating economic intelligence;
- assisting in combating fraud;
- strengthening the security culture within the Group (training, communication campaigns, etc.).

The management of all these risks is based on operational risk systems and the second line of defence is provided by the Risk Department.

Risks related to information security and information and communication technologies

Given the importance for the Group of its information system and the data it conveys and the continuous increase in the cybercriminal threat, the risks related to information and communication technologies and to security (ICT) are major for Société Generale. Their supervision, integrated into the general operational risk management system, is steered as the first line of defence by a dedicated area of expertise (Information and Information Systems Security – ISS) and the second line of defence is provided by the Risk Department. They are subject to specific monitoring by the management bodies through sessions dedicated to Group governance (Risk Committee, CORISQ, CCCIG, DTCO) and a quarterly dashboard which presents the risk situation and action plans on the eight main themes of information and communication technologies risks.

The Department Security of the Group, housed within the General Secretariat, is responsible for protecting information. It ensures in particular:

- the publication of a new Information Security Group policy that encompasses both human and technical aspects;
- the redesign of the "Electronic Communications Charter" into the "Charter for the Protection of Information and IT Resources";
- the co-construction with RESG of the Data-Protection program, which aims to equip employees with a tool for classifying and protecting office documents;
- the distribution of a new e-learning on information security to all of the Group's employees in France and internationally.

The person in charge of risks related to information and communication technologies (ICT) and security of information systems is housed at the Corporate Resources and Digital Transformation Division. Under the functional authority of the Director of Group Security, he recommends the strategy to protect digital information and heads up the IT security department. The IT security framework is aligned with the market standards (NIST, ISO 27002), and implemented in each BU/SU.

Risk management associated with cybercrime is carried out through the tri-annual Information Systems Security (ISS) master plan.

In order to take into account the evolution of the threat, in particular that related to ransomware, and in line with the Group strategy, the ISS 2021-2023 master plan is structured, with a budget of 650 million euros over the period 2021-2023, around two pillars that guide actions by 2023:

- protect the data of our customers and our ability to operate the banking services, by integrating the threats, the requirements of the regulators, and the need to support the Business Units and Service Units in their digital transformation and the evolution of uses that accompanies it. A risk-based approach allows us to concentrate our efforts on the most critical elements and data, in connection with the work of the Security Department cited above. We are preparing to manage a major cyber crisis by improving in particular our detection capacity, our ability to control our IT links with our partners and subsidiaries, and our ability to rebuild the information system;
- increase our operational efficiency by gaining overall consistency, and by increasing our protections and our ability to react. In particular by developing the management of the cyber security department, by optimising our processes and our tools to be able to deploy new protections at constant cost. Finally, by working on the management of human resources in the filiere, in particular on the development of skills and networks of expertise.

At the operational level, the Group relies on a CERT (Computer Emergency Response Team) unit in charge of incident management, security watch and the fight against cybercrime. This team uses multiple sources of information and monitoring, both internal and external. Since 2018, this unit has also been strengthened by the establishment of an internal Red Team whose main tasks are to assess the effectiveness of the security systems deployed and to test the detection and reaction capabilities of the defence teams (Blue Teams) during an exercise simulating a real attack. The services of the Red Team enable the Group to gain a better understanding of the weaknesses in the security of the Societe Generale information system, to help in the implementation of global improvement strategies, and also to train cybersecurity defence teams. CERT works closely with the Security Operation Center (SOC), which is in charge of detecting security events and processing them.

A team at the Resources and Digital Transformation Department is in charge of the consistency of the implementation of operational risk management systems and their consolidation for IT processes. The main tasks of the team are as follows:

- identify and evaluate the major IT risks for the Group, including extreme risk scenarios (eg. cyberattack, failure of a provider), to enable the Bank to improve its knowledge of its risks, be better prepared for extreme risk scenarios and better align their investments with their IT risks;
- produce the indicators that feed the IT risks monitoring dashboard, intended for management bodies and Information Systems directors. They are reviewed regularly with the second line of defence in order to remain aligned with the IS and SSI strategy and their objectives;
- more generally, ensure the quality and reliability of all devices addressing IT operational risks. Particular attention is paid to the permanent control system for its IT risks, which is based on the definition of normative IT and security controls and the support of the Group in the deployment of managerial supervision on this topic. As part of the "PCT" program to transform permanent control, the normative controls were reviewed, i.e. around thirty controls on IS/SSI subjects. The IT Department monitors the deployment of these controls across the Group, the progress of which is aligned with the objectives set by the Group.

In terms of awareness, a multilingual online training module on information security is mandatory for all internal Group staff and for all service providers who use or access our information system. It was updated in early 2020 in order to incorporate changes to the new Group Information Security Policy. At the end of November 2020, 92% of Societe Generale group employees who were notified of the training module had performed it.

4.8.2 OPERATIONAL RISK MONITORING PROCESS

The Group's main frameworks for controlling operational risks are as follows:

- collection of internal losses and significant incidents and analysis of external losses;
- self-assessment of risks and controls;
- oversight of risk indicators;
- development of scenario analyses;
- framing new products;
- management of outsourced services;
- crisis management and business continuity;
- management of risks related to information and communication technologies;

Collection of internal loss and significant incident data

Internal losses have been compiled throughout the Group since 2003, in addition to significant incident data since 2019. The process:

- defines and implements the appropriate corrective actions;
- achieves a deeper understanding of risk areas;
- enhances awareness and vigilance with respect to operational risks in the Group.

Losses (or gains or near-misses) are reported from a minimum threshold of EUR 10,000 throughout the Group, except for global market activities, where the threshold is EUR 20,000.

Incidents without financial impact are also reported when they are deemed significant according to their impact, in particular on contractual commitments, reputation, day-to-day operations, risk appetite or the level of regulatory compliance of the Group.

Analysis of external losses

External losses correspond to the data on operational losses suffered by the banking and financial sector, provided by databases managed by external providers, as well as the data shared by the banking industry as part of consortiums.

These data are used to enhance the identification and assessment of the Group's exposure to operational risks.

Risk and control self-assessment

Under the Risk and Control Self-Assessment (RCSA), each manager assesses the exposure to operational risks to which each entity within the relevant scope is exposed through the activities in order to improve their management.

The method defined by the Group consists of taking a homogeneous approach to identifying and evaluating operational risks and frameworks to control these risks, in order to guarantee consistency of results at Group level. It is based notably on a repository of activities.

The objectives are as follows:

- identifying and assessing the major operational risks (in average amount and frequency of potential loss) to which each activity is exposed (the intrinsic risks, *i.e.* those inherent in the nature of an activity, while disregarding prevention and control systems). Where necessary, risk mapping established by the functions (*e.g.* Compliance, Information Systems Security, etc.) contributes to this assessment of intrinsic risks;
- assessing the quality of major risk prevention and mitigation measures;
- assessing the risk exposure of each activity that remains once the risk prevention and mitigation measures are taken into account (the "residual risk"), while disregarding insurance coverage;
- remedying any shortcomings in the prevention and control systems, by implementing corrective action plans and defining key risk indicators; if necessary, in the absence of an action plan, risk acceptance will be formally validated by the appropriate hierarchical level;
- adapting the risk insurance strategy, if necessary.

Key risk indicators

Key risk indicators (KRIs) supplement the overall operational risk management system by providing a dynamic view (warning system) of changes in business risk profiles.

Their follow-up provides managers of entities with a regular measure of improvements or deteriorations in the risk and the environment of prevention and control.

A cross analysis of Group-level KRIs and losses is presented to the Group's Executive Committee on a quarterly basis *via* a specific dashboard.

Analyses of scenarios

The analyses of scenarios serve two purposes: informing the Group of potential significant areas of risk and contributing to the calculation of the capital required to cover operational risks.

These analyses make it possible to build an expert opinion on a distribution of losses for each risk category and thus to measure the exposure to potential losses in scenarios of very severe severity, which can be included in the calculation of the prudential capital requirements.

In practice, various scenarios are reviewed by experts who gauge the severity and frequency of the potential impacts for the Group by factoring in internal and external loss data as well as the internal framework (controls and prevention systems) and the external environment (regulatory, business, etc.).

Governance is established in particular, to:

- allow the approval of the annual scenarios update program by the Risk Committee (CORISQ);
- allow the approval of the scenarios by the senior management of the Business and Corporate Divisions, through the Internal Control Coordination Committees of the departments involved or through *ad hoc* meetings;
- conduct an overall review of the Group's risk hierarchy and of the suitability of the scenarios through CORISQ.

New product Committees

Each division submits their new product proposals to a New Product Committee (commercial products only).

The Committee, jointly coordinated by the Risk Division and the relevant businesses, is a decision-making body which decides the production and marketing conditions of new products to customers.

The Committee aims to ensure that, before any product launch, all types of induced risks (credit, market, liquidity and refinancing, country, operational, legal, accounting, tax, financial, information systems risks as well as the risks of compliance, reputation, protection of personal data and corporate social responsibility risks, etc.) have been identified, assessed and, if necessary, subjected to mitigation measures allowing the acceptance of residual risks.

The definition of "new product" extends from the creation of a new product or service to the development of an existing product or service as soon as this development is likely to generate different or higher risks. The development may be linked to matters such as a new regulatory environment, to marketing on a new scope or to a new type of clientele.

Outsourcing of services

Some banking services are outsourced outside the Group or within the Group (*e.g.* in our shared service centers). These two subcontracting channels are supervised in a manner adapted to the risks.

A framework with standards and a tool helps ensure that the operational risk linked to outsourcing is controlled, and that the conditions set by the Group's approval are respected.

It helps to map the Group's outsourcing with an identification of the activities and BU/SU concerned, and to put outsourcing under control with knowledge of risks and with suitable supervision.

During the study phase, the businesses decide on the outsourcing of services within the framework of standards set by the Group. Outsourcing projects are led by a project manager and validated by the sponsor who accepts the residual risk level after a risk analysis based on expert opinions. This ensures the consistency of the assessments and the consistency of decisions across the Group.

The analysis includes, at a minimum, operational risks (including fraud, execution risk, etc.), legal, tax, non-compliance, reputation, supplier, human resources, social and environmental responsibility, business continuity risks, risks related to data quality, and risks related to information security and data protection.

Legal experts use the same definition of essential outsourcing of services as that defined in the Decree of 3 November 2014.

All outsourced services are then monitored at a frequency defined by their level of risk.

Services at Group level are subject to reinforced monitoring through very regular contractual monitoring. These services are identified using criteria such as the concept of "core business activity", financial impact and reputation risk. These services are validated by a dedicated Committee, chaired by the Operational Risk Department.

A closing phase is used to manage the outflow of services.

Crisis management and business continuity

The crisis management and business continuity systems aim to mitigate as far as possible the impacts of potential incidents on customers, staff, activities and infrastructure, thus protecting the Group's reputation, the image of its brands, and its financial resilience. These systems also satisfy regulatory requirements.

The approach used to implement and track the business continuity systems of each Group entity is based on a methodology that meets international standards.

4.8.3 OPERATIONAL RISK MEASUREMENT

Since 2004, Societe Generale has used the Advanced Measurement Approach (AMA) allowed by the Capital Requirements Directive to measure operational risk. This approach, implemented across the main Group entities, notably makes it possible to:

- identify the businesses that have the greatest risk exposures;
- identify the types of risk that have the greatest impact on the Group's risk profile and overall capital requirements;
- enhance the Group's management of operational risks.

Operational risk modeling

The statistical method used by the Group for operational risk modeling is based on the Loss Distribution Approach (LDA) for AMA internal model.

Under this approach, operational risks are modeled using segments, each segment representing a type of risk and a Group core business. The frequency and severity of operational risks, based on past internal losses, external losses, the internal and external environment, and scenario analyses, are estimated and the distribution of annual losses is calculated for each segment. This approach is supplemented by cross-business scenario analyses that measure cross-business risks for core businesses, such as cybercriminality and the flooding of the river Seine.

Aside from the individual risks associated with each segment or cross-business scenario analysis, the model takes into account the diversification between the various types of risk and the core businesses, as well as the effect of insurance policies taken out by the Group. To comply with the regulations (Delegated Regulation (EU) 2018/959), the Group made two methodological changes in 2020: the modification of the copula used in the AMA model to take into account the dependencies between extreme events and not taking into account the opportunity costs in the AMA calculation.

The Group's regulatory capital requirements for operational risks within the scope covered by the (AMA) internal model are then defined as the 99.9% quantile of the Group's annual loss distribution.

For some Group entities, notably in retail banking activities abroad, the standard method is applied: the calculation of capital requirements is defined as the average over the last three years of a financial aggregate based on the Product Net Banking multiplied by factors defined by the regulator and corresponding to each category of activity. To make the calculation, all of the Group's business lines are broken down into the eight regulatory activities.

Societe Generale's total capital requirements for operational risks were EUR 3.9 billion at the end of 2020, representing EUR 49.0 billion in risk-weighted assets. This assessment includes the capital requirement of AMA and Standard perimeters.

Insurance cover in risk modeling

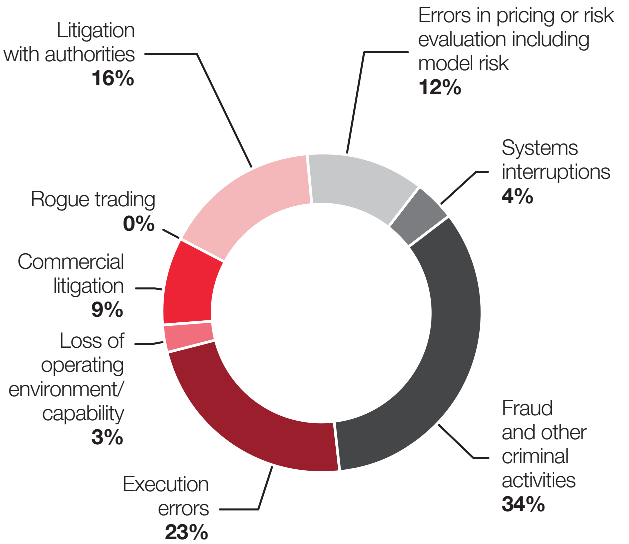
In accordance with regulations, Societe Generale incorporates risk cover provided by insurance policies when calculating regulatory capital requirements for operational risks, within the limit of 20% of said requirements. These insurance policies cover part of the Group's major risks, *i.e.* civil liability, fraud, fire and theft, as well as systems interruptions.

Risk reduction through insurance policies resulted in a 3.5% decrease in total capital requirements for operational risks.

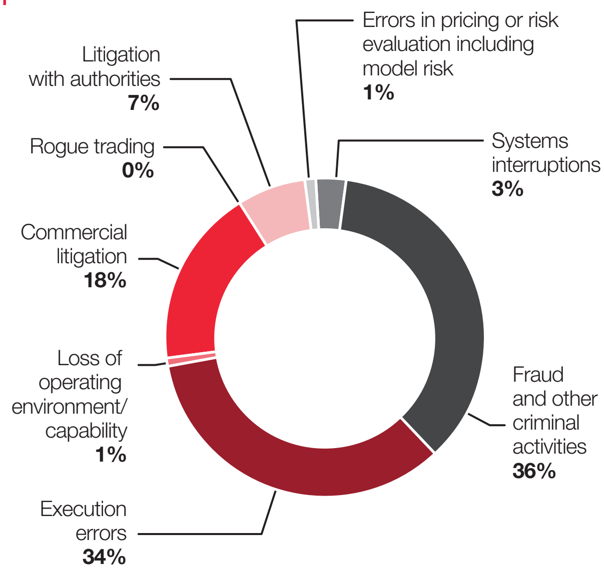
Quantitative data

The following charts break down operating losses by risk category for the 2016-2020 period.

OPERATIONAL RISK LOSSES: BREAKDOWN BY SOCIETE GENERALE RISK EVENT TYPE – AMOUNTS



OPERATIONAL RISK LOSSES: BREAKDOWN BY SOCIETE GENERALE RISK EVENT TYPE – NUMBER OF EVENTS



Over the past five years, Societe Generale's operational risks were concentrated on average on sixtypes, accounting for 97% of the Group's total operating losses:

- fraud and other criminal activities represented 34% of the amount of operating losses over the period. They are mainly composed of external frauds on financing files (falsified financial statements by the client, theft or misappropriation of collateral/guarantees, etc.), fraud on manual means of payment (cash, transfer and cheque) and supplier fraud on financed equipment;
- execution errors represented 23% of total operational losses, thereby constituting the second leading cause of loss for the Group. The amount of losses in this category is trending upwards over the last two years with values above the average;
- litigation with authorities, the third largest category, represented 16% of the Group's operational losses over the period. The amount of losses in this category has fallen very significantly over the last two years following the settlement of the Group's main disputes in 2018;
- pricing or risk assessment errors, including model risk, represent 12% of the total amount of losses. The main cases concern the pricing and ALM models;
- commercial disputes represented 14% of total Group operating losses. The trend is down for this category over the period considered;
- information systems failures represent 4% of the total amount of the Group's operational losses. The trend is increasing for this category over the period considered.

The other categories of Group operational risk (activities not authorised on the markets, system interruptions, loss of operating environment/capability) were still relatively insignificant, representing barely 3% of the Group's losses on average over the 2016 to 2020 period.

4.8.4 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

Societe Generale's capital requirements for operational risk are mainly calculated using the Advanced Measurement Approach (AMA) *via* its internal model (95% in 2020).

The amount of RWA on the AMA scope increased in 2020 (EUR +1.4 billion, i.e +3.2%). This rise is linked with the application of some regulatory evolutions (Delegated Regulation (EU) No. 2018/959 having a final application date as of Q3 2020), with notably an upward impact on RWA triggered by a change of statistical modelling, somewhat alleviated by the exclusion of some types of losses from several scenarios for the calculation of operational risk capital requirements.

The following table breaks down the Group's risk-weighted assets and the corresponding capital requirements as at 31 December 2020.

TABLE 40: RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS FOR OPERATIONAL RISK

	31.12.2020				31.12.2019			
(In EURm)	RWA under Standardised approach	RWA under Advanced Measurement Approach (AMA)	Total RWA	Capital requirements	RWA under Standardised approach	RWA under Advanced Measurement Approach (AMA)	Total RWA	Capital requirements
Global Banking and Investor Solutions	185	31,696	31,881	2,550	189	32,007	32,196	2,576
Corporate Center	260	7,046	7,306	584	364	3,141	3,505	280
International Retail Banking and Financial Services	1,681	3,922	5,603	448	1,884	5,029	6,913	553
French Retail Banking	124	4,275	4,398	352	33	5,313	5,346	428
TOTAL	**2,250**	**46,938**	**49,188**	**3,935**	**2,470**	**45,491**	**47,961**	**3,837**

4.8.5 OPERATIONAL RISK INSURANCE

General policy

Since 1993, Societe Generale has implemented a global policy of hedging Group operational risks through insurance.

This consists in searching the market for the most extensive cover available for the risks incurred and enabling all entities to benefit from such cover wherever possible. Policies are taken out with leading insurers. Where required by local legislation, local policies are taken out, which are then reinsured by insurers that are part of the global program.

In addition, special insurance policies may be taken out by entities that perform specific activities.

A Group internal reinsurance company intervenes in several policies in order to pool high-frequency, low-level risks between entities. This approach contributes to the improvement of the Group's knowledge and management of its risks.

Description of main general risk coverage

Buildings and their contents, including IT equipment, are insured at their replacement value. The guarantee covering acts of terrorism abroad has been renewed.

Liability other than professional liability (*i.e.* relating to operations, Chief Executive Officers and Directors, etc.) are covered. The amounts insured vary from country to country, according to operating requirements.

Description of main risks arising from operations

Insurance is only one of the measures used to offset the consequences of the risks inherent in the Group's activity. It complements the Group's risk management policy.

THEFT/FRAUD

These risks are included in the "Banker's Blanket Bond" policy that insures all the Group's financial activities around the world.

Internal fraud (committed by an employee or by a third party acting with the aid of an employee) and external fraud (committed by a third party acting alone), with the intent to obtain illicit personal gain or to harm the Group, are covered.

PROFESSIONAL LIABILITY

The consequences of any legal on staff or managers in the Group's professional activities are insured under a global policy.

CYBER ATTACKS

A cyber risk insurance policy has been taken out amid an environment not specific to the banking sector which is seeing a rapid development of new forms of crime mainly involving data theft or the compromise or destruction of computer systems.

4.9 STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

Audited I Structural exposure to interest rate and exchange rate risks results from commercial transactions, their associated hedging transactions and Corporate Centre transactions.

The interest rate and exchange rate risks linked to trading book activities are excluded from the structural risk measurement scope as they belong to the category of market risks. Structural and market exposures constitute the Group's total interest rate and exchange rate exposure.

The general principle is to reduce structural interest rate and exchange rate risks to the greatest possible extent within the consolidated entities. Within the entities, commercial and corporate center operations must therefore be matched in terms of interest rates and exchange rates as much as possible. At consolidated level, a structural foreign exchange position is maintained in order to minimise the sensitivity of the Group's Common Equity Tier 1 (CET1) ratio to exchange fluctuations.

4.9.1 ORGANISATION OF THE MANAGEMENT OF STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

The principles and standards for managing these risks are defined at the Group level. The entities are first and foremost responsible for managing these risks. The ALM (Asset and Liability Management) Department within the Group's Finance Division supplements the control framework.

The Group Finance Committee, a General Management Body

The purpose of the Group Finance Committee is to:

- validate and ensure the adequacy of the system for monitoring, managing and supervising structural risks;
- review changes in the Group's structural risks through consolidated reporting;
- review and validate the measures proposed by the Group's Finance Department.

The ALM Department, within the Group's Finance Department

The ALM (Asset and Liability Management) Department is responsible for:

- defining the structural risk policies for the Group and formalising risk appetite to structural risks;
- 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) et Service Units (SU);
- 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 normative environment of the structural risk metrics, modelling and framing methods;
- defining the models used by the Group's entities regarding structural risks;
- identifying, consolidating and reporting on Group structural risks;
- monitoring compliance with structural risk limits.

The ALM Risk Control Department within the Risk division

The second-level supervision of the ALM models used within the Group and of associated frameworks is provided by a dedicated service within the Risk Department. Accordingly, the department:

- validates the methodological principles, feeding parameters and back tests of ALM models;
- requests and analyses proposals from the Group Finance Division regarding the risk indicators definition, stress test scenarios and structural risk frameworks;
- ensures at the second level that the entities' frameworks and BU/SU and Group frameworks are respected, and conducts a regular review in coordination with the first-level control teams.

Finally, the Risk Department organises and chairs the Group model validation Committee and the Group ALM norms validation Committee.

The entities and BU/SU are responsible for ALM risk management

Each entity and each BU/SU carries out first-level controls on structural risks and is responsible for regularly assessing risks incurred. It drafts the risk report and develops and implements hedging options. Each entity and each BU/SU is required to comply with the Group's 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 Finance Department's central modeling teams.

An ALM manager reporting to the Finance Department in each entity is responsible for monitoring these risks (level 1 control). He is responsible for reporting ALM risks to the Group Finance Department. All entities have an ALM Committee which is tasked with implementing validated models, managing exposure to interest rate and exchange rate risks and implementing hedging programmes in accordance with the principles set out by the Group and the limits validated by the Finance Committee and the BU/SU ALM Committees.

4.9.2 STRUCTURAL INTEREST RATE RISK

Structural interest rate risk is generated by commercial transactions and their hedging, as well as the management operations specific to each of the consolidated entities.

This interest rate risk arises mainly from residual fixed-rate positions with future maturities.

The Group's objective

The objective of managing structural interest rate risk is to reduce the degree of exposure of each Group entity as much as possible.

To this end, the Board of Directors, the Finance Committee and the ALM Committees set sensitivity limits (in terms of value and income) for the Group, the BU/SUs and the entities, respectively.

Measuring and monitoring structural interest rate risk

Societe Generale uses several indicators to measure the Group's overall interest rate risk.

The three most important indicators are:

- the sensitivity of the net present value (NPV) to the risk of interest rate mismatch. It is measured as the sensitivity of the net present value of the static balance sheet to a change in interest rates. This measure is calculated for all currencies to which the Group is exposed;
- the sensitivity of the interest margin to changes in interest rates in various interest rate scenarios. It takes into account the sensitivity generated by future commercial production over a three-year period and is calculated on a dynamic basis;
- the sensitivity 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.

Assets and liabilities are analysed without prior allocation of resources to uses. Maturities of outstandings are determined by taking into account the contractual characteristics of the transactions, adjusted for the results of customer behaviour modeling (in particular for demand deposits, savings and early loan repayments), as well as a certain number of disposal agreements, in particular on equity items.

Where possible, hedging transactions are documented from an accounting view point: this can be carried out either as micro-hedging (individual hedging of commercial transactions) or as macro-hedging under the IAS 39 carve-out arrangement (global backing of portfolios of similar commercial transactions within a treasury department; macro-hedging concerns essentially French retail network entities).

Macro-hedging derivatives are essentially interest rate swaps in order to maintain networks' net asset value and result sensitivity within limit frameworks, considering hypotheses applied. For macro-hedging documentation, the hedged item is an identified portion of a portfolio of commercial client or interbank operations. Conditions to respect in order to document hedging relationships are reminded in Note 3.2 to the consolidated financial statements.

Macro-hedging derivatives are allocated to separate portfolios according to whether they are used to hedge fixed-rate assets or liabilities in the accounting books. The hedging instrument portfolios allocated to liability elements are net fixed-rate receiver / variable-rate payer whereas the hedging instrument portfolios allocated to asset elements are net fixed-rate payer / variable-rate receiver.

The non-over hedging tests and hedged items non-disappearing tests make the link between the balance sheet available assets or liabilities outstandings and the amount of assets and liabilities outstandings designated as hedged. The prospective non-over hedging test is satisfied when the net outstanding amount of the swaps is lower for each maturity band and on each measurement date than the determinated outstanding amount of items eligibles to fair value hedge. The estimated outstandings may be defined as the outstanding amount resulting from ALM projections. The non-over hedging a posteriori test is performed in two stages. The first stage is the same as the a priori test but on the outstanding amount eligible for a fair value hedge on closing date, new production excluded. The second stage is called the non-disappearance of the hedged item test and consists of verifying that the hedgeable position is always at least as significant as the maximum position that had initially been hedged.

The effectiveness of the hedge is then determined using the dollar off-set method. The sources of ineffectiveness result from the last fixing of the variable leg of the hedging swaps, the bi-curve valorisation of the collateralised hedging instruments, possible mismatches in the cash flows payment dates and counterparty risk on hedging instruments valorisation.

The Group's sensitivity to changes in interest rates at 31 December 2020 was EUR 345 million (for an instantaneous and parallel increase in interest rates of 0.1%). ▲

AUDITED I TABLE 41: SENSITIVITY OF THE GROUP'S VALUE TO A +10 BP INTEREST RATE VARIATION

(In EURm)	Total
Amount of sensitivity (31.12. 2020)	**345**
Amount of sensitivity (31.12.2019)	(54)

The Group analyses the sensitivity of the net interest margin to changes in market interest rates through stress tests on the Group's net interest margin under constant balance sheet and under forward balance sheet assumptions.

The measurement of the sensitivity of the net interest margin to a three-year horizon in different configurations of the yield curve is used by the Group to monitor the interest rate risk on a perimeter of significant entities.

The balance sheet in a dynamic approach evolves according to the amortisation of the stock and the renewals of operations on the basis of the outstanding amounts booked at the closing date.

The sensitivity of the Group's net interest margin over the next three full years is low. In the event of a parallel rise in the yield curve of +10 bp, it is positive and represents less than 2% of net banking income.

The sensitivity of the net interest margin is mainly due to the impact on:

- customer deposits: generally low or non-interest-bearing, with customer rates only partially impacted by interest rate changes, their margin is mainly the result of the replacement rate;
- new credit loan production.

The sensitivity of the margin on the stock of customer transactions results from the renewal of matured tranches of deposit replacements and the residual sensitivity of the balance sheet to interest rate changes.

French Retail Banking's activities in France and abroad are favorably exposed by a rise in interest rates over the first three years enabling them to replace their deposits at higher rates, with the margin on loans in stock remaining stable. However, this increase in margin is partially offset by higher refinancing costs.

Retail Banking activities are unfavourably exposed to the decrease in rates as their deposits are then replaced at lower rates and the margin on loans in stock decreases due to early repayments. This decline in margin was partially offset by lower refinancing costs.

Calculations are based on the aggregate estimates as at 31 December of the consolidated entities of the Group.

TABLE 42: SENSITIVITY OF THE GROUP'S INTEREST MARGIN

(In EURm)	31.12.2020	31.12.2019
Parallel increase in interest rates of 10 bp		
Year 1	62	9
Year 2	107	48
Year 3	184	115
Parallel decrease in interest rates of 10 bp		
Year 1	(74)	(15)
Year 2	(124)	(56)
Year 3	(201)	(122)

4.9.3 STRUCTURAL EXCHANGE RATE RISK

Audited I Structural exchange rate risk, understood as resulting from all transactions that do not belong to the Trading Book, results from:

- exposures related to net investments abroad in foreign currencies, i.e. in subsidiaries and branches. FX positions generated by an imperfect hedge are valued through other comprehensive income;
- exposures related to activities made by entities in currencies that are not their reporting currency.

The Group's policy is to make the CET1 ratio insensitive to fluctuations in exchange rates against the euro.

As such:

- Group entities are asked to individually hedge the results related to activities in currencies other than their reporting currency;
- the exposures related to net investments in foreign currencies and the associated net results are partially hedged at central level. A position in each foreign currency generating RWA is intentionally maintained open by the Finance department at the Group CET1 ratio targeted level. Hedges are realised using cash lending and borrowing, forward and swap instruments in the subsidiaries' currencies and accounted for as net investment hedges (see § 3.2.2 Hedging derivatives in Chapter 6 of the Universal Registration Document).

For each currency, the difference between actual and target exposure is governed by limits validated by the Finance Committee and the Board of Directors. ▲

TABLE 43: SENSITIVITY OF THE GROUP'S COMMON EQUITY TIER 1 RATIO TO A 10% CHANGE IN THE CURRENCY (IN BASIS POINTS)

	Impact of a 10% currency depreciation on the Common Equity Tier 1 ratio		Impact of a 10% currency appreciation on the Common Equity Tier 1 ratio	
Currency	31.12.2020	31.12.2019	31.12.2020	31.12.2019
GNF	(0.1)	(0.1)	0.1	0.1
JPY	0.1	(0.2)	(0.1)	0.2
KRW	0.2	(0.1)	(0.2)	0.1
MAD	0.2	0.2	(0.2)	(0.2)
XPF	0.3	0.0	(0.3)	(0.0)
RUB	0.3	0.0	(0.3)	0.0
GBP	0.7	(0.1)	(0.7)	0.1
XAF	0.7	0.4	(0.7)	(0.4)
USD	0.8	(0.2)	(0.8)	0.2
Others	0.5	(0.9)	(0.5)	0.9

4.10 LIQUIDITY RISK

Audited I Liquidity risk is defined as the Group's inability to meet its financial obligations at a reasonable cost. Funding risk is defined as the risk of the Group being unable to finance the development of its activities in line with its commercial objectives and at a competitive cost.

4.10.1 OBJECTIVES AND GUIDING PRINCIPLES

The liquidity and funding management set up at Societe Generale aims at ensuring that the Group can (i) fulfil its payment obligations at any moment in time, during normal course of business or under lasting financial stress conditions (management of liquidity risks) ; (ii) raise funding resources in a sustainable manner, at a competitive cost compared to peers (management of funding risks). Doing so, the liquidity and funding management set up ensures that both regulatory requirements and the risk appetite set by the Group are met.

To achieve these objectives, Societe Generale has adopted the following guiding principles:

- pooling resources, optimising costs and ensuring consistent risk management by centralising liquidity and funding management at the Corporate centre level, mainly in the name of the parent company (Societe Generale SA). For that purpose, Business Units have tight constraints in terms of the transformation position they can run, hence need to match their assets and liabilities by transacting with the Corporate Centre, along a Funds Transfer Pricing mechanism. Assets or liabilities which do not have a set contractual maturity (e.g. sight deposits) have their maturity assessed along quantitative models or conventions proposed by the Finance Division and by the Business Units and validated by the Risk Division (see below);
- planning for funding resources in consideration of both the business development objectives and the risk appetite set by the Board of Directors. See the “Funding Plan” chapter in section 2;
- ensuring that funding risks are mitigated through a proper diversification of funding resources in terms of currencies, investor pools, maturity buckets, liability format (e.g. benchmark bond issuance, with a split along various seniority levels, issuance in the form of structured notes, issuance in the form of unsecured and secured notes. In order to optimise funding costs, the majority of bond issuance is made in the name of the mother company. However, a degree of diversification is sought by leveraging the capacity of some subsidiaries to raise funds in a way which complements the mother company’s funding, i.e. raising funds from local investors in local currencies;
- ensuring that Societe Generale keeps liquid reserves in sufficient amount to comply with the survival horizon under stress set by the Board of Directors. Liquid reserves are in the form of cash held at central banks and highly liquid securities, split between the Banking Book (under the direct ownership of the Group Treasury Department) or the Trading Book (mainly within the Global Markets division, under a permanent control of the Group Treasury Department);
- ensuring Societe Generale has readily available remediation options to face potential stress situations, through contingency plans aimed at detecting any stress signals at an early stage and defining in advance the crisis management setup.

4.10.2 THE GROUP'S PRINCIPLES AND APPROACH TO LIQUIDITY RISK MANAGEMENT

The key operational steps of liquidity and funding management are as follows:

- risk identification is a process which is set out and documented by the Risk Division, in charge of establishing a mapping of liquidity risks. This process is conducted yearly with each Business Unit and within the Group Treasury Department, aimed at screening all material risks and checking their proper measurement and capturing the control framework. In addition, a Reverse Stress Testing process exists, which aims at identifying and quantifying the risk drivers which may weigh most on the liquidity profile under assumptions even more severe than used in the regular stress test metrics;
- definition, implementation and periodic review of liquidity models and conventions used to assess the duration of assets and liabilities without a set contractual maturity and to assess the liquidity profile under stress. Liquidity models are managed along the overall Model Risk Management governance, also applicable to other risk factors (market, credit, operational), controlled by the Group Risk division;
- yearly definition of the risk appetite for liquidity and funding risks, whereby the Board of Directors sets targets for key metrics, and related alert thresholds. Such risk appetite targets are then cascaded down per Business Units. The risk appetite is framed along the following metrics:
  - key regulatory indicators (LCR, with a specific focus on the LCR in US dollar, and NSFR),
  - the footprint of the Group in Short-Term Wholesale funding markets,
  - the survival horizon under an adverse stress scenario, combining a severe market and systemic shock and an idiosyncratic shock. In addition to the main adverse scenario, Societe Generale also checks its survival horizon under an extreme stress scenario. For both scenarios, the idiosyncratic shock is characterised by one of its main consequences, which would be an immediate 3-notch downgrade of Societe Generale’s long-term rating. In such adverse or extreme scenarios, the liquidity position of the Group is assessed over time, taking into account the negative impacts of the scenarios, such as deposit outflows, drawing by clients of the committed facilities provided by Societe Generale, increase in margin calls related to derivatives portfolios, etc. The survival horizon is the moment in time when the net liquidity position under such assumptions becomes negative,

  - the overall transformation position of the Group (proper matching of assets and liabilities, in tenors up to 5 years),
  - the amount of free collaterals providing an immediate access to central bank funding, in case of an emergency (only collaterals which do not contribute to the numerator of the LCR are considered, i.e. non-HQLA collaterals); yearly budget process aimed at ensuring that the forward financial trajectory under baseline and stressed scenarios will fulfil the risk appetite targets set by the Board of Directors and at calibrating accordingly the funding plan. The budget's baseline scenario reflects the central assumptions for the macro-economic environment and the business strategy of the Group, while the stressed scenario is factoring both an adverse macro-economic environment and idiosyncratic issues;
- the funding plan comprises both the long-term funding programme, which frames the issuance of plain vanilla bonds and structured notes, and the plan to raise short-term funding resources in money markets;
- maintenance by the Group Treasury Department of a Funds Transfer Pricing framework, aimed at making funding grids available at any time for Business Units to transact with the Corporate center to upstream their liquidity surplus or borrow cash so that they fund their activities within their transformation position limits;
- production and broadcasting of periodic liquidity reports, at various frequencies (daily indicators, weekly indicators, monthly indicators), leveraging in most part on the central data repository, operated by a dedicated central production team. The net liquidity position under the combined (idiosyncratic and market/systemic) stress scenario is reassessed on a weekly basis and can be analysed along multiple axes (per product, Business Unit, currency, legal entity). Each key metric (LCR, NSFR, transformation positions, net liquidity position under combined stress) is reviewed formally on a monthly basis by the Group Finance and Risk divisions. Forecasts are made and revised weekly by the Strategic and Financial Steering Department and reviewed during a Weekly Liquidity Committee chaired by the Head of Group Treasury. This Weekly Liquidity Committee gives tactical instructions to Business Units, with the objective to adjust in permanence the liquidity and funding risk profile, within the financial targets and taking into account business requirements and market conditions;
- preparation of a Contingency Funding Plan, which is updated yearly, 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 form overall the ILAAP (Internal Liquidity Adequacy Assessment Process) framework of Societe Generale.

Every year, Société Générale 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.

4.10.3 GOVERNANCE

Based on the guiding principles and on the operational setup described above, the following bodies are involved in the control of liquidity and funding risks:

- the Board of Directors, which:
  - sets yearly the level of liquidity risk tolerance as part of the Group's risk appetite, based on a set of key metrics, which includes both internal and regulatory metrics, in particular the period of time during which the Group can operate under stressed conditions ("survival horizon"),
  - approves budget targets, including targets related to scarce resources such as liquidity usage and funding (definition of the funding plan),
  - reviews at least quarterly the Group's liquidity and funding situation: key liquidity metrics, including 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 defence, interacting closely with Business Units. Within the Group Finance Division, there are three main departments involved respectively in the preparation and implementation of decisions taken by the abovementioned bodies:
  - the Strategic and Financial Steering Department is responsible for framing and overseeing management of the Group's scarce resources, including liquidity, within the Group's risk appetite and budget targets,
  - the Group Treasury Department is in charge of all aspects of the operational management of liquidity and funding across the Group, including managing the liquidity position, executing the funding plan, supervising and coordinating treasury functions, providing operational expertise in target setting, managing the liquidity reserves and the collateral used in funding transactions, managing the corporate centre,
  - the Asset and Liability Management Department is in charge of modelling and controlling 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 leads the risk identification process, designs the structure and the calibration of the liquidity and funding risks control framework and monitors compliance with related thresholds and limits. It also validates liquidity models and conventions.

4.10.4 LIQUIDITY RESERVE

The Group's liquidity reserve encompasses cash at central banks and assets that can be used to cover liquidity outflows under a stress scenario. The reserve assets are available, i.e. not used in guarantee or as collateral on any transaction. They are included in the reserve after applying a haircut to reflect their expected valuation under stress. The Group's liquidity reserve contains assets that can be freely transferred within the Group or used to cover subsidiaries' liquidity outflows in the event of a crisis: non-transferable excess cash (according to the regulatory ratio definition) in subsidiaries is therefore not included in the Group's liquidity reserve.

The liquidity reserve includes:

- central bank deposits, excluding mandatory reserves;
- High-Quality Liquid Assets (HQLAs), which are securities that can be quickly monetised on the market via sale or repurchase transactions; these include government bonds, corporate bonds and equities listed on major indices (after haircuts). These HQLAs meet the eligibility criteria for the LCR, according to the most recent standards known and published by regulators. The haircuts applied to HQLA securities are in line with those indicated in the most recent known texts on determining the numerator of the LCR;
- non-HQLA Group assets that are central bank-eligible, including receivables as well as covered bonds and securitisations of Group receivables held by the Group.

The composition of the liquidity reserve is reviewed regularly by a special committee comprising the Finance Division, the Risk Division and the Management of the MARK Business Unit, and is adjusted by authorisation of the Finance Committee.

TABLE 44: LIQUIDITY RESERVE

(In EURbn)	**31.12.2020**	**31.12.2019**
Central bank deposits (excluding mandatory reserves)	154	88
HQLA securities available and transferable on the market (after haircut)	82	81
Other available central bank-eligible assets (after haircut)	7	21
TOTAL	**243**	**190**

4.10.5 REGULATORY RATIOS

The Basel Committee recommends the international implementation of two standard ratios with harmonised parameters to regulate bank liquidity risk profiles:

- the Liquidity Coverage Ratio (LCR) aims to ensure that banks hold sufficient liquid assets or cash to survive a significant stress scenario combining a market crisis and a specific crisis and lasting for one month;
- the Net Stable Funding Ratio (NSFR) is a transformation ratio which compares funding needs with stable resources over a one-year period.

The transposition of Basel 3 into European Union law under CRD4 and CRR1 was published on 27 June 2013. The French transposition was published in the French Official Journal (*Journal officiel*) on 5 November 2014.

The LCR regulation issued on 10 October 2014 has since been updated by a Delegated Act which entered into force on 30 April 2020. The corresponding minimum requirement was set at 100% from 1 January 2018.

The NSFR requirement is included in the CRR2 as publisehd in June 2019. It will enter into force in June 2021. The required level will stand at 100%.

Societe Generale is actively continuing its work on transposing the European prudential legislation (or the Basel text when the European transposition has not been finalised yet) and on translating it into management standards within the Group.

Since the implementation of the European regulatory LCR requirement in October 2015, Societe Generale's LCR has consistently stood at over 100%. The LCR was 149% at end-2020 (*vs.* 119% at end-2019).

4.10.6 BALANCE SHEET SCHEDULE

The main lines of the Group's financial liabilities and assets are presented in Note 3.13 to the consolidated financial statements.

TABLE 45: BALANCE SHEET SCHEDULE

FINANCIAL LIABILITIES

	31.12.2020					
(In EURm)	Note to the consolidated financial statements	0-3 m	3 m-1 yr	1-5 yrs	>5 yrs	Total
Due to central banks		1,489	-	-	-	**1,489**
Financial liabilities at fair value through profit or loss, excluding derivatives		164,209	17,529	20,520	28,813	**231,071**
Due to banks	Note 3.6	57,383	9,140	67,830	1,218	**135,571**
Customer deposits	Note 3.6	422,319	14,489	13,328	5,923	**456,059**
Securitised debt payables	Note 3.6	36,665	34,317	44,998	22,977	**138,957**
Subordinated debt	Note 3.9	7	2	6,029	9,394	**15,432**

NB: The scheduling assumptions for these liabilities are presented in Note 3.13 to the consolidated financial statements. In particular, the data are shown without provisional interest and excluding derivatives.

	31.12.2019					
(In EURm)	Note to the consolidated financial statements	0-3 m	3 m-1 yr	1-5 yrs	>5 yrs	Total
Due to central banks		4,097	-	-	-	**4,097**
Financial liabilities at fair value through profit or loss, excluding derivatives		155,032	17,815	23,584	29,578	**226,009**
Due to bankskno w	Note 3.6	69,155	20,306	17,268	1,200	**107,929**
Customer deposits	Note 3.6	372,574	20,385	16,318	9,335	**418,612**
Securitised debt payables	Note 3.6	28,143	24,947	56,099	15,979	**125,168**
Subordinated debt	Note 3.9	5	2	2,746	11,712	**14,465**

NB: The scheduling assumptions for these liabilities are presented in Note 3.13 to the consolidated financial statements. In particular, the data are shown without provisional interest and excluding derivatives.

FINANCIAL ASSETS

(In EURm)	31.12.2020 Note to the consolidated financial statements	0-3 m	3 m-1 yr	1-5 yrs	>5 yrs	Total
Cash, due from central banks		164,724	900	1,611	944	**168,179**
Financial assets at fair value through profit or loss, excluding derivatives	Note 3.4	240,288	9,371	-	-	**249,659**
Financial assets at fair value through other comprehensive income	Note 3.4	51,090	708	-	262	**52,060**
Securities at amortised cost	Note 3.5	13,941	146	1,337	211	**15,635**
Due from banks at amortised cost	Note 3.5	46,790	1,664	4,071	855	**53,380**
Customer loans at amortised cost	Note 3.5	70,518	75,862	163,365	109,820	**419,565**
Lease financing agreements*	Note 3.5	2,582	6,036	16,167	4,411	**29,196**

* *Amounts are featured net of impairments*

(In EURm)	31.12.2019 Note to the consolidated financial statements	0-3 m	3 m-1 yr	1-5 yrs	>5 yrs	Total
Cash, due from central banks		98,967	735	1,609	1,000	**102,311**
Financial assets at fair value through profit or loss, excluding derivatives	Note 3.4	242,879	7,011	-	-	**249,890**
Financial assets at fair value through other comprehensive income	Note 3.4	51,730	1,282	-	244	**53,256**
Securities at amortised cost	Note 3.5	11,012	200	973	304	**12,489**
Due from banks at amortised cost	Note 3.5	47,260	1,957	6,257	892	**56,366**
Customer loans at amortised cost	Note 3.5	87,877	58,318	162,795	111,234	**420,224**
Lease financing agreements*	Note 3.5	2,487	6,050	16,727	4,756	**30,020**

* *Amounts are featured net of impairments*

Due to the nature of its activities, Société Générale holds derivative products and securities whose residual contractual maturities are not representative of its activities or risks.

By convention, the following residual maturities were used for the classification of financial assets:

1. assets measured at fair value through profit or loss, excluding derivatives (customer-related trading assets):
   - positions measured using prices quoted on active markets (L1 accounting classification): maturity of less than 3 months,
   - positions measured using observable data other than quoted prices (L2 accountBing classification): maturity of less than 3 months,
   - positions measured mainly using unobservable market data (L3): maturity of 3 months to 1 year;
2. financial assets at fair value through other comprehensive income:
   - available-for-sale assets measured using prices quoted on active markets: maturity of less than 3 months,
   - bonds measured using observable data other than quoted prices (L2): maturity of 3 months to 1 year,
   - finally, other securities (shares held long-term in particular): maturity of more than 5 years.

As regards the other lines of the balance sheet, other assets and liabilities and their associated conventions can be broken down as follows:

OTHER LIABILITIES

	31.12.2020						
(In EURm)	Note to the consolidated financial statements	Not scheduled	0-3 m	3 m-1 yr	1-5 yrs	> 5 yrs	Total
Tax liabilities	Note 6.3	-	-	815	-	408	**1,223**
Revaluation difference on portfolios hedged against interest rate risk		7,696	-	-	-	-	**7,696**
Other liabilities	Note 4.4	-	76,148	2,218	4,549	2,022	**84,937**
Non-current liabilities held for sale		-	-	-	-	-	-
Insurance contracts related liabilities	Note 4.3	-	16,593	9,475	38,011	82,047	**146,126**
Provisions	Note 8.3	4,775	-	-	-	-	**4,775**
Shareholders' equity		66,979	-	-	-	-	**66,979**

	31.12.2019						
(In EURm)	Note to the consolidated financial statements	Not scheduled	0-3 m	3 m-1 yr	1-5 yrs	> 5 yrs	Total
Tax liabilities	Note 6.3	-	-	939	-	470	**1,409**
Revaluation difference on portfolios hedged against interest rate risk		6,671	-	-	-	-	**6,671**
Other liabilities	Note 4.4	-	85,062	-	-	-	**85,062**
Non-current liabilities held for sale	Note 2.5	-	-	1,333	-	-	**1,333**
Insurance contracts related liabilities	Note 4.3	-	19,392	9,291	37,018	78,558	**144,259**
Provisions	Note 8.3	4,387	-	-	-	-	**4,387**
Shareholders' equity		68,570	-	-	-	-	**68,570**

OTHER ASSETS

	31.12.2020						
(In EURm)	Note to the consolidated financial statements	Not scheduled	0-3 m	3 m-1 yr	1-5 yrs	> 5 yrs	Total
Revaluation differences on portfolios hedged against interest rate risk		378	-	-	-	-	**378**
Other assets	Note 4.4	-	67,341	-	-	-	**67,341**
Tax assets	Note 6	5,001	-	-	-	-	**5,001**
Investments accounted for using the equity method		-	-	-	-	100	**100**
Tangible and intangible fixed assets	Note 8.4	-	-	-	-	30,088	**30,088**
Goodwill	Note 2.2	-	-	-	-	4,044	**4,044**
Non-current assets held for sale		-	1	1	2	2	**6**
Investments of insurance companies		-	44,087	7,569	34,097	81,101	**166,854**

	31.12.2019						
(In EURm)	Note to the consolidated financial statements	Not scheduled	0-3 m	3 m-1 yr	1-5 yrs	> 5 yrs	Total
Revaluation differences on portfolios hedged against interest rate risk		401	-	-	-	-	**401**
Other assets	Note 4.4	-	68,045	-	-	-	**68,045**
Tax assets	Note 6	5,779	-	-	-	-	**5,779**
Investments accounted for using the equity method		-	-	-	-	112	**112**
Tangible and intangible fixed assets	Note 8.4	-	-	-	-	30,652	**30,652**
Goodwill	Note 2.2	-	-	-	-	4,627	**4,627**
Non-current assets held for sale	Note 2.5	-	6	4,501	-	-	**4,507**
Investments of insurance companies	Note 4.3	-	39,514	8,289	33,193	83,942	**164,938**

1. Revaluation differences on portfolios hedged against interest rate risk are not scheduled, as they comprise transactions backed by the portfolios in question. Similarly, the schedule of tax assets whose schedule would result in the early disclosure of income flows is not made public.
2. Other assets and other liabilities (guarantee deposits and settlement accounts, miscellaneous receivables) are considered as current assets and liabilities.
3. The notional maturities of commitments in derivative instruments are presented in Note 3.13 to the consolidated financial statements.
4. Investments in subsidiaries and affiliates accounted for by the equity method and Tangible and intangible fixed assets have a maturity of more than 5 years.
5. Provisions and shareholders' equity are not scheduled.

4.11 COMPLIANCE RISK, LITIGATION

Acting in compliance means understanding and observing the external and internal rules that govern our activities. These rules aim to ensure a transparent and balanced relationship between the Bank and all of its stakeholders. Compliance is the cornerstone of trust between the Bank, its customers, its supervisors and its staff.

Compliance with rules is the responsibility of all Group employees, who must demonstrate compliance and integrity on a daily basis. The rules must be clearly expressed, and staff are informed and/or trained to understand them properly.

The compliance risk prevention system is based on shared responsibility between the operational entities and the Group Compliance Division:

- the operational entities (BU/SUs) must incorporate into their daily activities compliance with laws and regulations, the rules of professional best practice, and the Group's internal rules;
- the Compliance Division manages the Group's compliance risk prevention system. It ensures the system's consistency and efficiency, while also developing appropriate relationships with bank supervisors and regulators. This independent division reports directly to General Management.

To support the businesses and supervise the system, the Compliance Division is organised into:

- dedicated teams in each business line, liaising with the businesses on all their compliance issues and responsible for most of the deal flow, except for the most sensitive transactions;
- central teams dedicated to oversight, the definition of standards and controls, and key cross-business activities such as training and digital transformation.

The Compliance Division is organised into nine main compliance risks, which are grouped into two major categories:

- financial security, which includes Know Your Customer (KYC) processes, the observance of international sanctions and embargo rules, and antimoney laundering and counter-terrorism financing rules;
- regulatory risks, which cover customer protection, market integrity, compliance with international tax regulations, antibribery and corruption, ethics and conduct, corporate social responsibility and personal data protection.

Financial Security			Regulatory Risk					
KYC	AML	Sanctions & Embargoes	Customer protection	Market integrity	Tax transparency	Anti-corruption, Conduct and Ethics	Corporate Social Responsibility	Data
Know Your Customer	Anti-money laundering and counter-terrorism financing		MiFID II/MIFIR, PRIIPs, etc.	EMIR/DFA, Volker, FBL, MAD/MAR, benchmarks, etc.	FATCA, CRS, QI, etc.	ABC, Sapin II, etc.	CSR, ESG, etc.	GDPR, Archiving, etc.

4.11.1 COMPLIANCE

Financial security

KNOW YOUR CUSTOMER (KYC)

In 2018, the Group launched a programme to rework its KYC functions in order to boost their operational efficiency (*via* the simplification of standards, greater pooling of resources, optimisation of tools and processes) and to improve the customer experience. Placed under the responsibility of the Compliance Division, this four-year programme is closely and regularly monitored at the highest Bank level. Significant progress has already been made in terms of providing equipment to handle KYC analysis and with respect to process industrialisation.

ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF)

The Group has implemented all the measures linked to the Fourth Directive on antimoney laundering and counter-terrorism financing, as well as European Regulation 2015/847 on the quality of payment information. The transposition of the fifth European Directive (transposed into French law *via* a decree dated 12 February 2020) into internal standards is advancing through recent industry-wide consultations and quarterly updates to the Societe Generale Code. It will be completed in early 2021.

The system for detecting suspicious or unusual transactions continued to be strengthened in 2020 with the roll-out of the most sophisticated surveillance tools, the optimisation of the scenarios used, and the use of new technologies.

FINANCIAL EMBARGOES AND SANCTIONS

In 2020, the international environment was impacted by the reinforcement of United States sanctions on China, with greater complexity in terms of implementation that may generate substantial operational risks for financial institutions. More broadly, Societe Generale Group has confirmed its position to abstain from any trading activity with Iran and to maintain transactions with Russia within a strict framework.

The Group continued to strengthen its Embargoes/Sanctions system under the established remedial programme following agreements with the French and US authorities (see page 259), in particular in terms of screening third parties and transactions, training employees and industrialising all processes involved in controlling this risk.

Regulatory risk

CUSTOMER PROTECTION

Customer protection is a major challenge for the Societe Generale Group, which is committed to respecting and protecting the interests of its customers.

The system addressing the obligations introduced by European customer protection regulations (MIF2 and the Insurance Distribution Directive or DDA) has now been established both in terms of product governance and consulting, and with respect to compliance with information requirements. As part of the COVID crisis, the networks have temporarily adapted the marketing terms (information and remote sales) by developing telephonic consulting procedures.

In an environment marked by the health and social crisis, bank fee capping systems have been operational since February 2019 and continue to be strengthened.

In this context, significant measures are being taken to improve the Group's system by:

- strengthening internal rules relating to key aspects of customer protection (marketing rules, customer claims, conflict of interest, product governance, protection of customer assets, remuneration and qualification of employees);
- specific training and increased staff awareness; the importance the Group places on this issue is largely addressed in the Group's Code of Conduct;
- adapting as a matter of necessity existing tools to new regulatory requirements.

Claims and mediation

The processing of a claim is a commercial act that impacts customer satisfaction. Accordingly, it has received much coverage in the Code of Conduct.

The "Customer claim processing" Group instruction incorporates the recommendations of the national supervisor (the French Prudential Supervisory and Resolution Authority) and the regulatory requirements (MIF2, DDA and DSP - Payment Services Directive) relative to the strengthening at European level of customer protection measures. The bank's businesses have an *ad hoc* governance, an organisation, human resources and applications, formalised procedures, and quantitative and qualitative monitoring indicators. Mediation services also form part of the internal procedure.

Conflicts of interest

The Group has a clear normative framework in place to prevent and manage conflicts of interest. This framework specifies the principles and mechanisms that have been implemented. The risk mappings, registers and declarations of the most exposed employees were strengthened in 2020 and are now more thorough to comply with obligations to identify situations of potential conflicts of interest. The system now covers three categories of potential conflicts of interest: those that may arise between the Group and its customers, or between the Group's customers; those occurring between the Group and its employees (particularly in relation to activities involving an employee's personal interest and their professional obligations); and those occurring between the Group and its suppliers.

Product governance

Product governance obligations have been broadened to include compliance with marketing and customer information regulations. As it is obliged to identify the target market from the product design stage and to verify that the criteria match customer situations, the Societe Generale Group performs both systematic product reviews upstream of the marketing stage and communication between product originators and distributors to track the products during their life cycle.

Vulnerable customers

Societe Generale has established practices and usages to comply with legislation vis-à-vis vulnerable customers, in particular customers benefiting from the specific offer for financially vulnerable customers. To contribute to the national effort to boost the purchasing power of French citizens in challenging financial circumstances, the Group has added to its practices by introducing additional measures in February 2019, notably: i) freezing bank fees; ii) capping bank intervention fees at EUR 25 for vulnerable clients; iii) organising follow-up and support suited to the situation of customers experiencing difficulties in the wake of recent events. These measures are closely monitored.

MARKET INTEGRITY

The main regulatory risks concerning market integrity involve the following:

- benchmarks (regulation on Benchmarks/BMR);
- market abuse and ethical employee behavior (MAR);
- derivatives activities (Dodd-Frank and EMIR regulations);
- separation of proprietary trading activities (US Volcker Rule and SRAB Act in France).

The challenges are threefold:

- constantly adapting compliance systems to address regulatory changes in the various global markets where the Group operates and, to this end, having expert resources who are also trained in project management;
- managing a robust compliance risk assessment process, taking into account the specific characteristics of each business and each region;
- having a solid governance at Group level to be able to monitor the progress made in projects and remedial programmes, ensure the normative framework is kept up-to-date, and monitor compliance incidents and the effective reporting of information to General Management, the Board and regulators.

Market abuse

The Compliance Division continued to improve the compliance of its system. Specific focus is placed on the modernisation of automated detection and analysis tools, in addition to the training of Compliance staff in charge of these controls.

"Market abuse" instructions were revised in 2020. These instructions set out the measures to be implemented to prevent or detect market abuse practices that may threaten the integrity of financial markets, namely i) insider trading (transmission and use of privileged information); ii) market manipulation (price manipulation and the spreading of false information).

Regarding **market indices**: the Group has implemented an action plan to control **market manipulation** risks. This plan is now well under way and has enabled contributions to the benchmarks to be supervised and their administration to be rolled out across the Group. In addition to contributions to **benchmark indices** and the administration of indices, the use of indices has been subject to regulatory restrictions since January 2020.

The management of this system has been rolled out through instructions and training.

SEPARATION OF BANKING ACTIVITIES

The Volcker Rule published in December 2013, which established a prohibition in principle for certain institutions in the financial services sector, such as the Societe Generale Group, to trade on their own account and to purchase or hold covered funds[1] on its own account, was subject to two major amendments in 2019 and 2020: the Volcker 2.0 amendment on trading and the Volcker 2.1 amendment on funds, respectively. These amendments ease the Societe Generale Group's regulatory obligations. The Group's Volcker/FBL system became compliant with these amendments as of 1 January 2021.

DERIVATIVES

Regulatory risks related to derivatives market activities are covered by European regulations (EMIR Regulation) and US regulations (Title VII of the Dodd-Frank Act, SEC Rules). These regulations were changed in 2019 (SEC Rules and EMIT), leading the Group to become compliant; in particular by updating the instructions and training required to manage the system.

COMPLIANCE/TAX TRANSPARENCY

Societe Generale Group's principles on combating tax evasion are governed by the Tax Code of Conduct. The Code was updated in March 2017 and approved by the Board of Directors after review by the Executive Committee. It is a public document and can be consulted on the Bank's institutional investor portal: *https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/Code_de_conduite_fiscale_groupe_societe_generale_fr.pdf*.

The five main principles of the Code of Conduct are as follows:

- Societe Generale ensures that the tax rules applicable to its business are followed in all countries where the Group operates, in accordance with international conventions and national laws;
- in its customer relationships, Societe Generale ensures that customers are informed of their tax obligations relating to transactions carried out with the Group, and the Group complies with the reporting obligations that apply to it as bookkeeper or in any other way;
- in its relations with the tax authorities, Societe Generale is committed to strictly respecting tax procedures and ensures that it maintains open and transparent relations to maintain its reputation;
- Societe Generale does not encourage or promote tax evasion for itself, its subsidiaries or its customers;
- Societe Generale has a tax policy in line with its strategy of sustainable profitability and refrains from any operation, whether for its own account or for its clients, whose main purpose or effect is tax motivated, unless this is consistent with the intention of the legislation.

The Board of Directors annually reviews the application of the Code and the procedures and systems in place within the Group to ensure that new products and new entities comply with the Group's tax principles.

Relationships with legislators and tax law policy makers are governed by the Charter for Responsible Advocacy with respect to Public Authorities and Representative Institutions (*https://www.societegenerale.com/sites/default/files/190426-vade-mecum-ri.pdf*)

The Group is committed to a strict policy with regard to tax havens. No Group entity is authorised in a state or territory on the official French list of ETNCs (États et territoires non coopératifs in French)[2] and internal rules have been in place since 2003 to monitor an expanded list of countries or territories.

The Group follows the Organization for Economic Co-operation and Development's (OECD) transfer pricing standards. However, local constraints may require deviations from OECD methodologies, in which case the local constraints must be documented.

The Group publishes information on its entities and activities annually on a country-by-country basis (see p.60-61) and confirms that its presence in a number of countries is for commercial purposes only, and not to benefit from special tax provisions. The Group also complies with the tax transparency rules for its own account (CbCR - Country-by-Country Reporting).

The Group is fully committed to implementing regulations aimed at ensuring tax transparency for its customers' accounts (in particular FATCA and Common Reporting Standard – CRS).

Some of the tax regulations define tax transparency requirements. The FATCA (Foreign Account Tax Compliance Act), CRS (Common Reporting Standard), QI (Qualified Intermediary) and DAC 6 (Directive on Administrative Cooperation 6) regulations have the common goal of combating fraud and tax evasion by customers. The risks borne by financial institutions are financial, commercial and reputational in nature. The Group's main challenges involve adapting to regulatory developments, which are becoming increasingly stringent over the years, and strengthening its control systems.

Societe Generale complies with tax transparency standards. The Common Reporting Standard (CRS) enables tax authorities to be systematically informed of income received abroad by their tax residents, including where the accounts are held in asset management structures. Moreover, Societe Generale complies with the requirements of the United States FATCA (Foreign Account Tax Compliance Act), which aims to combat tax evasion involving foreign accounts or entities held by US taxpayers. Non-US financial intermediaries are thus responsible for identifying US taxpayers in their customer base in order to declare the income received by said taxpayers, directly or indirectly, to the US tax administration, thereby enabling an automatic reconciliation with their individual tax returns. The tax transparency objectives have been achieved by generating a tax report filed at national level and sharing tax information between partner countries on the basis of existing bilateral tax treaties and inter-governmental agreements (IGAs).

(1) The Volcker Rule does not offer a clear definition of a covered fund; it establishes a prohibition in principle to deal with hedge funds and private equity funds, and provides a list of exclusion criteria based on the products and/or the strategy of the fund, which make it possible to prevent this categorisation. For example, pension funds, foreign public funds, property acquisition vehicles and securitisation funds do not fall into the covered funds category.

(2) Including the European blacklist.

Lastly, the Group has implemented the new European Directive on transparency between intermediaries (referred to as DAC 6), which will require the reporting of cross-border tax arrangements. The Group Compliance Division has supported the Group Tax Department in implementing DAC6, more specifically the D regulatory marker regarding schemes aimed at circumventing the CRS and those involving opaque chains of beneficial owners. The first reports are expected to be filed after 31 January 2021.

Importantly, the account-keeping entities of the Private Banking business line are established exclusively in countries with the strictest tax transparency rules imposed by G20 member countries and the OECD. These countries ratified the Convention on Mutual Administrative Assistance in Tax Matters, introduced the automatic exchange of information in financial accounts (CRS) and obtained the “largely compliant” and “compliant” rating as part of the peer review process conducted under the aegis of the OECD. Assets deposited in Private Banking books are subject to enhanced scrutiny using comprehensive due diligence procedures to ensure they are tax compliant.

In accordance with regulatory requirements, Societe Generale also includes tax fraud in its antimoney laundering procedures.

ANTI-CORRUPTION MEASURES

Societe Generale is fully committed to fighting corruption and has given clear undertakings in this respect by participating in the Wolfsberg Group and the Global Compact.

The Group applies strict principles that are included in its Code of Conduct and its “Anti-Corruption and Influence Peddling Code”.

Societe Generale’s anti-corruption programme is built around the following themes:

- Code of Conduct;
- annual risk mapping;
- appropriate training at all levels (senior management, exposed persons, all employees);
- control systems;
- accounting procedures;
- evaluation of third parties;
- disciplinary system;
- right to whistleblow.

Within this context, processes and tools continue to be strengthened with the provision of staff dedicated to anti-corruption practices within the Group, and the creation of monitoring indicators and new controls - including accounting and operational controls to reduce the risk of corruption.

The Group’s anti-corruption instructions have been greatly expanded. Accordingly, the Anti-Corruption and Influence Peddling Code has been updated and supplemented. Furthermore, several instructions and procedures have been published or updated this year, thereby constituting a thorough and updated body of instructions.

The implementation of certain instructions was accompanied by the establishment of Group tools, such as the tool for declaring gifts and invitations (GEMS), the tool for whistleblowing management (WhistleB, now available Group-wide), and the annual conflict of interest declaration tool (DACI).

Training measures have been strengthened, in particular with respect to persons most exposed to the risk of corruption, accounting controllers, and members of General Management and the Board of Directors.

Third-party knowledge procedures have been improved, with special focus on intermediaries, as well as the introduction of due diligence for suppliers and associations benefiting from donations or sponsorship initiatives. The ABC (Anti-Corruption) function now plays an active role in developing KYC (Know Your Customer) processes in the bank’s Global Banking business.

A comprehensive training programme is being rolled out to increase the vigilance of employees. The programme was reinforced throughout the Group in 2020 resulting in the following:

- e-learning for all staff: an enhanced version of this training programme was put online in July 2020 (99% completion rate);
- training dedicated to employees most exposed to the risk of corruption (98% completion rate) and to employees in charge of accounting and in charge of accounting and financial controls (418 people trained in webex);
- anti-corruption experts as well as members of the ABC network have completed a diploma course (ACAMS).

CORPORATE SOCIAL RESPONSIBILITY

In keeping with the Group’s strategic ambitions, a dedicated team in the Compliance Division is now responsible for Corporate Social Responsibility as the second line of defence. In particular, it oversees the project targeting compliance with the ESG[1] Directive aimed at promoting sustainable investment and strengthening the transparency of ESG investment products and services provided to customers

In 2021, efforts will also be made towards the operational implementation of the Bank’s social and environmental commitments by systematically checking exclusion and identification lists, as well as taking sectoral policies into consideration in the onboarding and customer review process. Lastly, there are plans to develop appropriate training courses for affected categories of staff.

DATA PROTECTION

As a trusted partner of its customers, Societe Generale is especially sensitive to personal data protection.

The entry into force of the new European General Data Protection Regulation (GDPR) in May 2018, which increases the Company’s obligations regarding the protection of data and the level of sanctions in case of non-compliance with these obligations (up to 4% of revenue), has offered the Group and its subsidiarie an opportunity for to further reinforce their compliance system.

Internal instructions and associated procedures in line with local and European regulations define the applicable rules and the measures to guarantee the protection and security of customer and staff data across all Group entities. Data Information and processing measures are in place so that customers can exercise their data protection rights, notably through dedicated digital platforms. The Group devised a personal data security policy which dovetails with the Group’s overall security strategy, in particular in respect of cybersecurity. And, in keeping with the rollout of GDPR, specific efforts have been made to increase staff awareness through dedicated training programmes. On that score, an e-learning module was introduced for employees in the entities concerned. At end-2020, 98.5% of employees had undertaken the training course.

(1) Environment, Social and Governance.

Lastly, Societe Generale Group has appointed a Data Protection Officer (DPO) who reports to the Head of Group Compliance and is the main contact person for the French Personal Data Protection Authority (*Commission Nationale de l'Informatique et des Libertés* - CNIL). The DPO is responsible for ensuring sound Group compliance for personal data protection. Alongside the network of local DPOs and correspondents throughout the Group entities, the DPO assists them with security issues and personal data usage. As part of his duties, the DPO regularly reviews a number of indicators, notably the number and nature of requests by persons seeking to exercise their rights under GDPR, the internal training completion rate, and the local DPO certification programme launched at the end of 2018.

Others regulatory risk

MEDIATION

The Group employs several methods to inform customers of mediation, one of the alternative dispute resolution measures, including a permanent notice on the back of customer bank account statements. Every entity involved is obliged to comply with the independent mediator's decision.

RISK AND REMUNERATION POLICY

In keeping with the regulatory framework defined by European Directive CRD3, Societe Generale has had a specific governance in place to determine variable remuneration since the end of 2010. The rules introduced by this directive apply not only to financial market professionals, but to all persons whose activity is likely to have a substantial impact on the risk profile of the institutions which employ them, including those exercising control functions.

The regulatory framework defined by the European Directive CRD4 has applied since 1 January 2014. It does not modify the rules determining the variable remuneration of persons whose activity is likely to have an impact on the risk profile of the Group and of the employees who exercise control functions. The above-mentioned principles and governance remain in place within the Group.

According to the principles approved by the Board of Directors as proposed by the Compensation Committee, the remuneration mechanisms and processes for the identified population not only factor in the financial results of the transactions undertaken, but also how these results are generated: control and management of all risks and adherence to compliance rules. Control function employees are remunerated independently of the results of the transactions that they control, and according to criteria specific to their activity.

Variable remuneration includes a non-deferred portion and a deferred portion. The acquisition of the deferred portion of the variable remuneration is subject to three conditions: a minimum length of service, a minimum level of financial performance of the Company and/or the activity, and appropriate management of risks and compliance (malus and clawback provisions). All deferred variables of the regulated population are subject to a non-payment clause to sanction any excessive risk-taking or behavior deemed unacceptable. A clawback clause enables Societe Generale, subject to applicable regulations, to request the return of deferred variables, in part or in full, after the holding period and for a five-year period after their allocation was included in the Group's plan for deferred variable remuneration allocated for 2020.

At least 50% of this remuneration is paid in shares or equivalent securities. The purpose of these payment methods is to align the remuneration with the Company's performance and risk horizon.

The Risk Division and Compliance Division help define and implement this policy. In particular, every year they independently assess the main activities of Wholesale Banking, and of French and International Retail Banking, and the principal risk takers, together with the desk managers subject to the Separation and Regulation of Banking Activities Act and the Volcker Rule in relation to their risk management and compliance. These assessments are reviewed by General Management and taken into account when determining the amounts of variable remuneration.

Furthermore, Societe Generale has implemented a specific system and governance aimed at the holders of trading mandates to ensure that the remuneration policy genuinely factors in the requirements of the Separation and Regulation of Banking Activities Act of 26 July 2013 and the Volcker Rule.

In keeping with our historical approach and in accordance with the recommendations of the Committee of European Banking Supervisors, several regulatory principles - the portion of deferred remuneration, the acquisition of which is subject to conditions of presence, the minimum performance of the Group and the activity, and appropriate risk and compliance management - apply to a wider population than the regulated population depending on the level of variable remuneration, notably across the scope of Wholesale Banking.

In addition, the Group's annual employee appraisal tool has included a Conduct and Compliance section since 2018, enabling managers to factor in cases of non-compliant employee behavior with respect to risk management, quality of service and respecting customers' interests. Where an employee has failed to observe conduct and compliance rules, the manager must draft and implement a dedicated action plan to assist him or her. The results of this specific appraisal measure are crucial in determining the employee's career path and remuneration.

The consideration given to risks in the remuneration policy is presented every year to the Risks Committee, and a Director sitting on the Risks Committee also sits on the Compensation Committee.

Management of reputational risk

The management of reputational risk is governed by an internal directive signed by the Societe Generale Group Chief Executive Officer. The control system is intended to prevent, identify, assess and control this risk. It is coordinated by the Compliance Division, which:

- supports Group employees, and more particularly the Compliance Control Officers of the businesses, in their strategy for preventing, identifying, assessing and controlling reputational risk;
- offers and updates training programmes to raise awareness of reputational risk;
- develops a reputational risk dashboard that is communicated quarterly to the Risk Committee of the Board of Directors, based on information from the businesses/Business Units and support functions/Service Units (in particular the Human Resources, Communications, Legal, Corporate Social Responsibility and Data Protection Departments).

Moreover, Chief Compliance Officers dedicated to Business Units take part in the various bodies (new product Committees, *ad hoc* Committees, etc.) organised to approve new types of transactions, products, projects or customers, and formulate a written opinion as to their assessment of the level of risk of the planned initiative, and notably the reputational risk.

The Compliance function transformation programme

The Compliance function transformation programme aims to strengthen compliance risk management through the increased vigilance and awareness of all stakeholders, including businesses, support staff and other units, to increase the operational efficiency of the associated processes and to meet the demands of supervisory and regulatory authorities in the long term.

This programme includes updating the governance and allocating greater resources to the Compliance function, whether in terms of recruitment, training, or modernisation of dedicated information systems and digitalisation. It also relies on a stronger risk-assessment framework and a robust control system. The programme includes a specific component on remediation linked to the agreements signed in 2018 with the US and French authorities.

This updated programme's action plan was implemented in 2019 and will continue to be implemented in 2021.

COMPLIANCE REMEDIATION PLAN IN THE WAKE OF AGREEMENTS ENTERED INTO WITH FRENCH AND US AUTHORITIES

In June 2018, Societe Generale entered into agreements with the US Department of Justice (DOJ) and the US Commodity Futures Trading Commission (CFTC) to resolve their investigations into IBOR submissions, and with the DOJ and the French Parquet National Financier (PNF) to resolve their investigations into certain transactions involving Libyan counterparties.

In November 2018, Societe Generale entered into agreements with the US authorities to resolve their investigations into certain US dollar transactions involving countries, persons or entities subject to US economic sanctions.

As part of these agreements, the Bank has committed to enhance itpros compliance system in order to prevent and detect any violation of anti-corruption and bribery, market manipulation and US economic sanction regulations, and any violation of New York state laws. The Bank has also committed to enhance corporate oversight of its economic sanctions compliance programme. The Bank will not be prosecuted if it abides by the terms of the agreements, to which Societe Generale is fully committed.

The Bank has also agreed with the US Federal Reserve to hire an independent consultant to assess the Bank's progress on the implementation of measures to strengthen its compliance programme.

To meet the commitments made by Societe Generale as part of these agreements, the Bank has developed a programme to implement these commitments and strengthen its compliance system in the relevant areas. This programme has been placed under the direct supervision of the Group Head of Compliance. In addition, the programme's Steering Committee is chaired by a member of the Bank's General Management, and a programme progress report is presented to the Board of Directors on a monthly basis.

In 2020, the programme was rolled out according to the schedule presented to the internal Governance bodies and the various authorities receiving regular reports on the progress of remedial actions. Moreover, the external audits provided in the agreements have been conducted or are under way.

On 14 December 2020, Societe Generale was notified of the termination of proceedings notice issued by the Financial Prosecutor of the French Republic (the *Procureur de la République Française*, or PRF) in connection with certain transactions with Libyan counterparties.

UNITED STATES COMPLIANCE REMEDIATION PLAN

On 19 November 2018, Societe Generale Group and its New York branch (SGNY) entered into an agreement (enforcement action) with the NY State Department of Financial Services regarding the SGNY antimoney laundering compliance programme. This agreement requires (i) submitting an enhanced antimoney laundering programme, (ii) an antimoney laundering governance plan, and (iii) the performance of an external audit in 2020.

As background information, on 14 December 2017, Societe Generale and SGNY on the one hand, and the Board of Governors of the Federal Reserve on the other hand, agreed to a Cease and Desist order (the "Order") regarding the SGNY compliance programme to adhere to the Bank Secrecy Act ("BSA") and its antimoney laundering ("AML") obligations (the "Anti-Money Laundering Compliance Program"), and regarding some aspects of its Know Your Customer programme.

This Cease and Desist Order signed on 14 December 2017 with the US Federal Reserve supersedes the Written Agreement entered into in 2009 between Societe Generale Group and SGNY on the one hand, and the US Federal Reserve and the New York State Financial Services Department on the other hand.

4.11.2 LITIGATION

The information pertaining to risks and litigation is included in Note 9 to the consolidated financial statements, page 519.

4.12 MODEL RISK

Many choices made within the Group are based on quantitative decision support tools (models). Model risk is defined as the risk of losses due to decisions reached based on results of internal modeling due to errors in development, implementation or use of these models. It can take the form of model uncertainty or errors in the implementation of model management processes.

4.12.1 MODEL RISK MONITORING

The Group is fully committed to maintaining a solid governance system in terms of model risk management in order to ensure the efficiency and reliability of the identification, design, implementation, modification monitoring processes, independent review and approval of the models used. An MRM ("Model Risk Management") Department in charge of controlling model risk was created within the Risk Department in 2017. Since then, the model risk management framework has been consolidated and structured and is based today on the following device.

Actors and responsibilities

The model risk management system is implemented by the three independent lines of defence, which correspond to the responsibility of the business lines in risk management, to the review and independent supervision and evaluation of the system and which are segregated and independent to avoid any conflict of interest.

The device is as follows:

- the first line of defence (LoD1), which brings together several teams with diverse skills within the Group, is responsible for the development, implementation, use and monitoring of the relevance over time of the models, in accordance with model risk management system; these teams are housed in the Business Departments or their Support Departments;
- the second line of defence (LoD2) is made up of governance teams and independent model review teams, and supervised by the "Model Risk" Department within the Risk Department;
- the third line of defence (LoD3) is responsible for assessing the overall effectiveness of the model risk management system (the relevance of governance for model risk and the efficiency of the activities of the second line of defence) and l 'independent audit of models: it is housed within the Internal Audit Department.

Governance, steering and monitoring

A MRM Committee chaired by the Risk Director meets at least every three months to ensure the implementation of the management system and monitor the risk of models at Group level. Within the second line of defence and the "Model risk" Department, a governance team is in charge of the design and management of the model risk management system at Group level.

As such:

- the normative framework applicable to all of the Group's models is defined, applied when necessary to the main families of models to provide details on the specifics, and maintained while ensuring the consistency and homogeneity of the system, its integrity and its compliance with regulatory provisions; this framework specifies in particular the definition of expectations with regard to LoD1, the principles for the model risk assessment methodology and the definition of guiding principles for the independent review and approval of the model;
- the identification, recording and updating of information of all models within the Group (including models under development or recently withdrawn) are carried out in the model inventory according to a defined process and piloted by LoD2;
- the monitoring and reporting system relating to model risk incurred by the Group in Senior Management has been put in place. The appetite for model risk, corresponding to the level of model risk that the Group is ready to assume in the context of achieving its strategic objectives, is also formalized through statements relating to risk tolerance, translated under form of specific indicators associated with warning limits and thresholds.

Model life cycle and review and approval process

For each model, risk management is based on compliance with the rules and standards defined for the entire Group by each LoD1 player, it is guaranteed by an effective challenge from LoD2 and a uniform approval process.

The need to examine a model is assessed according to the level of model risk, its model family and applicable regulatory requirements. The independent review by the second line of defence is triggered in particular for new models, periodic model reviews, proposals to change models and transversal reviews in response to a recommendation:

- it corresponds to all the processes and activities which aim to verify the conformity of the functioning and use of the models with respect to the objectives for which they were designed and to the applicable regulations, on the basis of the activities and controls implemented by LoD1;
- it is based on certain principles aimed at verifying the theoretical robustness (evaluation of the quality of the design and development of the model), the conformity of the implementation and use, and the relevance of the monitoring of the model;
- it gives rise to an independent Review Report, which describes the scope of the review, the tests carried out, the results of the review, the conclusions or the recommendations.

The approval process follows the same approval scheme for all models, the composition of governance bodies being able to vary according to the level of model risk, the family of models, the applicable regulatory requirements and the Business Units/Service Units in which model is applicable. Responsible for LOD2, the approval process consists of two consecutive instances:

- the Review Authority which aims to present the conclusions identified by the review team in the independent Review Report and to discuss, allowing for a contradictory debate between LoD1 and LoD2. Based on the discussions, LoD2 confirms or modifies the conclusions of the review report, including the findings and recommendations, without being limited thereto;
- the Approval Authority, a body which has the power to approve (with or without reservation) or reject the use of a model, changes made to the existing model or continuous monitoring of the relevance of the model along the time proposed by the LOD1, from the independent Review Report and the minutes of the Review Authority.

4.13 RISK RELATED TO INSURANCE ACTIVITIES

Risk related to insurance activities: through its insurance subsidiaries, the Group is also exposed to a variety of risks linked to this business. In addition to balance sheet management risks (interest rate, valuation, counterparty and exchange rate risk), these risks include premium pricing risk, mortality risk and the risk of an increase in claims.

4.13.1 MANAGEMENT OF INSURANCE RISKS

There are two main types of insurance risks:

- underwriting risks, particularly risk through life insurance, individual personal protection and non-life insurance. This risk can be biometrical: disability, longevity, mortality, or related to policyholders' behavior (risk of lapses). To a lesser extent, the Insurance business line is also exposed to non-life and health risks. Such risks can come from pricing, selection, claims management or catastrophic risk;
- risks related to financial markets and ALM: the Insurance business line, mainly through life insurance on the French market, is exposed to instabilities on the financial markets (changes in interest rates and stock market fluctuations) which can be made worse by policyholder behavior.

Managing these risks is key to the Insurance business line's activity. It is carried out by qualified and experienced teams, with major bespoke IT resources. Risks are monitored and regularly reported, they are framed by risk policies validated by the Board of Directors of each entity.

Risk management techniques are based on the following:

- heightened security for the risk acceptance process, with the aim of guaranteeing that the price schedule matches the policyholder's risk profile and the guarantees provided;
- regular monitoring of indicators on product claims rates in order to adjust certain product parameters, such as pricing or the level of guarantee, if necessary;
- implementation of a reinsurance plan to protect the business line from major/serial claims;
- application of policies on risk, provisioning and reinsurance.

Management of risks linked to the financial markets and to ALM is an integral part of the investment strategy as long-term performance objectives. The optimization of these two factors is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity of policies), as well as the amounts booked under the major items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are analyzed by the Finance and Risk Department of the Insurance business line.

Risk management related to financial markets (interest rates, credit and shares) and to ALM is based on the following:

- monitoring short- and long-term cash flows (match between the term of a liability and the term of an asset, liquidity risk management);
- particular monitoring of policyholder behavior (redemption);
- close monitoring of financial markets;
- hedging against exchange rate risks (both rising and falling);
- defining thresholds and limits per counterparty, per issuer rating and assets class;
- stress tests, the results of which are presented annually at entities' Board of Directors' Meetings, as part of the ORSA Report (Own Risk and Solvency Assessment), transferred to the ACPR after approval by the Board;
- application of policies related to ALM and investment risks.

4.13.2 INSURANCE RISK MODELING

The models are reviewed by the Insurance Risks Department, which is the second line of defence in the context of model risk management. The review works relate to the theoretical robustness (evaluation of the quality of design and development) of the models, the use of the model, the conformity of the implementation and the continuous monitoring of the relevance of the model over time. The independent review process ends with (i) a report describing the scope of the review, the tests performed, the results of the review, conclusions or recommendations and by (ii) validation Committees. The model control system gives rise to recurring reporting to the appropriate bodies.

4.14 OTHER RISKS

4.14.1 EQUITY RISK

Investment strategies and purpose

The Societe Generale Group's exposure to its non-trading equity portfolio relates to several of the Bank's activities and strategies. It includes equities and equity instruments, mutual fund units invested in equities, and holdings in the Group's subsidiaries and affiliates which are not deducted from shareholders' equity for the purpose of calculating solvency ratios. Generally speaking, due to their unfavourable treatment under regulatory capital, the Group's future policy is to limit these investments.

- First, the Group has a portfolio of industrial holdings which mainly reflect its historical or strategic relations with these companies;
- It also has some minority holdings in certain banks for strategic purposes, with a view to developing its cooperation with these establishments;
- In addition, the equities that are not part of the trading book include Group shares in small subsidiaries which are not included in its consolidation scope and which operate in France and abroad. This includes various investments and holdings that are ancillary to the Group's main banking activities, particularly in French Retail Banking, Corporate and Investment Banking, and Securities Services (private equity activities in France, closely linked with banking networks, stock market bodies, brokerages, etc.);
- Lastly, Societe Generale and some of its subsidiaries may hold equity investments related to their asset management activities (particularly seed capital for mutual funds promoted by Societe Generale), in France and abroad.

Monitoring of banking book equity investments and holdings

The portfolio of industrial holdings was significantly reduced in recent years, further to the disposal of non-strategic lines. It now includes only a limited number of investments. It is monitored on a monthly basis by the Group's Finance Division and, where necessary, value adjustments are recognised quarterly in accordance with the Group's provisioning policy.

The holdings that are ancillary to the Group's banking activity are monitored on a quarterly basis by the Group's Finance Division and, where necessary, value adjustments are recognised quarterly in accordance with the Group's provisioning policy. Private equity activities in France are subject to dedicated governance and monitoring, within the budgets periodically reviewed by the Group's General Management. Investment or disposal decisions take the financial aspects and the contribution to the Group's activities into consideration (supporting customers in their development, cross-selling with flow activities, Corporate and Investment Banking, Private Banking, etc.).

Valuation of banking book equities

From an accounting perspective, Societe Generale's exposure to equity investments that are not part of its trading book is classified within financial assets measured at fair value through net income or, using the option, at fair value through other comprehensive income (Cf. Consolidated financial statement – Note 3 Financial Instruments).

The Societe Generale Group's exposure to equity investments that are not part of the trading book is equal to their book value representative of a fair value based on a measure at mark to market or at mark to model.

The following table presents these exposures at end-December 2020 and 2019, for both the accounting scope and the regulatory scope. Regulatory data cannot be reconciled with data from consolidated financial statements, specifically because the regulatory scope excludes equity investments held on behalf of clients by the Group's insurance subsidiaries.

TABLE 46: SHARES AND EQUITIES IN THE BANKING BOOK

(In EURm)	31.12.2020	31.12.2019
Shares and equities in the Banking Book - Statutory perimeter	16,913	18,796
o.w shares and other equity securities at fair value through profit or loss	*2,561*	*2,492*
o.w. shares and other equity securities at fair value through other comprehensive income	*14,351*	*16,304*
Shares and equities in the Banking Book - Prudential scope (Exposure at default)	7,253	7,156
o.w shares and other equity securities at fair value through profit or loss	*6,994*	*6,917*
o.w. shares and other equity securities at fair value through other comprehensive income	*259*	*239*

Unrealised gains and losses related to changes in fair value, since the end of the previous year are recognised in:

- net income statement "Net gains and losses on financial transactions" for equity investment classified into Financial assets at fair value through profit or loss; and
- other comprehensive income "Unrealised gains or losses without subsequent recycling in the income statement" for equity investment classified into Financial assets at fair value through other comprehensive income.

For investments in listed shares, the fair value is estimated based on the stock price at closing date. For investment in unlisted shares, fair value can be estimated based on one or more of the following methods:

- quantitative method such as Discounted Cash Flows (DCF), Discounted Dividend Model (DDM);
- pro rata share of the entity's net assets;
- recent transactions identified on the entity's share (stake acquired by third party, valuation assessed by experts);
- recent transactions identified on entities from the same sector (earnings or NAV multiples, etc.).

Dividends received from equity investment are recognised in the net income statement "Net gains and losses on financial transactions".

In the event of a disposal, gains and losses resulting from a change in fair value occurring since the end of the previous year are recognised in:

- net income statement "Net gains and losses on financial transactions" for equity investment classified into Financial assets at fair value through profit or loss; and
- other comprehensive income "Unrealised gains or losses without subsequent recycling in the income statement" for equity investment classified into Financial assets at fair value through other comprehensive income. Gains and losses on equity investment disposals are transferred to Reserves in the subsequent accounting period following the disposal.

TABLE 47: NET GAINS AND LOSSES ON BANKING BOOK EQUITIES AND HOLDINGS

(In EURm)	31.12.2020	31.12.2019
Gains and losses on the sale of shares and equity	155	388
Net gains/losses on banking book	49	33

Regulatory capital requirements

To calculate the risk-weighted assets under Basel 3, the Group applies the simple risk weighting method for the majority of its non-trading equity portfolio. Shares in private equity companies are assigned a risk-weighting coefficient of 190%, shares in listed companies a coefficient of 290%, and shares in unlisted companies, including the holdings in our insurance subsidiaries, a coefficient of 370%. Furthermore, if they are not deducted from equity capital, material investments in the capital of finance companies are assigned a weighting coefficient of 250%.

As at 31 December 2020, the Group's risk-weighted assets related to its non-trading equity portfolio, and its corresponding capital requirements, were as follows:

TABLE 48: CAPITAL REQUIREMENTS RELATED TO BANKING BOOK EQUITIES AND HOLDINGS[1]

(In EURm)			31.12.2020			31.12.2019		
Equities and holdings	**Approach**	**Weighting**	**Exposure at default**	**Risk-weighted assets**	**Capital requirements**	**Exposure at default**	**Risk-weighted assets**	**Capital requirements**
Private equity	Standardised	150%	-	-	-	-	-	-
Private equity	Advanced approach (IRB)	190%	351	668	53	185	352	28
Financial securities	Advanced approach (IRB)	250%	517	1,292	103	-	-	-
Financial securities	Standardised	250%	10	26	2	503	1,257	101
Listed shares	Advanced approach (IRB)	290%	25	74	6	38	111	9
Unlisted shares and insurance	Advanced approach (IRB)	370%	5,381	19,908	1,593	5,297	19,599	1,568
TOTAL			**6,285**	**21,968**	**1,757**	**6,023**	**21,318**	**1,705**

(1) *Excluding cash investments.*

4.14.2 RESIDUAL VALUE RISK

Through its Specialised Financial Services division, mainly in its long-term vehicle leasing subsidiary, the Group is exposed to residual value risk (where the net resale value of an asset at the end of the leasing contract is less than expected).

Risk identification

Société Générale Group holds, inside its ALDA Business Units (automobile leasing activity) cars on its balance sheet with a risk related to the residual value of these vehicles at the moment of their disposals. This residual value risk is managed by ALD Automotive (ALDA).

The Group is exposed to potential losses in a given reporting period caused by (i) the resale of vehicles associated with leases terminated in the reporting period where the used car resale price is lower than its net book value and (ii) additional depreciation booked during the lease term if the expected residual values of its vehicles decline below the contractual residual value. The future sales results and estimated losses are affected by external factors like macroeconomic, government policies, environmental and tax regulations, consumer preferences, new vehicles pricing, etc.

ALDA gross operating income derived from car sales totalled EUR 61.1 million at 31 December 2020 versus EUR 75 million at 31 December 2019.

Risk management

The residual value setting procedure defines the processes, roles and responsibilities involved in the determination of residual values that will be used by ALDA as a basis for producing vehicle lease quotations.

A Residual Value Review Committee is held at least twice a year within each operating entity of ALDA. This Committee debates and decides residual values, taking into account local market specificities, documenting its approach, ensuring that there is a clear audit trail.

A dedicated central ALDA team controls and validates the proposed residual values prior to their being notified to the operating entities and updated in the local quotation system. This team informs ALD's Group Finance Director and Risk Manager in case of disagreements.

Additionally, the fleet revaluation process determines an additional depreciation in countries where an overall loss on the portfolio is identified. This process is performed locally twice a year for operating entities owning more than 5,000 cars (once a year for smaller entities) under the supervision of the central team and using common tools and methodologies. This depreciation is booked in accordance with accounting standards.

4.14.3 STRATEGIC RISKS

Strategic risks are defined as the risks inherent in the choice of a given business strategy or resulting from the Group's inability to execute its strategy. They are monitored by the Board of Directors, which approves the Group's strategic direction and reviews them at least once every year. Moreover, the Board of Directors approves strategic investments and any transaction (particularly disposals and acquisitions) that could significantly affect the Group's results, the structure of its balance sheet or its risk profile.

Strategic steering is carried out under the authority of the General Management, by the General Management Committee (which meets weekly without exception), by the Group Strategy Committee (which meets every two months) and by the Strategic oversight Committees of the Business Units and Service Units (which meet at least once a year for each of the 25 Units). The make-up of these various bodies is set out in the Corporate Governance chapter of this Universal Registration Document, chapter 3 (pages 69 and following). The Internal Rules of the Board of Directors (provided in Chapter 7 of this Universal Registration Document, page 541) lay down the procedures for convening meetings.

4.14.4 ENVIRONMENTAL AND SOCIAL RISKS

The Group's approach in terms of environmental and social issues is set out in Chapter 5 of this Universal Registration Document (pages 255 and following).

4.14.5 CONDUCT RISK

The Group is also exposed to conduct risk through all of its core businesses. The Group defines conduct risk as resulting from actions (or inactions) or behaviours of the Bank or its employees, inconsistent with the Group's Code of Conduct, which may lead to adverse consequences for its stakeholders, or place the Bank's sustainability or reputation at risk.

Stakeholders include in particular our clients, employees, investors, shareholders, suppliers, the environment, markets and countries in which we operate.

See also "Culture and Conduct programme" (see pages 260 and 261).

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SOCIETE GENERALE – CSR AT A GLANCE

Committed to a fair, environmental and socially inclusive transformation

CLIMATE CHANGE

Awards:
No. 2 lender in the world in renewable energies in 2020 (IJ Global)

Aligning activities with the Paris Agreement:

New commitments in 2020
- Goal of reducing the sector's exposure to oil and gas extraction by 10% by 2025 (decision to stop financing onshore oil and gas extraction in the United States)
- Goal of cutting back on its financing for power generation projects by 18% by 2025, and by 76% by 2040, as compared to 2019 levels

Katowice Commitment
- Publication of the "PACTA" common open-source methodology

Find out more:
Chapter 5, pages 306 to 314

SOCIAL TRENDS AND INNOVATIONS

Regional development:
- Greater Paris: providing an additional EUR 3 billion in financing ahead of 2024

Low-carbon mobility:
- ALD, ranked third in the world by Vigeo Eiris (score of 67/100) in the business support services sector (102 companies)

Support for entrepreneurship:
- Acquisition of Shine, the neobank for entrepreneurs

Social, solidarity and circular economy:
- Launch of Kapsul, an inclusive offer at EUR 2.00/month, free of revenue prerequisites and account management fees

Find out more:
Chapter 5, pages 314 to 327

CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT OF AFRICA

Awards:
Best CSR Africa by EMEA Finance magazine (and 8 awards overall for the 2020 edition)

SME financing:
- Opening of an SME Centre in Benin (8 SME Centres overall since 2017)

Infrastructure financing:
- A public hospital with 430 beds in Benin
- A shopping centre with environmental certification in Cameroon

Financial inclusion:
- 2.1 million YUP customers (mobile money solution)
- YUP was chosen to assist the National Agency for Social & Economic Inclusion with a programme providing financial support to the poorest households in Guinea

Find out more:
Chapter 5, pages 327 to 330

CUSTOMER SATISFACTION AND PROTECTION

Customer satisfaction:
- Societe Generale received the 2021 "Customer Service of the Year" award from Viséo SI (8th time and 4th consecutive year)
- Boursorama, No. 1 in banking customer relations in 2020, according to the Customer Relationship Podium Awards organised by BearingPoint and Kantar

Customer protection:
- Launch of the Oppens start-up, which advises and supports VSEs and SMEs with improvements to their cybersecurity

Find out more:
Chapter 5, pages 304 to 306
Chapter 4.11, pages 254 to 258

ETHICS AND GOVERNANCE

Environmental and social risk management system:
- Adapted throughout all BU/SUs, under the supervision of the members of the Management Committee
- Implementation of mandatory e-learning

Culture and Conduct:
- 96% of employees completed a mandatory training module on the Code of Conduct in 2019/2020

Right to whistleblow:
- Global implementation of the mechanism

Find out more:
Chapter 5, pages 277 to 281
Chapter 5, pages 291 to 303
Chapter 5, pages 338 to 345

RESPONSIBLE EMPLOYER

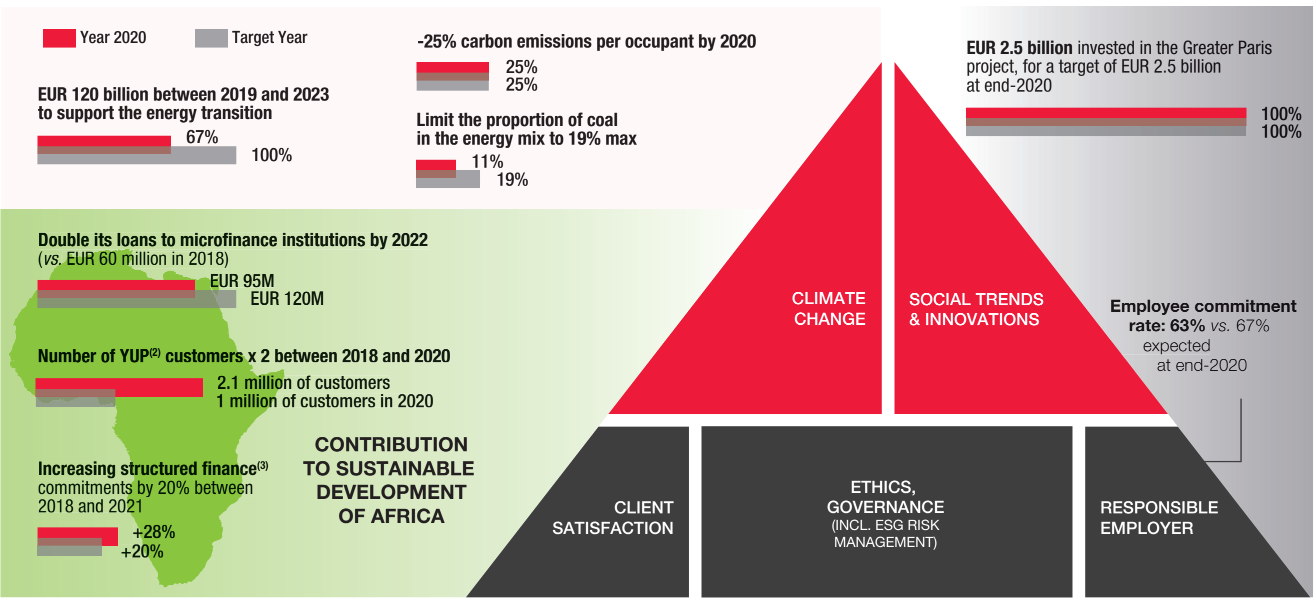
Diversity:
- New goal of 30% women in management bodies by 2023
- In the Bloomberg Gender-Equality Index for the second year in a row
- A three-year agreement promoting the employment and professional integration of persons with disabilities

Fight against inappropriate behaviour:
- Implementation of mandatory e-learning

Life at Work programme:
- 54,700 telecommuters in the world

Find out more:
Chapter 5, pages 281 to 289
Chapter 5, pages 338 to 345

Societe Generale's CSR ambition



(1) Data at end of H1-20.
(2) e-wallet solution, launched by Societe Generale in August 2017.
(3) Group's gross structured finance commitments in Africa and gross infrastructure finance commitments by structured finance platforms located in Africa.

Recognition from extra-financial agencies

Agencies	2019	2020	Index	Position
SAM Now a Part of S&P Global	79	79	*DJSI World* *DJSI Europe*	**Top decile** banks worldwide
MSCI ESG RATINGS *	A	AA	*MSCI Low Carbon Leaders Index*	**Top 14%** banks worldwide
SUSTAINALYTICS a Morningstar company **	30.1	25.9	*STOXX Global ESG Leaders* *STOXX Global ESG Environmental Leaders* *STOXX Global ESG Social Leaders* *EURO STOX ESG Leaders 50* *STOXX Europe ESG Leaders 50*	**"Medium Risk"** **Top quartile** banks worldwide
vigeoeiris	66	A1+ 68	*Euronext Vigeo Europe 120* *Euronext Vigeo Eurozone 120* *Euronext Vigeo France 20*	**Top 1%** all companies worldwide
Corporate ESG Performance Prime Rated by ISS ESG	C	C+	*STOXX Europe Low Carbon Footprint* *STOXX Europe Reported Low Carbon*	**"PRIME" status** **Top decile** banks worldwide
CDP Driving Sustainable Economies	C	B		**Top 33%** worldwide

* *MSCI ESG Research assigns ratings to public and some private companies on a scale from AAA (leading) to CCC (lagging), based on their exposure to industry-specific ESG risks and their ability to manage these risks in comparison to their peers. Find out more about MSCI ESG ratings: https://www.msci.com/documents/1296102/15233886/MSCI-ESG-Ratings-Brochure-cbr-en.pdf/7fb1ae78-6825-63cd-5b84-f4a411171d34*

** *Rating reports at November 2020. In September 2018, Sustainalytics launched a new ratings framework called "ESG Risk Ratings".*

***Note:** Number of companies on the panel of each branch: MSCI - 213 banks; SAM - 253 banks; Sustainalytics - 968 banks; Vigeo Eiris - 4,881 companies; ISS ESG - 285 banks*

Managing the Covid-19 health crisis

Supporting our customers during this difficult period

- 80% of branches open during the first lockdown in France
- 5,000 laptops and tablets distributed in the French network within the first two weeks of the lockdown
- 15,000 conversations/day with the chatbot (with a 90% satisfaction rate in spring 2020 – source: Boursorama)
- **Individuals:** extending the terms of consumer finance and mortgage loans at no extra cost; contactless payment cap raised to EUR 50
- **Professionals and Corporates:** payments on existing loans deferred for up to six months, at no extra cost, and government-backed loans (at end-2020): more than 98,200 applications, EUR 19 billion in outstanding loans)
- **Insurance:** payment of an exceptional support premium to customers holding a Multirisk Pro policy working in the business sectors most affected by the crisis
- **In Africa:** strict measures with respect to social distancing and sanitiser gel distribution, transaction services (including payments) maintained, and increased roll-out of the Sogecash Net remote banking solution, enabling companies to manage and view their accounts remotely and in real time

Protecting the health and jobs of our people

- 100,000 employees telecommuting in 61 countries during the first wave
- Remote access capacity increased fivefold in the first weeks of lockdown in France
- Compensation maintained for all 133,000 employees
- Enhancement of the social counselling and support system
- Establishment of a weekly survey to track employee morale in order to pinpoint needs and expectations during a protracted crisis

Showing solidarity with civil society

- EUR 1 million to the "All United Against Coronavirus" Alliance of the *Fondation de France, l'Assistance publique – Hôpitaux de Paris* and the *Institut Pasteur*
- EUR 500,000 to partner organisations of the Societe Generale Foundation for the emergency response in areas such as housing, food aid and health protection measures for the most needy
- In Africa: nearly EUR 2.9 million to Doctors without Borders, the International Federation of Red Cross and Red Crescent Societies (IFRC), and CARE to prevent and fight the spread of Covid-19

5.1 SOCIETE GENERALE AND COVID-19: WHAT WE ARE DOING TO MANAGE THE CRISIS

As the world reckons with the pandemic's profound impact on people, economies and society, we have strengthened our system for managing non-financial risk.

To manage these unprecedented challenges, the Group established a Crisis Committee, overseen by General Management. After initially meeting every day starting in late January 2020, meetings are now held as needed. The committee's main objectives are to set out the framework to ensure business continuity and protect our staff, guided by government recommendations in all our host countries, ensure decisions are implemented and communicated without fail to all our employees.

Societe Generale has set three priorities to tackle the human, economic and social impacts of the crisis:

- supporting our customers during this difficult period;
- protecting the health and jobs of our people;
- showing solidarity with civil society.

5.1.1 SUPPORTING OUR CUSTOMERS DURING THIS DIFFICULT PERIOD

Societe Generale offers a range of online services worldwide with high-performance IT systems to cope with the demands of the large numbers working from home, peaks in online service demand by customers and the rise in cybercrime.

When lockdown was announced in France, the Group immediately switched into high gear and organised our teams to support our customers, provide timely and tailored solutions for these exceptional circumstances and ensure continuity of banking services, while following all government guidelines.

Eighty percent of our branches stayed open. And we gave out 5,000 tablets to staff so they could continue to work from home. We also expanded the remit of the Group's Customer relations centres and gave some parts of our business priority to make it easy for our customers to bank from home and comply with lockdown rules and measures to curb the spread of the disease.

For other employees in France, we increased full access to our internal IT network five-fold to keep people connected and facilitate remote working in the first two weeks of this unprecedented period.

We also adopted special targeted measures in France to meet the additional cash needs of our corporate and professional customers. They include offering:

- the option to defer payments on existing loans for up to six months, at no extra cost;
- a coronavirus impact assessment for corporate, professional and micro-business customers to offer the right solutions for them within 48 hours;
- government-backed loans (in partnership with Bpifrance) for professional and corporate customers affected by the pandemic. We had processed more than 98,200 of these loan applications by December 2020 for EUR 19 billion in total.

We also took steps to help individual customers such as extending the term of consumer finance and mortgage loans – at no extra cost – especially for those in difficulty (on furlough, for example). We have also raised the limit for contactless payments to EUR 50.

We have not forgotten the young during this period of pandemic restrictions. The Societe Generale network offers 18- to 24-year-olds (some 640,000 customers) free access for two months to all our BOOST platform services. BOOST is geared towards young people with a suite of services aimed at easing the transition from school to work and developing skills and independence, even during lockdown. Young platform subscribers can get help to revise and prepare for language exams like TOEIC and TOEFL, learn the highway code for their driving test or sign up for digital tutorials.

Some Group subsidiaries have also put together products specifically designed to support customers during this period. Crédit du Nord has partnered with Simplébo on a directory where professionals, corporates and non-profits can showcase their business or activity. Free to customers, the directory boosts their online profile and enhances their local presence.

From the outset of the pandemic, Boursorama Banque has reached out to its customers across all communication channels (web, apps, email and text) to highlight all the ways they can easily carry out day-to-day transactions to manage their accounts, loans and savings online. Boursorama Banque launched a new home page in March 2020 to make it easier to bank online. Customers used to managing their transactions from their customer account page can now:

- suspend payments on mortgage and personal loans online and free of charge (requests have risen rose seven-fold since the start of the pandemic);
- make payments from wallets (Apple Pay, Samsung Pay, Google Pay, etc.) with no amount limit;
- pay using the virtual payment card (order and delivery online) for purchases – before receiving their bank card at home;
- use the Elliott chatbot to find answers to questions (chats increased 300% in March compared with the monthly average in 2019), and protect their accounts from fraud (avatar, block/unblock bank card, monitor connections, etc.).

Societe Generale Assurances has also stepped up with special measures to protect customers, for example:

- borrower's insurance for government-backed loans distributed by the Societe Generale Group network;
- payment of a one-off premium to *Multirisque Pro* policy holders working in the sectors most severely impacted by the crisis;
- suspending the waiting period on funeral plan policies taken out before 1 February 2020.

On the international stage

KB*, the Group's subsidiary in the Czech Republic, moved in March 2020 — ahead of the government's decision — to offer professional customers the option to defer their monthly payments by three or six months and applied the "protection period". Approved by the Czech parliament, this moratorium (or protection period) allows customers to defer loan repayments on request and set a cut-off date of 31 October 2020. Some 5,300 customers took advantage of the deferred payment options on 7,400 loans to businesses. For 75% of legally deferred payments, a fully or partially automated process was used to process requests.

KB was also at the forefront in distributing support programmes in the form of state-guaranteed loans. In 2020, it provided loans guaranteed by the Czech-Moravian Guarantee and Development Bank (Českomoravská záruční a rozvojová banka, a. s. – CMZRB) under the COVID II, COVID Prague, COVID III and EGAP COVID Plus aid packages. In all, KB had received more than 3,200 loan applications under these programmes for a total of CZK 19 billion at 31 December 2020. The COVID III package attracted the highest number of applications and loan amounts: 1,700 agreements were signed for a total of CZK 13 billion.

KB was the first bank in the Czech market, with *Zaplaceno.cz*, to introduce an efficient payment solution for online retailers using indirect payment orders (PISP), following implementation of the European Directive on payment services in the internal market (PSD2). The pandemic has also speeded up the development of online banking services. KB customers have the option to digitally sign and share some 25 different types of documents with the Bank, including loan agreements. The total in 2020 was 20,000 documents, more than 10 times the number in 2019. Documents can be provided with one or more signatures through the online banking portal.

Turning to Russia, Rosbank* was an active player in distributing state support for SMEs, such as low-interest loans offered through special lending vehicles. The Bank also launched a crowdfunding initiative with planeta.ru. And that's not all. Monthly maintenance charges for business current accounts denominated in roubles and dollars were waived for customers in the sectors worst hit by the pandemic. Loan repayments were deferred for up to six months.

The Group's African subsidiaries remained open and maintained transaction services, including payments, but with strict social distancing measures in force and distribution of hand sanitiser. Societe Generale stepped up the roll-out of Sogecash Net, an online banking service for businesses. Users can connect to the service from a computer, tablet or smartphone to view and manage their accounts in real time. The E-banking solution stores repeat transactions and the information routinely used by customers to make banking smoother and easier.

SOME TRANSACTIONS TO SUPPORT OUR CUSTOMERS DURING THE COVID-19 PANDEMIC

Societe Generale assisted the *Caisse française de financement local* (CAFFIL, the specialist bank whose sole business is refinancing loans to public sector entities) in a EUR 1 billion, 5-year social bond issue. The proceeds of this bond will go to finance public hospitals. This was the first Covid-19 covered bond issued by a European financial institution specifically to raise funds to tackle the health and economic consequences of the pandemic. The issue met with enthusiastic demand from investors, generating an order book totalling EUR 4.5 billion and keen interest from ESG bond investors. This was the largest order book for a covered bond in 2020 and the highest over-subscription registered by all issues by SFIL, the French state-owned public development bank, since 2013. Societe Generale was bookrunner for the deal.

The Group was also a bookrunner for the launch of BBVA's social bond issue. The Spanish bank successfully issued a EUR 1 billion, five-year senior preferred bond. The proceeds are earmarked to fund social projects in areas like healthcare, education, affordable housing and financing for small and medium enterprises. This Covid-19 social bond – the first to be issued by a private European financial institution – demonstrates BBVA's firm social commitment. The type of issue attracted a great deal of market interest with demand far exceeding the offer: the deal was five times over-subscribed.

In Italy, the *Cassa Depositi e Prestiti Spa* (CDP, Italy's development finance institution) issued the country's first social bond to provide financing for Italian companies and local authorities hard hit by Covid-19. In two tranches, the EUR 1 billion issue is structured as a 3-year and 7-year benchmark senior unsecured bond. It was oversubscribed with almost twice as many bids as bonds on offer. More than 130 investors placed orders with a strong showing by SRI and foreign investors. Building on its long working relationship with the CDP, Societe Generale acted as joint lead manager and joint bookrunner for a deal that will play a decisive role in Italy's economic recovery.

5.1.2 PROTECTING THE HEALTH AND JOBS OF OUR PEOPLE

At Societe Generale, people come first. We are more committed than ever to social protection to help keep our employees safe and well and safeguard their jobs. We are doing whatever is needed and have all necessary measures in place to provide as much protection as possible for our staff.

Throughout this pandemic, the Group has promised to shield the incomes of all 133,000 staff around the world by guaranteeing their salaries. Take France for instance. All through lockdown, Societe Generale made up any shortfall in the salaries of employees on sick leave or forced to take time off to mind children. We have also promised not to make use of government furlough arrangements or the offer to delay payment of social security charges and payroll taxes, despite the closure of some of our operational sites and branches. To help us put these measures in place and protect our employees during this intense period, the Group asked staff to take some of their annual holidays during lockdown as a gesture of solidarity.

The following measures were introduced to protect our people:

- informing staff about the public health measures in place, in accordance with government guidelines;
- providing psychological support for employees: in France we have set up a tele-consultation service through the *MesDocteurs* online platform;
- working from home and splitting teams between different floors when employees must be on site;
- making IT and data security a priority for employees by providing mandatory training on data protection;
- a survey to track morale: a weekly barometer has helped to pinpoint needs during this extended crisis.

For more information on Societe Generale's commitment as a responsible corporate citizen during the pandemic, see: *https://www.societegenerale.com/en/publications-documents?theme=employeur-responsable&category=sante-et-securite-au-travail* and Occupational Health and Safety Report : *https://www.societegenerale.com/en/responsability/responsible-employer/occupational-health-and-safety.*

Covid-19 has upended our workplace organisation, practices and routines.

In response, we launched a group-wide campaign called "The Future of Work" in late May 2020 to actively engage employees in the change process. Our survey asked respondents about their experience during lockdown, and their hopes and fears. Our ultimate aim was to get a better grasp on the far-reaching changes under way, to identify best practices and new ideas, as well as potential pitfalls. Some 5,832 employees around the world took part and shared their vision of the future of work. The findings form the basis of a white paper published in July 2020 which will guide future policy decisions on workplace organisation.

The Group's Purchasing Division has kept up its commitment to the social and solidarity economy during this uniquely challenging time. For example, we use companies in the protected and sheltered sector to pack the masks provided to Societe Generale employees.

5.1.3 SHOWING SOLIDARITY WITH CIVIL SOCIETY: AN EXCEPTIONALLY BUSY YEAR IN 2020

Societe Generale launched a dedicated global solidarity programme to contribute to initiatives in France and abroad and to directly support organisations working on the front line in health and social emergencies. In 2020, the Group's corporate officers gave up 50% of their variable remuneration and contributed EUR 1.2 million to this effort.

In France, Societe Generale donated EUR 1 million to the "All United Against Coronavirus" Alliance of the *Fondation de France* (a philanthropic organisation)*, Assistance publique – Hôpitaux de Paris* (AP-HP, the Paris government-run health service) and the *Institut Pasteur*. And employees raised an additional EUR 87,000 for the Alliance in a separate fundraiser, with all proceeds going to support a large number of projects. Some 27 initiatives were funded in France:

- 16 projects aimed at care staff, including purchase of equipment (in Bron and Clermont-Ferrand), setting up help lines (Mulhouse) and discussion groups (Strasbourg);
- 9 projects to support vulnerable groups, including setting up a Covid-19 mental health support line (in Chambéry), help lines and social outreach activities for the elderly and people with disabilities in several locations in France.

The remaining funds went to two large research projects: the first run by the *Pitié-Salpêtrière* and the *Assistance publique - Hôpitaux de Paris* (AP-HP, a university hospitals group in Paris and the surrounding area) to improve care and treatment for Covid-19 patients and prepare for emerging viral risks. The second project is also run by the Pitié-Salpêtrière and AP-HP, together with the Pierre Louis Institute of Epidemiology and Public Health (UMR-S1136). This project is focused on the warp-speed development and roll-out of Covidom, a telemedicine solution for home monitoring of patients with mild to moderate forms of coronavirus.

We have also stepped up our support for partner organisations of the Societe Generale Foundation with funding totalling EUR 500,000 for the emergency response in areas such as housing, food aid and health protection measures for the most needy.

Subsidiaries also joined the effort: Boursorama lent its energy to the "All United Against Coronavirus" Alliance. For every new customer, the online bank donated EUR 40 to the Alliance. Since the pandemic hit, Boursorama has made it easy for customers and visitors to the online data platform, *boursorama.com*, to donate money to "All United Against Coronavirus". Donations topped EUR 46,000 at 9 April 2020.

ALD Automotive* made a EUR 100,000 donation to 101 (One O One), a non-profit that works to improve ICU outcomes. The funds were earmarked specifically to augment the organisation's "Empower Intensive Care and Save Lives" appeal for funds to help tackle the immense pressure on intensive care units in France and around the world. Setting a target of EUR 50,000 in additional funds, ALD Automotive's sister appeal, "We are 1 for 101", asked its 6,700 employees in 42 different countries to dig deep for 101. ALD Automotive in Spain made its 500-vehicle fleet available to hospitals, health professional organisations and NGOs to get staff from A to B and deliver food and other supplies.

Still outside France, in May 2020 the Group set up a Coronavirus Solidarity Fund for Africa. Doctors without Borders received the first donation of EUR 1.5 million to help fund its work in Burkina Faso, Cameroon, Côte d'Ivoire and Senegal.

Societe Generale also gave EUR 370,000 to CARE for its work to curb the spread of Covid-19 in Madagascar and Chad. CARE is a longstanding partner of the Group and is a major player in disaster response, working closely with civil society groups and local authorities. On the ground, CARE's teams tackle problems from three angles: information and education, strengthening healthcare structures and help in tackling economic consequences.

Last but not least, we supported the International Federation of Red Cross and Red Crescent Societies (IFRC) in its work in Benin, the Congo, Equatorial Guinea, Ghana, Guinea, Mauritania, Mozambique and Togo. Thanks to this EUR 1 million in funding, the IFRC has been scaling up its response to the pandemic, encompassing preventive measures, containing the spread of the disease and dealing with its social and economic repercussions.

In Burkina Faso, Societe Generale linked its YUP mobile money app with DiagnoseMe, an app developed by Faso Civic, a non-profit start-up. DiagnoseMe helps to quickly diagnose the main symptoms of Covid-19 and direct the user to testing and medical care. YUP sent its more than 250,000 users in the country with a smartphone the download link for the new app by text and social media. DiagnoseMe won the prize for Best Public-Private Partnership Initiative in CSR and Health in Africa (awarded to Faso Civic, Societe Generale/YUP BF, Orange BF, UNDP BF and the Ministry of Health) at the Africa CSR Health and Impacts Awards 2020.

The initial impacts of the pandemic have hit Africa's agrifood markets hard with disruption to supply and transport and delays to payments as cash runs dry. To help, Societe Generale signed an agreement with the Food and Agriculture Organization of the United Nations (UN FAO) in Senegal early in 2020 to pay 1 million dollars in aid to 6,000 vulnerable people in rural areas. Payments are made through the YUP app.

We have also gotten behind the French Development Agency's (AFD) Choose Africa programme and its new Resilience component to tackle the health effects and economic fallout from the pandemic. We are the first banking partner for the programme set up to grant guaranteed loans to hard-hit micro-businesses and SMEs, 80% backed by the AFD and Proparco, an AFD subsidiary. Our local subsidiaries in Madagascar, Cameroon, Côte d'Ivoire and Senegal signed a partnership agreement with Proparco in December 2020 to implement the programme. Other subsidiaries are also due to sign up early in 2021.

In Senegal, the Group organised a webinar, "Covid-19 and health structures: lessons learnt and strategies for resilience", as part of a custom programme for the health sector in partnership with Shops+. Some 30 people attended.

Lockdown was a period of intense activity for Societe Generale staff as we worked hard not only to continue to provide support for customers but also to pool our human and digital resources to quickly remake products and services to meet immediate needs. Keeping our staff safe and ensuring business continuity were also top priorities as we enabled our workforce around the world to work from home – all at the same time.

The Covid-19 emergency has demonstrated our agility and ability to adapt on a global scale. It also shows that the digital transformation and innovation strategy we launched some years ago is the right one to ensure we are nimble and agile enough to meet the needs of both customers and staff.

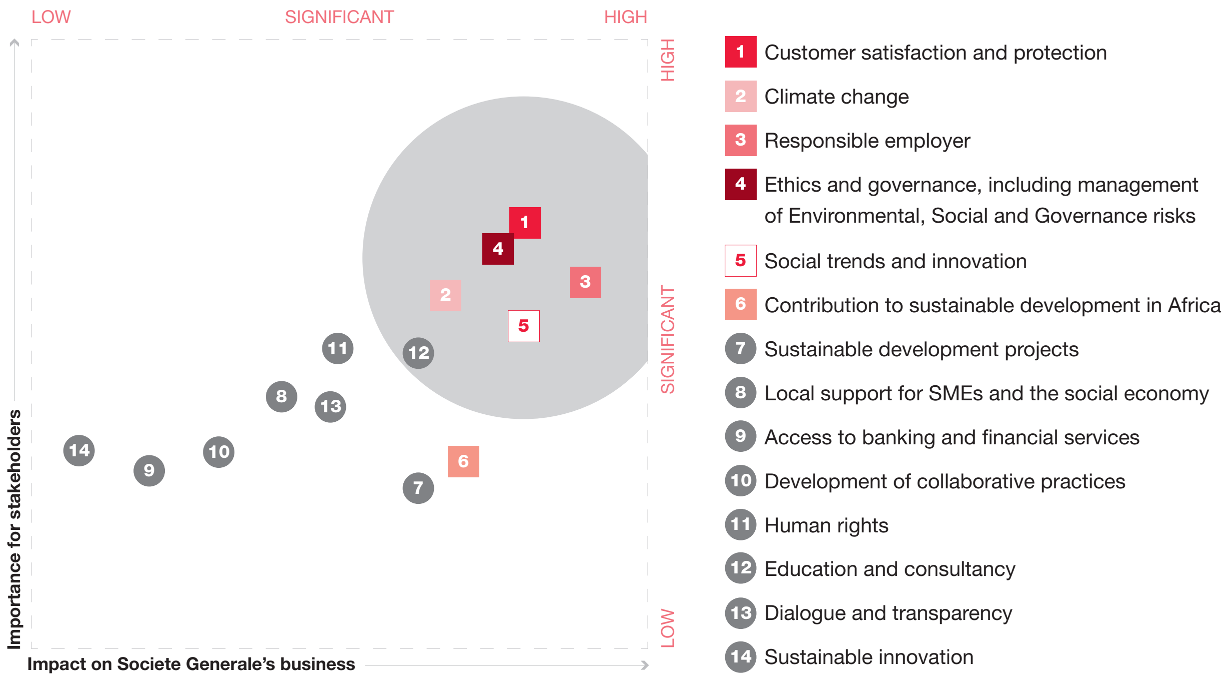
5.2 SOCIETE GENERALE'S CSR APPROACH

Defining a corporate purpose was an opportunity for the Group to explore how to meet the growing expectations of its internal and external stakeholders in a world of increased responsibility, where economic development has become inseparable from environmental and social progress. Substantive, collective efforts were made during the final months of 2019, with 85,000 contributions from employees of more than 50 nationalities, team focus groups in direct contact with customers, young employees and managers from all backgrounds, together with the Management Committee. The outcome was debated in the Board of Directors and the final formulation of the corporate purpose was approved on 17 January 2020: “Building together, with our clients, a better and sustainable future through responsible and innovative financial solutions” (see: Chapter 3.1.1 “Governance/Purpose”, p. 64).

Committed to support its customers with positive transformations in the world, Societe Generale has made Corporate Social Responsibility (CSR) the linchpin of its purpose and strategy. Its corporate social responsibility concerns all its businesses, for which it represents both an opportunity for innovation and a factor of sustainability. It has been integrated into the Group’s strategic 2020 Transform to Grow programme, presented to the markets in November 2017 (see: Chapter 1.3 “A strategy of stronger, profitable and sustainable development, based on a diversified and integrated banking model”, p. 11). Achieving this ambition is one of the targets set by the members of the Group Management Committee and tied to their remuneration (see: Chapter 3.1.3 “Remuneration of Group Senior Management”, p. 98).

To define the strategic plan, a materiality matrix was created to rank Environmental, Social and Governance issues after extensive consultation with the Group’s internal and external stakeholders.

MATERIALITY MATRIX



This matrix has made it possible to prioritise sustainable development challenges in relation to the priorities expressed by the Group’s stakeholders and to formalise the CSR ambition with a view to including it in the strategic plan. The resulting CSR ambition focuses on three cross-business components that form the foundation of a responsible bank:

- customer satisfaction and protection (see: "Satisfying customers while ensuring their protection”, p. 304 and Chapter 4.11 “Compliance risk, litigation”, paragraph “Customer protection”, p. 255);
- ethics and governance (see: “Societe Generale, a responsible financial company”, p. 277); and
- the challenges of a responsible employer (see: “Being a responsible employer”, p. 281).

Three other components drive the positive transformation of the Group's actions as a responsible bank:

- the fight against climate change (see: "Positive climate action", p. 306);
- social trends and innovations (see: "Delivering on our commitment to sustainable and responsible finance", p. 314); and
- the contribution to the sustainable development of the African continent (see: "Continued commitment to sustainable development in Africa", p. 327).

A new stakeholder consultation is under way to update the Group's CSR materiality matrix, which will provide the basis for defining ambitions in this area as part of the new 2021-25 strategic plan.

Through its geographic presence, the diversity of its businesses and its responsible commitment, Societe Generale plays a role in helping to achieve the Sustainable Development Goals (SDGs) defined by the UN (for more information, see *https://www.un.org/sustainabledevelopment/sustainable-development-goals/*, and in particular through the six areas of its CSR Ambition, each of them contributing directly to the achievement of one or more goals).

Core themes of the CSR policy

Customer satisfaction and protection

As a trusted partner, Societe Generale strives daily to protect and satisfy its customers by aiming for the highest standards of security and service quality (see: "Satisfying customers while ensuring their protection", p. 304).

Ethics and governance

By complying with the regulations and ethical obligations in force and by implementing its own commitments, Societe Generale intends to make practical efforts and to have a positive impact on the environment by showing solidarity with and being attentive to the various stakeholders in its global ecosystem (see: "A Code of Conduct underpinned by shared values", p. 279; "The Group's main CSR commitments", p. 294; "E&S risk management in the businesses to promote fair and responsible growth", p. 299).

Responsible employer

Taking measures to ensure well-being at work and promote the diversity and professional development of teams is essential to further the commitment of employees working within the Group and to boost performance. Societe Generale is committed to five priority areas with respect to human resources: Corporate Culture and Ethics Principles, Professions and Skills, Diversity and Inclusion, Performance and Compensation, Occupational Health and Safety (see: "Being a responsible employer", p. 281).

Climate change

Promoting positive climate and environmental action by supporting a fair, environmental and inclusive transition (see: "Positive climate action", p. 306).

Social trends and innovations

By participating in the social trends emerging in its regions and markets, Societe Generale supports the development and resilience of its ecosystems. In particular, the Group promotes positive transformation by supporting entrepreneurs, helping to invent the sustainable city of the future, encouraging green mobility and promoting solidarity-based finance (see: "Delivering on our commitment to sustainable and responsible finance", p. 314).

Contribution to the sustainable development of Africa

Established in 18 countries, the Group is the leading international bank operating in West Africa. Societe Generale supports local economies, in particular through the Grow with Africa programme, which demonstrates its commitment to long-term performance. Designed in collaboration with numerous international and local partners, this programme provides for several sustainable growth initiatives to drive positive transformation across the continent: inclusion, multidimensional support for African SMEs, infrastructure financing, and the development of innovative financing solutions for agriculture and renewable energies (see: "Continued commitment to sustainable development in Africa", p. 327).

For more information, see Societe Generale's Communication on Progress Advanced 2019 report on the United Nations Global Compact website *(https://www.unglobalcompact.org/participation/report/cop/create-and-submit/advanced/434797).*

In accordance with regulations, the Group presents herein the relationship between:

- its business model;
- its CSR ambition;
- the policies and processes it implements and continues to enhance to manage the Environmental and Social (E&S) risk factors inherent in its activities.

In order to identify the non-financial risk factors inherent in Societe Generale's activities, the Group has created a mapping that compares the main themes of the CSR ambition with the Group's types of risk (see: Chapter 4 "Risks and capital adequacy", paragraph "Types of risks", p. 151), considering that environmental, social and human rights risk factors are triggers or aggravating factors for certain types of risk, especially credit, compliance and reputational risks, and separate from the business model.

This identification process led to a ranking of the main non-financial risk factors assessed according to two criteria: their potential severity and their probability of occurrence. The assessment considers the inherent risk, *i.e.* before the application of internal measures aimed at reducing their impact. Time considerations were added for certain risk factors that are not significant at present, but may intensify in the future.

The methodology and results of this mapping exercise were presented to the Independent Verifier.

The non-financial risk factors identified as being the most significant intrinsically were:

- IT systems failure, including cybercrime (see: Chapter 4.8 "Operational risk", paragraphs "Risks related to information security and information and communication technologies, p. 237);
- non-compliance with business ethics, including corruption, tax evasion and money laundering (see: Chapter 4.11 "Compliance risk, litigation", paragraph "Anti-corruption measures", p. 257);
- data protection (see: Chapter 4.11 "Compliance risk, litigation", paragraph "Data protection", p. 257);
- the Environmental and Social (E&S) challenges that could have an impact on the Group's reputation as a result of other operational risks or arising from negative stakeholder perception (especially among external stakeholders) (see: "E&S risk management in the businesses to promote fair and responsible growth", p. 299);
- non-compliance with the Group's E&S laws and commitments (including non-compliance with labour regulations or health & safety standards) (see: "Being a responsible employer", p. 281).

Certain moderate risk factors were also identified:

- E&S issues that could affect the Group's credit risk, especially climate change issues: transition risks and physical risks. These risks are likely to escalate with time (see: "Positive climate action", p. 306);
- employee misconduct – non-compliance with the Group's Code of Conduct and Guidelines, for example (see: "Being a responsible employer", p. 281);
- a risk factor relating more specifically to Human Resources management: lack of qualified staff (see "Being a responsible employer", p. 281).

In addition, and in keeping with the Group's risk mapping, the Group's Human Resources Department has created a specific mapping to identify the key risk factors related to the Human Resources (HR) of Societe Generale and its subsidiaries. The chosen HR focus areas were listed according to their potential impact in the event that the risk materialises in five areas: financial, compliance/legal, reputation, health and safety of employees, and loss of competence/business disruption. The focus areas having an impact on at least one of these areas were then cross-referenced with external risk analyses using Maplecroft[1] quantitative databases specific to banks and a risk panel identified by the Danish Institute for Human Rights[2], used to pinpoint five key HR risks for Societe Generale (see: "Being a responsible employer", p. 281).

This Universal Registration Document reports on updated policies to mitigate these risks. A DNFP (Declaration of non-financial performance) cross-reference table appears at the end document (see: page 349) and a summary of non-financial risk factors as well as emerging risks can be found on the Societe Generale website *(https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/summary-of-non-financial-risk-factors-and-emerging-risks.pdf)*.

Words followed by an asterisk have a specific definition presented in the Glossary, p. 346.

You can find all the quantified indicators at: *https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/corporate-social-responsibility-group-key-figures.xlsx*

(1) https://www.maplecroft.com/
(2) https://www.humanrights.dk/

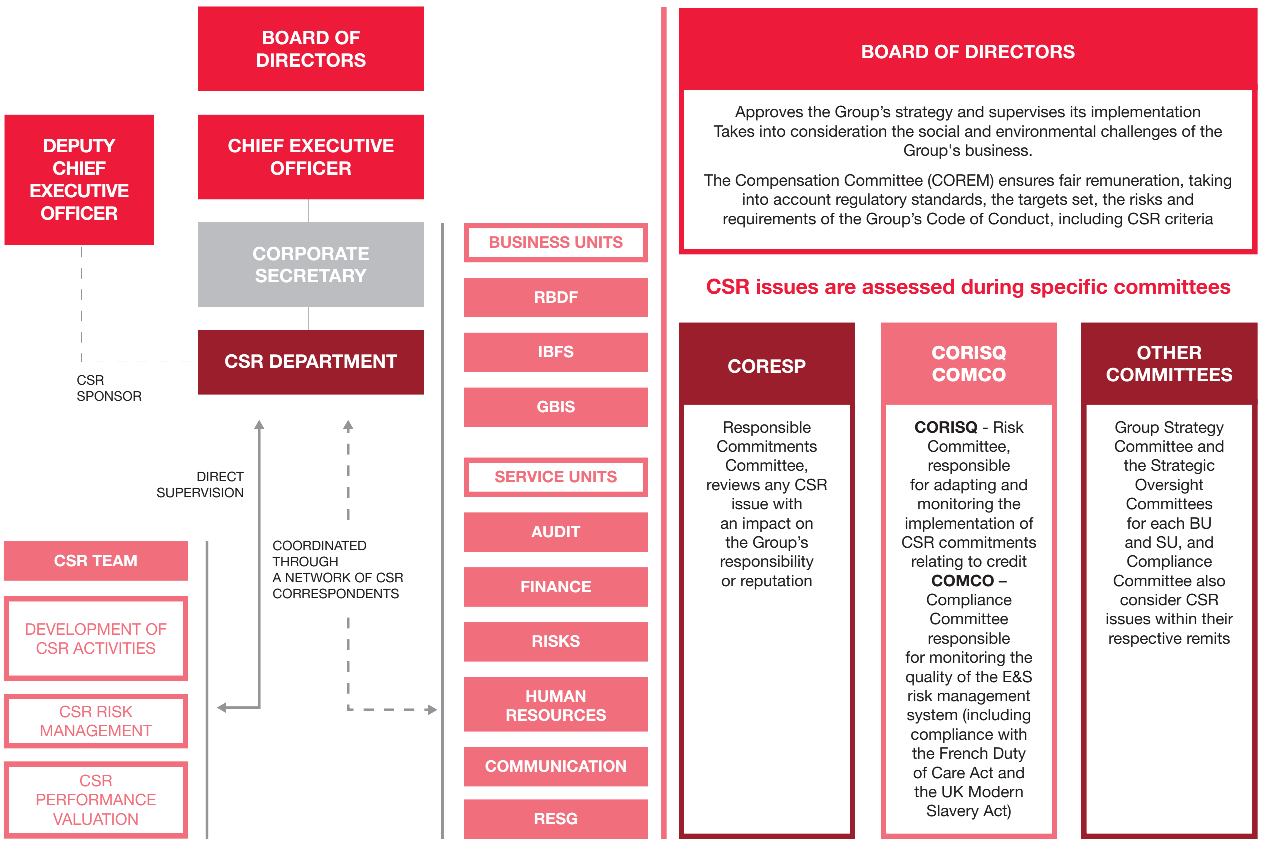
5.3 SOCIETE GENERALE, A RESPONSIBLE FINANCIAL COMPANY...

Societe Generale was one of the first French banks to express its commitment to sustainable development in France and worldwide. This commitment is recognised worldwide, as the Group is included in the main global indices in this area and enjoys excellent ratings from the main non-financial rating agencies (see page 269).

The Group conducts its development in accordance with the values and principles set out in the following main international conventions:

- the Universal Declaration of Human Rights and its additional commitments;
- the fundamental conventions of the International Labour Organization (ILO);
- the Unesco World Heritage Convention;
- the OECD (Organisation for Economic Co-operation and Development) Guidelines for Multinational Enterprises;
- the United Nations Guiding Principles on Business and Human Rights.

5.3.1 CSR IN THE GROUP'S GOVERNANCE



Five actors play a specific role in terms of CSR:

- **the Board of Directors**, which approves the Group's strategy and supervises its implementation. As part of its duties, it takes into consideration the social and environmental challenges of the Group's business; at meetings of the Board of Directors and its Committees, CSR achievements and issues are regular agenda items (see Chapter 3.1.2 "Board of Directors", section "Board of Directors' work", p. 83). The Group Compensation Committee (see: 3.1.2 "Board of Directors", section: "Compensation Committee", p. 88) also explores CSR issues in the scope of its mandate);

- **General Management,** which examines CSR issues through:
  - the Responsible Commitments Committee (CORESP), chaired by the Chief Executive Officer or, in his absence, by the Deputy Chief Executive Officer, who specifically sponsors CSR, is responsible for defining the Group's responsible trajectory and examines any E&S issue having an impact on the Group's responsibility or reputation (see: "E&S risk management in the businesses to promote fair and responsible growth", p. 299),
  - the Group Risk Committee (CORISQ), chaired by the Chief Executive Officer or, in his absence, by the Deputy Chief Executive Officer, who is specifically tasked with supervising the Risk Division, which defines the Group's main risk guidelines. In particular, it will ensure that the CSR commitments relating to credit are implemented from the first quarter of 2021,
  - the Compliance Committee (COMCO), chaired by the Chief Executive Officer or, in his absence, by the Deputy Chief Executive Officer, who is specifically tasked with supervising the Compliance Department, which sets the Group's main compliance guidelines and defines the compliance principles. In particular, it will be responsible for monitoring E&S-related risks from the first quarter of 2021 (see: 4.2.3. Risk management organisation, section: Governance of risk management, p. 169),
  - the Group Strategy Committee and the Business and Service Units' Strategic Management Committees (see Chapter 3.1.4 "Governance bodies", p. 95);
- **the Corporate Secretary**, responsible for protecting the Group to foster its development, supervises in particular the development and consideration of CSR issues within Societe Generale;
- **the CSR department** which reports to the Corporate Secretary. The Head of CSR is a member of the Group Management Committee. Backed by her 17-strong team and supported by a network of 68 correspondents in the Business and Services Units (at Q1 20), she is in charge of formulating a dedicated policy for the Group, attuned to stakeholders, and of monitoring actions in this area;
- **the Group entities** that are tasked with implementing and aligning their initiatives with Societe Generale's CSR policy.

Employee remuneration, including that of corporate officers and the Management Committee, is aligned with the Group's corporate social responsibility considerations at several levels (for more information, see: *https://www.societegenerale.com/sites/default/files/documents/Employeur_responsable/performance-and-compensation-2019-report.pdf)*:

- in the collective remuneration of Societe Generale SA employees in France, the amount of profit-sharing and incentive schemes depends on the annual achievement of two social responsibility goals: since 2014, Societe Generale Group's presence in the top quartile of the annual sectoral ranking of companies assessed by the ESG ratings agency S&P Global CSA (formerly RobecoSAM) and, since 2017, an increase in the volume of purchases from the supported/sheltered employment sector (+EUR 500,000 per year);
- in the remuneration of employees, the policy of which promotes sound and prudent risk management, including in particular the management of sustainability-related risks for financial markets operators and financial advisors in charge of investment advisory.
- in the remuneration of members of the Management Committee (59 people). Since 2018, the members of the Group Management Committee have been pursuing shared collective targets, including: financial performance; customer satisfaction and experience according to the Net Promoter Score; the employee commitment rate, measured by the Group's Employer Satisfaction Survey; Corporate Social Responsibility, through the Group's non-financial rating by S&P Global CSA (formerly RobecoSAM) and the agencies Sustainalytics and MSCI. These targets dictate part of their variable compensation. For more details, see: Chapter 3.1.6 "Remuneration of Group Senior Management", p. 100;
- in the remuneration of General Management at two levels: 40% of the variable remuneration of corporate officers depends on qualitative CSR criteria and the acquisition of long-term incentives is 20% driven by CSR conditions (compliance with the Group's energy transition financing commitments and the Group's ranking for the main non-financial ratings).

Societe Generale endeavours to take a constructive mindset when engaging in dialogue with its stakeholders. The approach is described on the Group's website *(https://www.societegenerale.com/en/responsability/dialogue-with-our-stakeholders*).

Societe Generale strives to be attuned to its stakeholders and to adapt its approach in order to better meet their expectations, whenever possible, in accordance with the regulations and laws in force. Specifically, the Group has an active listening policy with:

- customers (see: section "Satisfying customers while ensuring their protection", p. 304);
- employees (see: section "Being a responsible employer", p. 281);
- investors and shareholders (see: *https://www.societegenerale.com/en/responsability/dialogue-with-our-stakeholders*);
- the regulator and supervisors (see: *https://www.societegenerale.com/en/responsability/dialogue-with-our-stakeholders*);
- suppliers and service providers (see "Being a responsible purchaser – the Positive Sourcing Programme", p. 291);
- the media;
- financial and non-financial rating agencies (see: *https://www.societegenerale.com/en/responsability/dialogue-with-our-stakeholders*);
- civil society (see: *https://www.societegenerale.com/en/responsability/dialogue-with-our-stakeholders*);

Regarding civil society in particular, the Group is attuned to and converses with NGOs that alert it to E&S issues. Wherever possible, an internal enquiry is conducted and a documented response is given, either in writing or during meetings convened for that purpose. Societe Generale uses the CSR Department to centralise any request or contact by NGOs or other stakeholders informing it about the E&S impact of its financing services or other services.

In the course of 2020, Societe Generale consulted with or participated in working groups with some ten NGOs (including Friends of the Earth, BankTrack, *Notre affaire à tous*, Oxfam, Reclaim Finance, Share Action, Urgewald, WWF, etc.), either in the form of written communications, bilateral meetings or broader consultation meetings organised by the associations themselves or, among others, by the French Banking Federation (*Fédération bancaire française* - FBF) or *Entreprises pour les Droits de l'Homme* (Companies for Human Rights), UNEP-FI, and more.

Societe Generale has a "Statements" section on its website. In 2020, the Group reacted to the publication of Oxfam's Report on banks and the climate. For more information, please go to: *https://www.societegenerale.com/en/news/statements*.

5.3.2 A CODE OF CONDUCT UNDERPINNED BY SHARED VALUES

The Group aims to establish a culture of responsibility and apply the strictest control and compliance standards in the banking sector. It commits its employees to act with integrity and in accordance with applicable law in all its activities. With this in mind, the Group has defined a Code of Conduct describing the standards to be observed and constituting a commitment towards each stakeholder. This Code applies to all its employees worldwide. In addition to its Code of Conduct, Societe Generale also has a Charter for Responsible Advocacy (see below) and a Sustainable Sourcing Charter *(https://www.societegenerale.com/sites/default/files/construire-demain/12112018_sustainable_sourcing_charter_vf_eng.pdf).*

Societe Generale has built a strong culture based on its values, its Code of Conduct and its Leadership Model. Societe Generale is guided by four key values shared by all employees (Team Spirit, Innovation, Responsibility and Commitment) and defined with a common objective in mind: the customer, for whom the Group strives to achieve the highest possible standards of service quality.

5.3.2.1 The Code of Conduct, a vehicle for the Group's values

The Code of Conduct applies to all of the Group's activities worldwide and sets out the commitments towards the various stakeholders (customers, employees, investors, suppliers, regulatory and supervisory authorities, the general public and the wider community), as well as the individual and collective behaviour expected within the Group. This document is updated on a regular basis. The most recent change, integrating the new whistleblowing mechanism, was made in 2019 (for more information on this mechanism, see: *https://report.whistleb.com/en/societegenerale ;* "Respecting Human Rights", p. 291 and "Duty of Care Plan", p. 338).

Available in the main languages spoken in the Group, the Code of Conduct is the cornerstone of professional ethics at Societe Generale. It promotes respect for human rights and the environment, the prevention of conflicts of interest and corruption, measures against money laundering and the financing of terrorism, respect for market integrity, data protection, proper conduct with regard to gifts and invitations, and responsible sourcing.

The Code of Conduct goes beyond minimum statutory and regulatory requirements, especially in countries whose laws and regulations are not as stringent as the Group's high ethical standards.

It also details the procedure for whistleblowing in situations where such action is justified and reiterates that Societe Generale protects whistleblowers, guarantees that it will keep their identity strictly confidential throughout the entire Group, and guarantees anonymity where possible under local law.

Stakeholders can view the Code of Conduct on the Societe Generale website *(https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/code_of_conduct_eng.pdf)*. Further information is provided in the Tax Code of Conduct and the Code governing the Fight Against Corruption and Influence Peddling (See: *https://www.societegenerale.com/en/societe-generale-group/ethics-and-compliance/compliance*).

The Group undertakes to operate with the utmost integrity and transparency, and to comply with the applicable laws and regulations in all its countries of operation, in particular with regard to the offer and receipt of gifts, and the organisation of or participation in business meals or external events as part of its professional activities (and in the event that these events involve public and/or politically exposed persons - PEPs) in connection with business relationships.

On 14 December 2020, the Prosecutor of the French Republic (*Procureur de la République française*, or PRF) issued a termination of proceedings notice to Societe Generale in the "LIA" case, following receipt of the Audit Report by the French Anti-Corruption Agency (AFA) regarding the anti-corruption system implemented by the Group.

Societe Generale also strives to play a proactive role in discussions with political players. This approach is carried out in complete transparency and in compliance with regulatory obligations. Since February 2014, the Group has improved the transparency of its interest representation activities, by:

- signing Transparency International France's joint statement *(https://transparency-france.org/wp-content/uploads/2016/04/2015_D%C3%A9claration-commune-sur-le-lobbying.pdf)*, supplemented by a guide to reporting lobbying expenses *https://segl.safe.socgen/documents/934541/30322392/2016+Guide+d%C3%A9claration+d%C3%A9penses+lobbying+Fr.pdf*);
- adopting the Responsible Lobbying Charter for responsible representation to public authorities and representative institutions (*https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/sg_memorandum_responsible_advocacy_activities.pdf*);
- being registered in the Transparency Register of European Institutions *https://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=34369111614-57&locale=fr#fr,* jointly with the European Parliament and the European Commission, supplemented by a Code of Conduct *https://ec.europa.eu/transparencyregister/public/staticPage/displayStaticPage.do?reference=CODE_OF_CONDUCT&locale=en#en;*
- complying with the Senate Code of Conduct (*https://www.senat.fr/fileadmin/Fichiers/Images/sgp/Code_de_conduite.pdf*);
- being registered in the digital transparency register administered by the High Authority for Transparency in Public Life (*Haute Autorité pour la transparence de la vie publique* – HATVP). The Group has created its "interest representative" sheet (*https://www.hatvp.fr/fiche-organisation/?organisation=552120222*).

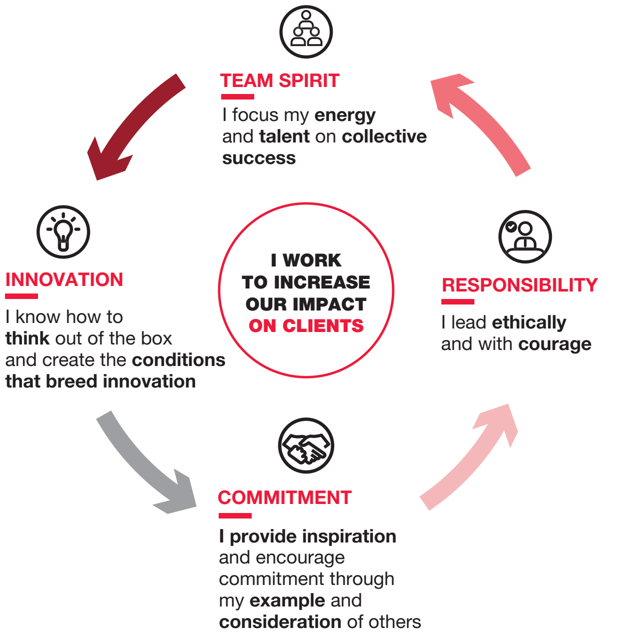
The full list of these commitments appear in Societe Generale's normative documentation (Societe Generale Code) in a dedicated section available to all employees. The Group's obligations in terms of responsible interest representation are also available on the Group's corporate website at the following address: *https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/sg_memorandum_responsible_advocacy_activities.pdf.*

5.3.2.2 The Leadership Model

Societe Generale's values feed into its Leadership Model, which defines the behaviour and skills expected within the Group, emphasising that the way in which results are achieved is every bit as important as the results themselves.

The behavioural skills reflected in the Leadership Model are divided into three categories corresponding to the main levels of responsibility within the Company (senior executives, managers and employees) and are applicable throughout the Group.

The four key values thus translate into key skills (see diagram below), which are in turn reflected in certain observable and measurable behaviours.



The Leadership Model's internal skills guide describes the expected behaviour corresponding to each of these skills. In conjunction with this guide, a self-assessment tool available on the intranet asks twenty questions through which respondents can see how they rate in relation to the appropriate conduct. They can then use the development tools provided to improve in the various areas highlighted.

5.3.2.3 The Culture and Conduct approach

At the end of 2016, the Board of Directors approved the launch of a three-year Group Culture and Conduct programme aimed at supporting the Group's cultural transformation, ensuring compliance with the strictest integrity standards, and establishing a lasting relationship with its stakeholders built on trust.

The programme was shared with all employees, making it possible to reaffirm and promote collective and individual behaviour aimed at the ethical and responsible performance of our activities. Since the launch of the initiative, numerous actions have been successfully carried out in the following seven areas: implementation of a culture and conduct governance system at the highest level of the organisation and in the businesses, publication of a dashboard to monitor changes in culture and conduct indicators, implementation of a conduct risk management system, alignment of Human Resources processes, training and awareness-raising among employees, development of cultural transformation, and communication aimed at integrating culture and conduct issues into the daily lives of employees.

Placed from the outset under the supervision of the Board of Directors and General Management and steered by a cross-business project team, the programme has achieved the targets it had set for this first stage. Project mode management thus came to an end on 31 December 2020 and is evolving into a long-term system, with the Culture and Conduct approach remaining a major challenge for the Group.

All BU/SUs are now expected to push further ahead with integrating Culture and Conduct considerations into the performance of their daily activities. Central oversight of these issues will continue at Group level. Since 1 January 2021, this role has been performed jointly and in a coordinated manner by the Human Resources Department for subjects related to culture, and the Compliance Function for subjects related to conduct. They aim to continue cementing a solid and lasting culture of responsibility throughout the Group, and to ensure that BU/SUs roll out the necessary measures to encourage appropriate behaviour and protect the Group's interests in the long term.

The entire system remains under the supervision of the Board of Directors and General Management.

The Report on Corporate Culture and Ethics Principles presents the Culture and Conduct approach (*https://www.societegenerale.com/sites/default/files/documents/Employeur_responsable/corporate-culture-and-ethics-principles-2019-report.pdf*).

MAIN ACHIEVEMENTS

The main Culture and Conduct achievements in 2020 were:

- the implementation of governance targets Culture and Conduct issues and, in particular, the gradual transfer of responsibility for (i) conduct to the Compliance Department, and (ii) culture to the Human Resources Department, as well as the definition of the roles and responsibilities of the second and third lines of defence;
- employee familiarisation with the Group's Code of Conduct – which constitutes the cornerstone of professional ethics at Societe Generale – through:
  - the implementation of action plans defined by each Group entity, aimed at promoting the expected behaviour with respect to the main grey areas* identified by their employees when deploying face-to-face awareness workshops,
  - the 2020-21 campaign will be the third time this compulsory and annual remote Code of Conduct learning module has been offered. The module focuses on four subject areas: the Group's culture and conduct ambitions, stakeholder expectations, content of the Code of Conduct and additional Codes regarding tax and anti-corruption measures, together with ethical reasoning. This particular module proved to be more challenging, posing questions of greater difficulty and case studies specific to the different businesses. Rolled out between October 2020 and March 2021, it received was approved at the end of January 2021 by 93% of the employees who had received the modules in English in French (some 88,000 people). The other language versions are currently being distributed,
  - the strengthening of the annual Risk and Control Self Assessment aimed at improving the results of each Business and Service Unit for 2020-21;
- the production of the second Conduct and Culture dashboard, intended for General Management and presented to the Board of Directors. This dashboard provides better visibility of the main conduct risks for the businesses, and helps identify the action plans necessary to improve the management of such risks and to monitor trends in the indicators;
- the continued alignment of the main Human Resources management processes with the Group's culture and conduct ambitions: the fight against inappropriate behaviour, appropriation of the Group's policy on disciplinary sanctions, changes in the system for integrating new hires and identifying high-potential employees (see the Report on Corporate Culture and Ethics Principles available on *societegenerale.com*);

- the launch of various initiatives throughout the Group to strengthen the culture of responsibility within the Business Units/Service Units, in particular through the dissemination of best practices for dealing with grey areas*, raising employee awareness of ethical reasoning, and promoting a speak-up* culture. These topics are explained in the Report on Corporate Culture and Ethics Principles *(https://www.societegenerale.com/en/responsability/responsible-employer/corporate-culture-and-ethics-pinciples)*;
- the distribution to all BU/SUs of a toolbox containing a summary of the good practices used in the Group to enhance the different teams' knowledge of issues related to culture and conduct (*e.g. 1Jour1Minute* (a minute a day) game, which involves answering two questions a day on the Code of Conduct with prizes up for grabs, the guide to appropriate behaviour, Coffee Corner to encourage informal discussions, the community of champions, co-development workshops, etc.) and contacts to facilitate the sharing of good practices within the Group;
- the launch of a workshop by the second line of defence (LoD2) to define a methodology to ensure full awareness of Culture and Conduct issues (Review of the normative framework, risk interpretation, RCSA-exposure to risks), Permanent Control within Compliance (CPLE/REO) and by the third line of defence (LoD3) in the Audit department.

KEY FIGURES OF THE CULTURE AND CONDUCT PROGRAMME

- one single Code of Conduct for all Group employees, available in 18 languages;
- 94% of employees participated in awareness-raising workshops (16,000 face-to-face sessions) regarding conduct and grey areas*;
- 96% of employees completed a mandatory training module on the Code of Conduct in 2019-2020;
- 22,000 Group managers and employees in the HR Department were targeted for compulsory training on the Group's disciplinary framework;
- 100% of the BU/SUs have a sponsor and/or a Culture and Conduct contact;
- at the end of 2019, 87% (+3 points *vs.* 2018) of employees believe that their manager encourages ethical and responsible behaviour;
- at the end of 2019, 79% (+4 points *vs.* 2018) of employees confirm that they are ready to whistleblow if they witness or experience inappropriate behaviour;
- whistleblowing mechanism: for 2020, a total of 80 admissible alerts were reported in the whisteblowing tool, 60% of which related to HR issues.

5.3.3 BEING A RESPONSIBLE EMPLOYER

	2018	2019	2020
Group headcount (at end of period, excluding temporary staff)	149,022	138,240	133,251
Full-Time Equivalents (FTEs)	140,250	129,586	126,391
Number of countries	67	62	61

Societe Generale is fully aware of its responsibility as an employer towards the Group's 133,251 employees operating in 61 countries and of its social impact.

The health crisis of 2020 was an opportunity for the Group to strengthen its commitment to its employees, mainly in terms of health and safety at the workplace (for more information, see: "Protecting the health and jobs of our people", p. 272).

Taking measures to ensure well-being at work and promote the diversity and professional development of teams is essential to further the commitment of employees working within the Group and to boost performance. In line with the corporate purpose unveiled at the beginning of 2020, Societe Generale is committed to five priority Human Resources areas:

- a culture of responsibility based on strong values, making it possible in particular to foster quality social dialogue and carry out the Group's structural transformations in a transparent and concerted manner (see: the Report on *Corporate Culture and Ethics Principles https://www.societegenerale.com/en/responsability/responsible-employer/corporate-culture-and-ethics-pinciples*);
- a robust approach to anticipating the development of professions and skills, making it possible to effectively support employees in their career path and development, and to offer them alternative working methods, such as telecommuting (see the Report on *Professions and Skills*);
- a proactive diversity and inclusion policy illustrating the Group's desire to be an inclusive company, reflecting the diversity of the customers it serves and the society in which it operates (see the Report on *Diversity and Inclusion : https://www.societegenerale.com /en/responsability/responsible-employer/diversity-and-inclusion*;
- an attractive and fair remuneration policy that encourages long-term employee commitment and loyalty (see the Report on *Performance and Compensation : https://www.societegenerale.com /en/responsability/responsible-employer/performance-and-compensation*);
- constant attention to health, safety and wellness concerns. Societe Generale is committed to developing a pleasant and secure working environment and seeks to continuously improve the work-life balance of its employees (see the Report on *Occupational Health and Safety : https://www.societegenerale.com/en/responsability/responsible-employer/occupational-health-and-safety* and "Focus on the prevention of psychosocial risks", p. 288).

In addition, the Group ensures respect for human rights, including those of its employees, and implements appropriate measures to prevent and control the risk of human rights violations (see "Group's Duty of Care Plan", p. 338 and the Report on *Corporate Culture and Ethics Principles : https://www.societegenerale.com/en/responsability/responsible-employer/corporate-culture-and-ethics-pincipless*).

5.3.3.1 Human Resources (HR) management system

GOVERNANCE AROUND KEY HR RISKS

As part of its responsibility as an employer and with a view to respecting human rights, the Group takes care to prevent and control social and operational risks related to its human resources management. This ensures that its operations comply with regulations (labour law, standards regarding the health and safety of persons, social legislation, etc.) and with the internal rules it has established, on the one hand, while also ensuring business continuity in satisfactory conditions for employees, on the other hand.

Overall, the risks related to Human Resources management are included in the Group's general risk management system, organised into three lines of defence and shared by all entities (see: Chapter 4.3 "Internal control framework", p. 172 and Chapter 4.8 "Operational risk", p. 236). The Human Resources Department applies changes in the Group's permanent control system within its remit, carried out as part of a programme overseen by General Management.

More specifically, the HR Department and its HR teams use operational risk and compliance management systems, including in particular:

- **global policies in the various HR areas, governing the management of Human Resources in each of the Group's BU/SUs and subsidiaries;**
- **processes on the employer's five key missions:** (i) administrative management of Human Resources and payroll, (ii) managing employees' careers, (iii) defining and managing compensation and benefits, (iv) managing jobs and skills, and (v) defining and managing social policies;
- **operational procedures and user guides** aimed at securing operations and ensuring satisfactory knowledge management within the Group;
- **indicators** to inform internal oversight;
- **a set of controls on key HR processes** deployed throughout the Group;
- **business continuity rules and exercises.**

Societe Generale is also extremely vigilant in respect of compliance with regulations, internal rules and procedures:

- **a whistleblowing mechanism**, set up for the entire Group, allows an employee or external and occasional co-worker to report a situation of which he or she is aware and which does not comply with the rules governing the conduct of the Group's business or with expected ethical standards, or which could violate applicable laws and regulations. This may include situations of inappropriate behaviour or alleged threats to the health and safety of individuals (see: "Group's Duty of Care Plan", p. 338 and "A Code of Conduct underpinned by shared values", p. 279);
- **a global disciplinary policy** published in 2019 formalises the principles and best practices in terms of sanctions (right to make a mistake, non-tolerance of misconduct, sanction decisions taken collectively and proportionate to the seriousness of the misconduct, ultimate responsibility of the manager in applying the principles and sanction decisions, follow-up on sanctions). This policy is supplemented by a list of disciplinary measures implemented throughout the Group. The key indicators are communicated to General Management.

5.3.3.2 Risks related to poor career, skills and talent management, affecting attractiveness, performance and employee retention

Societe Generale's Human Resources are one of the key assets of the Group, its business model and its value creation. Adequate career and skills management (integration, mobility and career path, skills management, etc.) and the development of key talents and resources have a positive impact on the Group's business continuity and performance, and the Group's ability to attract and retain its employees. Societe Generale thus seeks to optimise, hire and develop human potential through:

- **a talent management policy applied to all Group entities**, its various businesses and regions, and based on the Leadership Model. This policy aims to identify, develop and retain high-potential employees and future leaders, and also to manage and steer succession plans for the Group's key positions.

  In 2020, to address the restrictions triggered by the health crisis, the Group was able to implement the right tools and solutions to continue to identify and develop our talents, including (see the Report on Professions and Skills):

  - a Group-wide talent and succession management tool,
  - a diversified range of solutions to support talent development remotely,
  - dedicated tools provided to HR players throughout the year to maintain the talent management momentum.

  The various tools implemented enable the Group to manage and monitor the achievement of talent management goals and commitments, specifically in terms of diversity and gender equality (see: the Report on Diversity and Inclusion);
- **additional levers to drive commitment and retain its employees,** for example:
  - a range of possible career paths that take into account employees' plans for the future and include new types of assignments (*e.g.* by way of intrapreneurship),
  - an ergonomic work environment that promotes well-being, innovation and collaborative working,
  - along with the opportunity to take part in a range of civic initiatives (see: "Employee involvement", p. 290).

These policies, approaches and programmes are designed to encourage the continuous adaptation of employees' skills to the rapidly changing environment, while giving them access to professional opportunities that meet the needs of the BU/SUs. They apply within the Group's scope (all BU/SUs, subsidiaries, branches and countries). The operational mechanisms supporting these guidelines (tools, operating methods) are nevertheless subject to adaptations in each country, particularly with regard to the filling of positions, which is managed locally. Societe Generale thus acts as a responsible employer by protecting jobs within the Group and developing the employability of its employees in growing businesses.

5.3.3.2.1 STRATEGIC WORKFORCE PLANNING AND SKILLS ACQUISITION AND DEVELOPMENT PROGRAMMES (COMPULSORY TRAINING, DEVELOPMENT AND LEARNING)

Rolled out across all the Group's key businesses, the programmes cover 95% of Societe Generale SA's employees in the core businesses in France, and are gradually being introduced in the Group's other locations (Asia, the United States and elsewhere). In France, programmes' approach is governed by a social agreement signed in 2013, renewed in 2016 and in 2019, which aims to adapt HR policies, particularly in terms of training and the filling of positions, to the skill requirements of the businesses corresponding to the Group's strategic considerations. It provides employees with the means to increase their employability. It is organised into three stages:

1. defining a qualitative and quantitative target concerning the skills that the Group must acquire in the medium to long term to implement its strategy;
2. assessing and mapping the skills available to the Group;
3. identifying the gap between the current situation and the target in order to implement levers (training, internal mobility, recruitment, etc.) and action plans to bridge this gap.

In order to map the skills available in its workforce, Societe Generale has introduced approaches to identify employee skills on a volunteer basis, making employees instrumental in their own development and employability through two skills self-reporting tools: "Mondiag" for the French Retail Banking businesses, and "ACE" (*Appétences, Compétences, Expériences* – or Aspirations, Skills & Experience) for the entire Group. Today, nearly 60,000 employees worldwide have access to these tools.

The training courses offered by various players (cross-business teams or academies specific to Business or Service Units or subsidiaries) in a variety of formats (e-learning, face-to-face, MOOC, videos, etc.) cover:

- business skills;
- the risk, responsibility and compliance culture of employees. Compulsory training for all Group employees covers the following subjects: information security, anti-corruption measures, Code of Conduct, the General Data Protection Regulation, international sanctions, anti-money laundering and counter-terrorism financing, conflicts of interest and harassment;
- behavioural skills (agile working, collaborative working, change management, etc.);
- managerial culture and social and environmental responsibility.

A SPECIFIC CSR TRAINING PLAN

A dedicated CSR training programme for all employees was launched in mid-2020 by the CSR Department and the Human Resources Department. It is based on four pillars:

1. **Developing a common, cross-business CSR culture:**
   - a **CSR training catalogue** was created for all employees, based on a range of e-learning and MOOC resources available in French and English. As such, ten general CSR e-learning courses, ten on social issues, and two on governance are available in the world catalogue, supplemented by a series of specialised MOOCs (responsible digital technology, finance, etc.),
   - **workshops were organised to raise awareness of global warming and the energy transition**: *La Fresque du climat* (The Climate Fresco), which started in 2020 and will continue in 2021 across several already identified Group entities belonging to Investment Banking, Retail Banking, and certain cross-business functions,
   - **each new hire** in the Group will be offered an e-learning course, **"The Bank in Brief"**, which includes an introduction to the CSR issues facing banks.
2. **Implementing Environmental & Social (E&S) risk management:**
   - an e-learning course was originated to "raise awareness of environmental- and social-related risks" to train target audiences to implement the CSR normative framework and, in particular, to factor environmental and social (E&S) risks into the Group's activities. It combines theoretical content with practical examples. Distribution started in January 2021 in French and English; nine other languages will follow. This e-learning module will be compulsory for all functions (sales or other) involved in the E&S risk management system within the BU/SUs, in France and abroad, before being made freely available to all Group employees.
3. **Offering expert modules to the sales functions to reinforce customer support on energy transition:**
   - a training course focusing on the challenges of the energy transition was developed and distributed in 2020 to some of the Group's sales functions (in Global Banking and Investor Solutions): six webinars recorded a total of 1,200 connections (and replays). This training module was recently converted into a Group programme and will be extended to the sales teams in the main businesses in 2021 by way of customised modules adapted to each person's environment and challenges.
4. **Promoting a cross-business approach and the re-use of expert modules within the Group:**
   - a host of training initiatives have been developed by experts in the BU/SUs and in various countries. An inventory of these modules is being drawn up in order to make it available to as many people as possible, including throughout the Group. For example, in 2020 business awareness webinars by Group experts were posted online on the SG Market platform of Global Banking and Investor Solutions, and are therefore available to employees.

5.3.3.2.2 PRINCIPLES FOR MOBILITY AND FILLING POSITIONS

The Group has twelve principles governing mobility and the filling of positions that are shared by all Group entities. They cover in particular:

- transparency as regards vacant positions, through systematic posting on the internal job exchange (Job@SG) in 87 entities that use this tool;
- priority given to internal mobility when filling positions;
- agreement on mobility between employees and their managers, and;
- strict adherence to the recruitment process defined by the Human Resources Department to avoid any potential risk of corruption or conflict of interests, or any discrimination or favouritism.

SPECIFIC INITIATIVES LAUNCHED IN 2020 CONCERNING CAREER AND SKILLS MANAGEMENT

- A proactive mobility approach was launched to meet the skill requirements of the BUs and SUs. The Group modified its internal mobility principles to implement an internal head-hunting mechanism across an extended pool of employees who have held their positions for more than four years. This approach aims to encourage approaching employees directly and fosters a more dynamic search for candidates internally. A pilot phase was launched in September 2020 within a defined scope and the Group aims to extend this initiative to all BU/SUs by adapting the operational system to each country, with the filling of positions being managed locally.
- A reskilling programme was introduced to offer employees training courses leading to certificates or diplomas enabling them to transition into emerging or short-staffed professions. A pilot phase began in the last quarter of 2020, focusing on five professions. Some forty people in France carried out various reskilling programmes centred on the professions of auditor, level two controller, developer and purchaser. These training courses were developed with business experts (mix of courses leading to diplomas issued by schools or universities and existing courses from the Group training catalogue). The goal for 2021 is to involve a greater number of employees by introducing a wider variety of courses – in addition to the professions already identified – especially in IT and data processing.

5.3.3.2.3 SOCIETE GENERALE'S RECRUITMENT POLICY

The recruitment policy is adapted to the specificities of each business, activity and regional environment, but nonetheless promotes uniformity in the overall recruitment process, which systematically includes an HR interview to assess the candidate's affinity with the Group's values (see "A Code of Conduct underpinned by shared values", p. 279). The Group is diversifying its recruitment methods with the inclusion of new technological and digital features, in addition to traditional factors attracting new hires, such as:

- partnerships with targeted higher education institutions in nearly 56% of the Group's entities, representing 92% of its employees;
- funding of teaching programmes and research;
- internal development programmes (for interns, voluntary international "VIE" trainees and work-study participants or for young graduates in Global Banking and Investor Solutions).

FOCUS ON THE GROUP'S TRANSFORMATION PROJECTS

In 2020, the Group reaffirmed its determination to continue the in-depth adaptation of its businesses and functions in order to sustainably improve its commercial and financial competitiveness in a weaker and uncertain economic environment.

Against this background, the Group announced several organisational adjustment projects that would contribute to improving the Group's operational efficiency and structural profitability, while strengthening the customer experience and digitalisation, and complying with the highest standards in terms of risk and compliance.

Further to the decision and announcement made a few months earlier, some projects were adapted to reduce the risk profile of the structured credit and equity product activities. These projects concern Global Markets activities and related functions, the aim being to reduce costs by EUR 450 million out to 2022-2023 to improve profitability in these activities, while maintaining a leading position in investment solutions.

Securities Services and some cross-functional departments (Risk, Compliance, Human Resources and Communication) are considering organisational adjustments to improve their operational efficiency and address the specific challenges of their activities. The planned adjustments and optimisations is expected to reduce the net headcount in France by 640, on a voluntary basis.

In addition, the Board of Directors of Societe Generale and of Crédit du Nord have approved a project (Vision 2025) to merge the Crédit du Nord and Societe Generale brands following a successful first stage in the transformation of both networks. This decision is further to the study launched in September 2020 which demonstrated the relevance of such a merger.

The tie-up of the two banking networks will create a new entity serving nearly 10 million customers (corporates, professionals and individuals). The goal is to be a leader in terms of satisfying the core customer base and to create a banking model offering enhanced profitability and integrating the most stringent responsibility standards.

In order to meet customer demand for a local presence and responsiveness, the new entity will rely on a strong regional footprint and a heightened decision-making capacity at regional and local level. The Group intends to retain the same territorial footprint while reducing the number of branches, which is possible due to the high geographic proximity of the two brands' branches in many towns and cities. The network will thus transition from around 2,100 branches at the end of 2020 to around 1,500 at the end of 2025.

These plans are subject to consultation with employee delegates and to approval from the competent authorities.

Of particular note, the agreement on the development of professions, skills and employment, signed in 2019 by the Group in France, provided for the strengthening of employee support systems and the implementation of additional specific measures for employees subject to restructuring plans.

Societe Generale plans to maintain all its commitments as a responsible employer (see the Report on Professions and Skills : *https://www.societegenerale.com/en/responsability/responsible-employer/professions-and-skills*).

5.3.3.2.4 POLICIES AND SYSTEMS FOR EFFECTIVE EMPLOYEE PERFORMANCE MANAGEMENT

The performance of employees is monitored throughout their careers, particularly through development plans and 360° assessments. The development plans assess the level of professional competence, the level of achievement of operational targets, and the manner in which these operational targets were achieved. Individual employee development is also discussed during the employee's annual appraisal interview and during regular meetings between employees and the manager or HR manager. In France, it is also discussed during the employee interview with the manager or HR manager every year.

The remuneration policy is a balanced one that meets regulatory requirements. Adapted to the economic, social, legal and competitive environment of the markets in which the Group operates, the policy is nevertheless based on principles shared by all entities:

- rewarding individual and collective performance;
- promoting healthy and effective risk management and ensuring employees are not prompted to take inappropriate risks;
- attracting, retaining and motivating strategic talents and key resources;
- aligning the interests of employees with those of the Group and shareholders;
- checking that employees comply with the applicable internal rules and regulations while ensuring the equal treatment of customers.

Monetary remuneration includes a base salary, which rewards the ability to satisfactorily hold a position using the requisite skills and is determined in a manner consistent with market practices. It also includes variable remuneration which aims to recognise collective and individual performance (see: Notes to the consolidated financial statements, note 5.1 "Personnel expenses and related-party transactions", p. 448).

The principles governing Societe Generale's remuneration policy, in particular for the categories of staff whose professional activities are liable to have a significant impact on the Group's risk profile, as per the European Capital Requirements Directive No. 2013/36/EU (CRD 4), are detailed in the Remuneration Policies and Practices Report. It will be published, as is the case every year, prior to the General Meeting and provided to the French oversight body for banks and prudential supervision (*Autorité de contrôle prudentiel et de résolution* – ACPR) in accordance with the provisions of EU Regulation No. 575/2013[(1)] (see the Report on Performance and Compensation : *https://www.societegenerale.com/en/responsability/responsible-employer/performance-and-compensation*).

In addition, the Group entities offer employee benefits specific to their environment and employee savings schemes in the French locations (representing 44% of the workforce).

KEY INDICATORS ASSOCIATED WITH THE RISKS RELATED TO POOR CAREER, SKILLS AND TALENT MANAGEMENT, AFFECTING THE ATTRACTIVENESS, PERFORMANCE AND ATTRITION OF THE COMPANY

	2018	2019	2020
% of positions filled through internal mobility	56%	58%	63%
% of employees on permanent contracts changing jobs per year	N/A	18%	14%
Number of hours of training taken by Group employees *(in millions)*	4.2	4.0	2.7
Average number of training hours per employee	28.3	26.9	20.3
% of employees having completed at least one training course during the year	83%	90%	99%
Number of employees on permanent contracts who had an appraisal interview	115,000	113,000	108,947
% of the workforce on permanent contracts	94%	93%	94%
The Group's personnel expenses *(in billions of euros)*	9,561	9,955	9,289
Rate of staff turnover (permanent contracts)	8.3%	8.2%	6.2%
Turnover rate excluding Russian, Indian and Romanian subsidiaries	5.3%	5.7%	4.2%

Due to high staff turnover in certain locations, particularly in Russia, India and Romania, partly attributable to the local employment dynamics in these markets, the Group's subsidiaries in these countries are carrying out targeted HR actions on employee commitment and retention, which are specfically focused on benefit packages, working conditions and career progression.

(1) The 2018 Remuneration Policies and Practices Report was provided to the ACPR in April 2020 and published on Societe Generale's website.

5.3.3.3 Risks related to poor working conditions and non-compliance with internal labour rules and regulations

The Group must comply with various regulations regarding labour law and, more broadly, human rights (remuneration and social rights, diversity and non-discrimination, dialogue with employees, freedom of association, etc.), around the world. Societe Generale has also adopted internal rules for Human Resources management. Failure to comply could be detrimental to the Group's employees. It could also impact Societe Generale's ability to continue its activities, and present certain legal and reputational risks. In addition, the Group strives to provide all its employees with working conditions and a work environment that are healthy and safe. Poor working conditions and the associated harm to employees' physical and/or mental health (as a result of high levels of stress, for example) would affect employee commitment and both individual and collective performance, thus impacting the Group's ability to implement its strategy.

The Group has set itself several key objectives in this respect:

- ensure regulatory compliance of employment relationships;
- ensure compliance with any regulations that affect Human Resources management processes (health and safety standards, duty of care, General Data Protection Regulation, MiFID II Directive, etc.);
- maintain a labour environment that encourages interaction with the Group's stakeholders (in particular employee representative bodies) by guaranteeing freedom of association and fundamental rights for its employees;
- fight against all forms of discrimination at work and promote professional equality and diversity in the Company;
- guarantee employees' health and safety in the workplace and in performing their professional duties.

To ensure compliance in its employment relations and Human Resources management processes, the Group:

- monitors labour law developments in all countries where it operates;
- arranges for Human Resources to be involved in regulatory proposals;
- routinely updates its Human Resources information systems (HRIS) in line with regulatory developments (on a Group-wide or local basis, as appropriate).

5.3.3.3.1 MAINTAINING A POSITIVE LABOUR ENVIRONMENT

The Group's commitment to labour relations is demonstrated by:

- **a global framework agreement with UNI Global Union on fundamental human rights, renewed in February 2019** (see: p. 338, "Duty of Care Plan"). In furtherance of the 2015 agreement on fundamental freedoms and the right to organise, this new agreement includes additional commitments on:
  - preventing misconduct,
  - combating discrimination and developing diversity in all Human Resources management processes (a subject already introduced in the initial agreement),
  - maintaining a working environment conducive to health, safety and satisfactory working conditions for all employees.

  The agreement gives rise to regular discussions with UNI Global Union on the application of these commitments, as well as an annual follow-up meeting between UNI Global Union representatives, the Bank's Corporate Social Responsibility (CSR) and Human Resources Departments, and representatives of the Group's trade unions. The last of these meetings was held in July 2020:
- **numerous collective agreements signed with social partners** on working conditions (working hours, employment conditions, remuneration and benefits, etc.) and the Company's strategic projects. These agreements cover remuneration and employee benefits (in 69% of the entities having signed agreements), working conditions, labour relations practices and equality at the workplace. In 2020, the Group signed 161 local agreements, covering 64% of its workforce (compared to 205 agreements in 2019).

5.3.3.3.2 FIGHTING AGAINST ALL FORMS OF DISCRIMINATION AT WORK AND PROMOTING PROFESSIONAL EQUALITY AND DIVERSITY IN THE COMPANY

Societe Generale has implemented various policies, actions and processes in this respect, including in particular:

- **a Diversity and Inclusion policy**, reflecting the Group's determination to recognise and promote all talents, regardless of an employee's beliefs, age, disability, parental status, nationality, sexual or gender identity, sexual orientation, membership of a political, religious or trade union organisation, or any other factors that could give rise to discrimination. This policy aims to create the conditions for an inclusive organisation offering equal treatment for all, through various fields of action:
  - fighting against all forms of discrimination,
  - communicating, raising awareness and training,
  - building a work environment and management team conducive to inclusion,
  - championing diversity and inclusion at governance-level within the Group;
- **public commitments:**
  - signing the Women's Empowerment Principles in 2016,
  - signing the ILO's Global Business and Disability Charter in 2016,
  - supporting the UN's Standards of Conduct for tackling LGBTI* discrimination in 2018,
  - renewing the Global Framework Agreement on Fundamental Human Rights with UNI Global Union in 2019;
- **collective agreements with French trade union bodies:**
  - a three-year agreement covering the 2020-2022 period promoting the employment and professional integration of people with disabilities,
  - an agreement on gender equality in the workplace;
- **programmes to monitor indicators, raise awareness and provide training** (see: "Focus on diversity in the Company", p. 287).

The work carried out as part of the Duty of Care Plan also takes into account the risk of workplace discrimination (see: "Duty of Care Plan", p. 338).

FOCUS ON DIVERSITY IN THE COMPANY

With more than 130,000 employees of 137 nationalities working in 61 different countries, and with 56% of its employees working outside of France, Societe Generale illustrates its commitment to making equality, diversity and inclusion a reality for all employees and a managerial priority for the Group.

Diversity is a matter of both ethical responsibility and performance, and the Group has thus maintained its objective of promoting women and international candidates to positions of responsibility and seats on Societe Generale's management bodies. To achieve this, it relies on certain key measures, including:

- **targets in terms of appointments of women to positions at the Bank's very highest levels: by 2023, women are to hold at least 30% of positions in the Group's management bodies (at both core business and function level)**;
- monitoring of indicators in respect of women and international employees, *i.e.* their representation in high-potential pools and succession plans, promotions, pay rises, grades and classes, etc.;
- sponsorship of Diversity and Inclusion issues by a member of the Group's General Management;
- more team-oriented consultation when appointing senior executives (see: Chapter 3.1.5 "Diversity policy within Societe Generale", p. 97);
- a review of the inclusiveness of certain social policies (to ensure, for example, that they take into account different family models).

As part of its commitment to implementing a strong diversity policy, the Group has also rolled out a range of awareness-raising and training initiatives around diversity, including:

- nine training modules on diversity and inclusion, available to all Group employees *via* the e-learning platform;
- training for HR managers to raise awareness on non-discriminatory hiring practices and promoting diversity;
- development of inter-generational cooperation through specific programmes, reverse mentoring and focus groups;
- **questions on diversity and inclusion in the internal Pulse survey – an anonymous survey carried out across all entities – allowing employees to express their views on these issues to gain a better understanding of the key areas for improvement within the Group.**

In terms of diversity and inclusion at a local level, 106 entities (covering 96% of the Group's workforce) have implemented actions to promote gender equality, 69 entities impacting 77% of the Group's workforce have implemented actions to support employees with disabilities, 51 entities (62% of the Group's workforce) have implemented actions for employees aged 50 and over, and 57 entities corresponding to 73% of the Group's workforce have implemented actions to promote inclusion and professional integration. For more information, see the Diversity and Inclusion Report : *https://www.societegenerale.com/en/responsability/responsible-employer/diversity-and-inclusion*.

5.3.3.3.3 GUARANTEEING EMPLOYEES' HEALTH AND SAFETY IN THE WORKPLACE AND IN PERFORMING THEIR PROFESSIONAL DUTIES, AND ENSURING CONTINUOUS IMPROVEMENT OF WORKING CONDITIONS

Societe Generale's **health, safety and satisfactory prevention policy, applicable Group-wide**, aims to provide each employee with a safe working environment in respect of both the workplace and working practices that guarantees their safety and their physical and psychological well-being. The appropriate expertise and resources are mobilised to implement this policy, which involves:

- monitoring office layout plans and the ergonomics of workstations;
- carrying out awareness-raising and preventative actions regarding physical and mental health at work;
- recommending that each employee benefit from regular medical check-ups in accordance with local regulatory requirements;
- integrating a range of commitments on health, safety and working conditions within a Global Framework Agreement on Fundamental Rights signed with UNI Global Union;
- ensuring employees are able to exercise their whistleblowing rights (see the Report on Corporate Culture and Ethics Principles : *https://www.societegenerale.com/en/responsability/responsible-employer/corporate-culture-and-ethics-pinciples*).

Since 2019, the Group has been working towards guaranteeing a certain minimum level of social, health and welfare protection for all its employees worldwide. To date, nine out of ten employees benefit from a supplementary health and disability protection plan, and one of the Group's goals is for each employee to be insured for a death benefit amounting to two years' salary.

Moreover, in France, the Group Security Department has produced **a workplace safety and security blueprint**. The blueprint has been circulated to all international entities and subsidiaries, and sets out best practices that should be followed within the Group in addition to all mandatory local safety rules.

Lastly, the Group **continually monitors health and safety risks** as well as social risks across all its entities (see: "Focus on prevention of psychosocial risks" p. 288), so as to implement targeted preventative and informative measures to strengthen the Group's safety culture.

Management of risks related to health, security and personal safety forms part of the Group's Duty of Care Plan on human rights and the environment (see: "Duty of Care Plan", p. 338).

FOCUS ON PREVENTION OF PSYCHOSOCIAL RISKS

The Group's entities conduct a range of actions, including programmes to prevent psychosocial risks and harassment, channels for counselling, mediation, and investigative and disciplinary procedures.

In addition to these actions, the Group implemented a policy in 2019 to combat inappropriate workplace behaviour. The policy encourages actions to raise awareness about inappropriate behaviour, in particular through training for managers and Human Resources teams, and makes it clear that the perpetrators of such acts will be subject to disciplinary measures that may potentially lead to the termination of their employment contract. In 2020, 203 serious sanctions (level 2 and 3) and 390 minor sanctions (level 1) were recorded.

Of these, 32 second- and third-level sanctions (disciplinary suspensions, salary or bonus cuts, demotions, dismissals, etc.) related to cases of inappropriate behaviour, including harassment cases.

Some of these sanctions are not applicable in all the Group's countries; for example, salary cuts as a disciplinary measure are illegal in France. Similarly, suspensions cannot be imposed in French companies governed by the collective bargaining agreement for the banking sector.

Since 2018, 68,500 employees have received training on the Group's disciplinary procedures. The whistleblowing programme ties in with this policy (see the Report on Corporate Culture and Ethics Principles : *https://www.societegenerale.com/en/responsability/responsible-employer/corporate-culture-and-ethics-pinciples*).

Stress prevention initiatives have been carried out in 109 Group subsidiaries and branches, covering 94% of Societe Generale's total workforce. The aim is to inform, train and support employees that may encounter situations that pose psychosocial risks. Initiatives include programmes offering free assistance from healthcare or insurance partners, training and/or awareness-raising on psychosocial risks, surveys and evaluations to measure stress, and various leisure and relaxation activities. For example, the French branch network has developed mandatory training on psychosocial risks and a psychological support programme for employees that are victims of armed robbery or other forms of commercial-related attack.

The Group also monitors working conditions through its **Life at Work programme and other efforts to improve the quality of life at work. The Life a**t Work programme, launched in 2015, is based on six areas: individual and collective efficiency; health and prevention; telecommuting and new organisational models; working environment; support during key life events; and change in managerial culture, in particular through training and awareness initiatives in connection with the Leadership Model and the Culture & Conduct programme.

A range of measures have been put in place through or in addition to this programme, including:

- the introduction of telecommuting in 122 Group entities. Triggered by the Covid-19 crisis, the Group successfully implemented group-wide telecommuting for all compatible positions in 2020. This prompted the Group to conduct a global internal survey in May 2020 on the "Future of Work", to learn more about how employees would ideally like to be able to work. Most had found that telecommuting offered certain advantages for everyday life, and the Group therefore stepped up the pace of its deliberations regarding telecommuting as a long-term option. In January 2021, General Management signed a Telecommuting Agreement with the French trade unions. The agreement stipulates that telecommuting is now a standard working arrangement, available to all employees (*i.e.* whether on permanent or temporary contracts, interns, work-study participants or new hires). Each BU/SU will decide how many days a week its employees can telecommute, and will be able to increase or decrease the number in line with the relevant business' activities. In implementing this agreement, the Group entities will adhere to all principles of equality, rules on working hours, laws and obligations in terms of the right to disconnect, and health and safety requirements for telecommuters. Alongside this agreement, the Group will also roll out preventative measures (particularly relating to the risks of isolation), communication campaigns, training and awareness-raising for both managers and employees, all adapted to each individual entity's level of experience with telecommuting (see the Report on Occupational Health and Safety : *https://www.societegenerale.com/en/responsability/responsible-employer/occupational-health-and-safety*);
- deployment of a charter setting out 15 commitments and measures to foster a better work-life balance, including (depending on the entity in question):
  - a flexible working hours policy (in nearly one-third of Group entities, employing 69% of the workforce),
  - a formal discussion between employees and their managers about their workload as part of annual appraisals,
  - heightened awareness among employees of their rights in relation to meeting times and emails sent outside of working hours, and
  - employee participation in forums for dialogue about the nature and conditions of their work;
- the rethinking of workspaces to encourage interaction and innovation, using modular premises and digital tools. This has taken place, for example, in Luxembourg, Hong Kong, London, New York and in France (at the Boursorama head office and at Les Dunes*);
- information sessions on quality of life at work (conferences, workshops, events);
- experimentation with new working methods, based in particular on agile methods (design thinking*, the lean start-up method*, pizza teams*, the Test & Learn method*, user experience, etc.), in line with the open innovation approach to which the Group has been committed since 2015. As part of this commitment, Societe Generale ran an intrapreneurship programme (the Internal Start-up Call) from 2017 to 2019, which resulted in the launch of 60 start-ups, sponsored by members of the Group's Management Committee and incubated in nine countries with local partners. Due to the Covid-19 pandemic, this programme did not run in 2020;
- Life at Work labels awarded to Group entities that have developed projects promoting well-being at work;
- measures to encourage the practice of sports;
- initiatives related to nutrition.

FOCUS ON MONITORING EMPLOYEE MORALE AND COMMITMENT

The unprecedented health crisis has had a major impact on the working conditions and organisational arrangements of the Group's employees. In a bid to ensure that team spirit and the sense of connection between employees remain strong, Societe Generale increased the number of its employee satisfaction surveys.

The Bank accordingly introduced a weekly, anonymous internal survey dubbed "Pulse Corporate" to gauge employee morale and monitor well-being. The survey was conducted across all entities during the first lockdown.

Each week, 15,000 employees selected at random were asked a few questions to gauge their morale and identify their needs and expectations in light of the exceptional working conditions imposed on them as a result of the pandemic. The results were published on a regular basis and offered insight into employees' confidence levels as regards the situation and the initiatives the Group was implementing in response to improve quality of life.

In light of its transformation plans and a resurgence in Covid-19 cases, the Group performed a second round of Pulse Corporate surveys across all entities towards the end of the year to see how employee morale and commitment had fared in the intervening period.

Some 56,000 employees (46% of the workforce) responded to the survey. Some of the key findings were as follows:

- overall employee commitment in the Group stood at 63% in 2020 (*versus* 64% in 2019);
- employee morale had remained stable since April (6.4/10 at the end of the year *versus* 6.5 in April);
- everywhere around the world, employees declared that they felt able to rely on the support of their managers (74%) as well as the help and support of their colleagues (90%).

KEY INDICATORS ASSOCIATED WITH THE RISKS RELATED TO POOR WORKING CONDITIONS AND NON-COMPLIANCE WITH INTERNAL LABOUR RULES AND REGULATIONS

	2018	2019	2020
Number of different nationalities within the Group	142	136	137
% of non-French employees	58%	56%	56%
Number of collective agreements signed with social partners	181	205	161
% of workforce covered	N/A	66%	64%
o.w. focused specifically on health and safety	*15*	*15*	*13*
% of women on the Group Strategy Committee (Top 30)	N/A	20%	24%
Absenteeism(1)	3.6%	3.5%	4.6%
Number of occupational accidents	824	747	524
% of the workforce targeted by prevention and information campaigns on health matters	98%	98%	99%
% of the workforce targeted by prevention and information campaigns on safety	95%	98%	98%
Number of employees able to telecommute(2) worldwide	23,000	32,000	54,700
% of the workforce benefiting from measures to promote work-life balance	70%	84%	87%
% of the workforce benefiting from measures to encourage the practice of sports	82%	95%	95%
Commitment rate	66%	64%	63%

(1) For the definition, see: Chapter 5 "Scope and rules for calculating employee-related indicators, p. 332.
(2) Excluding those working from home under business continuity plans.

5.3.4 BEING A PART OF POSITIVE SOCIETAL CHANGE

5.3.4.1 Societe Generale Corporate Foundation for Solidarity

Societe Generale's commitment to society is especially evident in the actions of the Societe Generale Corporate Foundation for Solidarity and the locally established Societe Generale solidarity structures (such as foundations) in other countries where the Group is present, for example in Morocco, Brazil and the United Kingdom. The Group is particularly proactive in the areas of workforce integration and social inclusion through education, especially sports and cultural activities.

The Foundation focuses its support on projects in France and in 2020 allocated EUR 2,584,656 to 56 projects championing workforce integration in high-demand areas such as information technology. It is supports a growing share of education-based projects.

In line with Societe Generale's international development strategy and in close collaboration with its local teams, the Foundation once again stepped up its Africa Programme in 2020, dedicating over EUR 900,000 to non-profit projects targeting education and workforce integration and in ten of the continent's countries.

Some 1,192 non-profit projects in 33 countries received a total of EUR 36.2 million in funding since the Foundation was created in 2006, through the Societe Generale Corporate Foundation.

CIVIC INVOLVEMENT IN AFRICA

Supporting African development and the continent's fair and sustainable transition, as well as its local economies, has been a key aspect of the Group's strategy for over a century.

The Societe Generale Foundation is active in Africa, where it strives to promote workforce integration, social innovation and female entrepreneurship. Since 2018, as part of its Africa Programme in support of local initiatives, a total of EUR 2,141,933 in grants has been awarded to 45 different projects on the continent. In 2019, with a view to getting the Group's African subsidiaries more involved in local civic initiatives, the Foundation launched the Panafrican Charity Awards. Every year, each of the Group entities in Africa is invited to present a local partner association's project. Of the ten projects put forward for the second year of these awards in 2020, four received additional funding from the Foundation.

	2018	2019	2020
Sums donated by the Group and its entities	EUR 14m	EUR 21m	EUR 50m(1)
Projects supported by the Foundation since 2006	1,022	1,105	1,192
Sums awarded to these projects by the Foundation since 2006	EUR 28m	EUR 31m	EUR 36m
Annual endowment for projects supported by the Foundation	N/A	EUR 4m	EUR 4.5m

(1) The amount for 2020 totalled EUR 50m, of which EUR 30m was earmarked for the Covid World Solidarity Programme launched by the Group in April 2020.

5.3.4.2 Employee involvement in civic activities

In addition to the Group's own commitments, Societe Generale also offers its employees the opportunity to support its partner organisations in France and worldwide on an individual level, through skills sponsorship programmes.

These programmes, in which employees can participate during their working hours, drive social action and extend the Bank's corporate efforts. They are also powerful drivers of attachment to the Group's core values and its social responsibility, enhancing its employer brand and consolidating internal cohesion by fostering relations between employees.

Financial education, mentoring, Pro Bono* Days, the half-time programme for seniors and volunteering are some of the solidarity initiatives through which employees can put their experience and expertise to good use in a community environment beyond that in which they work.

A highlight of the Group's citizenship programme is Citizen Commitment Time, an event organised each year to encourage and promote the benefits of employee volunteering worldwide. This event could not take place in 2020 due to the Covid-19 pandemic. Employees nonetheless got involved in a range of other initiatives – all virtual – such as the #VertigoChallenge, for example, which this year was reinvented as a fully connected inter-company charity race. Societe Generale mustered a total of 13 teams and between them they clocked up 11,000 kilometres - a considerable sporting achievement but also a civic-minded one - as each kilometre represented a donation to Play International.

The pandemic meant that certain changes had to be made to the skills sponsorship programmes in which the Group's employees are involved, in order to respect the necessary social distancing measures. Many of the associations with which the Societe Generale Foundation partners for these programmes decided to switch to remote mentoring. This allowed the Group's employees to stay in touch with their mentees and support them in new ways, thanks to the digital tools made available to them. All employees involved stressed the importance of such programmes in the context of this year's unprecedented pandemic.

Despite the Covid-19 crisis, 3,626 Societe Generale employees took part in the various initiatives offered by the Company in 2020. Between them, they devoted the equivalent of 15,397 days to solidarity initiatives.

	2018	2019	2020
Number of employees that took part in Citizen Commitment Time	11,000	11,000	N/A
Countries in which Citizen Commitment Time took place	33	33	N/A
Number of employees involved in the Group's various solidarity initiatives	18,668	21,476	3,626
Number of days that employees devoted to solidarity initiatives	N/A	20,430	15,397

5.3.5 RESPECTING HUMAN RIGHTS

Societe Generale is committed to respecting and promoting human rights, which constitute one of the fundamental values of its CSR policy. The Group develops Environmental and Social (E&S) policies, processes and operational procedures to implement these human rights commitments.

Societe Generale is also subject to the French Duty of Care Act of 27 March 2017 on the duty of care for parent and subcontracting companies. This law requires the Group to prepare and implement a duty of care plan to identify risks and prevent serious violations in terms of human rights, fundamental freedoms, health and safety and the environment as a result of its activities.

Over the years, the Group has voluntarily adopted procedures and tools to identify, assess and manage human rights and environmental risks as part of how it manages its human resources, supply chain and businesses. It saw this new regulatory obligation as an opportunity to clarify and strengthen its existing framework.

The Group's risk management framework is implemented in three main areas:

- in its relations as an employer with its employees and social partners (for more information, see: "Being a responsible employer", p. 281);
- in connection with its products and services (for more information, see: "E&S risk management in the businesses to promote fair and responsible growth", p. 299);
- in its supply chain through its suppliers (for more information, see: "Being a responsible purchaser", p. 291).

All the policies applied in these three areas are detailed in the Group's Duty of Care Plan, presented on page 338.

The Group reaffirms its commitment in its Human Rights Statement *(https://investors.societegenerale.com/sites/default/files/sg-human-rights-statement-.pdf)*. Its undertakings to respect and protect human rights are enshrined in its Code of Conduct (*https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/Code_of_conduct_eng.pdf*) and its Environmental and Social General Guidelines (*https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/Finance%20responsable/Envrionmental%20and%20Social%20General%20Guidelines%20for%20Business%20Engagement.pdf*).

Societe Generale has also set up a whistleblowing system in accordance with the law on transparency, the fight against corruption and modernisation of the economy (known as the *Sapin II* Act – see "A Code of Conduct underpinned by shared values", p. 279). This system operates in France and internationally, in both French and English, the details of which can be found at *www.societegenerale.com (https://report.whistleb.com/en/societegenerale)*. Whistleblowers can use it to report any potential or actual violations in respect of human rights, fundamental freedoms, health and safety or the environment. The system is available to all employees, as well as to external contractors, temporary staff and service providers working with the Group on an established basis (whether as subcontractors or suppliers).

5.3.6 BEING A RESPONSIBLE PURCHASER: THE POSITIVE SOURCING PROGRAMME

In pursuing a responsible sourcing policy since 2006 and working to ensure that the environmental and social commitments are achieved, the Sourcing network has shown itself to be a linchpin of the Group's CSR ambition.

It applies a continuous improvement process to its sourcing practices, which build on the rules of conduct and ethics applicable to purchasing, as annexed to the Global Framework Agreement on Fundamental Rights signed with UNI Global Union (see: "Being a responsible employer", p. 281).

Since 2012, the Group has maintained its Responsible Sourcing and Supplier Relations certification awarded by the French National Ombudsman (*Médiation des entreprises*) and National Procurement Council (*Conseil national des achats*). This certification, the new version of which is underpinned by ISO 20400: 2017 – Sustainable Procurement, attests to a company's commitment to establishing sustainable and balanced relationships with its suppliers.

The Sourcing division rolled out Societe Generale's fifth action plan for responsible sourcing over 2019-2020 entitled the 2020 Positive Sourcing Program (PSP 2020). This most recent plan followed on from the 2016-2018 plan to ensure that the Group's practices in the sourcing field remain exemplary. It took into account feedback from more than 700 partners and suppliers and drew on the Group's expertise developed over more than a decade of responsible sourcing.

An embodiment of the Group's values and aligned with its Culture & Conduct programme and E&S commitments, the PSP 2020 was based on virtuous sourcing practice and embodied two main goals:

- improving E&S risk management in the sourcing process;
- developing positive-impact sourcing, helping to improve the Group's regional and environmental footprint.

In line with the Group's CSR strategy, the next Positive Sourcing Program will build on the PSP 2020 version.

5.3.6.1 Improving E&S risk management during the sourcing process

5.3.6.1.1 E&S RISK IDENTIFICATION

This step consists of identifying whether a supplier's practices and/or a product or service purchased presents a potential E&S risk.

Identification of E&S risks related to products and services: risk mapping

The E&S risk mapping for sourcing (created in 2018) covers over 150 sub-categories of products and services and allows purchasers to assess the CSR risks inherent to their purchasing categories. Four risk levels are defined, from low to high. The categories identified as representing the greatest risk include those related to building work (renovations, interior outfitting and construction work) and waste management.

Identification of E&S risks related to suppliers: Know Your Supplier (KYS)

In May 2020, the Sourcing Division strengthened the measures it had put in place in 2016 in terms of monitoring certain suppliers to manage the risks of corruption and reputational damage, extending the KYS process to all suppliers representing significant sums or sensitive purchases for the Group. It now systematically conducts KYS checks at the beginning of the business relationship as well as periodically over the contract's term, in line with the supplier's risk level.

5.3.6.1.2 E&S ASSESSMENT(OF SUPPLIERS OR PRODUCTS/SERVICES IDENTIFIED AS PRESENTING E&S RISKS)

Once the Sourcing Division has identified an E&S risk, it proceeds with an assessment.

Assessment of E&S risks related to products and services: inclusion of CSR criteria in calls for tender

Based on the risks identified through the E&S risk mapping in the sourcing process, the Sourcing Division includes CSR criteria specific to each eligible purchasing category in its calls for tender. These criteria, weighted according to the level of risk identified, are then taken into consideration when reviewing tenders and selecting the successful supplier. Adapted to suit an international context, these criteria are now available for use throughout the Group.

Assessment of E&S risks related to suppliers: non-financial evaluation

To assess the CSR performance of suppliers under contract, those accounting for large purchase volumes at Group-level or representing the brand are required to submit to a non-financial evaluation, by an independent third party, of their environmental and social performance, business ethics and subcontracting practices.

5.3.6.1.3 RISK MITIGATION

Sustainable Sourcing Charter and CSR clauses

Since April 2017, the Sourcing Function has routinely sent all its suppliers a copy of the Sustainable Sourcing Charter (*https://www.societegenerale.com/sites/default/files/construire-demain/12112018_sustainable_sourcing_charter_vf_eng.pdf*). This charter is the result of a joint initiative between French banking and insurance operators looking to involve their suppliers in the due diligence process. It sets out the Group's CSR commitments, obligations and expectations with respect to its suppliers, and has been translated into six different languages.

A CSR clause is included in all standard contracts used by the Sourcing Division in France and is gradually being implemented more widely abroad. It refers to the Group's Code of Conduct, the Sustainable Sourcing Charter and the possibility to conduct on-site CSR audits, as well as the requirement for non-financial evaluation of certain suppliers (see below). This clause aims to involve suppliers in the due diligence process as regards human rights, working conditions (health and safety), the environment and the fight against corruption (see: the "Anti-corruption measures" section of Chapter 4.11, "Compliance risk, litigation", p. 257).

On-site supplier audits

Under its CSR clause, the Group has the right to conduct CSR audits at suppliers' sites. Societe Generale has approved two external audit providers to assist it in this respect. Each year, the Group draws up an audit plan and performs an E&S risk analysis to identify the suppliers it will cover. In 2020, the Group conducted seven supplier audits:

- three CSR audits as part of a call for tenders in a purchasing category presenting a medium-high E&S risk. The audit results proved the determining factor behind the final decision reached;
- four CSR audits of strategic suppliers for the French banking networks as part of a new CSR audit initiative implemented in 2020 with the Bank's peers. This sector-wide approach was developed in response to the recommendations set out in the French Duty of Care Act regarding cooperation within the sector.

Training on E&S risks

Job descriptions for purchasers and their managers within the Sourcing Division specifically include contributing to CSR performance by implementing the Positive Sourcing Program. For categories involving high CSR risks, individual operational objectives are set. Training on sustainable sourcing practices forms part of the internal induction programme for new purchasers.

By end-2020, all the Group's purchasers had received training on responsible sourcing and E&S risk management tools.

In addition, the Group made a short awareness-raising motion-design video presenting its sustainable sourcing programme, targeting employees that are occasionally involved in purchasing. The video was made available Group-wide *via* the intranet.

5.3.6.2 Developing positive-impact sourcing

In line with the Group's CSR ambition, the 2020 Positive Sourcing Program defined three priorities:

- supplier relations: the Sourcing Division aims to set an example in its relations with all suppliers, in particular SMEs. Societe Generale was the first bank to sign the SME Pact in December 2007 and it continues to uphold its commitment to SMEs, remaining attentive to their concerns and conducting regular satisfaction surveys;
- the social and solidarity economy (SSE): in France, Societe Generale set itself the target of maintaining expenditure directed to SSE structures at EUR 10 million per year from 2018 to 2020. The Group continued its efforts in favour of SSE structures in 2020, in particular by more frequently sourcing IT and intellectual services from the sheltered employment sector;

- climate (see: “IT infrastructure”, p. 310): in line with the Group’s target of reducing its CO_2 emissions by 25% per occupant by 2020, the businesses continued to work on the systematic development of innovative products and services with high environmental added value, based on an environmental impact analysis (CO_2 emissions and environmental efficiency). Notable illustrations of this commitment over the year included the implementation of a Power Purchase Agreement (see: “Direct impact of the Group’s business”/“Renewable energies”, p. 309) and the Group’s more environmentally friendly vehicle fleet.

For more information, see the Sourcing and Suppliers page at *www.societegenerale.com*: *https://www.societegenerale.com/en/responsability/sourcing-and-suppliers/our-commitments/focus-our-sustainable-sourcing-practices.*

	2018	2019	2020	Target
Total Group purchasing	EUR 6.8bn	EUR 6.1bn	EUR 5.5bn	N/A
Proportion of suppliers under contract within the targeted scope that underwent non-financial evaluation by an independent third party	45.5%	77%	80%	90%
Average invoice payment time (weighted by amount)	40 days	33 days	31 days	30 days
Proportion of calls for tender in high-risk purchasing categories that included CSR criteria	97%	94%	100%	100%
Average weighting of CSR criteria in the tender process	7%	14%	14%	N/A
Expenditure directed to SSE structures	EUR >10m	EUR 12.9m	EUR 10.1m	EUR 10m
Proportion of purchasers trained in sustainable sourcing	100%	100%	100%	100%

Back in 2014, the Group launched a project to reduce payment time for its supplier invoices to thirty days. At the end of 2018, it rolled out a digital invoicing portal to simplify invoice processing and shorten payment times. The Group stepped up its efforts to digitalise in 2020, in particular through broad campaigns promoting the portal during the lockdowns. As a result, relatively few suppliers were still issuing paper invoices by end-2020 and the average payment time (weighted by amount) is improving.

Please refer to *https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/corprate-social-responsibility-group-key-figures.xlsx* for all indicators.

5.3.7 THE GROUP'S MAIN CSR COMMITMENTS

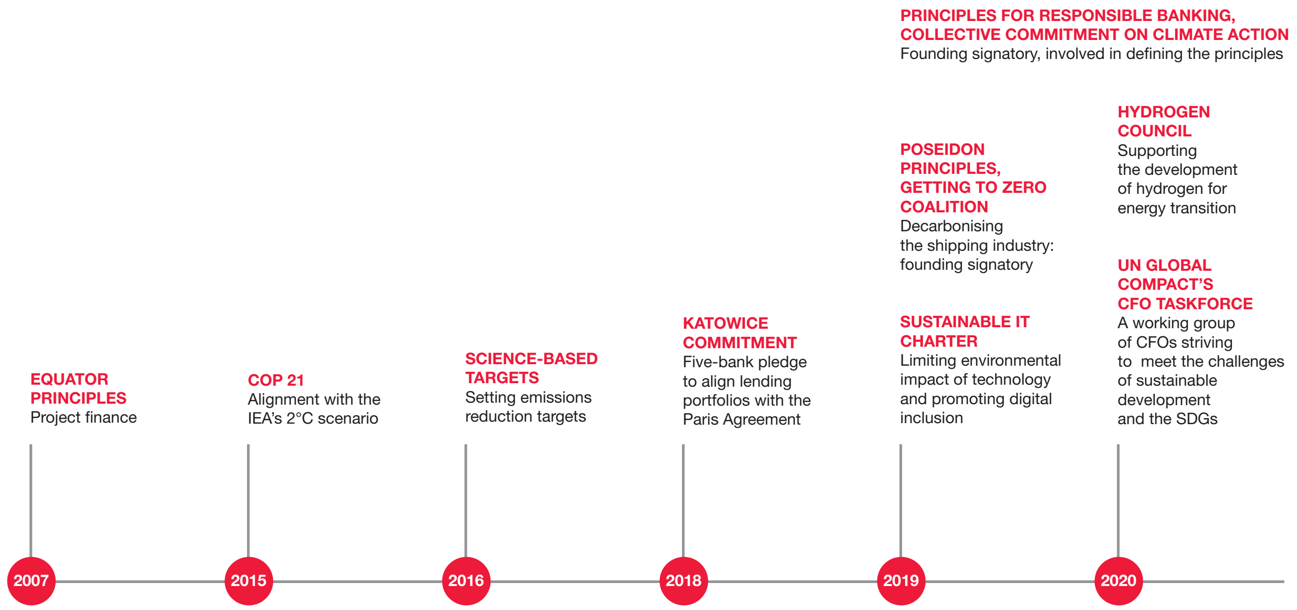
Aware of the banking sector's key role in transitioning towards a sustainable future, Societe Generale has over time voluntarily committed to a number of actions designed to accelerate positive transformation. The Group has launched or participated in various global cross-disciplinary initiatives to speed up energy transition. These positive changes entail significant investment and redirection of capital flows. Given the stakes involved, joint action is the only way forward: by actively participating in joint environmental initiatives, financial institutions can enhance cooperation across the sector and combine forces for the greater good. The joint methodologies and standards developed enhance transparency and boost the impact of the positive changes made.

It was this desire to play an active part in the transition towards a sustainable future that spurred Societe Generale's decision to become involved, as a co-founder, with the Principles for Responsible Banking (PRB). The Group's application of these principles can be seen in concrete measures such as its support for energy transition projects (illustrated by its commitment to finance such projects to the tune of EUR 120 billion over 2020-2023), its targets for reducing exposure to the coal, oil and gas sectors, its decision not to grant any new financing for onshore oil and gas extraction in the US, its support for sustainable development in Africa, and its endeavours in the field of digital transformation to combat global warming and promote social inclusion.

The following timeline shows just some examples of the Group's voluntary commitments in this respect.

VOLUNTARY COMMITMENTS TO THE ENVIRONMENT

(Selected initiatives)



5.3.7.1 Principles for Responsible Banking

Societe Generale is a founding signatory of the Principles for Responsible Banking, signed by 130 banks worldwide, and has also joined the Collective Commitment to Climate Action, signed by 34 banks.

Officially presented at the UN General Assembly in September 2019, these principles aim to define the role of the banking sector in building a sustainable future, in line with the United Nations' Sustainable Development Goals (SDGs) and the 2015 Paris Agreement on climate change.

The six principles define a common framework that allows each signatory bank to devise its own commitments with a view to increasing its positive impact or reducing its negative impact on society and the environment. The principles include aligning activities with the Paris Agreement and the UN's Sustainable Development Goals (SDGs), setting targets in terms of positive impacts and reduction of negative impacts, providing responsible support to customers, consulting and cooperating with stakeholders, developing a responsible banking culture and governance, and making targeted and public commitments and then reporting transparently on their achievement.

Societe Generale deploys an integrated CSR ambition aimed at aligning itself with the Principles for Responsible Banking and designed to contribute to positive change for a sustainable future, as reflected in the Group's third Integrated Report (*https://www.societegenerale.com/sites/default/files/documents/Rapport-integre/2020/irsg2020_eng_web.pdf*).

2020 UPDATE

One year after signing the Principles for Responsible Banking, the Group has made several key advances in connection with the initiative's six principles:

- **Principle 1 - "Alignment" and Principle 2 - "Impact & Target Setting"**: Over its first year as a PRB signatory, Societe Generale has in particular stepped up its commitments towards fighting climate change by working to align its activities with the Paris Agreement:
  - Societe Generale was one of the first global banks to announce a concrete near-term target for reducing its global exposure to the **oil and gas extraction sector, aiming for a 10% reduction by 2025**,
  - the Group has announced it will **gradually exit the thermal coal sector**, fully withdrawing from companies operating in the sector in the European Union or in OECD member countries by 2030, and by 2040 for the rest of the world,
  - Societe Generale has committed to raising **EUR 120 billion for the energy transition** between 2019 and 2023, with EUR 20 billion of this total being used to consult on and finance renewable energy projects,
  - the Group is a member of **a number of coalitions set up to promote positive change in various sectors of the economy** (shipping finance through the Poseidon Principles, energy through the Hydrogen Council, etc.);
- **Principle 3 - "Clients & Customers"**: Societe Generale has continued to work with its customers to improve consideration of ESG issues:
  - through its E&S assessments of customers and transactions, on energy transition issues for customers covered by its coal policy, or on issues surrounding deforestation for customers that handle certain agricultural commodities,
  - through the development of its positive-impact activities or its participation in various initiatives such as those concerning impact-based finance;
- **Principle 4 - "Stakeholders"**: In autumn 2020, the Group performed a **large-scale materiality survey with its stakeholders** to help in preparing its strategic plan for 2021-2025. It sent the survey out to a representative panel of its stakeholders, including employees, staff representatives, investors, shareholders, individual and corporate customers, and NGOs;
- **Principle 5 - "Governance & Culture"**: The Group has strengthened its CSR governance, in particular through:
  - the Responsible Commitments Committee (CORESP), which met eight times in 2020 to approve the Group's overall CSR strategy, as well as its climate and sector-specific commitments,
  - in 2020, a meeting of the Board of Directors' explored CSR topics in particular,
  - the broad roll-out across the Group, in the Business Units and Service Units alike, of mandatory training on E&S risk management in the businesses and sourcing, as well as the addition of new modules to the list of existing CSR training available,
  - the Societe Generale Group's Deputy General Manager and Head of Finance joining the UN Global Compact's CFO Taskforce in September 2020. The work of this taskforce coincides with the Principles for Responsible Banking, allowing the Group to capitalise on the synergies available,
  - active participation in a number of the UNEP-FI's working groups set up to support the Principles for Responsible Banking, for example the working groups on the customer impact analysis template and the portfolio impact identification tool;
- **Principle 6 - "Transparency & Accountability"**: The Group has improved monitoring in respect of deploying its E&S risk management framework and the positive impact of its activities, in particular by:
  - conducting self-assessments of E&S risk compliance,
  - performing risk mapping as part of its duty of care,
  - using the UNEP-FI's customer impact analysis template, and last,
  - reporting on Sustainable and Positive Impact Finance, the definitions of which were revised in 2020 with a view to tightening requirements to gradually anticipate a harmonisation with the European Union's taxonomy.

And, soon, by reporting on its implementation of the Principles for Responsible Banking, using the UNEP-FI's template. The first report is due to be published by the end of the first quarter of 2021.

5.3.7.2 The UN Global Compact's CFO Taskforce

In December 2019, the UN Global Compact's platform for sustainable financial action set up a working group of Chief Financial Officers from big companies to discuss how they could push for and facilitate implementation of sustainable strategies within their businesses. Alongside peers, investors, financial institutions and the United Nations, these CFOs have shared ideas, developed new concepts and made recommendations on how to unlock investment in the Sustainable Development Goals (SDGs) (For more information on the CFO Taskforce, visit: *https://www.cfotaskforce.org)*.

2020 UPDATE

The Societe Generale Group's Deputy General Manager and Head of Finance joined the UN Global Compact's CFO Taskforce within its first year, in September 2020, making Societe Generale the first commercial bank to join.

Over the course of this first year, the cross-sector working group has developed the first UN-backed CFO Principles on Integrated SDG Investments and Finance.

The taskforce pinpointed four key areas as critical to SDG-aligned investments:

- SDG impact thesis and measurement;
- integrated SDG strategy and investments;
- integrated corporate SDG finance; and
- integrated SDG communications and reporting.

Having signed these principles, Societe Generale will now be part of three working groups set up to establish the required blueprints for rollout.

5.3.7.3 Equator Principles

Adopted by the Group in 2007 and revised first in 2013, then again in 2020, the Equator Principles (EP) are one of the underlying initiatives of Societe Generale's E&S General Guidelines. With a new version – the EP4, applicable as of 1 October 2020 – the Equator Principles serve as a common framework for the financial sector to identify, assess and manage the E&S risks of large infrastructure projects for which the 116 international financial institutions across 37 countries that have joined the initiative (at 11 February 2021) provide financing and advisory services.

Every year, Societe Generale publishes a report describing how the principles are implemented and provides a list of the projects that fall within the scope of the EP and in which the Group has been involved. This report is published on the Group's website (*https://wholesale.banking.societegenerale.com/en/about/equator-principles-report//*).

2020 UPDATE

In 2020, Societe Generale contributed to work by the EP Association in support of the launch of the EP4. In particular, the Group participated in the various working groups in preparation of the Association's publication of several guidelines to facilitate the rollout of the EP4 (*https://equator-principles.com/documents-resources/).*

Internally, the Group also adapted its tools and procedures, and introduced training and communications aimed at E&S experts and the sales teams to ensure the implementation of the EP4 and of their main changes. These changes concern in particular:

- tightening requirements in terms of the consideration of human rights and obligations related to Free, Prior and Informed Consent of Indigenous Peoples;
- strengthening the integration of climate risk considerations, in keeping with the Paris Agreement, and introducing a systematic climate risk assessment (physical or transition) for some projects;
- for projects located in high-income OECD countries, applying the IFC's* international standards in addition to local regulations, where relevant;
- broadening the scope of application in order to cover more project-related transactions, notably by reviewing loan thresholds and adding new financial products;
- encouraging the sharing of project-related biodiversity data.

5.3.7.4 Green Investment Principles (GIP)

Societe Generale also signed the Green Investment Principles in November 2019. These principles were defined by the China Green Finance Committee and the City of London's Green Finance Initiative. They are intended to guide financial institutions in adopting responsible practices in Environmental and Social (E&S) risk management and positive impact financial products along the Belt and Road region*. The GIP Secretariat is also planning to develop a database of green projects to increase the transparency of investments along the Belt and Road region, while bridging the information gap between financiers and project developers.

The Green Investment Principles reaffirm commitments already made by Societe Generale, such as the Principles for Responsible Banking, the Equator Principles and the UN-PRI (signed by Lyxor, Societe Generale Private Banking and Societe Generale Assurances).

These principles will be implemented mainly in Asia and will rely in particular on the roll-out of the Group's E&S risk management framework in this region.

2020 UPDATE

One year after signing the Green Investment Principles, the Group submitted its first report to the GIP Secretariat in 2020. The documents submitted by members of the initiative were used in the publication of the first GIP Annual Report.

Societe Generale has also submitted to the GIP, for its review, a transaction relating to the issuance of green bonds for the Xinjiang Goldwind wind turbines in Vietnam.

Societe Generale teams are participating in a working group to develop and adopt innovative green financial products aimed at reducing financing costs and attracting private sector funding. All the work initiated by this group will be described on the GIP's institutional website.

The next stages involve:

- organising workshops and receiving members of the working groups on innovation in green products;
- strengthening the teams participating in discussions regarding the GIPs;
- the Group's development of a book documenting good practices in green financing, based on case studies.

5.3.7.5 Poseidon principles

Societe Generale is one of the founding signatories of the Poseidon Principles, launched in 2019 in collaboration with the Global Maritime Forum, and in association with other banks financing the shipping industry. The Poseidon Principles aim to promote a low-carbon future for the global shipping industry by integrating climate decision-making into portfolio management and lending decisions in respect of ship finance. The Poseidon Principles are consistent with the goal of the International Maritime Organization (IMO) to reduce greenhouse gas emissions from the shipping sector by at least 50% by 2050. Societe Generale also announced that it had joined the Getting to Zero coalition, which aims to develop and deploy commercially viable deep-sea zero-emission vessels by 2030.

2020 UPDATE

Societe Generale Group entities are now integrating the Poseidon Principles into decision-making processes for financing and refinancing operations in the shipping sector in an effort to align the sector with the IMO's decarbonisation strategy. In 2020, Societe Generale successfully financed several ships with innovative structures. The Group offered its customers responsible credit lines with margins that change in line with the achievement of IMO goals.

For new transactions, the Group systematically assesses a ship's carbon efficiency and may be forced to refuse operations for reasons of non-alignment of the vessel with the decarbonisation trajectories published by the Poseidon Principles Association. This decision is made by the head of the Shipping Finance team who is in charge of aligning the portfolio with the long-term objectives of the Poseidon Principles.

The initiative has also made it possible to engage in dialogue with many customers in the shipping sector in order to better support them in financing projects to improve the energy efficiency of their existing fleet.

As part of the Poseidon Principles, Societe Generale is committed to communicating on the carbon intensity of its shipping finance portfolio, in accordance with the International Maritime Organization targets to reduce CO_2 emissions by at least 40% by 2030, and 50% by 2050. These decarbonisation trajectories aim to align the Group's shipping finance portfolio with the Paris Agreement goal of keeping the increase in global average temperature to well below 2 °C.

The selected indicator corresponds to the carbon intensity of each financed ship ($gC0_2e/tnm$) measured through the Average Efficiency Ratio (AER) according to the Poseidon Principles. Expressed in emission intensity, the Poseidon Principles target a reduction of more than 80% compared to the AER in 2012. Accordingly, the target is in line with the IMO 2050 strategy on the reduction of greenhouse emissions from ships.

For 2019, Societe Generale's shipping portfolio was slightly misaligned (by 2%) with the IMO's ambition to reduce carbon emission intensity. This result reflects the fundamental changes that the industry is undergoing. In the future, Societe Generale is committed to supporting its customers in their efforts to reduce carbon intensity and to constantly work to improve its portfolio by financing ships aligned with the IMO goals.

5.3.7.6 Hydrogen Council

In August 2019, the Group became a member of the Hydrogen Council, a global initiative launched in connection with the 2017 World Economic Forum in Davos by major companies operating in the energy, transport and industrial sectors. The Hydrogen Council now brings together more than 90 companies from different industrial and energy sectors playing a role in the hydrogen supply chain: energy, oil and gas, chemicals, commodities, metals and mining, cars and trucks, equipment manufacturers, and other transport sectors (aeronautics, trains, shipping). It is expected that, by 2050, low-carbon hydrogen solutions could meet 18% of the world's energy demand and reduce annual CO_2 emissions by 6 Gt. This illustrates its enormous potential for the energy transition, according to the Hydrogen Council (Hydrogen Scaling Up, Hydrogen Council - November 2017).

Societe Generale immediately joined the newly created Investor Group in the Hydrogen Council, thereby reiterating its commitment to play a role in the energy transition. Hydrogen has the potential to create low-carbon supply chains and Societe Generale intends to play an active role in the development of these solutions, in keeping with its pioneering role in offshore wind (fixed and floating) and solar energy.

The Group plans to draw on the strength of its innovation, consulting, financing, debt and equity structuring franchises to serve this energy of the future.

2020 UPDATE

Societe Generale helps hydrogen project leaders to better understand the requirements for their large-scale projects to be sustainable in the long term and to attract investors. The projects are diversified and Societe Generale's involvement in the Hydrogen Council's Investor Group has focused on the ability to finance large captive fleets of hydrogen trucks. Upstream, the Group participates in discussions with project developers on issues of financing and fixed assets.

The Group also adds value to discussions with public agencies, providing an expert's perspective on potential configurations for the provision of public financial support that would facilitate the ramp-up of these new low-carbon technologies.

Societe Generale has also joined the Hydrogen Marketplace working group within the Hydrogen Council to develop the Hydrogen Investment platform. This will be an online platform where start-ups, companies, sponsors and project teams can share views on investment and collaboration opportunities involving hydrogen projects.

5.3.7.7 Soft Commodities Compact

The Soft Commodities Compact (*https://www.cisl.cam.ac.uk/business-action/sustainable-finance/banking-environment-initiative/programme/sustainable-agri-supply-chains/soft-commodities*) is a banking initiative launched jointly by the Consumer Goods Forum (CGF) and the Banking Environment Initiative (EIB) in 2014. It aims to support the banking sector in its efforts to combat deforestation by transforming the supply chains of the following agricultural commodities: palm oil, soya, wood and beef.

The signatory banks, including Societe Generale since 2015, undertook to help their main customers in these sectors to achieve the target of zero net deforestation by the end of 2020.

2020 UPDATE

Although the goal of achieving the target of zero net deforestation by 2020 has not been reached (the signatory banks have collectively recognised the complexity of the deforestation challenge), Societe Generale intends to forge ahead with its efforts to combat deforestation and the loss of biodiversity caused by the agricultural commodities targeted by the Soft Commodities Compact.

In 2020, Societe Generale published a report on implementing the principles of the Soft Commodities Compact (*https://www.societegenerale.com/sites/default/files/documents/2020-12/SG-Tackling-deforestation-Soft-commodities-report-12.2020.pdf*). It analyses the Group's impact on deforestation, its customers' degree of maturity on this issue, and identifies avenues for progress.

The analysis thus conducted on the Corporate and Investment Banking customer portfolio revealed that the majority of the Group's customers are already committed to the fight against deforestation despite the difficulties in effectively implementing certification and traceability measures. An in-depth review of each customer's strategies and difficulties was conducted and the Group has thus developed a greater understanding of the risks and challenges related to deforestation.

This analysis will underpin the review of agricultural sector policies in 2021 so that Societe Generale can continue to support its customers already committed to combating deforestation, while strengthening the effectiveness and monitoring of actions implemented as part of its E&S risk management system.

5.3.7.8 Sustainable IT Charter

In November 2019, Societe Generale was one of the first companies to sign the Sustainable IT Charter to help limit the environmental impact of technology and promote digital inclusion.

A French initiative developed by the *Institut du numérique responsable* (INR, a French think and do tank) in partnership with the General Commission on Sustainable Development (CGDD) of the French Ministry for the Ecological Transition, WWF*, ADEME* (French Environment and Energy Management Agency) and Fing* (a leading think tank on digital transformation), this charter was launched in June 2019 and now has 82 signatories (companies, associations, VSEs and SMEs, and public entities). For more information on the charter, see *https://institutnr.org/wp-content/uploads/2019/06/Charte-num%C3%A9rique-responsable-INR-Vierge.pdf*.

In signing the charter, Societe Generale, a founding member of the INR since December 2018, commits to:

- optimise digital tools to limit their environmental impact and consumption;
- develop services that are available to all, inclusive and sustainable;
- disseminate ethical and responsible digital practices;
- contribute to making digital technology measurable, transparent and clear;
- and encourage the emergence of new behaviours and values.

2020 UPDATE

The year 2020 was devoted to defining the strategy and performance of initial actions. A "CSR by IT" programme was launched and 17 working groups created. The joint efforts of nearly 300 employees from the IT Department developed the first key deliverables, including:

- two MOOCs on responsible digital technology (short and long version) developed by the *Institut du numérique responsable* (INR) with the financial support and contribution of Societe Generale experts;
- a Manifesto on responsible and sustainable information technology, distributed to all employees in the IT Department;
- a calculator to measure the carbon footprint of the Group's information systems;
- the inclusion of CSR practices, criteria and assessments in the Group's normative documentation on project management and architecture;
- the provision of tools to analyse and support ecodesign and e-accessibility for the Group's IT teams;
- an initiative to reduce electronic waste in France: offering refurbished telephones to Societe Generale employees to give decommissioned IT equipment a second life;
- an active approach to promote the inclusion of people with disabilities;
- several campaigns to raise awareness of eco-friendly practices.

For more information, see: Identifying the Group's impact on climate change, "IT infrastructure", p. 310.

5.3.8 E&S RISK MANAGEMENT IN THE BUSINESSES TO PROMOTE FAIR AND RESPONSIBLE GROWTH

Environmental, social and human rights risk factors may trigger or aggravate compliance, reputational and credit risks.

The risk of non-compliance with laws governing E&S issues, or non-compliance with the Group's E&S commitments, may arise from the inadequacy or insufficiency of the E&S risk management system or from failings in its implementation. These risks could also trigger a reputational risk for the Group. Reputational risk may also arise from a negative perception of the Group's handling of E&S issues by stakeholders, particularly external stakeholders.

Lastly, E&S issues can affect the Group's credit risk. In particular, climate change can affect the ability of borrowers to honour their credit commitments.

5.3.8.1 A restructured E&S risk management system

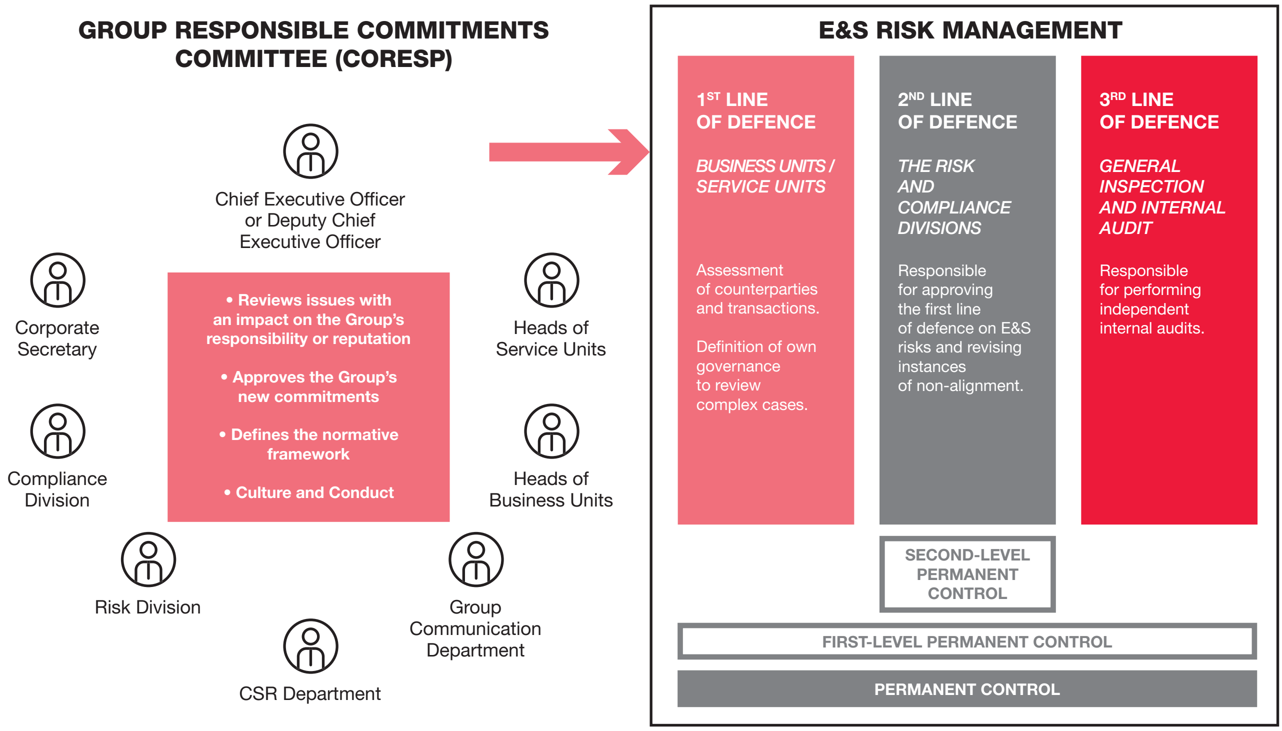
The E&S risk management framework and governance are regularly reviewed to reflect changes in E&S issues and regulatory obligations, as well as the Group's new commitments. In particular, they were significantly strengthened in 2019 at Group level and were adopted operationally within the Business Units in 2020.

In the context of the Duty of Care Act and the gradual implementation of the Principles for Responsible Banking, the review of this E&S risk management system continued in 2020.

5.3.8.1.1 STRENGTHENED GOVERNANCE AND ORGANISATION

The integration of E&S risk management principles into the Group's normative documentation in 2019 has also strengthened governance. The roles of the first line of defence (business lines) and the second line of defence (Risk and Compliance Departments), as well as those of the CSR Department have been clearly explained:

- the BU/SUs are responsible for managing E&S risks within their scope in accordance with the Group's recommendations on the assessment of counterparties and transactions. They can rely on E&S expert teams in other business lines to perform these assessments. They define their own governance bodies to review complex cases, request arbitration from their reporting entity where necessary, and contribute to updating Societe Generale's E&S standards;
- the Risk and Compliance Departments are in charge of the second line of defence on E&S aspects. They are responsible for identifying instances of non-alignment in transactional or on-boarding processes with counterparties and for assessing the quality of the first line of defence on E&S risks.



In this regard, the Group Responsible Commitments Committee (CORESP), created in 2019, met eight times in 2020. The following issues were addressed in particular:

- the implementation of the E&S risk management framework, as well as the Group's Duty of Care Plan and the Modern Slavery Act statement;
- the updating of sectoral policies, such as the defence and coal-fuelled power policy;
- the plan to align lending portfolios with the Paris Agreement (setting targets for the gas and oil sector);
- sustainable IT infrastructures;
- biodiversity and the Soft Commodities Compact;
- in 2020 the Group joined the CFO Taskforce of the UN Global Compact.

5.3.8.1.2 E&S GENERAL GUIDELINES

The E&S general guidelines apply to all financial transactions and services provided by Societe Generale Group entities. They are available on the Group's website *(https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/Finance%20responsable/Envrionmental%20and%20Social%20General%20Guidelines%20for%20Business%20Engagement.pdf)*.

The sectoral and cross-sector E&S policies, referred to as the E&S policies, which are annexed to the E&S general guidelines, define the standards that Societe Generale intends to apply to sectors considered potentially sensitive from an E&S or ethics perspective (such as oil and gas, the mining sector, etc.) and to some cross-business issues (such as biodiversity). They are available on the Group's website *(https://www.societegenerale.com/en/responsability/ethics-and-governance)*. The general guidelines and sectoral policies are updated in accordance with regulatory, scientific or corporate changes, peer practices and the Group's strategy. The updates are approved by the Responsible Commitments Committee (CORESP). On that score, the Thermal Coal sectoral policy was updated in 2020. The other sector policies, as well as the general E&S Principles, are currently undergoing review and are expected to be updated in 2021.

There are twelve such E&S policies based on a common framework that identifies E&S risk factors, lists sectoral or thematic standards that serve as a reference, explains the scope of the activities concerned (sub-sectors, financial products and services) and defines, for each sector or theme, the criteria relating to:

- the Group's counterparties: the Group's corporate customers or issuers of securities held for the Bank's own account or on behalf of third parties (excluding financial institutions and sovereigns);
- transactions: products and services where the underlying is unknown (for example, asset or project finance, or agricultural commodity derivatives).

By extension, the policies may contain common criteria for financing or investment portfolios (such as limiting the share of coal in the energy mix financed).

Societe Generale's E&S policies cover sensitive sectors in which the Group plays an active role. Energy and mining are covered by a number of sectoral policies due to their importance for the economy and for the Group, their potentially significant impact in terms of atmospheric emissions (including greenhouse gas emissions), as well as their impact on the natural environment and local communities (dams and hydroelectric energy, power plants, coal-fired power plants, mines, civil nuclear power, and oil and gas) – see: "Positive climate action", p. 306. Several policies are also in place for the farming and forestry sectors (agriculture, fisheries and food, forestry and forest products, and palm oil). The defence and shipping sectors are also covered. The defence, coal and civil nuclear power E&S policies include internal operational implementation guidelines to facilitate their rollout in the Group's businesses. Guidelines for other policies are currently being drafted.

Societe Generale has also implemented a special cross-sector policy on biodiversity conservation which applies to all Group banking and financial operations and involves procedures for reviewing dedicated transactions (the underlying of which is known) and customers.

In 2019, the Group published a Statement of Human Rights reflecting its commitment to respect human rights within the scope of its business. This statement complements the commitments made in the context of the various sector-specific policies, particularly through sectoral initiatives integrating these issues. The teams are currently working on developing statements on biodiversity and the climate.

In 2020, work began on a sector policies review project to clarify criteria and facilitate their operational rollout, and to better reflect commitments and issues relating to climate, biodiversity and human rights.

5.3.8.1.3 OPERATIONAL IMPLEMENTATION PROCEDURES

For several years, the Group has had procedures in place to implement its commitments. The year 2019 was marked by the updating and integration of E&S risk management principles into the Group's new normative documentation (Societe Generale Code). The development of the Group's normative documentation aims to integrate E&S risk management into existing management processes, such as transactional processes, on-boarding processes, and periodic customer review processes. Aspects relating to E&S issues are thus gradually being integrated into the credit and reputational risk management policies and processes of all Business Units. These efforts will be continued in 2020 with the gradual integration of these changes into BU and SU processes.

E&S risk management is based on three main steps:

- **E&S risk identification:** This step consists in identifying whether the counterparty's activities or the transaction associated with such activities present a potential E&S risk. In particular, it is based on an analysis aimed at verifying whether the counterparties or underlying activities are on the E&S exclusion list or the E&S identification list, whether they are subject to a sectoral policy or whether they are the subject of E&S controversies. This process makes it possible to review compliance with the exclusion criteria of the various sectoral policies.

An E&S identification list (formerly the E&S watch list) is regularly updated by internal experts and sent to all the businesses concerned. It lists any projects, companies or sectors/countries - irrespective of whether they are financed by Societe Generale - that are subject to severe controversy or public campaigns on the part of civil society for E&S reasons. The purpose of this internal list is to alert the operational teams at an early stage in the customer and transaction reviewing process in order to establish a more in-depth E&S assessment of the transactions and customers concerned.

In addition to the E&S identification list, an exclusion list is updated and communicated on a quarterly basis. It lists companies that have been excluded under the Defence sector policy due to their involvement in the production, storage or sale of controversial weapons, especially antipersonnel mines or cluster bombs. Societe Generale has undertaken to not knowingly supply banking or financial services to such companies, their parent companies or their subsidiaries.

Moreover, it may decide to exclude companies on a case-by-case basis, for example further to E&S assessments conducted prior to establishing a new relationship or concerning specific types of activities (coal, oil sands, oil in the Arctic, etc.).

This exclusion list is gradually being expanded to reflect new exclusions resulting from updates to certain E&S policies and to eventually incorporate it into the Group's IT processing systems:

- **E&S assessment (of counterparties or transactions identified as presenting an E&S risk)**: when an E&S risk has been identified, the business line assesses compliance with the criteria of the applicable E&S policy(ies) and the severity of any E&S controversies. This assessment may contain a prospective analysis of these criteria. The E&S assessment can result in a positive, conditional (contractual conditions, action plans, restrictions) or negative opinion;
- **E&S actions**: mitigation actions may be recommended to mitigate the risks identified.

E&S assessments and actions are reviewed by the second line of defence (depending on the process, the Risk or Compliance Departments) and may be mediated by the heads of the business lines if necessary, or by General Management within the context of CORESP. Monitoring and controls are also gradually being implemented in E&S risk management processes within the business lines.

In addition to identifying, assessing and defining actions to mitigate potential negative impacts, these procedures enable the identification of counterparties and transactions for positive impact financing in terms of sustainable development. Sustainable finance with a positive impact is underpinned by this dual approach (see: "A Bank committed to sustainable and responsible finance", p. 314).

5.3.8.1.4 OPERATIONAL IMPLEMENTATION IN THE GROUP'S BUSINESS UNITS

In the **Corporate and Investment Banking** arm a dedicated team of experts supporting the front officers has been analysing E&S issues related to customers for several years. The E&S analysis is underpinned by a risk-based approach with an in-depth E&S assessment of priority customers.

A dedicated team of experts in Corporate and Investment Banking supports the Front Offices in assessing and understanding the E&S impacts of transactions as part of the implementation of the Group's voluntary commitments (E&S policies and the Equator Principles in particular).

Even before the scope of the Equator Principles was expanded in 2020, Corporate and Investment Banking had voluntarily implemented procedures to manage the E&S risks associated with dedicated projects or assets for equity capital market transactions, debt capital market transactions, mergers and acquisitions, and acquisition financing. In addition to these transactional reviews, an E&S analysis of counterparties other than financial institutions is conducted.

In 2020, **French Retail Banking** strengthened its E&S assessment process for corporate customers to reflect recent changes in the Societe Generale Code. The main systems were updated and strengthened, such as the E&S assessment procedure and the format of customer assessment sheets.

In July 2020, French Retail Banking was expanded to include a Customer Experience, Responsibility and Ethics Division to better coordinate actions aimed at improving the Bank's customer experience, while adhering to CSR and ethics standards. This division liaises with regional business centres through corporate customer officers.

This team supervises the accomplishment of Retail Banking's CSR goals and produces information to measure E&S risk management, in particular. In addition, the team drives an acculturation programme to encourage all teams to adhere to and fully understand the ethics and responsibility issues related to banking.

Since October, French Retail Banking has been committed to updating this assessment annually for all corporate customers with consolidated revenue of more than EUR 250 million per year. The assessment is also carried out when onboarding a company with annual revenue of more than EUR 7.5 million, granting a loan of more than EUR 50 million and with a term of more than two years, and granting a loan (regardless of its amount and term) with an underlying asset in the defence sector. This scope of application, which is limited at this stage to let account managers adopt the process gradually, will be expanded over time.

This update entailed a vast training programme conducted between September and December 2020 to strengthen the teams' knowledge of these systems. Nearly 1,300 people were trained in the sales, risk and compliance functions.

The Societe Generale Real Estate Finance subsidiary (*Société Générale Financement Immobilier* - SGFI) adopted the same E&S assessment and annual updating processes in January 2021. If a reputational risk exists, the E&S assessment when granting a loan will be carried out regardless of the amount and term.

Within **International Retail Banking**, E&S experts have been appointed since 2019 in the two regional divisions in sub-Saharan Africa and the two structured finance platforms in North Africa, as well as in the main subsidiaries in Eastern Europe, Russia and Asia. These centres of expertise support local sales departments and work closely with CSR Department experts at Group and BU level.

The Group's normative documentation has been transposed into an operational procedure disseminated within the Business Unit covering subsidiaries in Africa and overseas France. It sets out the roles and responsibilities of the various players involved in the subsidiaries. The E&S assessment process is synchronised with the processes for onboarding and periodically reviewing counterparties, as well as with the loan granting process.

In 2020, E&S experts operating in **Africa** implemented an extensive training programme aimed at the local sales teams in question, which also involved the Compliance and Risk teams operating in regional divisions and subsidiaries. Accordingly, in 2020, in an environment of restrictions and delayed by social distancing measures, E&S Africa experts trained or raised the awareness of more than 400 people in the system described in the operational procedure and tools provided.

The Group's subsidiaries **in Europe and Russia** (BRD*, KB* and Rosbank*) transcribed the Group's normative documentation into their respective normative documentation, ensuring compliance with local laws. E&S training will be offered to credit analysts to support E&S experts in the field.

Within **Financial Services**, Societe Generale Equipment Finance (SGEF)* is working to adapt the E&S risk assessment system to customers and transactions. The main assets financed by SGEF (notably those manufactured by vendor partners) are also analysed with respect to environmental and social issues. One of SGEF's areas of development is green financing and regular meetings are organised on this subject with the entities.

At ALD Automotive*, customer E&S risk identification has been integrated into KYC (Know Your Customer) processes in Group entities for several years already. An in-depth E&S assessment of priority customers is carried out by cross-business E&S expert teams.

KEY INDICATORS RELATED TO THE E&S RISK ASSESSMENT PROCESS WITHIN THE BUSINESS UNITS

	2018	2019	2020
Groupe			
Total number of customers (groups or units) who underwent a thorough E&S review	659	686	1,015
Total number of transactions analysed that underwent an E&S review	N/A	N/A	1,239
o/w total number of transactions analysed that underwent a review falling within the scope of the Equator Principles	56	48	90
Number of people trained in E&S risk management	N/A	N/A	3,280
Corporate and Investment Banking			
Number of transactions signed that underwent an E&S review	113	112	118
o/w number of transactions falling within the scope of the Equator Principles	*56*	*48*	*66*
o/w number of dedicated transactions that have been reviewed in the voluntary scope of Societe Generale	*57*	*64*	*52*
Amount of new financing for dedicated transactions that underwent an E&S review in the scope of the Ecuador Principles (EP) *(In EURbn)*	3.4	3.6	4.7
Amount of new financing for dedicated transactions that underwent an E&S review of the Equator Principles (EP) in the voluntary scope of Societe Generale (*In EURbn*)	3.7	4.2	3,2
Number of customers (groups or units) who underwent an E&S review	143	134	153
French Retail Banking			
Number of customers (groups or units) analysed	416	389	456
International Retail Banking			
Number of customers (groups or units) analysed	N/A	167	406

5.3.8.2 Additional E&S risk management processes related to the specific characteristics of certain Group activities

With regard to the asset management activity, at Lyxor*, transaction checks for fund liabilities (specifically to ensure compliance with the E&S exclusion list) are carried out by the transfer agent*. For fund assets, these checks are integrated into the front office tools in pre-trade*, and post-trade* checks are carried out within the risk analysis teams, completely independently from management.

Lyxor assesses ESG risks and global warming issues in most of its investment vehicles. The ESG assessment measures the ability of underlying issuers to manage key risks and opportunities related to environmental, social and governance factors. Lyxor also assesses climate change risks and measures alignment with the Paris Agreement targets. Expressed as a fund temperature, Lyxor's approach integrates prospective data to capture all the efforts an issuer has made and plans to make in order to reduce its carbon emissions.

Regarding unlisted assets, such as corporate debt, Lyxor has developed identification and assessment measures. Prior to each investment decision, an ESG precheck aimed as assessing an ESG risk score (*e.g.* presence of public CSR information, SME sector, assessment of Global Partners related to the transaction, private information reflecting the existence of CSR practices, comparison with best practices in the sector, etc.). This system enables Lyxor to conduct initial ESG risk analysis to assess whether the companies in which it is considering investing in have taken these issues into consideration. Moreover, ESG due diligence is carried out post-investment on an annual basis.

With respect to the GREENFIN-labelled Green Bond ETF, Lyxor performs an analysis and exclusion of Green Bond financing activities excluded by the label in order to comply with the label's requirements. Lyxor also monitors highly controversial bond finance projects.

In order to control E&S risks in proposed investment solutions, Societe Generale Private Banking applies the E&S general guidelines defined by the Societe Generale Group. The entire direct security investments universe (shares and bonds) of Private Banking's asset management arm complies with the Group's Coal and Weapons exclusion list, and also complies with Private Banking's own exclusion list. Moreover, Private Banking now excludes the list of issuers subject to a severe ESG controversy (MSCI red flags) from the investment universe as well as those with the poorest ESG ratings. The policy is applied to all assets under advisory and discretionary management. In respect of its advisory activity, Private Banking has applied the same exclusion rules since 2020, *i.e.* it has ceased advisory on the most controversial securities or the least favourably rated, bearing in mind that the final decision whether to invest or to disinvest remains that of the end client.

In the Insurance activities, non-financial risks are managed in accordance with the CSR governance framework and based on internal control and risks management systems, which have the following goals, respectively:

- to constantly guarantee risk management by identifying and measuring risks, and by implementing appropriate mitigating measures if necessary;
- to prevent failures, ensure the suitability and proper functioning of internal processes, and guarantee the accuracy, integrity and availability of financial, prudential and management information. In particular, they rely on policies approved by the Sogécap Board of Directors that define the principles, processes and procedures implemented, and the governance and key metrics related to each risk.

The internal control and risk management systems are detailed in Solvency Reports (page 21–37 of the Sogécap Report on the life insurance activity: *https://www.assurances.societegenerale.com/uploads/tx_bisgnews/07_GROUPESOGECAP_SFCR_2019_2804_PLANCHE_01.pdf*; pages 18–32 of the Sogessur Insurance Report on Non-life insurance activities (in French): *https://www.assurances.societegenerale.com/uploads/tx_bisgnews/SOGESSUR_RAPPORT_VF_VDEF_01.pdf*).

5.4 ...THAT WANTS TO BUILD A BETTER AND SUSTAINABLE FUTURE TOGETHER WITH ITS CUSTOMERS

5.4.1 SATISFYING CUSTOMERS WHILE ENSURING THEIR PROTECTION

5.4.1.1 Measuring customer satisfaction

Serving the economy for more than hundred and fifty years, Societe Generale supports 30 million[1] (at end-2020) individual customers, businesses and institutional investors worldwide on a daily basis. At a time when technology can be leveraged to personalise products, services and the customer experience, the quality of the customer relationship is the most important differentiating factor. The customer relationship is central to the Group's business model, and customer satisfaction and protection issues are integrated into its CSR policy. Accordingly, continuous improvement in customer satisfaction, the NPS and the customer experience is factored into the variable remuneration of members of the Management Committee (59 people).

In 2020, in France, Societe Generale (French Retail Banking) received the Customer Service of the Year award from Viséo Customer Insights for the eighth time and the fourth consecutive year. Boursorama, the Group's online banking subsidiary, was ranked No. 1 in the banking sector and No. 5 across all sectors at the 2020 Customer Relationship Podium Awards organised by Bearing Point and Kantar TNS*.

In order to measure and monitor customer satisfaction and to identify the practical actions to be taken, the Group has implemented various assessments to gain a full overview of the quality delivered and the quality perceived by customers. The Group also uses the Net Promoter Score© (NPS), considered an indicator of customer satisfaction and loyalty based on the customer's propensity or probability of recommending the product or service used. Implemented by way of individual interviews or electronic surveys, the mechanism produces information that drives continuous progress efforts year after year.

Every year, Societe Generale and Crédit du Nord Group jointly commission a competitive satisfaction survey by the Kantar TNS research institute. This survey is conducted on the top ten or eleven banks (depending on the market) and includes an NPS. In 2020, 6,564 individuals, 5,045 professionals and 3,200 corporates were polled. For Societe Generale, the overall satisfaction score has remained stable for individuals; the same is true for the corporate segment, where the score has held up in a particularly buoyant market. Among professional customers, Societe Generale is lagging in terms of overall satisfaction. For Crédit du Nord, the annual survey's overall satisfaction score was stable in 2020 (tied for first place) on the corporate market, slightly down on the individual customer market, and up in the professional customer market, in line with the market dynamics.

In Central Europe and Russia, the NPS showed highly contrasting patterns. In Romania, BRD* recorded a relative increase in its NPS for the individual customer segment, whereas the scores for Rosbank* in Russia and KB* in the Czech Republic were down in an environment of crisis and strategic transformations. In the corporate segment, however, the Group's subsidiaries confirmed their leading positions.

In Africa, the banking network showed volatile NPS scores, in line with the market in general. In the individual customer segment, the score was up in North Africa and more contrasted in sub-Saharan Africa, but with positive performance in Côte d'Ivoire, Ghana and Senegal. In the corporate segment, North Africa posted a declining score in Morocco and Tunisia, while Societe Generale Algeria saw substantial progress with a positive NPS. The subsidiaries in sub-Saharan Africa were generally positioned above market average in an environment characterised by predominantly very negative NPS scores.

For its Global Banking segment (large corporates and financial institutions), Societe Generale carried out its sixth satisfaction survey[2] between October and December 2020, which includes an NPS. The large corporates and financial institutions polled continue to give Societe Generale high scores, highlighting strong relationship management, the quality of products and services offered, and the high amount of balance sheet commitments with them.

Number of customers polled on their overall satisfaction, their recommendation intention (NPS) in France	**2018**	**2019**	**2020**
Individual customers	150,000 (2% of the Bank's client base)	150,000 (2% of the Bank's client base)	180,000 (more than 2% of the Bank's client base)
Professional customers	15,000	15,000	9,000
SME	3,500	3,500	3,000

5.4.1.2 Satisfying our customers through commercial excellence

Societe Generale applies a responsible marketing policy to satisfy the Group's customers and offer them products suited to their needs, in compliance with the European and French legal framework.

The Markets in Financial Instruments Directive (MiFID), which came into force in 2007, introduced a customer classification and information obligation for investment service providers. The reason for the obligation is that the less experienced a customer is, the more he or she is entitled to protection. There are three types of customers: eligible counterparties (banks and financial institutions), professional customers (businesses) and retail customers (individuals). Societe Generale has formalised in a policy its processes for executing the

(1) Excluding customers of the Group's insurance companies.

(2) The surveys are carried out within a single geographic scope on a biennial basis. There are two separate panels: odd years (France, UK, Germany, Spain and Italy) and even years (the rest of the world).

orders of players in the financial markets. The policy document is presented to Group customers for acceptance. This execution policy is accompanied by a best execution obligation and Societe Generale has therefore also put in place mechanisms guaranteeing the best process for executing each customer's orders.

The responsibility of Group employees with regard to the sale of products to customers is covered in the Code of Conduct (see p. 8: *https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/code_of_conduct_eng.pdf*).

The Code emphasises that the products and services offered to the Group's customers must be adapted to their situation and needs in order to best anticipate their projects and expectations. The Group's employees advise customers and inform them of the terms or risks associated with certain transactions, taking into account their level of expertise. Societe Generale contracts only with customers whose practices comply with the Group's general principles or aim to comply with them. The Group has also established rigorous procedures to prevent conflicts of interest.

Societe Generale has made efforts to protect financially vulnerable customers with fee capping systems implemented since the beginning of 2019. Regarding products, the Group provides its customers with and regularly updates information on the associated risks and, in particular, whether the equity is protected or unsecured (*e.g. https://particuliers.societegenerale.fr/epargner-placer-son-argent/nos-offres* - in French). For more information on the protection of financially vulnerable customers, see: "Inclusive banking (and the Social and Solidarity Economy)", p. 325.

In French Retail Banking, the Operational Risk Committee (COROC) has added conduct risk to its remit, including tied selling. It examines the root causes and proposes an action plan. The "Customer" and "Human resources" teams send out guidelines on sales targets and appropriate conduct to managers every year, stressing the core concept of sustainable and responsible sales. Mystery customer visits throughout the year are another tool used to reinforce this policy. A customer satisfaction target has been added to the sales force evaluation criteria for 2021. And a bank network opinion expressly specifies that tied selling cannot be part of the criteria for Individual Performance Bonuses. The issue is also tackled in initial training for sales operators and in Excellence Client (the Societe Generale sales training attended by all sales personnel and their managers). The module includes a presentation and explanation of the Eight Golden Rules of Retail Banking in France.

CLARITY OF INFORMATION

o make contracts more readable, efforts are being made to use plain, clear language in respect of all banking offers. For example, the contractual documentation regarding the cash management services offered to companies in France and abroad have been harmonised to make the legal commitment simpler and clearer.

5.4.1.3 Ensuring customer protection

The Group pays special attention to customer protection issues by implementing strong employee training and awareness-raising initiatives, developing their tools and strengthening internal rules related to customer claim processing, including on social networks. The processing of a claim is a commercial act that impacts customer satisfaction. As such, it is covered in the Group's Code of Conduct.

When conflicts arise despite Societe Generale's best prevention efforts, customers have free and direct access to the Customer Relations Department. This has been the case since 1996 (before it became mandatory further to the French Act of 2001). The Customer Relations Department responds within two months, and refers any unresolved claims to the ombudsman, who then responds within ninty days. A mediation team is placed under the ombudsman's hierarchical and functional authority, and works for nearly all Group entities with two dedicated websites – one dedicated to Societe Generale Group and the other to Crédit du Nord and its subsidiaries.

Mediation, a measure aimed at amicable settlement, is brought to customers' awareness on multiple information media, in particular through a permanent notice on the back of bank account statements. The decisions taken by the independent ombudsman, who acts independently from the sales teams, are binding on the entities concerned, which have undertaken in advance to comply with them.

The Group has also strengthened its customer data protection systems (see: Chapter 4.11 "Compliance risk, litigation", "Data Protection" paragraph, p. 257)

	2018	2019	2020
Requests for mediation received by the ombudsman			
for Societe Generale	*3,245*	*3,148*	*4,458*
for Crédit du Nord	*862*	*832*	*1,158*
Cases processed by the ombusdman, deemed admissible			
for Societe Generale	*456*	*379*	*698*
for Crédit du Nord	*298*	*279*	*278*
Cases processed by the ombusdman, decision made			
for Societe Generale	*400*	*250*	*405*
for Crédit du Nord	*240*	*200*	*246*
Ombudsman response time in case of disagreement (France) *(Nb of days)*	90	90	> 90

For more information on customer protection measures, see Chapter 4.11 "Compliance risk, litigation", "Customer protection" paragraph, p. 255.

5.2.1.3.1 DATA PROTECTION AND CYBERSECURITY

Regarding personal data protection, the Group launched a programme to comply with the new GDPR requirements at the end of 2017. The programme was completed at the end of 2019 and has made it possible to strengthen the Group's system, in particular by implementing solid and now proven governance, consolidating or implementing a number of processes (responding to requests to exercise rights, managing violations of personal data), strengthening personal data security measures within the more general framework of the Group's security policy, and creating processing registers. In addition, the Group's normative documentation has been updated to reflect these changes. Lastly, the Group DPO function was created in September 2017 and reports to the Group Compliance Division.

For more information on this matter, see: Chapter 4.11 "Compliance risk, litigation", "Data protection" paragraph, p. 257.

The Group has set up an information security risk management system coordinated by the Security Department. Jointly with the teams of the Corporate Resources and Digital Transformation Division, the Group Security Department supports aims to continuously improve the Information Security Policy and its implementation.

For more information on cybersecurity measures, see: Chapter 4.8 "Operational risk", paragraphs "Risks related to information security and information and communication technologies", p. 237.

5.4.1.3.2 THE FIGHT AGAINST CORRUPTION, TAX EVASION AND MONEY LAUNDERING

This information is provided in Chapter 4.11 "Compliance Risk, litigation", in the following paragraphs: "Anti-corruption measures", p. 257, "Compliance / Tax transparency", p. 256 and "Anti-money laundering and counter-terrorism financing" (AML/CTF), p. 254.

5.4.2 POSITIVE CLIMATE ACTION

Societe Generale strives to play an active part in combating global warming and decarbonising the world's economy. The Group has therefore developed a global climate strategy with a view to offering innovative products and services that can help its customers transform their business models, as well as to controlling its direct climate impact. This objective is based on the principle of double materiality (*i.e.* impact on the Company as well as its activities) as explained in the following chart.

MATERIALITY

ENVIRONMENTAL IMPACT OF THE SOCIETE GENERALE GROUP AS A COMPANY	ENVIRONMENTAL IMPACT OF THE GROUP'S ACTIVITIES
DIRECT ENVIRONMENTAL IMPACT	**INDIRECT ENVIRONMENTAL IMPACT**
• Group real estate portfolio (3.2 million m^2) • IT infrastructure • Employee mobility (272 million km travelled) • Resource consumption: - energy (590 GWH) - water (1.29 million m^3) - paper (6,061 tonnes) • Waste management (11,633 tonnes) and reduction of food waste • Supplier relations (Group purchasing: EUR 5.5 billion)	• Financing activities (total Group EAD: EUR 1,004 billion; 30% on corporates, 29% on sovereigns, 20% on retail customers, 11% on institutions, 10% other) • Investment activities (EUR 382 billion in assets under management, o.w. 33% - Societe Generale Assurances, 30% - Societe Generale Private Banking, 37% - Lyxor) • Financing and advisory activities • Financial services to corporates (leasing – ALD 1.76 million vehicles, insurance)

Data at 31.12.2020

The Group's climate change strategy for 2017-2020, approved by the Board of Directors, was structured around three core themes:

- integrating management of the risks associated with climate change (physical and transition risks) within the Group's financial risk management tools;
- identifying and limiting the Group's impact on global warming (both the direct impact of its proprietary activities and the indirect impact of the projects financed);
- financing the transition towards a low-carbon economy and working with customers to help them transform their business models.

Given that climate change is a shared global challenge, Societe Generale is also involved in a number of joint initiatives on managing financial, social and environmental risks with other banks, international organisations and regulatory authorities. For more information, see: "The Group's main CSR commitments", p. 294.

Climate change also poses risks to the stability of the financial system, including the banking and insurance sectors. Improving companies' climate reporting and making it more relevant is essential, so that those active in the financial markets and supervisory authorities can properly understand and manage the risks in such respect. Societe Generale supports the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and considers it crucial to promote clear, comparable and reliable information. In 2020, Societe Generale published its Climate Report 2020, the second such report following the guidelines from the TCFD and the EU's Non-Financial Reporting Directive (NFRD). This report presents the Group's climate strategy and how it is implemented. It is available on the Group's corporate website: *https://investors.societegenerale.com/sites/default/files/documents/2020-10/climate-disclosure-report-20201027.pdf.*

In 2017, as part of the 2017-2020 CSR ambition, it was decided that General Management would review the Group's climate strategy and submit it to the Board of Directors for approval on a regular basis. The Strategic Oversight Committees in the BUs/SUs and cross-functional oversight Committees reporting to General Management monitor proper implementation of the Group's climate strategy. Appropriate CSR targets are then included in the roadmaps for each of the Business and Service Units.

5.4.2.1 Integrating climate risks within the risk management system

In terms of transition risks, physical risks and litigation and legal risks, Societe Generale has adopted the definitions given by the Task Force on Climate-related Financial Disclosures (TCFD).

The Group does not view the risks associated with climate change as a new risk category but rather an aggravating factor for those categories already covered by the Bank's risk management system (credit risks, operational risks, reputational risks, insurance risks, etc.). More information on the existing risk categories is given in Chapter 4 "Types of risk", p. 151. Accordingly, the Group has updated its existing framework and processes for risk management to integrate climate risk factors and ensure that their increasing importance is properly taken into account.

As the chart below shows, the risk management system now considers the impact of both physical and transition risks for a number of risk categories.

Climate-related risks	Risk factor affected	Portfolios concerned	Identification and assessment	Management
Transition	Reputational	Corporates loan book	E&S policies[(1)]	Mitigation measures
	Credit		Climate Vulnerability Indicator (CVI)	Customer commitment
Physical		Sovereign loan book	Under development	
		Corporate, sovereign and retail loan books		
	Operational	Proprietary activities	Part of the operational risk management framework	Mitigation measures

(1) For more information on this topic, see: the Climate Disclosure Report, page 29 et seq. (https://www.societegenerale.com/sites/default/files/documents/2020-12/societe-generale-climate-disclosure-report.pdf).

5.4.2.1.1 TRANSITION RISKS

Transitioning to a low-carbon economy to meet the challenges of mitigating and adapting to climate change may trigger major political, legal, technological and market changes. The exact nature and direction of these developments, as well as how fast they occur, will affect the extent of the financial and reputational risk elements within these transition risks for organisations. This could have an impact on certain business models as well as the financial health of some of the Group's customers, potentially resulting in them being unable to honour their financial commitments towards Societe Generale:

- reduced demand for certain goods and/or services as a result of consumer trends (such as consumers increasingly turning to green financial services);
- changes in customers' revenue mix and sources, potentially resulting in reduced overall income (*e.g.* revenue from oil supplies shifting to gas supplies for customers in the oil and gas sector);
- sudden and unexpected changes in energy costs: lower wholesale electricity prices as a result of the widespread rollout of intermittent power generation technologies;
- asset revaluation (*e.g.* fossil fuel reserves, property assessments, securities valuations) potentially resulting in increased liquidity risks for coal power assets.

The impact of transition risk on the credit risk of Societe Generale's corporate customers has been identified as the main climate-related risk for the Group. In order to evaluate this impact, the Group is gradually incorporating a climate vulnerability indicator into the credit risk assessments it performs on its most exposed counterparties.

For more information on how Societe Generale assesses transition risk, see pages 30 *et seq.* of its 2020 Climate Disclosure Report (*https://www.societegenerale.com/sites/default/files/documents/2020-12/societe-generale-climate-disclosure-report.pdf*).

5.4.2.1.2 PHYSICAL RISKS

The physical risks resulting from climate change can be either acute (more frequent and more serious extreme weather events) or chronic (longer term shifts in climatic conditions and patterns). These physical risks may have financial implications for organisations, including both direct damage (to their own assets – such as production facilities – or to supply chains) and indirect damage resulting from the impact on downstream destination markets. Their financial performance may also be affected by changes in water availability, sourcing and quality, food security, and extreme temperature variations affecting their premises, operations, supply chains, transport needs and employee safety.

Societe Generale assesses physical risks to its assets and operations as part of its operational risk management system. This system is presented on pages 33 *et seq.* of its 2020 Climate Disclosure Report (*https://www.societegenerale.com/sites/default/files/documents/2020-12/societe-generale-climate-disclosure-report.pdf*).

5.4.2.1.3 PHYSICAL AND TRANSITION RISKS (SOVEREIGNS)

The Group is working on developing a climate risk vulnerability indicator for sovereigns, which would measure the impact of climate risk on a country's ability to honour its external debt commitments.

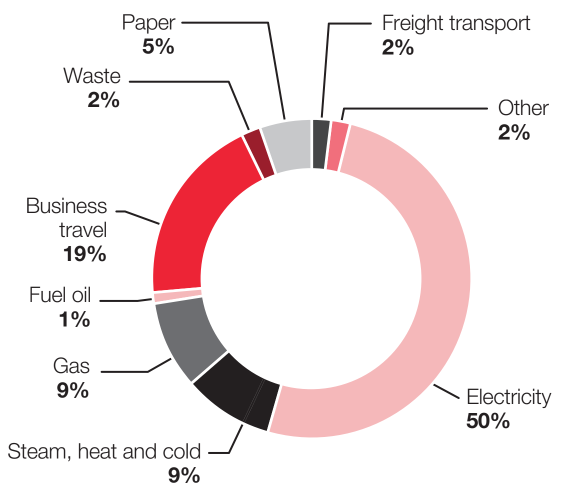
The lack of historical data on sovereign defaults associated with climate change and the fact that ratings agencies have only recently included ESG criteria in their assessments mean that traditional rating modelling techniques and econometric models cannot be used. Relying on publicly available data, the Group's indicator will assess vulnerability to physical and transition risks and will be adaptable to any scenario. It ranks countries from least to most vulnerable on a number of variables, and then compiles the results to get an average overall ranking for all variables combined.

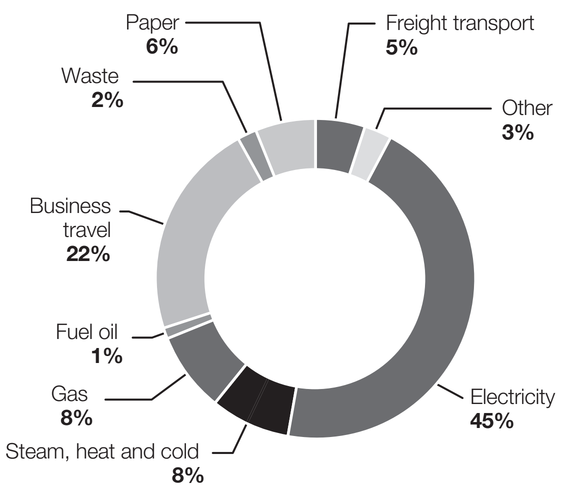
Physical risk assessment takes into account extreme weather events and global warming, both of which will lead to a deterioration in public and external finances. The variables assessed include shared water resources and the proportion of the country's population living less than five metres above sea level. Transition risk assessment takes into account the country's dependency on energy imports and the carbon-intensity of its economy, and reflects the costs associated with adapting to a low-carbon economy and with stranded assets. The initial results of this development work were presented to the CORISQ Committee in 2020.

5.4.2.2 Identifying the Group's impact on climate change

5.4.2.2.1 DIRECT IMPACT OF THE GROUP'S BUSINESS

BREAKDOWN OF GROUP DIRECT CO_2 EMISSIONS IN 2020 AND 2019





CARBON FOOTPRINT PER OCCUPANT

		2018	2019	2020
Overall Group carbon footprint	tCO_2e	302,108	298,517	221,691
Carbon footprint per occupant	tCO_2e/occ.	2.12	2.12	1.65
SCOPE 1(1)	tCO_2e	27,938	26,722	23,195
SCOPE 2(2)	tCO_2e	151,548	142,294	116,642
SCOPE 3(3)	tCO_2e	123,322	129,501	81,854

(1) Scope 1 covers direct emissions related to energy consumption and fugitive emissions of fluorinated gases.

(2) Scope 2 covers indirect emissions related to energy consumption (external electricity, steam and chilled water).

(3) Scope 3 covers GHG emissions from all office paper consumption, business travel, freight transport, waste and energy consumption of French data centres since 2017. In addition to satisfying a clear demand from its stakeholders, the Group's consideration of its direct environmental impact is also a key factor in employee commitment and a source of innovative solutions.

Historical data were modified following the change in methodology; for further details see: Methodological note, page 333.

As part of its 2014-2020 carbon reduction programme, Societe Generale undertook to cut its greenhouse gas emissions by 25% per occupant and to improve the energy performance of the Group's buildings (per occupant) by 20% over the programme's duration. The Group had already achieved both these targets by 2019: GHG emissions per occupant were down 25% and energy performance per occupant had improved by 25%.

A new project was launched in 2020, with a view to setting new targets for the Group in terms of reducing its environmental impact as part of its next strategic plan.

Internal carbon tax and the Environmental Efficiency Awards

Each year, a carbon tax is levied on each of the Group's entities, based on their greenhouse gas emissions (EUR 10/tonne CO_2 equivalent). The sums collected are then used to reward the best initiatives within the Group to limit its direct environmental impact, through the Environmental Efficiency Awards (see: *www.societegenerale.com*). The Environmental Efficiency Awards could not take place in 2020 due to the Covid-19 pandemic. The Group nonetheless still levied its carbon tax, setting the sum aside for the 2021 awards, which will reward the best initiatives from both 2020 and 2021. The Group's carbon tax raised EUR 2.2 million in 2020 (EUR 3.2 million at end-2019).

Renewable energies

Societe Generale's values and strategic guidelines reflect its commitment to the energy transition. As an illustration of this commitment, all the Group's Corporate Centre buildings in France have been powered by renewable electricity since 2015. The Power Purchase Agreement (PPA) signed in November 2019 for 27 GWh/year entered into effect on 1 January 2021.

Since 2017, Societe Generale's branches have been powered by hydroelectric and wind power generated in Europe. By switching from more conventional sources to renewable energies, they reduced their carbon footprint by 75% — a significant achievement. To focus its support on renewable energy projects in France, the Group has now decided to power all 3,050 branches and office buildings in its French Retail Banking network using solely French-sourced wind power. Taking this commitment a step further, the Group is in the process of negotiating a new Power Purchase Agreement with its electricity suppliers for the French Retail Banking network. It is also exploring the possibility of switching to French-sourced green gas produced by methanation.

Real estate

In addition to its efforts in terms of energy supplies, Societe Generale also continues to pursue the other aspects of its environmental strategy for its real estate portfolio, with a view to reducing the Group's carbon footprint and improving the energy performance of its buildings. Carbon emissions for the Group's corporate centre buildings are now down to 30 gCO_2/kWh consumed (130 kCO_2/occupant). By imposing strict management of energy consumption in its 38 corporate centre buildings, 21 of which are ISO 50001 certified, the Group exceeded its target of reducing energy consumption per occupant by 25% between 2014 and 2020, having achieved a 32% reduction over the period.

The Real Estate Division regularly works with contractors from the supported employment sector, in particular for facilities management services (removals, cleaning, etc.). It also donates any furniture that it cannot reuse internally to non-profit organisations.

As part of the transformation programme that began in 2016, the French Retail Banking network has adapted in various ways to changes in the businesses and the customer relationship model. In light of the digitalisation and automation of certain operations, the Bank has reviewed customer experience and adjusted the layout of its branches accordingly. Office areas have also been reconfigured to reflect the new organisational models and the creation of Regional Divisions, Service Centres and Customer Relations Centres. The Group has respected its CSR commitments in all aspects of this real estate transformation programme. Accordingly, it has made all business premises wheelchair-accessible, used materials and equipment that are compliant with the latest standards, and eliminated older and less energy-efficient technologies: for example, replacing oil-fired boilers with gas boilers or high-performance reversible air conditioners that emit less CO_2 and systematically installing low-energy lighting. As part of this transformation programme, seven Group entities in Lyon now occupy approx. 5,000m² of office space in the same property complex, chosen partly for its environmental certifications (BREEAM NC 2016: Very Good; *HQE Bâtiment Durable*: Excellent) – a move that will reduce their CO_2 emissions by 50%.

The Group has also deployed a highly effective system to monitor utilities consumption, installing smart meters for water, electricity and gas at the 192 most energy-intensive Societe Generale sites. These smart meters provide continuous monitoring and detect any unusually high consumption, which automatically triggers an on-site investigation. In addition, the Group invested in a software program in 2018 that analyses the monthly consumption of all the network's branches, enabling them to identify where remedial action is needed.

INTERNATIONAL INITIATIVES – ROSBANK*

Rosbank was nominated twice in the Green and Healthy Office 2020 awards organised by MBS (an agency that organises sustainable development events, educational programmes and competitions) in partnership with PricewaterhouseCoopers. These awards are designed to disseminate best practices for green office management and resource use and to commend in-house programmes that promote employee well-being.

IT infrastructure

Societe Generale has been committed to a responsible approach to digital technology for several years. Since signing the Sustainable IT Charter[1] in 2019, the Group has formalised this approach, working with its IT Departments to draft a policy focused on nine key goals. This "CSR by IT" policy has now been rolled out, entailing the creation of 17 working groups. Its goals cover the entire life cycle for IT systems and data, from design right through to the end-use of digital services. Work has already been undertaken with a view to introducing standards for IT architecture and project management, defining KPIs to assess the Group's impacts, raising awareness within the IT Function and among users, reducing electricity consumption, developing green online applications, reducing waste from digital services and ensuring responsible use of data and new technologies such as artificial intelligence. A sourcing policy and responsible employer commitments supplement these endeavours.

The IT Departments in France have also been pursuing their own campaigns in addition to the above:

- reducing digital waste through two complementary partnerships:
  - giving a second lease of life to IT equipment for which the Bank no longer has any use. Under a partnership entered into in 2019 with a provider from the supported/sheltered employment sector, such equipment is collected and sorted, and where possible reconditioned for resale to other companies within France and throughout Europe. Any items that cannot be reconditioned are sent to Recyclea for recycling in France,
  - purchasing reconditioned devices. In 2019, Societe Generale entered into a partnership with a French SME allowing it to offer its employees telephones reconditioned in France;
- promoting the recruitment of people with disabilities through two parallel initiatives:
  - integrating and supporting employees with disabilities, with assistance from *Mission Handicap*,
  - sourcing from businesses in the supported/sheltered employment sector. The Group's principal IT Departments set themselves targets in 2018 with a view to increasing the proportion of IT services sourced from the supported/sheltered employment sector.

The Responsible Commitments Committee (CORESP) reviewed the Group's responsible digital approach at a meeting in July 2020 (see: "E&S risk management in the businesses to promote fair and responsible growth", paragraph "Strengthened governance and organisation", p. 299 and 300).

	2019	2020
Reducing digital waste and promoting digital inclusion		
Items recycled by Recyclea	30,000	47,615
Raising awareness on responsible use of digital services		
Cyber Clean Up Week – data deleted	N/A	3.6 terabytes* 6 million documents

Paper

The progress achieved with respect to paper consumption — the main consumable used in service activities — is the result of various measures introduced throughout the Group such as good printing practices, moves towards digital rather than paper resources, and the use of recycled paper.

A Societe Generale representative sits on the Board of Directors of CITEO, a not-for-profit company born out of the merger between *Eco-emballages* and *Ecofolio* that promotes the circular economy.

Mobility

The Group has deployed targeted measures to promote alternatives to individual vehicle use for commuting. The Head Office at La Défense, near Paris, has set up a carpooling platform and a car-sharing service for the Group's employees.

Some entities have also made bicycles and ebikes available to staff, such as Boursorama, which offers all employees at its Boulogne-Billancourt headquarters the option of commuting in an environmentally friendly manner, using the free ebikes provided.

A growing number of Group entities are trialling telecommuting, with more than 54,730 individuals now telecommuting worldwide under normal circumstances (compared to 32,000 in 2019). This figure is up 71% from 2019 and represents a CO_2 emissions saving of 90,102 tonnes.

Waste management and reducing food waste

Through recycling, the Group strives to minimise the direct impact of its waste on the environment. Five types of waste are sorted for recycling in all Societe Generale branches as well as the corporate centre buildings in the Paris region: paper and cardboard, metal, plastic, glass and wood.

To encourage employees to sort their waste, in the new flexible workspaces at the Corporate Centre buildings there are no longer individual bins by each desk. On top of this, waste is further sorted before disposal where possible, resulting in an additional 20% improvement in sorting of ordinary industrial waste (OIW).

(1) *For information on the progress made in this respect over the year, see: The Group's main CSR commitments, p. 294.*

Between them, Company cafeterias in the La Défense business district throw away between six and nine tonnes of food each day. In 2019, Societe Generale signed the Charter against Food Waste proposed by the non-profit association *La Défense des Aliments*, thus joining forces with other companies from the business district to tackle the shared challenge of reducing all forms of food waste. In line with this commitment, the Group entered into a partnership with another non-profit, *Le Chaînon manquant**, for the collection of leftover food from its cafeterias at La Défense. In 2020, *Le Chaînon manquant* collected over 2,000 kg of food from the Group, representing 4,000 meals distributed. In the majority of cafeterias, the remaining waste is then sorted and methanised. The Group also works with a third non-profit, *Phenix*, to reduce food waste and raise awareness about more responsible practices. *Phenix* collects food left over from the Group's big corporate events, which it then gives to local charities. Lastly, one of Societe Generale's cafeterias at La Défense signed up to the Too Good To Go app in 2020. The app allows individuals to make their own contribution towards reducing food waste by buying salads and sandwiches left over after the lunch rush at reduced prices.

Since September 2020, all leftovers from the Group's cafeterias at La Défense have been composted by *Les Alchimistes* (a specialist in the collection and composting of organic waste) under a three-year contract. This represented nine tonnes of biowaste over the last quarter of 2020, from which *Les Alchimistes* generated 1.6 tonnes of compost.

The Group is also working to raise awareness among its employees about using recycled materials and avoiding plastics, especially for bottled water provided at meetings and events.

Please refer to *https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/corprate-social-responsibility-group-key-figures.xlsx* for all indicators.

	2018	2019	2020	Target
Target 1: reduce greenhouse gas emissions per occupant by 25% between 2014 and 2020	19%	25% Met	41% Exceeded	25%
Target 2: improve energy performance of the Group's buildings (per occupant) by 20% between 2014 and 2020	22% Met	25%	34% Exceeded	20%
Group real estate	4,000,000 m²	4,000,000 m²	3,250,000 m²	
Corporate centre buildings ISO 50001 certified	19	22	22	
Paper consumption	10,730 t	8,978 t	6,506 t	
Proportion of paper recycled	42%	44%	41%	
Waste generated	15,580 t	14,653 t	11,633 t	

5.4.2.2.2 INDIRECT IMPACT

Working towards aligning the Group's portfolios with the Paris Agreement targets.

Katowice Commitment and the PACTA methodology

In 2015, to mark the occasion of the COP 21, Societe Generale announced its commitment to developing new methodologies to align its activities with the targets set in the Paris Agreement, *i.e.* holding global warming to no more than 2°C (and ideally 1.5°C) above pre-industrial levels. The Group's first Paris-alignment methodology, developed in 2016, focused on the coal sector (see below).

Following on from this first step, in 2018 the Group signed the Katowice Commitment (see *https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/the_katowice_commitment.pdf*) alongside four other international banks (BBVA, BNP Paribas, ING and Standard Chartered).

The Katowice Commitment's signatory banks have been working with the 2°C Investing Initiative (2DII) since 2018 on adapting the PACTA (Paris Agreement Capital Transition Assessment) methodology, initially developed for equity and bond portfolios, for use on credit portfolios.

In September 2020, they published a report on their application of the PACTA methodology. This open-source tool marks a further step in the progressive alignment of credit portfolios with the targets of the Paris Agreement. In the report, the signatory banks explain why they see the PACTA methodology as the best way for them to steer their lending towards financing a lower-carbon society. It offers a standardised approach for the entire sector, guaranteeing comparability between banks, in the interests of all stakeholders. By sharing their insights and learnings, the Katowice banks hope to inspire other financial institutions to follow suit in adopting PACTA, thus contributing further to its development.

The Katowice Commitment also served as a precursor to the Collective Commitment to Climate Action, announced as part of the UN Principles for Responsible Banking. More than 130 banks worldwide have signed up to the UN Principles for Responsible Banking, of which 34 (representing total loan assets of USD 13,000 billion) have also signed the Collective Commitment to Climate Action. Societe Generale's Deputy Chief Executive Officer signed the Bank up to both of these initiatives, which were presented at the UN Secretary-General's Climate Action Summit held in New York in September 2019 (see: "The Group's main CSR commitments", p. 294).

The Collective Commitment to Climate Action defines concrete and time-bound actions that signatory banks agree to take to align their lending with the Paris Agreement targets. These include setting sector-specific targets for portfolio alignment within three years, working with customers on their energy transition and publicly reporting on progress at least once a year.

Societe Generale has also been a key mover in the UNEP-FI's Positive Impact Initiative, which brings together 26 financial institutions from around the world with a view to closing the financing gap for the UN Sustainable Development Goals (SDGs). The Positive Impact Manifesto was published at the end of 2015, and the Positive Impact Principles in early 2017. The manifesto and principles define Positive Impact Finance as that which serves to deliver a verifiable positive contribution to one or more of the three pillars of sustainable development (economic, environmental and social), once any potential negative impacts to any of the pillars have been duly identified and mitigated, across all sectors.

Commitment to reducing activities related to fossil fuels

In recent years, Societe Generale has regularly set itself climate alignment goals to ensure compliance with the Paris Agreement.

Coal

In 2016, Societe Generale set an example as one of the first banks to reduce its exposure to the coal sector by deciding not to grant any further financing to coal mining or coal-fired power plant projects. The Group has also developed an alignment methodology designed to track all of its financing related to coal use and has undertaken to slim down its global coal financing portfolio in line with the International Energy Agency’s 2°C scenario.

The Group comfortably exceeded its targets for reducing coal-related financing over 2016-2020: by mid-2020, it had reduced its exposure to coal mining projects by 49% and brought the proportion of coal power in the electricity mix financed by Societe Generale down to 11%.

In 2019, the Group took its commitments to the next level by announcing a goal of zero exposure to thermal coal by 2030 in EU and OECD countries, and by 2040 for the rest of the world. To achieve this, Societe Generale published a new sector policy for thermal coal in July 2020. This policy sets out strict guidelines on how to support customers in the transition phase.

The Group proposes a two-stage strategy to reduce its financing to companies in the thermal coal sector.

First, it is disengaging from those companies most exposed to the sector (*i.e.* for which thermal coal accounts for more than 25% of revenue) unless they have themselves already committed to withdrawing from the sector. In addition, it has tightened its criteria for all customers and prospects involved, to any extent, in thermal coal mining.

Second, from end-2021 at the latest, the Group will no longer provide any new financial products or services to customers with thermal coal power generation or mining assets, that are developing thermal coal capacity or that have not published a transition plan aligned with Societe Generale’s objectives to phase out thermal coal.

By end-2021, Societe Generale will also have reviewed its entire portfolio and discussed transition plans and a timeline for phasing out thermal coal with all of its corporate customers that have mining or power generation assets, with a view to ensuring that they each deliver on their transition plans and can therefore remain in the Group’s portfolio.

The Group updated its thermal coal policy accordingly in July 2020 to reflect the steps it has taken to reduce its exposure to the sector. This sector policy is available at *https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/politiques_sectorielles/thermal-coal-sector-policy.pdf.*

Oil and gas

The Group is taking concrete steps to reshape this portfolio at a pace consistent with target climate scenarios whilst ensuring an ecological transition that is both economically viable and socially inclusive.

In 2018, Societe Generale decided to end financing for the production of oil from oil sands around the world, as well as for all types of oil production in the Arctic. The oil and gas sector falls within the scope of the methodological alignment work under way at the Bank.

The Group embarked on a new stage in its climate strategy in 2020, announcing the substantial commitment of reducing its exposure to the oil and gas extraction sector worldwide by 10% between 2020 and 2025. Societe Generale is one of the first banks in the world to publicly set itself a concrete, near-term target in this respect. Its commitment goes further than required under the International Energy Agency’s Sustainable Development Scenario (SDS). To achieve its goal, the Group will no longer finance onshore oil and gas extraction in the US. Societe Generale will soon publish an updated sector policy to reflect these new commitments and detail how it plans to support its customers in the oil and gas sector worldwide.

Power generation

The Group has also committed to cutting back on its financing for power generation projects by 18% by 2025, and by 76% by 2040, as compared to end-2019 levels. This 2025 target is considerably more ambitious than the global objective set by the International Energy Agency for the same period, but is realistic in view of the Group’s adjustments to the energy mix financed, reflecting both its resolve to exit the coal sector and its leading position in renewable energies.

Shipping

For more information on the Group’s actions in respect of the shipping sector, see: “The Group's main CSR commitments”, section “Poseidon Principles”, p. 297.

The following chart summarises the Societe Generale Group’s portfolios, indicators, scenarios, methodologies and alignment targets. For more details on these indicators and targets, see the Climate Disclosure Report 2020 *https://investors.societegenerale.com/sites/default/files/documents/2020-10/climate-disclosure-report-20201027.pdf*.

Indicator	Baseline	Target	Actual	Achievement
Proportion of coal in installed capacity mix financed (%MW)	23 (2016)	19 (2020)	11.1 (Q2 20)	Target met
Amount deriving from coal mining (basis 100 (EUR))	100 (2016)	86 (2020)	51 (Q2 20)	Target met
Gross commitments to coal power & mining (basis 100 (EUR))	100 (2020)	0 (2030/40 OECD/RoW)	100 (Q4 19)	N/A
Gross commitments to oil & gas extraction (basis 100 (EUR))	100 (2020)	90 (2025)	100 (Q4 19)	N/A
Power generation emissions intensity (gCO_2e/kWh)	260 (2020)	212/67 (2025/40)	260 (Q4 19)	N/A
Proportion of fossil fuels in the overall primary & secondary energy financing mix (% EUR)	69 (2020)	No target	69 (Q4 19)	N/A
Shipping emissions intensity (Poseidon Principles) (gCO_2e/tnm, basis 100)	87 (2020)	N/A	87 (Q4 19)	Slightly behind

5.4.2.3 Commitment to promoting energy transition

In December 2017, Societe Generale committed to raise EUR 100 billion in financing earmarked for energy transition projects between 2016 and 2020. Having met this target a year early, the Group renewed its commitment, raising the bar to EUR 120 billion between 2019 and 2023, based on a range of sustainable financing solutions (loans, bonds, advisory).

This total sum breaks down as follows:

- EUR 100 billion in sustainable bond issues led or co-led by Societe Generale. Sustainable bonds include both green bonds and sustainability bonds (as defined by the ICMA rules and the EU's Green Bond Standard), as well as all bonds indexed to climate targets;
- EUR 20 billion for renewable energies, in the form of advisory and financing.

By end-2020, the Group was already 67% of the way towards meeting this target. Societe Generale ranked world No. 2 for financing of renewable energies in the IJ Global rankings published at the end of the year. The proportion of renewables in the electricity mix financed by the Group surpassed the 50% mark by mid-2020.

	2019	2020	Target
Commitment to promoting energy transition (2019-2023)	**34% achieved**	**67% achieved**	**EUR 120bn**
Renewable energy financing and consulting	EUR 5.2bn	EUR 9.2bn	EUR 20bn
Sustainable bond(1) issues led or co-led (2019-2023)	EUR 36.1bn	EUR 71.6bn	EUR 100bn

(1) Sustainable bonds include both green bonds and sustainability bonds (as defined by the ICMA guidelines and the EU's GBS).

Innovative sustainable and positive impact products

The Group's businesses worldwide are leveraging their expertise in financial engineering and innovation to develop new sustainable investment and financing solutions. This allows the Group to meet the increasing demand from its customers around the world, whether corporates, investors or individuals, for banking with a positive impact on sustainable economic development and societal change (for example, in relation to electric mobility, hydrogen, and renewable energy storage technologies). The Group's expertise in the energy sector and its leading position in terms of energy transition earned it the title of "2020 Energy & Commodity Finance House of the Year" from Energy Risk Magazine.

Drawing on its experience in environmental and social initiatives, Societe Generale has developed a comprehensive range of financing solutions to support its customers in transforming their businesses.

The Group was also a key mover in the UN's Positive Impact Initiative, which allows companies to appraise both the positive and negative societal and environmental impacts of their activities, thus encouraging them to mitigate the associated damaging effects.

In line with its own commitments on sustainable development, the Group has developed an innovative range of positive impact loans under which the financing structure is linked to the borrower's achievement of ESG targets.

The targets attached to these loans are set on a case-by-case basis in agreement with the customer, using incentive mechanisms. With this tailor-made structured offer, Societe Generale works hand in hand with its customers to help them achieve their sustainability goals and CSR targets. Sustainability mechanisms offer multiple structuring opportunities and can also be used in the structuring of bonds.

EMBLEMATIC EXAMPLES OF THE GROUP'S COMMITMENT TO ENERGY TRANSITION

Acquisition of a portfolio of solar photovoltaic projects in Spain representing a total installed capacity of 2.9 GW by 2023, which will make Galp the Iberian Peninsula's largest solar operator. These projects equate to 87 million tonnes of CO_2 emissions that will be avoided. As sole subscriber for the EUR 150 million floating-rate note issued by Galp as part of its total financing programme of EUR 500 million for the transaction, Societe Generale played a key role in financing this acquisition.

The Group was also involved in financing a project originated by Marubeni — a leading player in the Japanese market for energy services and solutions. Marubeni's JPY 100 billion (EUR 847 million) project will constitute Japan's first large-scale commercial offshore wind power project. The wind farm should be operational in 2022, offering capacity of 140MW: enough to power around 47,000 households. Societe Generale has worked with Marubeni to rethink its power generation portfolio, shifting increasingly towards renewable energies.

Another project that Societe Generale has been involved in financing is the construction of an offshore wind farm near Fécamp (in the department of Seine-Maritime, Normandy). This is a joint project between EDF Renewables, Enbridge and wpd, and represents an estimated total investment of EUR 2 billion. Once operational, this major new wind farm should produce enough energy to cover 60% of annual consumption for the department of Seine-Maritime.

Lastly, Societe Generale provided part of the financing for the Spotsylvania Solar Energy Center in Virginia, USA, granting senior secured loans amounting to a total of USD 704 million. This new solar project will serve Virginia's "Data Center Alley", home to the world's highest concentration of data centres.

Societe Generale also strives to satisfy the expectations of its investor customers, offering a broad range of sustainable investment solutions. The following are just a few examples of the Bank's initiatives that address environmental priorities:

- marketing structured products linked to equity indices that incorporate environmental filters such as CO_2 emission levels, to redirect capital flows towards companies that are leaders in this area. Indices used include the Solactive Environmental Footprint index and Societe Generale's own Climate Risk Control index;
- marketing linear products linked to equity baskets that incorporate environmental filters such as CO_2 emission levels, to redirect capital flows towards companies that are leaders in this area;
- marketing positive impact notes that allow customers to invest in a structured note whilst promoting positive impact finance. Some positive impact loans financed by Societe Generale contribute to reducing global warming (according to the 2019 Annual Report on positive impact support notes, climate change mitigation accounted for 39% of the positive impact financing supported by positive impact notes). For more information, see: https://*investors.societegenerale.com/sites/default/files/documents/2020-10/Positive%20Impact%20Bonds%20Reporting%20as%20of%2031st%20December%202019_0.pdf*;
- marketing structured notes that allow investors to contribute to reforestation projects to improve carbon sequestration.

5.4.3 DELIVERING ON OUR COMMITMENT TO SUSTAINABLE AND RESPONSIBLE FINANCE

At Societe Generale we want to promote activities that are good for economic development and society as a whole and aim higher than the challenges of the transition to a low-carbon economy described earlier in this report. To do this, we have put together a range of responsible and innovative investment solutions and financing products to achieve the United Nation's Sustainable Development Goals (SDGs). This offer includes Sustainable and Positive Impact Finance (SPIF* – see: Glossary, page 348 and Methodology note, page 335) products for lending to the economy and companies, together with a range of Sustainable and Positive Investment (SPI* – see: Glossary, page 348 and the Methodology note, page 335) products aimed at customers interested in thematic investment solutions geared towards sustainable development.

Our positive impact finance products range across all sectors of the economy and covers aspects from climate transition to social issues. The Group's business model is diversified and integrated so that all Business Units can offer these products to their customers. As a responsible bank, Societe Generale is determined to work with its customers, whether or not they currently meet all our sustainability criteria, to help them progress towards a fair, green and inclusive transition.

This commercial ambition focuses in particular on the following three CSR areas: Climate change (see: Positive climate action, page 306 Social trends and innovations and Contribution to the sustainable development of Africa, page 327).

5.4.3.1 Sustainable and positive impact financing (SPIF)

MAIN KEY FIGURES(1)

(In EURbn)	2018	2019	2020
Total production in SPIF-compliant financing commitments signed, including:	11.9	11.0	11.9
Green financing or financing for the energy transition	*6.5*	*6.5*	*6.8*
Social/societal financing	*5.4*	*4.5*	*5.1*
In this set, the production of Positive Impact Financing according to the United Nations Environment Programme Finance Initiative (UNEP FI) methodology is:	5.1	4.7	5.2
Sustainable bond issues led by Societe Generale	18	36	71.6
New credit lines indexed to environmental and social performance	1.4	3.6	4.2
Nominal rate and/or Fx hedges processed on certified Positive Impact Finance transactions	N/A	6.1 (in 57 transactions)	5.5 (in 68 transactions)

(1) Reported data in the respective financial years.

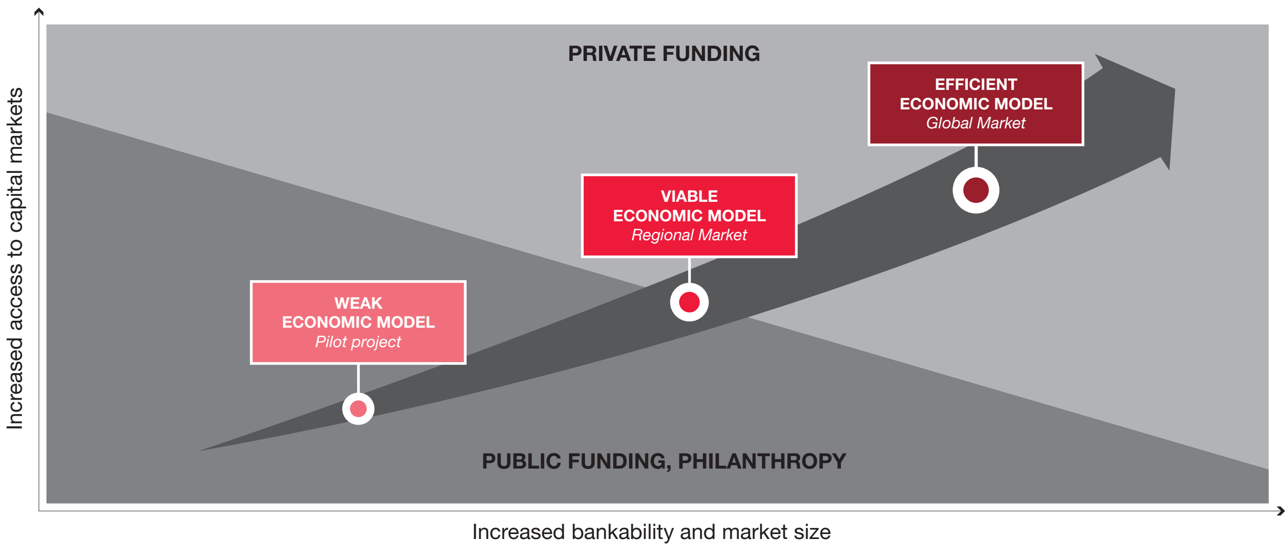
Our SPIF commitments concern all the Group’s financing and structuring activities, and extend across all the Group's host regions.

Products designed for global banking customers, offered by Global Banking and Investor Solutions, are backed by the expertise of our E&S Advisory and Impact Finance Solutions team. Their role is to analyse specific customer needs and assist them in their positive impact projects by selecting or structuring the right solution for them, with support from several Group teams. The Group is very active in green, social and sustainable bond issues. We have executed more than 175 bond mandates since 2013 for an amount in excess of EUR 170 billion.

The Bank also offers clients sustainability linked loans*. The Group has introduced an incentive scheme when the client's goals dovetail with those set by the Group. A loan's interest rate will be more favourable if the client improves its CSR position and fulfils the conditions under the loan contract.

In addition to sustainable finance products offered in the capital markets, experts from the E&S Advisory and Impact Finance Solutions team are working to develop new ways of financing high-impact investment where no suitable package exists in the traditional markets.

IMPACT AND STRUCTURING ADVISORY TO CO-DESIGN AND FINANCE NEW ECONOMIC MODELS



The Impact-based finance approach for global customers focuses on analysing impacts to address global customers’ need for advice as they shift towards incorporating the UN SDGs into their business model, but struggle to finance their investments. We help customers to take a detailed look at environmental and social aspects with the ultimate aim of augmenting the positive impact of their projects, facilitating funding and achieving economies of scale. The model is a three-stage one:

1. **augment impact:** by providing multiple services and pooling costs, projects can generate more social, environmental and economic impacts, as well as additional revenues. Reducing the “cost-to-impact” increases profitability, strengthens resilience and generates an appetite for finance;

2. **improve credit risk:** we provide expert structuring advice to de-risk transactions, using blended finance* mechanisms and aggregation vehicles to reach critical mass for placement in the global private debt and equity markets;
3. **making the most of digital**: throughout the process, we focus on using digital technologies to combine services, create more value, as well as to collect and analyse data on operational performance, payment track record and impacts to demonstrate the project's success and support its scale up.

We concentrate primarily on four high-impact segments where projects can be replicated:

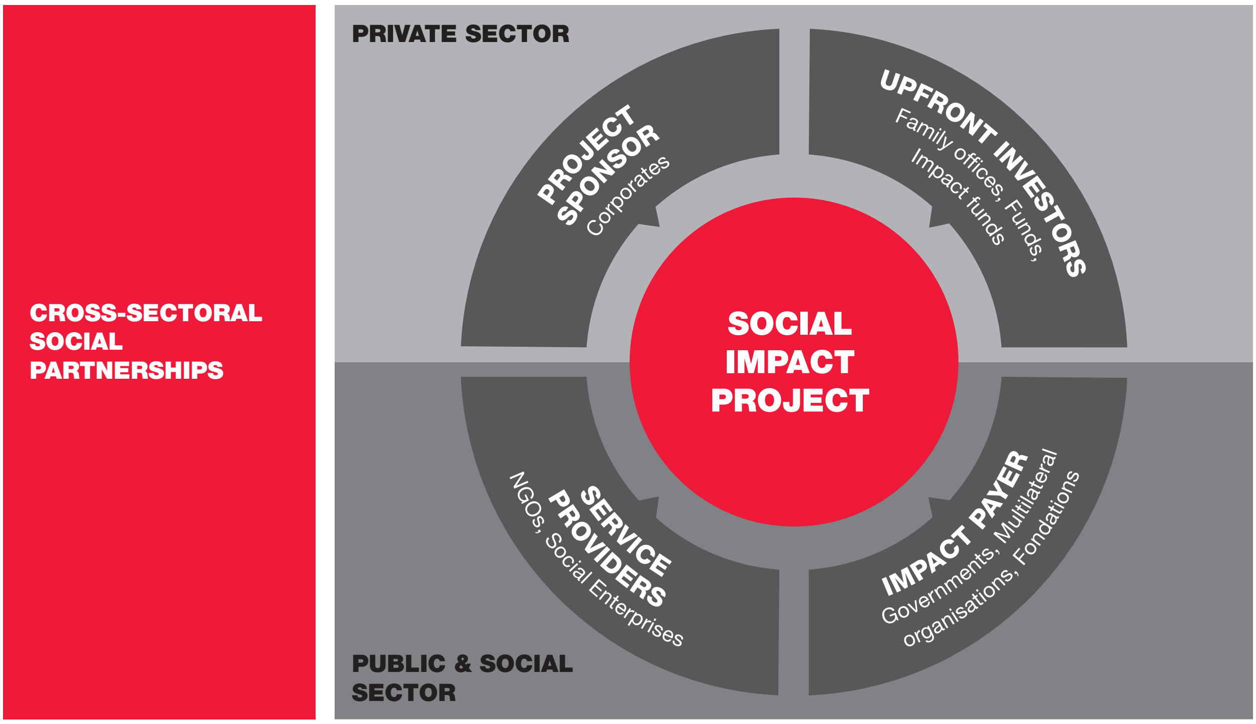
- smart infrastructure and sustainable cities;
- access to green energy and energy efficiency;
- water resource management and integrated farming;
- the circular economy and waste management.

Examples of projects our team is currently arranging funding for are primarily off-grid solar power plants in rural and remote areas in developing countries (Africa mainly), combined with access to connectivity, healthcare and education, together with integrated farming. Other projects in the developing world are aimed at building energy efficiency, especially as part of the transition to lower-carbon cities.

Our holistic impact-based approach helps projects to make a contribution to the energy transition, sustainable economic growth, job creation and social well-being. With both an Originate-To-Distribute* and Distribute-To-Originate* strategy, our Impact-Based Finance model acts as a catalyst to pool all the Group's know-how to deliver the best financing solutions for corporate customers and offer suitable sustainable investment opportunities to our investor customers. Societe Generale is a founder member of the Global Impact Platform* which lists impact-driven funds to facilitate institutional investors seeking to source impact investment opportunities.

The Impact-Based Finance team works diligently on a number of international initiatives, such as the UNEP FI's Positive Impact Finance, the CFO Task Force for the SDGs convened by the UN Global Compact, the Energy Efficiency Financial Institutions Group (EEFIG) in Europe, Energiesprong in France and the Africa Infrastructure Fellowship Programme.

More recently, in 2019, Societe Generale created a new Social Impacts Solutions team whose remit is to focus on funding needs of our customers' social projects.



The Social Impact Solutions offer engineers solutions to unlock public and private funding for social projects developed by our customers as they make the transition towards sustainability and work towards the SDGs. In this type of project, where social impacts and business interest mingle, corporates typically join forces with non-governmental organisations, but also with public-sector institutions.

The dedicated Social Impact Solutions team assists and advises customers on the design of social projects that align private-, public- and social-sector interests and offers tailor-made, innovative financing mechanisms driven by results-based principles. The financial instruments employed typically use blended finance*, social impact bonds* and other hybrid tools to arrange financing that involves development finance institutions, impact investors and foundations motivated by the strong and demonstrated social impact of the project.

HEADLINE TRANSACTIONS IN 2020 (EXCLUDING GREEN ENERGY AND ENERGY OPTIMISATION PROJECTS DISCUSSED ON PAGE 314)

Bank of China issued the **first blue bond in Asia** as it stepped up its commitment to innovation in sustainable finance, raising USD 942 million to protect the oceans. Societe Generale acted as joint global coordinator for the USD 500 million three-year tranche of the deal. Our role in this pioneering bond added to our expertise in blue finance.

Backed by Societe Generale, Korian, the European leader in senior support and care, successfully placed **its first sustainability-linked* Euro PP.** The EUR 173 million 8-year bond issue is associated with the achievement of three key ESG indicators. By volume, this is the largest sustainability-linked Euro PP of its kind and the first to be structured in line with the Sustainability-Linked Bond Principles* published by the International Capital Market Association (ICMA) in June 2020.

The Grand Duchy of Luxembourg issued the **first sovereign sustainable bond**, for EUR 1.5 billion maturing in twelve years. Societe Generale acted as lead manager and sole structuring advisor on putting together its innovative sustainable bond framework. The proceeds will be used to finance public spending with environmental and/or social benefits, including investments geared towards developing low-carbon transportation, climate action and projects to improve access to essential services (social inclusion, healthcare, education) or affordable housing.

The *Instituto de Crédito Oficial*, the Spanish state finance agency, recently expanded its **social bond framework** to bolster its commitment to sectors identified as priority due to their social, cultural, innovative or environmental significance. Societe Generale acted as **structuring advisor**. The first ICO bond framework, published in 2015, concentrated on creating and protecting jobs and has so far been the benchmark for financing more than 53,600 projects. The revised framework widens the scope of eligible social projects and includes pandemic-related expenditure.

In September 2020, The Banker named our Equity Capital Market* experts Team of the Month for **structuring and executing Europe's very first green convertible bond,** issued by French renewable energy generator Neoen.

For its financing offering, the Group is focusing its efforts on corporate clients for the time being; however, it is conscious of the fact that financing individual customers will be a key component of an environmental and social transition. Accordingly, financing offers dedicated to retail banking customers are being developed and will beef up our suite of existing products (for example, the public zero-rate eco-loan for mortgage loans).

In 2020, Societe Generale developed a Sustainable and Positive Impact Bond Framework, based on the principles of positive impact finance, to contribute to financing green and social activities and the achievement of the UN's SDGs and to encourage investors to actively support activities that have a positive impact on the environment and society as a whole. The framework is used to identify a positive contribution to one or more of the three pillars of sustainable development (economic, environmental and social), once any potential negative impacts on any of the pillars have been duly identified and mitigated.

In an innovative approach, we pooled the unique insights of our teams of committed professionals to specify the eligibility criteria for assets (originated by both the Retail and Global Banking businesses) under the framework for financing/refinancing in the form of social, green or sustainable bonds. It also sets out the requirements for governance, management of proceeds and our commitment to transparent reporting. The Sustainable and Positive Impact Bond Framework not only aligns with the highest standards in the market (the ICMA's green social and sustainable bond principles and the UNEP FI's Principles for Positive Impact Finance), but also looks ahead to compliance with the future European taxonomy.

The main SDGs covered are "Good health and well-being" (SDG 3), "Quality education" (SDG 4), "Clean water and sanitation" (SDG 6), "Affordable and clean energy" (SDG 7), "Decent work and economic growth" (SDG 8), "Reduced inequalities" (SDG 10), "Sustainable cities and communities" (SDG 11), "Responsible consumption and production" (SDG 12), and "Climate action" (SDG 13). An amount equivalent to the net proceeds of the Positive Impact Bond issuance under the Framework will be applied to wholly or partially finance or refinance activities (through direct expenditures, direct investments or loans) in one or more of these categories:

Green categories	Social categories
Renewable energies	Employment generation and preservation through SME financing
Green buildings	Socio-economic development
Clean transport	Affordable housing
Sustainable water management and water treatment	Access to education and professional training
Pollution prevention and control	Access to healthcare
Circular economy	

Eligible activities will exclude: (a) Enterprises operating in the list of business sectors (such as tobacco, weapons and munitions, gambling and alcohol); (b) Projects fully financed by any other type of funding (when an eligible activity is partially financed by a specific funding arrangement, only the share financed by the Group will be eligible).

We will report annually on the allocation of the net proceeds and expected positive impact of the eligible activities until bonds mature. The Group will also disclose the calculation assumptions and methodologies for estimating eligibility and impact. A statement of limited or reasonable assurance will be provided by our external auditors or any other appointed independent third party.

(For more information on the Positive Impact Bond Framework, go to: *https://investors.societegenerale.com/sites/default/files/documents/2020-11/sg_sustainable_and_positive_impact_bond_framework_june_2020.pdf).*

The framework was used for the EUR 1 billion senior non-preferred green positive impact bond issued in September 2020 to refinance renewable energy projects.

5.4.3.2 Sustainable and positive investment (SPI)

KEY FIGURES[1]

(EUR bn)	2018	2019	2020
Total sales of SPI-compliant investment products	11.8	19.1	26.9
Total SPI-compliant assets under management	16.8	29.5	52.6

(1) Reported data in the respective financial years. See Methodology note on page 334 for the breakdown of the scope for each year.

The sustainable investment sector is riding high. At Societe Generale, we offer sustainable and positive investment solutions and research for all our customers.

Following in Lyxor's footsteps, all our asset management entities (Societe Generale Assurances and Societe Generale Private Banking) have signed the Principles For Responsible Investment (PRI) developed by the United Nations *(www.unpri.org)* committing them to adhering to the following six principles: incorporation of ESG issues, active shareholders, transparent disclosures, promotion of the PRI, working together, and ESG reporting. The UNPRI are the most important international blueprint for responsible investment. They aim to promote the incorporation of environmental, social and governance (ESG) factors in investment decisions and by the companies invested in. Signature marks a major step forward towards more responsible management and positive impact private banking. It demonstrates our firm commitment to socially responsible investment (SRI) and to supporting our private customers on the path to a more sustainable future.

Click here for more information on how we monitor Lyxor's principles of responsible investment: *https://www.Lyxor.com/en/socially-responsible-investment*.

5.2.3.2.1 SERVING OUR INSTITUTIONAL CUSTOMERS AND DISTRIBUTION NETWORKS

We offer a comprehensive range of products and services for our institutional customers and distribution networks serving individual investors to give access to a wide gamut of issuers – sovereign, supranational, agencies and large corporates – picking from solutions that stretch from vanilla to tailored.

The Group offers ESG-indexed products based on internal research or on our partner network.

As of 2020, Equity research (part of Societe Generale Markets) now systematically builds in ESG analysis as part of the overall financial analysis. Societe Generale ESG Research was established in 2006 and has consistently featured in the Institutional Investor Research survey Top 10 in the past ten years.

And the Group has issued structured Notes for more than twenty years, including Notes on ESG indices. They are issued in the four main sustainable and positive investment formats:

- **positive Impact notes***: Societe Generale has created a range of products to give customers the opportunity to invest in tailored products and promote positive impact financing. Products are flexible and linked to ESG performance criteria. The Group is committed to holding in its books an amount in Positive Impact Finance loans equivalent to 100% of the nominal amount of the Positive Impact notes in the green or social categories;
- **repackaging green or social bonds:** Societe Generale can issue bond-repacked notes whose funding source is the yield on a third-party green bond;
- **green, social or sustainable notes issued by a third-party:** The issuer earmarks the note's proceeds for green, social or sustainable projects, or is a recognised pure player which exclusively funds such projects;
- **charity notes:** The issuer undertakes to sponsor a charitable organisation for a proportion of the amount raised on the notes.

Socially responsible deposits are another element of our Sustainable and Positive Investment offering for corporate customers. Societe Generale matches the funds collected with an equivalent amount in short-term loans to corporates with high ESG ratings, or for commodity finance transactions selected for their high sustainability standards.

We continue to pioneer innovative ESG solutions in addition to investment activities and have developed sustainable and positive products and services in hedging solutions and market financing:

- **Sustainability-Linked Derivatives**: these rate or currency derivatives, which are contingent on the achievement of specified sustainability targets, strengthen the Group's commitment to helping our corporate customers on their sustainable transformation journey. Sustainability-linked swaps* can be used to hedge sustainability-linked loans* and bonds*;
- **Sustainability-Screened Collateral and Sustainability-Linked Financing**: we believe in the importance of supporting our financial institution clients to achieve their sustainability aims. We do this by completing ESG-rated financing transactions whose features match our clients' agenda.

SUSTAINABLE POSITIVE INVESTMENT: MAIN TRANSACTIONS IN 2020

Positive Impact notes*

More than EUR 300 million was placed in 2020, bringing the total distributed to date to more than EUR 1,300 million.

Buoyed by the successful launch of Positive Impact notes in 2017, the Finance, Markets and Private Banking teams structured and distributed the notes to support Positive Impact Financing in Africa – Positive Impact Support Notes - Africa. These products give clients the opportunity to promote positive impact financing solutions in Africa, to build hospitals, for example, or provide access to drinking water.

Charity notes

More than EUR 500 million was placed in 2020, bringing the total distributed to date to more than EUR 1,400 million.

Societe Generale's teams followed the successful launch of Positive Impact Support Notes in Japan with another first: the Charity note. With no change to the financial conditions, investors subscribe to a structured note issued by the bank which triggers a donation to CARE France, an NGO working to alleviate poverty and champion women's rights.

Lyxor asset management is a wholly-owned subsidiary of Societe Generale. Its responsible investor policy (*https://www.lyxor.com/en/lyxor-sri-policy-2021)* is built around three pillars:

- **design innovation solutions embedding ESG criteria:**
  - **ESG ETFs**: Lyxor offers thematic ETFs* aligned with the UN Sustainable Development Goals: "Clean water and sanitation" (SDG 6), "Affordable and clean energy" (SDG 7), "Climate action" (SDG 13), "Sustainable cities and communities" (SDG 11), and "Gender equality" (SDG 5). The Lyxor Green Bond ETF – the first to secure the French "Greenfin" label* – raised EUR 300 million in 2020, taking assets under management to more than EUR 500 million. It is the first ETF in the world with an exposure to green bonds. Lyxor UCITS ETF New Energy, with in excess of EUR 600 million in assets under management, more than tripled in one year. Lyxor ETF MSCI Europe Leaders, launched for a pension fund, greatly diversified its investor base and doubled in size to close to EUR 1 billion. Lyxor UCITS ETF World Water has more than EUR 700 million in assets under management. At end-2020, Lyxor's ESG ETFs had more EUR 5.7 billion in assets under management,
  - **Active management:** With more than EUR 14 billion in assets under ESG management, Lyxor offers a range of strategies. For example, the **GARI* stock selection model** incorporates companies' **ESG** ratings and E&S risks in the selection of investment universes. This rating model selects the investment universe by initially screening out the 20% of companies with the worst governance score. Lyxor builds in ESG analyses before each investment decision for unlisted **assets related to financing SMEs and mid-caps**. This approach is strengthened by annual ESG due diligence by companies and a deep and active engagement with them. In 2019, Lyxor Asset Management worked with SEB, a leader in financial services, to launch **an Impact Multi-Manager strategy.** This strategy looks to a vast investment universe made up of listed equities selected by five managers with the aim of creating a measurable positive economic, social, and/or environmental impact. The fund covers a wide spectrum of investments, spanning clean energy, water, agriculture, rational resource use and social good, directly aligned with the UN SDGs,
  - Lyxor Asset Management continues to include **ESG filters in its sovereign bond management**. Known as HQLA (for High Quality Liquidity Assets), the strategy means Lyxor can manage the regulatory liquidity buffers of 20 or more banks. It operates through special mandates or funds and investments are in investment sovereign bonds. Assets under HQLA management amount to more than EUR 7 billion;
- **a committed and responsible shareholder:**
  - Our Voter and Engagement policy *(https://www.lyxor.com/en/engagement-and-voting-policy-lam-2021)* sets out what we expect from the companies we invest in to ensure that the non-financial issues they face are tackled openly and transparently. When it joined Climate Action 100+ in 2018, Lyxor became part of a community of investors pushing more than 160 major greenhouse gas emitting companies worldwide to commit to lower CO_2 emissions targets and help achieve the goals of the Paris Agreement. **In 2020, Lyxor exercised its right to vote on more than EUR 12 billion and took part in more than 400 European, US and Japanese AGMs for a total of more than 5,000 resolutions voted on.** Lyxor is a member of several international organisations: UN-PRI, Climate Action 100+, Climate Bond Initiative, Green Bond Principles, and contributes to the research of academic Chairs in the area of sustainable and responsible finance at the *École polytechnique, ESC Toulouse* and *Université Paris IX Dauphine;*
- **embed CSR into Lyxor's model:**
  - Lyxor developed a proprietary methodology for measuring non-financial risks (ESG rating, controversies and sensitive business exposure, etc.) and climate risks (carbon footprint, fossil fuel reserves, environmental solutions and more) for most of its investment portfolios. The assessment tool covers all asset classes (including companies, countries and government organisations) and identifies ESG risks and opportunities. It also includes indicators on the risks associated with climate change so that investors can analyse their exposure to ESG risks and take advantage of ESG and Climate Reporting for their investment vehicles. Lyxor beefed up this methodology in 2020 with a comprehensive analysis of portfolio climate change risk and their alignment with the objectives of the Paris Agreement. Lyxor provides more than 325 funds with an assessment pf ESG and climate risk.

LYXOR'S 2020 HIGHLIGHTS

To boost its ESG ETF offering, Lyxor launched the first ETF* ecosystem to promote climate action. In 2020, Lyxor was the first ETF issuer to develop a segment of ETFs to combat climate change and align with the carbon emission reduction targets of the Paris Agreements.

Lyxor reinforced its climate partnerships by joining the CDP initiative and officially supporting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It also entered a new stage in its commitment to climate transition through several provisions that strengthen its opposition to companies that don't care enough about climate and the environment. Lyxor expects Boards of Directors or Supervisory Boards to take full responsibility for the non-financial issues they face – especially climate change. It has strengthened its climate assessment with the ability to include a temperature assessment for funds.

In addition to the offers presented above, the Securities Services business line has put together a service offering to assist issuers or investors to embed ESG criteria in their strategy. There are four key services:

- **portfolio analysis:** Societe Generale Securities Services (SGSS) provide customers with a clear and synthetic vision of how their investments are positioned with respect to carbon footprint, governance quality and management of environmental and social aspects;
- **pre-trade compliance***: a pre-trade control solution to monitor the effectiveness of their investment decisions and ensure compliance with their ESG strategy;
- **post-trade compliance*:** for post-trade, SGSS checks compliance with the ESG criteria defined in the prospectus;
- **General Meeting voting platform:** shareholder voting is made easier through the voting platform that covers 46 markets and gives access to the voting recommendations of 19 proxy advisors* providing voting proposals in line with its clients' ESG goals.

5.4.3.2.2 OPENING UP THE WORLD OF SOCIALLY RESPONSIBLE INVESTMENT TO INDIVIDUAL CUSTOMERS

The Group's Private Banking arm has offered socially responsible investment opportunities in all Private Banking entities in France, Europe and the UK since 2017. The offer is structured around three main pillars:

- portfolio management: two dedicated Management companies (SG29H for French customers) and SGPWM in Luxembourg for European customers offer a number of open-ended funds that have been awarded well-known certifications: the French government's SRI label and the Luxembourg's Luxflag* label. Customers who opt for an SRI strategy benefit from the same management process as SRI-labelled funds based on a combination of exclusion and ESG multi-sector best in class selection. At end-2020, our Private Banking management companies achieved a rate of 30% of assets managed according to responsible principles compared to total AUMs held by asset management companies. They are targeting 50% out to two years;
- the structured product range, which differentiates between products indexed against indices that incorporate ESG criteria and those indexed on stocks chosen for their ESG performance. Some structured products align with the Group's CSR initiatives: the Positive Impact Finance programme, the Charity programme and the "Let's Plant Trees" programme. For example, Societe Generale Private Bank makes a donation to a partner association recognised as operating in the public good for each subscription to Charity structured products. Our "Let's Plant Trees" programme plants a tree for every EUR 10,000 invested, financed by Private Banking;
- the advisory management offering, which will gradually incorporate advice on high non-financial performance funds or stocks. Since 2020, Private Banking has applied two exclusion lists to its suite of stocks it directly advises on: the exclusion list taken from the E&S General Principles defined in the Group's risk management policy (stocks linked to thermal coal or controversial weapons) and the exclusion list of issuers with the most serious ESG controversies. Finally, one of the pillars of the SRI offer is our ability to select external funds in accordance with customers' objectives and investor profiles. The range of sustainable, ESG or responsible external funds was recently expanded to encompass a universe of 19 funds (+50% *vs.* 2019), or 10% of the total investment universe.

Crédit du Nord offers its private and high-net-worth customers high-impact, accredited investment opportunities spanning all asset classes. Some 30% of its money market funds are sustainable and 80% carry a relevant label – providing clear and legible information for investors. As of 2021, it will offer SRI* discretionary management wholly made up of investment funds.

Crédit du Nord's employee savings plan gives employees the opportunity to invest in various Company mutual funds (FCPE) that are SRI certified (Socially Responsible Investment) by the CIES (Inter-Union Committee on Employee Savings): Amundi *Label Équilibre Solidaire* ESR, Amundi *Label Obligataire* ESR, Arcancia *Actions Éthique & Solidaire*, Amundi *Label Actions Solidaire* ESR, Amundi *Label Actions Euroland* ESR, Amundi *Label Harmonie Solidaire* ESR (employee savings and pensions). For more information, please see the Key Investor Information Document (KIID) here: *www.pee.credit-du-nord.fr*.

From the first quarter of 2021, Societe Generale will be the first and only major banking player to operate in open architecture for all customers of its two networks in France. Innovative new agreements with six asset management companies (BlackRock, DNCA, *La Financière de l'Échiquier*, Mirova, Primonial REIM and Lyxor) will provide Societe Generale network savers with access to the best expertise in France and abroad. These agreements with leading national and international asset managers usher in the ability to cover numerous asset classes worldwide – from bond and equity markets to real estate – and a range of thematic areas, such as energy or the environment, together with a broad spectrum of management styles. Customers will be able to tap into the best investment strategies for their priorities and plans, with an appropriate investment horizon and level of risk, and get clarity on the impact of their investments using certified SRI funds. This latest range makes Societe Generale the first retail bank to provide a fully SRI-labelled core offering, and environmental solutions – entirely in open architecture.

And the Group also has three regulated savings products for individual customers in France:

- *Livret A* savings passbook, with the funds partially used to finance social housing. Some 60% of these savings are pooled centrally at the *Caisse des Dépôts et Consignations*, which invests in projects in the public interest, such as building social housing and granting long-term loans to providers of social housing and local authorities for infrastructure development, including building hospitals and transport infrastructure. Some 40% of fund inflows are managed by the banks and generate interest for savers;
- LDDS (sustainable development and solidarity savings) accounts the funds of which are used to finance small- and medium-sized enterprises, as well as the social and solidarity economy. Starting on 1 October 2020, these accounts also give holders the option to make a donation or donations to one or more companies or organisations in the sector;
- the SME/mid-cap Share Savings Plan is a tax-incentivised plan offering tax benefits for investments in European SMEs/mid-caps. Investments are capped at EUR 225,000. For insurance customers, the networks distribute the Societe Generale Assurances range of suitable products, such as lower insurance rates for owners of low-emission vehicles, "Responsible" health insurance policies that anticipate the changes planned by the 100% health reform in France within the next three years, or a free weather alert service for holders of a multi-risk home, car or life accident insurance policy alerting them to the weather events in their area.

In total, these three regulated savings products had outstandings of nearly EUR 24 billion at 31 December 2020.

As a responsible insurer, Societe Generale Assurances provides a range of protection policies that encourage responsible behaviour by policyholders (in terms of mobility, health, etc.). In the life insurance segment, it has a range of sustainable financial products for customers to invest in environmentally and socially responsible projects and companies. We add to these on a regular basis and they cover a wide range of asset classes and risk profiles. An ideal opportunity for customers to imbue their savings with meaning, there is growing appetite for these products: at the end of 2020, 248 responsible financial products (labelled or with similar characteristics) were listed, for a total amount outstanding of EUR 2.8 billion, *i.e.* almost eight times the amount in two years, up from EUR 353 million at end-2018 to to EUR 833 million at end-2019.

5.4.3.2.3 A LONG-TERM RESPONSIBLE INVESTOR

Societe Generale Assurances looks to the long term. As such it has significant leverage when it comes to benefiting the environment and civil society. Its investment policy has long included environment, social and governance (ESG) factors, alongside financial and credit ratings. Every year, asset portfolios are formally scrutinised according to these three criteria and their carbon footprint measured.

Our insurance arm made ambitious commitments to responsible finance in 2019 and 2020:

- matching the assets in the portfolio with the objectives of the Paris Agreement;
- signature of the United Nations Principles of Responsible Investment (UN PRI)(1) and the Montreal Carbon Pledge(2);
- establishing three climate-themed market investment funds (*Fonds Objectif Climat*) with three other French institutional investors as part of the action against climate change;
- further exclusion of the carbon coal industry and commitment to fully disengage from the sector within the time frame set in the Paris Agreement;
- adopting a tobacco-free investment policy (and signature of the Tobacco-Free Finance Pledge(3)), resulting in the sale of all securities of companies in this industry;
- increasing the share of green investments(4) in general assets. These amounted to EUR 2.5 billion at 31 December 2020, a nearly 3.5-fold increase since 2018.

5.4.3.3 Innovations for society

5.4.3.3.1 SUSTAINABLE CITIES AND REGIONAL DEVELOPMENT

Some of the biggest challenges facing the cities of the future are how to optimise urban development and infrastructure projects – including digital innovation for smart cities – and develop an inclusive and joined-up urban planning approach to environmental and social issues. At Societe Generale, we know the stakes are high and we continue to pursue innovation and investment for sustainable cities. We are a founding partner of the Netexplo Smart Cities Accelerator international training and certification programme, which aims to provide insights to inform the development of inclusive, connected cities that are mindful of their environmental footprint.

To provide support for our investment in this area, the Real Estate Division (property of the BDDF and CDN network, SGFI, Sogeprom, Ville E+, SGIP and SG Real Estate Advisory) hired a CSR manager in November 2020 tasked with organising and coordinating these initiatives.

Sogeprom, the Group's real estate development subsidiary, is a well-known name in the residential property market. Through its programmes, it works to develop social and affordable housing in the Greater Paris area and throughout France. It cares about building affordable housing for all – especially in pressure areas where homes are needed most – and about making a difference by promoting eco homes, contributing to positive changes in society and to social diversity. Sogeprom has ten regional divisions in France engaged in studies and building new homes that meet the needs of individuals and local authorities. The real-expert specialist develops mixed-use urban developments and upgrades existing properties using sustainable techniques and materials. Sogeprom has set a high bar: to be useful and to deliver efficient solutions that work for the regions through green and responsible project development.

In 2020, it reinforced its commitment to sustainable and responsible building in a policy of carefully selecting partners and suppliers through a focus on bio-based materials, green construction methods and energy efficiency. Its commitment does not stop there. The Group's real-estate development arm has also drafted its climate strategy, which entailed measuring its carbon footprint and assessing the CO_2 emissions across all areas of its own and its subsidiaries' business – office activities, project development, construction and operation and mobility – with its partner Carbone 4.

(1) The United Nations Principles of Responsible Investment (UN PRI) are a blueprint for the international financial industry to work together to provide a framework for the incorporation of environmental, social and governance (ESG) considerations in investment decisions.

(2) By signing up to the Montreal Carbon Pledge, investors commit to measure and publicly disclose the carbon footprint of their investment portfolios on an annual basis.

(3) The Tobacco-Free Finance Pledge is an initiative of the non-profit organisation, Tobacco Free Portfolios, to encourage non-tobacco investment policies.

(4) Green bonds, climate and energy transition funds and projects, direct investments.

A “Low-Carbon Community” of some 60 staff was launched in January 2020, divided into four working groups representing all of Sogeprom’s businesses and Regional Departments. The community pools intelligence to define and promote a set of ambitious and practical commitments in several key areas (purchasing, impact of real estate projects, travel, etc.).

And Sogeprom is also promoting low-environmental impact solutions. It is firmly committed to aiming higher than the regulatory standards (RT 2012) by incorporating some criteria included in the upcoming RE2020* regulation applicable in France at the end of 2021. It aims to build best-in-class developments with the top green, energy-efficient and sustainable technical solutions available. All its office buildings are either labelled or certified since 2007. The developer is also taking a proactive approach and integrating the circular economy, biodiversity, virtuous resource management, use of renewable energies and construction methods that help cut CO_2 emissions (dry construction techniques, bio-sourced materials, etc.) as much as possible in its projects.

Turning to urban infrastructure, Societe Generale granted a EUR 25 million loan to finance the expansion of the metro in the Turkish city of Izmir, in partnership with the European Bank for Reconstruction and Development (EBRD). This project is emblematic of the EBRD’s Green Cities programme.

To promote the circular economy, we partnered with Véolia to provide EUR 23 million in funding for a project to modernise and expand the Sytrad recycling centre in Portes-lès-Valence (in the Drôme department, Auvergne-Rhône-Alpes). After the upgrade, the centre will have capacity for 40,000 tons of recyclable waste (from the current 26,000 t) as of September 2021. The revamp will bring the facility into compliance with the law on energy transition for green growth, which extends sorting instructions to all household packaging by 2022.

For its part, Societe Generale Assurances is also a player in regional and infrastructure development in France and in Europe. EUR 276 million in new commitments was earmarked in 2020 for this investment priority. By way of example, the building at 83 *avenue de la Grande-Armée* in Paris or the Elyps building at Val de Fontenay are certified to the highest environmental standards. The Nuovo building in Clichy is the first building in *Île-de-France* (the Paris greater area) to boast triple HQE Exploitation certification, rated “Exceptional” for each of the three categories of the standard. When making property investments, Societe Generale looks for highly energy-efficient assets and the most respected certifications (for construction, renovation and operating efficiency). The Group’s environmentally-certified property assets were valued at a total of EUR 3.1 billion at the end of 2020. Societe Generale Assurances also shows solidarity with the wider society. It made 5,000 sq. m of temporary vacant space in Paris available to 84 groups and artists (non-profit organisations, artists, start-ups, etc.) through a partnership with Plateau Urbain, a pop-up urban cooperative that offers vacant space in cities for the cultural, non-profit, social and solidarity sectors.

GRAND PARIS

The Group has supported the Grand Paris project since 2018. Given the scale of the project, Societe Generale set up a unique, cross-business governance structure with a dedicated team and an executive-level sponsor, the Head of Real Estate in the French networks. The aim is to provide institutional representation and give an efficient and coordinated presentation of the bank’s offering to project stakeholders.

This organisational structure has delivered on its promises, and in the first quarter of 2020 it had fully assigned the EUR 2.5 billion in loans announced in 2018. We deepened our commitment to the Grand Paris project in September 2020 and increased the dedicated project budget by EUR 3 billion until 2024.

Societe Generale’s commitment to Grand Paris is concentrated on three areas:

- **a sustainable and inclusive public sector economy:** Societe Generale partners with local authorities in the Paris region and with social housing operators. The Group grants loans for their investments and urban infrastructure projects.

  For example, after arranging the inaugural 100% Green Bond issue by Société du Grand Paris, in February 2020, Societe Generale was Joint Lead Manager on the Company’s fourth benchmark green bond issue under the Green Euro Medium Term Note programme. This was its longest-ever public Green Bond issuance (fifty years).

  The Group also completed its first green bank loan on the public sector market with a EUR 30 million facility to finance a new household waste sorting centre in Paris.

- **real estate development and urban planning strategic advisory:** Sogeprom, the Group’s real estate development subsidiary, is involved in mixed-use urban developments that create value for the Greater Paris region and meet the demand for dense, sustainable and desirable cities.

  It is a sponsor of a number of projects, in particular the first “Inventing the Greater Paris Metropolis” competition, with developments such as the Village Bongarde opposite the future 2024 Olympic Village in Villeneuve-la-Garenne, and *Parcs en Scène* in Thiais and Orly, located near the new *Pont de Rungis* station on Metro line 14. Sogeprom is also promoting mixed-use urban development projects, creating value for the Grand Paris metropolitan area and meeting the demand for dense, sustainable and desirable cities, such as Faubourg 17 in Clichy-la-Garenne, the *Référence* project, at the heart of the new Chapelle International district, and the Equinoxe building in Cergy-Pontoise.

  Working with Demathieu Bard Immobilier, Sogeprom won the contract for the *Aire des vents* sector of the media village for the 2024 Olympic and Paralympic games. This is where journalists and media technicians will stay throughout the Paris Games. Afterwards it will be turned into a new mixed-use neighbourhood, where the city meets nature. The values of inclusion, liveability and sustainable well-being underpin the project’s design. The area includes more than 700 family homes, with units for first-time buyers, units at market rent, social and affordable housing, a serviced senior residence, accommodation for young working people, a disabled residential facility, universal disability residence, healthcare facility, child care facilities, gym, cultural space, bicycle café and a neighbourhood concierge. The 175 jobs created will be spread across the city and generate new growth. The architectural designs will be low-energy (less than 25kWh/m^2 sdp/year) and feature healthy and natural materials. They have a low carbon footprint and will embody the art of living well in this new Biodivercity and E3C1-labelled eco-district.

Another Group subsidiary is also active in the Grand Paris project, namely the startup LaVille E+. This urban planning advisory firm supports future city projects with the goal of co-building sensitive, inclusive, sustainable, positive-impact urban environments. La Ville E+ notably worked for Ivry-sur-Seine in a public consultation for a sustainable real estate development in the Gagarine-Truillot district.

- **specialised financing:** Specialised financing is tailored to the needs of small, medium and large companies working on Grand Paris infrastructure sites (construction and public works, civil engineering and more), and to real estate firms (developers and landowners) working on this major transformative endeavour.

We granted the Matérial Grand Paris joint venture (Razel and Eiffage) lease financing facilities for two tunnel boring machines to be used to build Metro line 15, for a total of EUR 29 million. Societe Generale was also involved in financing the Biology, Pharmaceuticals, Chemicals (BPC) hub in Saclay in a partnership with the joint venture led by Bouygues and Paris Sud University for the design, construction, maintenance and financing of this flagship university project for the Paris region.

In 2019, a bank entity specialising in financing business property, SGFI, funded 101 new real estate programmes for Grand Paris, 6,133 housing units and 90,451 sq. m of office space for a total of EUR 702 million.

In 2020, Societe Generale provided the financing for 190 new real estate developments (including more than 6,200 homes and 2,437 sq. m of office space) as part of the Grand Paris project for a total of EUR 430 million.

More recently, SGFI financed the Icade “Urban Ivry” project (Ivry-sur-Seine), a mixed-use 25,000 sq. m development, illustrating its determination to make an active contribution to a green Grand Paris that is conducive to the well-being of all its inhabitants.

5.4.3.3.2 MOBILITY

Societe Generale subsidiary ALD Automotive* is a European leader in long-term vehicle lease solutions. With sustainable mobility the linchpin of its strategy, it consistently increases the number of hybrid and electric vehicles in its fleet: 196,000 in December 2020 *vs.* 152,000 in 2019, more than 22% of new contracts subscribed in 2020 *vs.* 11% in 2019. As a leading player in the energy transition, ALD continues to dominate the market in the shift to clean vehicles through its total cost of ownership (TCO) model – an all-in-one solution for electric vehicles – targeted partnerships and a global EV programme.

The share of electric vehicles[(1)] in new vehicle deliveries is set to rise to 30% by 2025. By 2030, ALD’s target is for electric vehicles with battery to make up around 50% of deliveries. This would cut CO_2 emissions per vehicle[(2)] for new contracts by at least 40% on average in 2025, compared with 2019.

ALD Automotive is an innovative company that invests in designing flexible and lasting solutions that are good for customers, combining technology, partnerships and expertise. In 2020, ALD Automotive teamed up with Polestar, the makers of high-performance electric vehicles, to launch a successful strategic collaboration offering lease services to Polestar customers – all on a fully digital online platform. Individuals can order a customised Polestar 2, the brand’s first all-electric car. Flat-rate lease packages are offered with flexible terms and mileage. The contract is managed online by ALD Automotive at every stage throughout the term of the lease, from credit assessment to electronic signature of the contract.

Sustainable mobility is not just about vehicle technology, it’s also about transforming how we use transport. This is why ALD is investing in new, shared solutions, available on demand or multimodal. Take ALD Move, a mobility-as-a-service app. Users can tap into advice on the best options for their needs (car, public transport, bike), depending on where they need to be when, their company aims and real-time traffic and weather data. The app gives a snapshot of the impact of journeys: their cost, CO_2 emissions and travel time. Users can configure their preferences, such as the number of days they work from home or how they prefer to travel.

Our vehicle lease subsidiary is also aware of the need for flexibility, especially as we grapple with the challenges of the pandemic. In response ALD’s new service, ALD Flex, provides a broad range of vehicle categories, from compact to light commercial, on demand. Users can select by budget, transmission, fuel and emissions rating. For even greater flexibility, contracts can be cancelled without charge after thirty days. Fleet managers can use the dedicated reservation site, designed based on the ALD Automotive digital platform, to manage the entire rental process online.

In 2020, Vigeo Eiris’s non-financial evaluation ranked ALD in the Top 3 in the Business Support Services panel worldwide (out of a total of 102 companies). The audit also recognises ALD’s commitment and capacity to successfully build environmental, social and governance criteria into its strategy and the day-to-day conduct of its business. It scored a total of 67/100, placing it in the “advanced” performance category.

(1) Electric vehicle: an electric vehicle with battery + hybrid rechargeable electric vehicle + hydrogen vehicle. Targets for new private passenger cars for the EU + Norway + the UK + Switzerland.

(2) Average emissions on new vehicle deliveries for the EU + Norway + the UK + Switzerland (CO2 in g/km (NEDC standard)).

Also in 2020, it joined the Nasdaq Sustainable Bond Network (NSBN), a global website open to all to bring more transparency to the green, social and sustainable bond market. Being part of this network means ALD and all other green bond issuers worldwide can publish information and key data on a centralised platform to inform investors, who can then compare bonds. Listing on NSBN gives companies a platform to showcase their sustainability efforts while providing a high level of transparency on their bonds.

Finally, working in synergy, Societe Generale Assurances and ALD Automotive developed the first connected insurance offer on the French fleet market, offering lower premiums for high good driving scores. The score is drawn up by a trusted third party on the basis of vehicle data feedback. Fleet managers may be eligible for a good driving bonus refund (*Bonus Bonne Conduite*) that may be as much as 20% of the premiums paid. On the other hand, there is no penalty applied if the driving score for a vehicle is below the bonus eligibility threshold, since the aim is to encourage responsible driving habits. The offer gives companies both the opportunity and the means to encourage road safety.

Still focusing on innovation and in response to new customer habits and behaviour, Societe Generale Assurances launched its “Multimobility” offer in Italy – the first insurance policy for users of new forms of mobility. It provides accident cover for users (owners and lessees).

5.4.3.3.3 SUPPORTING BUSINESS AND ENTREPRENEURS

As a local bank present in the regions, a trusted provider for payment services, investment and financing, an intermediary that helps create and protect jobs, and a partner in design and innovation, the Group is committed to working alongside artisans, entrepreneurs, start-ups and businesses of all sizes in the regions, throughout their professional lives and business cycles.

Societe Generale is a key player in the French business and entrepreneurial world (for independent professionals, start-ups, SMEs and VSBs), focused on developing local relationships. It therefore continues to strengthen its networks throughout the country, in particular with its new Regional Business Centres for corporate customers. Eleven centres were opened in 2020, bringing the total number of operational centres to 30 by the end of the year.

Societe Generale Entrepreneurs helps to forge closer and stronger ties with our corporate customers. In this programme, the French Retail Banking network provides corporate executives and shareholders with a range of services and solutions geared to addressing strategic issues. It combines diverse expertise in financing and investment, wealth and property management, pooled in regional divisions to better support key stages of the development and transfer of ownership of their business. The package delivers comprehensive support for professional customers with two expert advisors at their disposal, one geared towards their professional life and one towards their private life, and a simpler banking experience with more digital solutions. In all, there are 130 dedicated professional spaces in our branch network. The Group revamped the website for professional customers in 2020 with a more modern and updated browsing experience. The redesigned site is clearer, easier to access and more straightforward to use. Our app for independent professional customers, with features designed based on customer feedback, was also updated late in 2020. The new version is an up-to-the-minute, customised app that is both streamlined and secure. Professional customers can log in and connect to Appli PRO using Face ID and Touch ID biometric authentication. Another feature of the new app is the ability to manage, lock and unlock their business account bank cards directly in the app.

And because our customers’ security is a number one priority, Societe Generale launched a new start-up in 2020 called Oppens. This innovative cybersecurity coach helps micro-businesses and SMEs – who are particularly exposed to security breaches – to improve their online security. Oppens is the first in the French market to make comprehensive and tailored cybersecurity expertise available to this customer segment. It helps businesses to understand their risks and assess their vulnerability through a simple and personalised three-stage process:

- evaluation of their cybersecurity preparedness using a free online diagnostic tool that covers five key areas: passwords, data protection, staff awareness and education, device security and website protection;
- recommendations on priority weaknesses to remediate;
- support through a catalogue of products and services (French and European for the most part), selected and tested by Societe Generale experts and distributed through Oppens.fr. And Oppens can also provide unique solutions, custom-built with our partners, or exclusive packages that are usually only available to large corporates.

The Group has also expanded its offering to businesses with the acquisition of neobank, Shine. This challenger bank offers all-online banking and digital tools to take care of administrative tasks (like invoicing, calculating expenses and simplified accounting) so entrepreneurs can concentrate on what matters most to them – making a success of their business. Shine recently became a Certified B Corp. The B Corp. label recognises its commitment in six areas: environmental performance, social performance, staff, governance, community and customers. Societe Generale will market Shine products to professional customers that prefer 100% online management and low-cost services. The Shine acquisition positions the bank to offer a broader range to business customers as their business and needs change, including expert advisors – in a seamless package and without changing bank. As well as their complementarity, the tie-up between Societe Generale and Shine will generate broad synergies across the Group. Services, such as credit, insurance, and payments, can be offered to neobank clients, in accordance with Shine’s mission to simplify banking for business.

Franfinance, Societe Generale’s corporate consumer finance and leasing subsidiary, has agreed a partnership deal with Mansa to offer revolving credit facilities to the fintech’s freelance customers. Specialising in loans to freelancers and self-employed, Mansa developed a new scoring model tailored to this group taking into account that they do not receive pay slips and their uneven income flows. The deal with Franfinance adds a revolving credit product to Mansa’s line-up, with credit lines ranging from EUR 500 to EUR 5,000, which can be used for personal, non-business needs.

Societe Generale Factoring offers reverse factoring to mid-caps and large corporations. Reverse factoring (also known as supply chain finance) is a financial technology solution for suppliers of large contractors to offset the effects of longer payment terms. Suppliers are paid faster and under better conditions than if they had applied for factoring directly. In essence, large corporates want to improve their CSR impact and payment lead times to suppliers is a crucial component of responsibility in the current environment of economic uncertainty. For example, as part of its supply chain finance programme, for which Societe Generale Factoring is both a platform and finance provider, a bank customer wanted companies in the protected and sheltered sector it works with to have access to reverse factoring. With invoices paid in 48 hours, the customer secured its supply chain, nourished its business relationships and built supply loyalty. For large corporates, reverse factoring is one way of being responsible to its smaller suppliers. Societe Generale Factoring is fully on-board with this ambition and has provided the first protected and sheltered sector companies with the benefits of the programme. In return, they gain access to cheaper and more predictable financing.

Moreover, to support our direct actions, Societe Generale Assurances is a founding member of the Fonds Stratégique de Participations, an investor fund established by four insurance majors in France to take long-term stakes in French companies. Our insurance arm contributes to funding companies and innovation by investing in French funds such as Nova, Novi, Novo and in fintech funds. These investments totalled EUR 72 million in 2020.

SUPPORTING BUSINESS AND ENTREPRENEURS: KEY FIGURES

	2018	2019	2020
Loan production: SMEs, mid-caps and professionals (France)	N/A	N/A	EUR 4.5bn
New corporate customers (France)	31,000	35,300	37,262

5.4.3.3.4 INCLUSIVE BANKING (AND THE SOCIAL AND SOLIDARITY ECONOMY)

The Group supports innovative solutions designed to promote sustainable economic development incorporating environmental and social performance, using a variety of set-ups (companies, cooperatives, non-profit associations, private individuals) and targets in terms of social cohesion, solidarity and financial inclusion.

The Societe Generale network is a partner to 93 local branches of the nationwide non-profit organisation Initiative France. These 93 branches were behind the creation or takeover of a total of 9,119 companies in 2019, thus creating or saving 24,919 direct jobs.

In addition to Initiative France's own interest-free loans, the Group granted 577 loans for a total of EUR 44.8 million to entrepreneurs supported by the association (figures disclosed by Initiative France).

In partnership with *France Active Garantie*, the leading solidarity finance provider, the Group has been working to help VSBs and solidarity-based companies secure bank loans. Under this partnership, Societe Generale funded projects to the tune of EUR 3.9 million in 2019 (*vs.* EUR 2.6 million in 2018).

Inclusion

In accordance with Article L. 312-1 of the French Monetary and Financial Code (on the right to hold a bank account), the Bank provides a free package of basic banking services. We offer favourable terms to young people for student loans to pay for tuition, housing and equipment. In 2020, Societe Generale renewed its partnership with Bpifrance, offering loans to students who have no income and nobody to stand surety for them. In 2020, the maximum amount of the government-backed student loan offered to students aged under 28 with Bpifrance was EUR 15,000 to fund university studies. The share of government-backed student loans offered in conjunction with Bpifrance in 2020 to students in technical courses and universities was 35% (up from 29% in 2019). The percentage was 41% (*vs.* 45% in 2019) for students in 5-year higher education programmes and engineering schools.

In accordance with Article R. 312-4-3 of the French Monetary and Financial Code, introduced pursuant to Article L. 312-1-3, paragraph 2 of this Code, the French Retail Banking business has developed a system to identify financially vulnerable customers. Such customers can sign up to Généris, a banking services package designed to help them manage their finances, for just EUR 3 a month. Some 57,086 Societe Generale customers had signed up for Généris at 31 December 2020 compared with 59,075 in 2019.

February 2020 saw the Group introduce a low-cost bank account, Kapsul, targeting price-sensitive customers who want more independent services on a budget. Available online or in-branch, this new account costs EUR 2 per month. There are no income conditions and no other account charges. Kapsul customers can pay for products and services from anywhere in the world and can also get an international Visa card with insurance and assistance cover. Some 3,553 customers had signed up for a Kapsul account by the end of 2020.

The Group's Boursorama subsidiary also offers solutions tailored to customers experiencing temporary financial difficulties. In 2020, the "least expensive bank in France" for twelve years in a row added a new budget coaching service to its Wicount® Budget account offering. Coaching is free, easy to use and geared towards teaching financial management. Wicount® Budget is targeted at helping customers manage their day-to-day budget and stay on top of their finances. Features include income and expenditure analysis, payment due alerts for major payments, balance alerts when a particular threshold is exceeded and top savings tips.

Financing the non-profit sector in France

Societe Generale has developed close relationships with this sector, thanks to its network of non-profit specialists across the country. The Group offers its expertise to some 150,000 non-profit customers (representing an 8% market share overall, and as much as 23% in the major non-profit segment), helping them achieve their day-to-day management goals.

Through Societe Generale's solidarity-based savings service, customers can donate part or all of the annual interest on their savings accounts to up to three non-profits chosen from among those with which the Group partners for this scheme. All non-profits selected by the Group adhere to high standards and guarantee transparency as regards use of funds. The Group itself adds an additional 10% to all donations made, and the scheme has been awarded the Finansol* label. In 2020, non-profits received a total of EUR 293,000 in donations thanks to these savings products. The Finansol*-certified solidarity savings service combined with Societe Generale's charity payment cards (*i.e.* the *Collection*, *Affaires environnement* and *Business Entrepreneurs* cards) represented total donations of close to EUR 1.9 million in 2020 (compared to EUR 2.3 million in 2019) to around 50 different partner non-profits.

Cashback Societe Generale is a free, no-commitment service that reimburses customers for a percentage of their in-store and online purchases with some 800 partnering brands. When their reimbursements add up to EUR 20, customers can then transfer the corresponding sum to their Societe Generale account. On 1 December 2020, Societe Generale also added the option of donating all or part of the sum collected to one of three selected charities. Based on the amount donated, customers are issued with a receipt enabling them to claim a tax deduction on their donations.

Since January 2018, Crédit du Nord's private banking arm has adopted a truly "collaborative philanthropic approach", designed to provide support each step of the way to entrepreneurs looking to make their investments count (particularly when selling a company) or to set up a philanthropic project for their family business. The particularity of Crédit du Nord's approach is that the bank works closely with the *Fondation de France*, as well as with the customer's own advisers (lawyers, notaries, etc.), throughout the entire process, from initial discussions with the customer, to creating and investing in a foundation, right through to then seeing their funds in action – a potentially complex undertaking. Various projects have since cemented this partnership between Crédit du Nord Private Banking and the *Fondation de France*, the bank acting as a philanthropy ambassador for its customers:

- with Crédit du Nord Private Banking's support, various business customers have pursued philanthropic projects, resulting in the creation of four foundations sheltered by the *Fondation de France* in 2019;
- a specific mutual fund has been set up for the *Fondation de France* and accepts investments from other foundations sheltered by the latter. Crédit du Nord Private Banking in Marseille manages the fund's endowment and investments.

Given that such projects are always highly personal to each customer, Crédit du Nord's communications strategy in this respect focuses on select, small-scale events where the bank can be most effective as a philanthropy ambassador. It organises events together with the *Fondation de France* on a range of philanthropy-related topics (from wealth management strategies to philanthropic projects) and invites previous beneficiaries of the joint approach to appear, to share their experience of setting up a foundation and talk about the support they were given. Crédit du Nord customers are also invited to the *Fondation de France*'s major donor events in Paris and throughout France (conferences, evenings at the opera, guided museum visits, etc.). The FICADE group's *Gestion de Fortune* magazine awarded this partnership its Philanthropy Trophy.

Microfinance in France

The Group has worked in partnership with ADIE (a non-profit promoting the right to economic initiative) since 2006 to support microfinance throughout both metropolitan and overseas France. In 2020, this partnership resulted in the provision of EUR 14.8 million in credit lines (EUR 14 million over 2019) and EUR 167,000 in sponsorship aid (matching the figure from 2019). Overseas loan outstandings with ADIE stood at EUR 3.9 million (EUR 3.4 million in 2019).

Physical accessibility (people with disabilities, seniors)

The Group strives to ensure that its services are accessible to customers with disabilities, adapting premises where necessary and making its applications more user-friendly:

- access to Societe Generale and Crédit du Nord automated teller machines (ATMs);
- digital access to the Societe Generale mobile application;
- bank statements in Braille;
- outfitting: 95% of Crédit du Nord branches and 92% of Societe Generale branches were wheelchair accessible by the end of 2020.

In Russia, UsabilityLab (the country's biggest user interface design firm) placed Rosbank's mobile app third for "overall accessibility" and second for "accessibility for visually impaired users" in its rankings for 2020. Each banking app was assessed on all basic scenarios with a range of accessibility profiles, to give a rating for both the iOS and Android apps.

In 2020, Societe Generale Group subsidiary Boursorama became the first bank to earn BrailleNet's *Accessiweb Argent* label, attesting to the accessibility of its online interfaces for customers with disabilities. Many features of Boursorama Banque's online banking service meet the requirements of the RGAA (*Référentiel général d'amélioration de l'accessibilité* – the French government's official guide to improving accessibility), for example: read-aloud function for logging in, interface adapted for zoom magnification, video transcription and the revamped site navigation with specific shortcuts.

Educational actions, supporting financial education

The Group's subsidiaries actively support financial education by making their websites a valuable source of information to help the general public keep up-to-date with and understand all the latest financial news. Boursorama, for example, has offered economic and financial news (stock prices, Company information, agency dispatches) for free at *boursorama.com* since 1998. Visitors to its website also have access to more general information as well as videos, discussion forums and all the latest headlines. With an average of over 50 million visits[1] and more than 250 million pageviews per month[2], *boursorama.com* is a totally free source of financial education, available to all internet users. Boursorama also aims to help educate its customers on financial matters through its products and services (such as the Wicount® online budget coach), its real-time live economic news broadcasts (*Ecorama*, *Journal des Biotechs*, etc.), its monthly live interactive webinars with experts from all walks of life, its daily one-minute video offering viewers key information and tips on how to manage their money in everyday life (*Parlons cash*), and the specific sections on its website (accessible directly from the home page) and in its mobile apps designed to help customers manage their savings.

In 2018, French Retail Banking launched its Boost platform offering nine services specifically designed for customers aged 18-24, available as part of its Sobrio package. The platform provides information on a wide range of topics relevant to this age group (getting a first job, developing skills, becoming independent, etc.), offering access to job postings, language learning, training in coding, digital tutorials, financial assistance, housing ads, CV templates, career advice and even programmes to help them improve their spelling. Lastly, at the end of 2020, the Group introduced an e-wallet app designed to teach 12-17 year olds how to manage their pocket money/allowance in a way that is fun, adaptable and reassuring for both parents and youngsters. This new free offer, called Banxup, is 100% digital and only available online. It allows users to view their account activity and request money from their parents, and comes with a Banxup Mastercard – a no-overdraft debit card. Parents can view their child's account activity in real time and can configure all of the various features and security options to suit their purposes (contactless payment, international use, online purchases, etc.).

(1) Source: ACPM, average for H1 2020.
(2) Source: ACPM, November 2019.

Societe Generale Private Banking has produced a series of educational videos on "Understanding Responsible Investment". These podcasts are available online at *www.privatebanking.societegenerale.com* as well as on the Spotify and Apple Podcast streaming platforms *via* the "Private Talk by Societe Generale Private Banking" programme.

Lyxor launched a site in 2020 to inform its customers about ESG investment. Visitors to the site can read articles on Lyxor's ESG values and browse a variety of informative content on the "Educational insights" page.

In Russia, Rosbank* has supported the "Start-up differently" programme since 2018. This programme aims to help develop financially viable business models for social entrepreneurs and NGOs that either employ or develop products and services for people with disabilities. A call for proposals is organised, which then leads to development support for the successful applicants: two months of intensive work to improve their business models, with support from volunteer tutors and consultants in financial planning, marketing, public relations and team management. The following figures illustrate the programme's achievements over 2018-2020: 452 proposals were submitted from 69 different cities across Russia;
41 social projects made it through the selection stage and 21 were recognised as examples of best practices; 30 finalists saw an increase in their revenues, and 24 became self-sufficient; 40 Rosbank and Societe Generale employees in Russia got involved as volunteer consultants, sharing their experience in finance, business planning, sales, product development, public relations, SMM, etc.

5.4.4 CONTINUED COMMITMENT TO SUSTAINABLE DEVELOPMENT IN AFRICA

With a presence in Africa dating back over more than a century, and now with operations in 18 countries on the continent from the Mediterranean to Southern Africa, Societe Generale supports local economies, serving all customer segments.

The Group's achievements in promoting sustainable development in Africa were recognised through various awards in 2020:

- Societe Generale in Africa was EMEA magazine's Best Bank for CSR in its African Banking Awards. The magazine noted the Group's positive impact in the region, in particular through the Grow with Africa programme, the African projects supported by the Societe Generale Foundation, multiple initiatives designed to champion women's causes (such as the Diversity Charter) and the Group's financial support for three major NGOs offering emergency aid in the midst of the Covid-19 pandemic;
- the ZECI project, which will bring solar power to over 100,000 non-electrified rural households in Côte d'Ivoire, was The Banker magazine's Deal of the Year 2020 in its sustainable finance category; Societe Generale was involved in the project's financing to the tune of EUR 18 million.

5.4.4.1 The Grow with Africa initiative

Launched in November 2018, the Grow with Africa initiative is a key part of Societe Generale's work as a responsible bank in Africa. It acts as a roadmap towards achieving the Bank's goal of becoming a leading player on the continent, focused on promoting sustainable economic development and accelerating positive change.

Based on its local knowledge and mindful of E&S considerations (in particular as regards low-carbon development and/or inclusion), Societe Generale continues its work in the four priority areas for development identified for its Grow with Africa programme, all of which represent drivers of sustainable growth:

- multi-dimensional support for African SMEs;
- infrastructure financing, including for the on-grid energy sector;
- development of innovative financing solutions for off-grid and mini-grid renewable energy solutions and energy transition projects, as well as for the agricultural and agribusiness sector;
- financial inclusion.

Through these four priority areas, the Bank hopes to make a positive impact on the continent as well as progress towards the UN Sustainable Development Goals.

5.4.4.1.1 MULTI-FACETED SUPPORT FOR AFRICAN SMES

SMEs and SMIs are at the heart of the development process for African economies, and the Group constantly adapts its services to their needs. For example, at the end of 2018, Societe Generale committed to increasing its loan outstandings to African SMEs by 60% by 2022.

The Covid-19 crisis had a significant effect on the Bank's activity in the African SME segment over 2020, but Societe Generale's determination to work with and support local businesses remains unchanged.

Since its very first SME Centre opened its doors in 2018, Societe Generale has expanded on this concept, with SME Centres now serving the needs of SMEs and VSBs (whether or not formally recognised as such) in eight African countries: Senegal, Burkina Faso, Côte d'Ivoire, Benin, Ghana, Cameroon, Guinea-Conakry and, since July 2020, Madagascar. A ninth SME Centre is due to open in Mozambique in early 2021. Societe Generale has teamed up with a number of local partners to set up these SME Centres, which are specifically suited to the needs of sub-Saharan African businesses, offering financial, legal and accounting advice, training, mentoring programmes and a co-working space, all under one roof.

HIGHLIGHTS AND ACHIEVEMENTS OVER 2020

Societe Generale and CDC Group plc, the UK's publicly owned impact investor, entered into an agreement for a USD 100 million trade finance risk-sharing facility. Societe Generale will extend this facility primarily to French-speaking countries in West Africa, strengthening its ability to provide critical funding to local importers of essential foodstuffs and resources, thus helping companies weather the economic crisis triggered by the Covid-19 pandemic and supporting job creation in the region.

In Ghana, Societe Generale and IFC, a member of the World Bank Group, are between them providing SMEs in the country with long-term financing solutions: in September 2020, IFC granted SG Ghana a five-year USD 50 million loan to support the Bank's lending to thousands of Ghanaian SMEs, which, in turn, support job creation and economic growth in the country.

Proparco, a subsidiary of the *Agence française de développement* (AFD) group, has confirmed its support for Societe Generale's SME strategy in Africa, granting Societe Generale Côte d'Ivoire (SGCI) a EUR 15 million portfolio guarantee to cover its trade finance* operations. This portfolio guarantee on short-term trade finance operations covers the default risk of SME customers, and adds to the Bank's existing range of instruments for SMEs. It also perfectly embodies the spirit of both the AFD group's Choose Africa[1] initiative and Societe Generale's own Grow with Africa programme.

The mSME app was launched in Senegal against the backdrop of the Covid-19 crisis. This new app facilitates communications between SMEs and the experts available to them at the SME Centre, through a range of features such as an SME directory, appointment scheduling, postings of calls for tender, and the SME Centre's events calendar. It should gradually be rolled out to all SME Centres.

(1) Under this initiative, launched in 2019, the AFD has committed to providing EUR 2.5 billion to 10,000 African start-ups and SMEs in financing and support over the period to 2022. So far, loans totalling EUR 1 billion have been granted to African start-ups, VSBs and SMEs; over a third of this total (EUR 370 million) has gone to businesses in West Africa, and around EUR 160 million to businesses in Côte d'Ivoire.

5.4.4.1.2 INFRASTRUCTURE FINANCING

The Group's infrastructure financing spans a number of strategic sectors: energy and the energy transition, transport, the environment (water and waste management), telecommunications and social infrastructure (in particular for education and healthcare). By supporting African states in developing their infrastructure, the Group promotes medium-term growth in local economies and addresses ESG and positive impact concerns.

As part of its Grow with Africa programme, Societe Generale plans to step up its financing of infrastructure projects, key to the region's development, and has confirmed its target of increasing its structured financing outstandings in Africa by 20% between 2018 and 2021.

HIGHLIGHTS AND ACHIEVEMENTS OVER 2020

In Benin, the Group acted as mandated lead arranger, lender and agent to the government in the structuring of financing amounting to EUR 175 million for Bouygues Bâtiment International's construction of a new public hospital in Abomey-Calavi. The 430-bed hospital, due to be completed in 2023, is designed to meet the requirements for EDGE (Excellence in Design for Greater Efficiencies) certification.

In Tanzania, Societe Generale was mandated lead arranger in the USD 993 million financing for construction of a 725km railway line. In offering direct access to Dar es Salaam – East Africa's main port – this new line should open up neighbouring countries in addition to Tanzania's own economic centre.

In Cameroon, Societe Generale teamed up with Proparco to grant EUR 30 million of financing for the construction of an EDGE-certified shopping centre. The developer, Actis, has included an on-site waste water processing unit and favours local materials (25% of materials used). Thanks to the 3,500 jobs it will create (directly and indirectly), this shopping centre will contribute to progress towards certain of the UN Sustainable Development Goals, in particular decent work and economic growth.

In Madagascar, Societe Generale contributed to the MGA 73.8 billion (EUR 16.2 million) financing of what will be the country's largest solar power plant. The project will offer a clean, affordable and reliable source of energy for the country's households and businesses, and will boost local employment as well as stimulating broader economic development.

5.4.4.1.3 DEVELOPING INNOVATIVE FINANCIAL SOLUTIONS

Societe Generale strives to apply its expertise, its creativity, and its ability to involve partners in support of the agricultural sector, the renewable energy sector, and the energy transition.

Innovative financing for agriculture and its stakeholders

Although the Group's involvement is still at the exploratory and experimental stage, Societe Generale hopes to build on its commitment to stakeholders in the agro-industrial sector, and in particular to peasants, farmers, cooperatives and agribusiness SMEs. It also aims to work with partners offering in-depth knowledge of the specificities of the local markets, such as exporters, agribusinesses, and NGOs. The challenge is to better understand the industry and its supply chains to further develop it and have a stronger impact for the benefit of farmers and cooperatives.

HIGHLIGHTS AND ACHIEVEMENTS IN 2020

As an incubator, Societe General supports the Cameroonian start-up Clinic Agro20 with the development of services for farmers, potential customers of the YUP app in Côte d'Ivoire. It provides a plant and soil analysis laboratory, integrated into a smartphone. The solution analyses and compares a photo of a diseased plant with a database of more than 300,000 diseased plants to identify the disease and suggest an appropriate treatment.

In Burkina Faso, the Food and Agriculture Organization of the United Nations (UN FAO) chose YUP as a partner to facilitate the distribution of USD 1 million in social aid to 6,000 vulnerable peasants. This aid aims to support African players in the agribusiness industry who are suffering the effects of the health crisis. The aid's monthly payments are made *via* YUP.

Financing for off-grid and mini-grid renewable energy and the energy transition

The Group wishes to further its contribution as regards financing for access to electricity, by promoting renewable energy sources in areas without widespread connections to existing electrical grids. Societe Generale has decided to trial potential solutions for off-grid areas (those lacking the support of remote infrastructure). It is focusing on five potential lines of action: financing electricity producers, financing equipment distributors either directly or *via* a fund, facilitating the acquisition of equipment through microfinance schemes and offering pay-as-you-go solutions through YUP.

HIGHLIGHTS AND ACHIEVEMENTS IN 2020

The EUR 15 million SUNREF credit line signed with the French development agency (AFD) has enabled UIB*, the Tunisian subsidiary of Societe Generale, to set up a green loan for businesses. In this respect, UIB contributed EUR 700,000 towards financing the first operational solar power plant in the country in 2020.

Launched in March 2020, the initiative between the start-up Qotto, designer and distributor of autonomous solar kits in Benin and Burkina Faso, and YUP enabled 117 farmers to start using the YUP solution to pay for their solar kits through leasing arrangements.

5.4.4.1.4 FOSTERING THE DEVELOPMENT OF LOCAL POPULATIONS THROUGH FINANCIAL INCLUSION

Continuing to roll out YUP

Societe Generale contributes to the development of countries through simple and accessible services aimed at a large population that is still predominantly unbanked. The Group develops alternative banking models that aim to facilitate the circulation of financial flows between economic players on the continent.

YUP is the Group's flagship solution to this problem. It is a mobile money app that lets users access a full range of transactional and financial services without even having a bank account. Aimed at both banked and unbanked customers, YUP can be used by any mobile phone owner (smartphone or traditional mobile telephone), regardless of their telephone operator.

Societe Generale targeted one million customers and 8,000 representatives by the end of 2020, but has far exceeded this goal.

Rolled out since 2017, YUP is now available in Côte d'Ivoire, Senegal, Burkina Faso, Cameroon, Guinea, Ghana and, since July 2020, Madagascar.

HIGHLIGHTS AND ACHIEVEMENTS IN 2020

In Guinea, YUP was chosen to assist the National Agency for Social & Economic Inclusion (ANIES) with a programme providing financial support to the poorest households. During the first phase, 17,000 households will receive 250,000 Guinean francs (about EUR 20.00) for six months. YUP Guinea has provided ANIES with more than 500 collection points.

Working with Microfinance Institutions

The Group has actively supported microfinance initiatives in Africa for many years through debt and equity services. Under its Grow with Africa programme, it has undertaken to strengthen its efforts in this area, doubling its outstandings for Microfinance Institutions (MFIs) between 2018 and 2022.

Alongside the refinancing deals most frequently agreed with MFIs, the Group has also acquired equity holdings in a number of MFIs in Madagascar, Cameroon, Ghana, Côte d'Ivoire and Burkina Faso, as well as raising funds in markets arranged by Societe Generale.

HIGHLIGHTS AND ACHIEVEMENTS IN 2020

In Tunisia, UIB* furthered its efforts to finance the sector by granting loans of 20 million dinar (EUR 6.2 million) to two of the country's microfinance organisations: Baobab Tunisie and Enda Tamweel. This should enable them to finance about 12,500 Tunisian micro-entrepreneurs.

In Madagascar, Societe Generale bought back shares in Accès Banque Madagascar (ABM), increasing the Group's stake in ABM to 24%. ABM strives to provide diversified financial services addressing the needs of MSMEs (Micro, Small and Medium Entrepreneurs) and those of their families and employees in order to bolster job creation and help reduce poverty.

5.4.4.2 Other cross-disciplinary initiatives in Africa

5.4.4.2.1 INITIATIVES TO EMPOWER WOMEN AND PROMOTE THEIR ENTREPRENEURSHIP

Societe Generale supports several initiatives in an effort to advance women's professional development, such as the Women in Africa foundation's 54 project, which aims to support and promote 54 women entrepreneurs from 54 African countries. In the digital sector, Societe Generale has launched the Smartcodeuses programme, which promotes tech initiatives and guarantees training for young candidates. The Group also sponsored Africa Women 4 Tech, a forum dedicated to the advancement of women in the digital sector. As an employer, the Group initiated Diversity for Africa to guarantee gender equality in the Company.

5.4.4.2.2 AN UNFAILING CONCERN FOR HEALTH ISSUES

The Group is in regular discussions with the Global Fund to fight AIDS, Tuberculosis and Malaria, with which it signed a three-year Memorandum of Understanding at the end of 2019 in order to seize opportunities for cooperation. Accordingly, in 2020, the Group informed the Global Fund of systems existing in their common countries to strengthen the financial acumen and entrepreneurship skills of African women with a view to their empowerment and their contribution to health programmes. Together with the Global Fund, Societe Generale also developed a customised cash management offer to meet the requirements of the Principal Recipients (PRs) of the Global Fund in three priority countries (Cameroon, Côte d'Ivoire and Mozambique). It takes the form of specific documentation that presents Societe Generale's main local capacities to provide PRs with improved operational efficiency, suitable rates, technical assistance, and meet traceability and compliance requirements.

SOCIETE GENERALE IN AFRICA AND THE GROW WITH AFRICA INITIATIVE IN FIGURES

	2018	2019	2020	Target
No. of countries, where Societe Generale operates in Africa	16	19	18(1)	-
Number of Group customers in Africa	3.8m	4.1m	4.0m	-
Number of employees	13,338	13,505	13,048	-
Share of women in the workforce	46.0%	46.1%	45.5%	-
Share of women in Management Committees	24.8%	35.4%	28.8%	+33% in 2022
Grow with Africa initiative and its goals:				
Increasing structured finance commitments	EUR 8,506m(2) EUR 1,239m(3)	EUR 9,033m(2) EUR 1,679m(3)	EUR 10,900m(2) EUR 1,819m(3)	+20% between 2018 and 2021
Doubling outstanding loans to Microfinance Institutions	EUR 60m	EUR 75.2m	EUR 95m	EUR 120m in 2022
Supporting SMEs	EUR 6,369m	+17%	-3%(4)	+60% in outstanding loans to African SMEs by 2023
YUP customer base	300,000	1.4m	2.1m	1m in 2020

(1) Disposal of a subsidiary in South Africa in 2020.
(2) The Group's gross structured finance commitments in Africa.
(3) Gross infrastructure finance commitments by structured finance platforms located in Africa.
(4) The contraction in outstandings at end-2020 can be attributed to the health crisis, which significantly affected this customer segment.

5.5 METHODOLOGY NOTE

This note presents the corporate social responsibility (CSR) reporting methodology used by Societe Generale. This methodology is also explained in detail in the Group's reporting protocols, available on request.

5.5.1 REPORTING PROTOCOLS

Information included in the Universal Registration Document (URD), the Responsibility section of the Group's website (https://www.societegenerale.com/en) and other Societe Generale communications, as well as the Group's Integrated Report in respect of financial year 2020 and previous years, has been prepared on the basis of contributions from the Group's internal network of CSR officers and in accordance with the CSR reporting protocols and CSR initiatives programme. The data were provided by the Planethic reporting tool, used to standardise collection of information on management and monitoring indicators. Reporting is coordinated by the Group CSR Department, which reports to the Group Corporate Secretary.

We regularly organise programmes to bring contributors and managers on board and familiarise them with the reporting process and the tool, with a view to improving data reliability. The reporting protocols are updated on a regular basis. A new protocol was drawn up in 2020 and includes indicators designed to offer a more precise assessment of the non-financial risk factors identified as being the most material to Societe Generale. The Group prepared new protocols in 2020 which include indicators that can pinpoint more precisely the most significant extra-financial risk factors it faces.

5.5.2 DATA COLLECTION

We used the following data collection methods for the reporting scope:

- for social, environmental, procurement, business and corporate sponsorship data, the bulk of the quantitative indicators are collected by each Group entity using the Planethic reporting tool. Data collectors enter their subsidiary's data, which are approved by validators who perform post-input checks, then by administrators who check and validate the data at core business level and lastly by cross-functional administrators (CSR Department) at Group level, who carry out the final checks prior to consolidation;
- the Group CSR Department collects other data directly from the CSR officers for each core business or from the relevant division (Sourcing Division, Risk Division, Human Resources Department).

5.5.3 REPORTING PERIODS

Social, procurement, sponsorship and business data

Quantitative indicators are calculated for the period running from 1 January 2020 to 31 December 2020, with data taken at 31 December 2020.

Environmental data

Quantitative indicators are calculated for the twelve-month period running from 1 October 2019 to 30 September 2020, with data taken at 30 September 2020.

5.5.4 CSR CONSOLIDATION SCOPE

The entities included in the reporting scope satisfy at least one of the following criteria:

- entity in which the parent company, Societe Generale SA (SGSA), directly or indirectly holds a controlling interest of over 50%. By definition, all branches are wholly-owned since there are no shareholders;
- entities in which SGSA holds a controlling interest of at least 20% and less than 50%, and over which SGPM has significant influence as regards management and financial policy; in particular, entities whose management has been appointed by Societe Generale and that are regularly monitored by the Group's core businesses.

The CSR consolidation scope includes 183 companies within the Group's financial consolidation scope at 31 December 2020.

5.5.5 INDICATORS

An information campaign aimed at all contributors is rolled out at the start of the data collection period, providing the data collection schedule, a Group guideline and a protocol for each category of indicators. The protocols serve as a reminder of indicator definitions and application criteria.

The 2020 indicators were selected with a view to satisfying the legal and regulatory requirement for the Group to present a consolidated declaration of non-financial performance (Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code), as well as in light of the Group's CSR strategy and the decision to align it as closely as possible with the GRI (Global Reporting Initiative) core option.

For the most part, these indicators cover a global scope. When not global, the scope is specified in parentheses or in this methodology note.

5.5.6 SCOPE AND RULES FOR CALCULATING EMPLOYMENT-RELATED INDICATORS

The workforce taken into account for all employment-related indicators (unless explicitly stated otherwise) corresponds to the total number of employees on either permanent or fixed-term contracts (including work-study contracts), regardless of whether they are present or on leave.

The frequency rate of occupational accidents is the ratio of the number of workplace accidents (as defined by local regulations) to the total number of hours worked (workforce present on either permanent or fixed-term contracts multiplied by the number of annual working hours in the entity) multiplied by 1,000,000.

The absenteeism rate is the ratio of the number of paid days' leave (paid leave covers sick leave, parental leave and leave for other reasons such as moving home, getting married, attending to sick children, leave following the death of a close person and unpaid leave for miscellaneous reasons) to the total number of days paid, expressed as a percentage. It is counted in calendar days and on the basis of the total headcount (workforce present at 31 December multiplied by 365).

Data were collected on 133,251 employees. Societe Generale therefore estimates the coverage – *i.e.* where at least the data on occupants and surface area were provided – to be approximately 99% of the workforce..

5.5.7 SCOPE AND MAIN MANAGEMENT RULES FOR PROPRIETARY ENVIRONMENTAL INDICATORS

The scope corresponds to the CSR consolidation scope as defined above. Coverage of the total data collection scope corresponds to the ratio of the headcount of all entities that participated in the data collection campaign to the total Societe Generale headcount. Data were collected on 133,251 employees. Societe Generale therefore estimates the coverage – *i.e.* where at least the data on occupants and surface area were provided – to be approximately 99% of the workforce.

5.5.8 RESTATEMENT OF HISTORICAL DATA

In the interests of transparency and comparability of data, the emissions for the reference years and for 2018-2020 are given in the table of quantitative data published on the Group's corporate website.

Reported data for previous financial years correspond to data adjusted for changes in scope for data comparability purposes.

5.5.9 ENVIRONMENTAL DATA: GENERAL RULES

Environmental data are calculated on the basis of invoices, direct readings, information received from suppliers and estimates. We manage the reported data by means of the following checks and ratios:

- any variations in environmental indicators compared to the previous year are flagged and contributors receive alerts asking them to check the data recorded if the variation exceeds 30%;
- data collected on energy, office paper and transport are expressed in relation to the number of occupants declared by the entity;
- energy consumption (electricity, steam, chilled water, oil, gas) is also expressed in relation to the surface area (per m^2);
- with a view to continually improving data reliability, qualitative questions (requiring answers in the form of written comments) are used to identify the various scopes of data and best practices, and to understand variations from year to year;
- with the exception of the Societe Generale France network, most subsidiaries consolidate their data in the Group's reporting tool. The CSR Department centralises the reporting of transport and paper consumption data for France based on data from the Sourcing Division.

The number of occupants covered corresponds to the average number of Societe Generale employees or subcontractors working on-site during the reporting period, at 30 September 2020.

Coverage of the data collection scope for each indicator corresponds to the ratio of the headcount of all entities that provided data for the indicator in question to the total Societe Generale headcount.

Methodological changes:

In 2019 and 2020, Societe Generale Group decided to review its methodology for air travel and the resultant emissions.

It made two changes to the methodology:

- until 2018 included, the Defra emission factor (excluding radiative forcing) but including a coefficient taking into account diversion and tarmac delay times) was used, regardless of travel class (difference between business and economy class). Since 2019, this distinction has been included in the Group's emissions calculation;
- in 2020, Societe Generale kept the Defra standard as the source of data and uses the emission factors that include radiative forcing. In parallel, the coefficient that includes diversion and tarmac delay times is no longer included in the calculation.

The impacts on the Group's carbon footprint are as follows:

	2014		2015		2016		2017		2018	
	Emission Factor	Carbon Footprint	Emission Factor	Carbon Footprint	Emission Factor	Carbon Footprint	Emission Factor	Carbon Footprint	Emission Factor	Carbon Footprint
Previous Methodology	kg CO_2 / passenger/ km	Ton of CO_2e	kg CO_2 / passenger/ km	Ton of CO_2e	kg CO_2 / passenger/ km	Ton of CO_2e	kg CO_2 / passenger/ km	Ton of CO_2e	kg CO_2 / passenger/ km	Ton of CO_2e
Domestic < 500 km	0.1689936	1,180	0.158595	1,659	0.147695	1,612	0.1417	1,643	0.157941	1,477
Short-haul between 500 & 1,600 km	0.095811	5,624	0.091451	4,367	0.090688	4,483	0.086328	4,530	0.087418	4,588
Long-haul > 1,600 km	0.1211644	20,807	0.12644	22,189	0.12426	24,684	0.128075	27,096	0.133089	31,076
Plane carbon footprint		27,611		28,215		30,779		33,269		37,141

		Without class distinction		With class distinction		Without class distinction		With class distinction	
		2019				2020			
		Emission Factor	Carbon Footprint	Emission Factor	Carbon Footprint	Emission Factor	Carbon Footprint	Emission Factor	Carbon Footprint
New Methodology		kg CO_2 / passenger/ km	Ton of CO_2e	kg CO_2 / passenger/ km	Ton of CO_2e	kg CO_2 / passenger/ km	Ton of CO_2e	kg CO_2 / passenger/ km	Ton of CO_2e
Domestic < 500 km	Average	0.1719693	1,425	0.1719693	1,425	0.140828	917	0.140828	917
Short-haul between 500 & 1,600 km	Economy class	0.091233	4,620	0.0920287	4,621	0.0896307	2,319	0.0881592	2,317
	Business class			0.1380485				0.1322388	
Long-haul > 1,600 km	Economy class	0.1127278	20,051	0.0938163	30,440	0.109981	11,894	0.0842243	16,896
	Business class			0.272042				0.244247	
Plane carbon footprint			26,096		36,486		15,130		20,130

	2014		2015		2016		2017		2018	
	Emission Factor	Carbon Footprint	Emission Factor	Carbon Footprint	Emission Factor	Carbon Footprint	Emission Factor	Carbon Footprint	Emission Factor	Carbon Footprint
Previous Methodology	kg CO_2 / passenger/ km	Ton of CO_2e	kg CO_2 / passenger/ km	Ton of CO2e	kg CO_2 / passenger/ km	Ton of CO_2e	kg CO_2 / passenger/ km	Ton of CO_2e	kg CO_2/ passenger/ km	Ton of CO_2e
Domestic < 500 km	0.29316	2,048	0.29795	3,118	0.27867	3,042	0.26744	3,101	0.29832	2,790
Short-haul between 500 & 1,600 km	0.16625	9,762	0.16972	8,103	0.16844	8,325	0.16103	8,448	0.16236	8,523
Long-haul > 1,600 km	0.21022	36,097	0.19813	34,763	0.19162	38,061	0.19745	41,784	0.21256	49,642
Plane carbon footprint		47,907		45,984		49,428		53,333		60,955

		Without class distinction		With class distinction		Without class distinction		With class distinction	
		2019				2020			
		Emission Factor	Carbon Footprint	Emission Factor	Carbon Footprint	Emission Factor	Carbon Footprint	Emission Factor	Carbon Footprint
New Methodology		kg CO_2 / passager/ km	Ton of CO_2e	kg CO_2 / passager/ km	Ton of CO_2e	kg CO_2 / passager/ km	Ton of CO_2e	kg CO_2 / passager/ km	Ton of CO_2e
Domestic < 500 km	Average	0.25493	2,472	0.25493	2,472	0.2443	1,591	0.2443	1,591
Short-haul between 500 & 1,600 km	Economy class	0.15832	8,021	0.15573	8,024	0.15553	4,024	0.15298	4,021
	Business class			0.2336				0.22947	
Long-haul > 1,600 km	Economy class	0.19562	34,795	0.14981	52,823	0.19085	20,640	0.14615	29,320
	Business class			0.43446				0.42385	
Plane carbon footprint			45,288		63,319		26,255		34,932

5.5.10 CALCULATION OF GREENHOUSE GAS EMISSIONS

Calculation of the Group's greenhouse gas (GHG) emissions breaks down into three categories:

- Scope 1 covers direct emissions related to energy consumption and fugitive emissions of fluorinated gases;
- Scope 2 covers indirect emissions related to energy consumption (external electricity, steam and chilled water);
- Scope 3 covers GHG emissions from all office paper consumption, business travel, freight transport, waste and energy consumption of French data centres since 2017.

CO_2 emissions are calculated according to the GHG Protocol.

5.5.11 MAIN MANAGEMENT RULES FOR SPIF AND SPI INDICATORS

The Group's strategic plan, Transform to Grow, includes a CSR ambition, which, in commercial terms, is reflected in the aim to develop:

- Sustainable and Positive Impact Finance (SPIF) to monitor credit and/or leasing activities, and/or to help customers develop their positive impact activities;
- Sustainable and Positive Investment (SPI) for wealth and asset management activities, including the structuring of products aimed at both institutional and individual investors.

5.5.11.1 Scope

Reporting of the SPIF and SPI indicators began in 2018 and broadened in 2019 and 2020 with the aim of gradually including as many businesses and geographies as possible in the Group. The following methodology choices apply to ensure consistency and reliability when filtering reporting results:

- annual production in loan volumes recorded in the Group's balance sheet or off-balance sheet, *i.e.* the SPIF indicator is based on the proportion borne by Societe Generale upon closing;
- annual production in investment products sold to customers (NB: figures for the assets that Lyxor and Sogécap manage mostly in accordance with SPI criteria are also provided for information purposes);

- advisory activities, customer services and/or hedging rates or exchange rates on SPIF and/or structured transactions with ESG indicators, designed to promote a sustainable and inclusive transition within the Societe Generale ecosystem, are detailed separately from SPIF/SPI volumes (*e.g.* bond issuance mandates, custodian services, nominal hedging operations, etc.).

5.5.11.2 Sustainable and Positive Impact Finance (SPIF)

ANALYSIS FRAMEWORK

The SPIF framework is based on the UN's Sustainable Development Goals *(www.un.org/sustainabledevelopment/ sustainable -development-goals/)*, but is not limited by measures of specific impacts for each SDG.

We filter by three types of criteria to ensure stringent selection of SPIF-type activities:

- compliance with the three pillars of sustainable development (economic, environmental and social):
  - financing of a dedicated project, established in all Social and/or Green guidelines, or Financing of counterparties whose main activity (more than 50%) falls within the framework of the green transition and/or management of the common good approaches. Contributions to the challenges of the 17 sustainable development goals (SDGs) are reviewed specifying the underlying goal, to inform and provide the framework for initiatives that have the potential to create a positive impact for the good of all. In 2020, SPIF covered all but two of the sustainable development goals,
  - a global E&S risk management approach based on the Group's Duty of Care Plan commitment (see p. 338). We performed risk mapping on environmental, social and human rights issues to identify the main E&S risks for business sectors potentially harbouring theses risks to adhere to the "Do no harm" principle, to avoid major negative fallout from the products and services on offer,
  - a financial analysis that takes into account the sustainability of the counterparty's operations by monitoring the internal rules of engagement;
- external guidelines: work on the green taxonomy by the European Commission's technical expert group (HLEG) will gradually expand the field of our analyses, as well as the frameworks defined by the European Investment Bank (EIB) and UNEP-FI. NB: As a co-founding partner of the Positive Impact Finance Initiative coordinated by the UNEP-FI, Societe Generale developed an analysis of this methodology, which is used for dedicated transactions in the global banking segment (Global Banking and Investor Solutions).

EXCLUDED ACTIVITIES

The guidelines on social commitments and contributions to the common good are not exhaustive. On health, for example, the guidelines we use are limited to the financing of hospitals/care facilities, retirement homes and medical equipment (mainly radiology and imaging). Similarly, the Bank's commitment to job creation is only with reference to programmes co-financed with multilateral partners or those coordinated with a very specific monitoring framework in terms of their positive impact (see: the Grow with Africa plan, for example).

5.5.11.3 Sustainable and Positive Investment (SPI)

ANALYSIS FRAMEWORK

Investment products that meet the criteria of the following typologies are considered to be SPI-compliant:

- structured products put together with an ESG selection (positive impact and/or exclusion) that filters out at least 20% of the eligible investment universe;
- impact investments: impact targets are detailed in prospectuses in the spirit of the SDGs;
- investment solutions for which Societe Generale commits to hold on its balance sheet an equivalent amount of Positive Impact Finance assets or loans to highly rated counterparties according to ESG research criteria (see structured notes or treasury investment products for corporates);
- products with a solidarity or sharing component, which entail a criterion of minimum donation or return sharing or risk taking on the amount invested > 20%;
- volumes invested based on advice on selection of external funds considered to be Sustainable (at Lyxor).

NB: These guidelines were developed by the Asset Management (Lyxor), Private Banking and Global Markets teams and, for the first time this year, with Societe Generale Assurances. They have been prepared with reference to existing market guidelines.

Commitments made in categories 1, 2, 3, and 4 are considered to be Sustainable Investments.

The consulting and ESG reporting services put together by the Societe Generale Securities Services teams, or the volumes concerned by Lyxor's shareholder commitment, are mentioned but not included in SPI production.

5.6 INDEPENDENT THIRD PARTY'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our quality as an independent verifier, accredited by the COFRAC under number No. 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your company (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended 31 December 2020 (hereafter referred to as the "Statement"), presented in the management report pursuant to the provisions of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the entity

It is the responsibility of the Board of Directors to prepare the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the procedures of the entity (hereafter referred to as the "Guidelines"), the significant elements of which are presented in the Statement.

Independence and quality control

Our independence is defined by the provisions of the article L. 822-11-3 of the French commercial Code *(Code de commerce*) and by the Code of Ethics of our profession. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with applicable legal and regulatory requirements, ethical standards, and professional doctrine.

Responsibility of the independent verifier

It is our role, based on our work, to express a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French commercial Code;
- the fairness of the information provided pursuant to paragraph 3 of I and II of article R. 225 105 of the French commercial Code, namely the results of the policies, including key performance indicators, and the actions related to the main risks (hereinafter the "Information").

Nonetheless, it is not our responsibility to express any form of conclusion on the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax avoidance legislation, nor on the compliance of products and services with applicable regulations.

Nature and scope of the work

Our work described below has been carried out in accordance with the provisions of articles A. 225 1 et seq. of the French Commercial Code as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000[(1)]:

- we obtained an understanding of all the consolidated entities' activities and the description of the main risks;
- we assessed the suitability of the Guidelines with respect to their relevance, comprehensiveness, reliability, neutrality and understandability by taking into consideration, if relevant, the best practices of the industry;
- we verified that the Statement includes each category of information provided in article L. 225-102-1 III regarding social and environmental matters, as well as the information provided in the second paragraph of article L. 22-10-36 of the French commercial Code regarding the respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement provides the information required under article R. 225-105 II where relevant to the main risks and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French commercial Code;
- we verified that the Statement presents the business model and a description of the main risks related to the activity of all the entities included in the scope of consolidation; including, if relevant and proportionate, the risks created through its business relationships, products or services, policies, actions and results, of which the key performance indicators associated with the main risks are part;
- we referred to documentary sources and conducted interviews to:
  - assess the process undertaken to identify and validate the main risks as well as the consistency of the outcomes, including the key performance indicators selected, in accordance with the main risks and the policies presented, and
  - corroborate the qualitative information (actions and results) that we considered to be the most important (presented in the annex). For certain risks (the fight against corruption, tax evasion, and cybercrime as wall as the protection of personal data), our work was carried out on the consolidation entity. For the other risks, our work was carried out on the consolidating entity and on a selection of Business Units (BUs) and Service Units (SUs)[(2)] listed hereafter: French Retail Banking, Crédit du Nord, International Banking Networks (Africa, Mediterranean Basin & Overseas, Networks and Europe), ALD Automotive, Client Relationships, Financing and Advisory Solutions, Financial Market Activities, Private Banking & Asset Management for Business Units; General Secretariat, Human Resources & Communication, Risks and Compliance for Service Units;

(1) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.
(2) The full list of BUs and SUs is available at www.societegenerale.com.

- we verified that the Statement covers the consolidated scope, i.e. all the entities included in the scope of consolidation in accordance with article L. 233-16 of the French commercial Code, within the limitations set out in the Statement;
- we obtained an understanding of the internal control and risk management procedures implemented by the entity and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important (presented in the annex), we implemented:
  - analytical procedures to verify the correct consolidation of the collected data as well as the consistency of their evolutions,
  - detailed tests based on samples, consisting of checking the correct application of the definitions and procedures and reconciling the data with supporting documents. This work was carried out with the contributing entities listed above and cover between 10% and 83% of consolidated data selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of the entities included in consolidated scope;
- we believe that the work we have carried out by exercising our professional judgment allows us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

Means and resources

Our verification work mobilised the skills of nine people and took place between October 2020 and March 2021 on a total duration of intervention of twenty weeks.

We conducted about fifty interviews with the persons responsible for the preparation of the Statement, in charge of either the risk analysis, the definition and the implementation of the policies, the collection and the control of the information, or the writing of the texts published.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us not to believe that the non-financial statement complies with the applicable regulatory provisions and that the Information, taken together, are fairly presented, in compliance with the Guidelines.

Without qualifying our conclusion above and in compliance with the provisions of Article A. 225-3 of the French commercial Code, we draw your attention to the following points:

The Group has pursued the operational roll-out of its environmental and social commitments. This implementation has yet to be systematized and standardized across the different Business and Service Units.

Paris-La Défense, 17 March 2021

Independent third party

EY & Associés
Hassan Baaj Partner

Caroline Delérable
Partner, Sustainable Development

Annex: Information considered as the most important

Qualitative Information (Actions or results)	Quantitative information (Key performance indicators and coverage)
Societal and business information	
■ Definition and deployment of voluntary commitments, including those related to the financing of coal and to the application of the Poseidon Principles. ■ Identification and management of E&S risks posed by transactions and clients. ■ Approach for analysing and managing (direct and indirect) climate risks. ■ Implementation of both approaches, Sustainable and Positive Impact Finance (SPIF) and Sustainable and Positive Investment (SPI). ■ Deployment of the Grow with Africa initiative.	■ Number and new funding of transactions subject to an E&S review (11% of the new funding for the transactions reported in Corporate and Investment Banking, including 23% for the transactions under the Equator Principles scope). ■ Number of Corporate and Investment Banking clients that have undergone an E&S reputational risk assessment (10% of the clients assessed during the year). ■ New funding of positive impact finance transactions: Sustainable and positive impact finance (27% of new funding) and Sustainable and positive investments (24% of new funding). ■ Compliance with the commitments concerning coal made in 2015 for 2020 (83% of the amounts drawn for extraction and 65% of the amounts drawn for electricity production).
Social information	
■ Health and safety of persons, especially in managing the Covid-19 sanitary crisis.	■ Share of positions filled through internal mobility (17% of the workforce). ■ Average number of hours of training per employee (17% of the workforce).
Environmental information	
■ General environmental policy. ■ Responsible approach to digital technology.	■ Reduction of the carbon footprint per occupant since 2014 (15% of the Group's GHG emissions) including review of GHG emissions (tCO_2e) scope 1, 2 and 3 (scope 3 including paper consumption, business trips, freight transport, energy consumption of data centers hosted in France and waste production).

5.7 GROUP'S DUTY OF CARE PLAN

5.7.1 INTRODUCTION

Purpose

Societe Generale is subject to the French Act of 27 March 2017 on the duty of care for parent and subcontracting companies (the Duty of Care Act). This law requires the Group to prepare and implement a duty of care plan to identify risks and prevent serious breaches of human rights, fundamental freedoms, or damage to the health, safety and security of persons and the environment as a result of its activities. The plan must include risk mapping, measures to assess and mitigate the risk of serious breaches and the monitoring of their implementation, and a whistleblowing system. This document sets out a summary of the main aspects of the Duty of Care Plan and includes the report on its effective implementation.

Over the years, the Societe Generale Group has voluntarily adopted procedures and tools to identify, assess and manage human rights and environmental risks as part of how it manages its Human Resources, supply chain and activities. Over the past three years, the implementation of the Duty of Care Act has provided Societe Generale with the opportunity to clarify and strengthen its existing framework as part of a continuous improvement process.

Scope of application

The Group's approach to its duty of care is based on the common foundation of human rights and fundamental freedoms, as well as environmental issues. The human rights and fundamental freedoms issues identified based on reference texts, such as the Universal Declaration of Human Rights (1948) and the International Labour Organization's fundamental conventions, are: forced labour and slavery, child labour, respect for the rights of indigenous peoples, rights of ownership, discrimination, freedom of association, health and safety, decent working conditions, decent pay, decent social protection and the right to privacy. Environmental issues identified based on The Rio Declaration on Environment and Development (1992) are: climate change and air quality, preservation of water resources and their quality,responsible land use, preservation of natural resources, preservation of biodiversity and minimisation and treatment of waste.

This Plan is being rolled out across all consolidated companies over which Societe Generale exercises exclusive control[1]. It is structured around three pillars:

- **the Human Resources, Safety and Security pillar**, which aims to prevent the risk of serious violations in respect of human rights, fundamental freedoms or the health of Societe Generale Group employees;
- **the Sourcing pillar,** which aims to prevent the risk of serious violations in respect of human rights, fundamental freedoms, health, safety and security and the environment associated with the activities of the Group's suppliers and direct (*i.e.* level 1) subcontractors[2];
- **the Activities pillar**, which aims to prevent the risk of serious violations in respect of human rights, fundamental freedoms, health, safety and security and the environment that are directly associated with the Group's products and services.

Governance

The Duty of Care Plan was drawn up by the Corporate Social Responsibility (CSR) Department, the Human Resources (HR) Department and the Sourcing Division, in association with the Compliance Division, the Legal Department and the Group Security Division.

Last year, the Duty of Care Plan and a progress report on implementing the duty of care measures were presented to the Group's Responsible Commitments Committee (CORESP) (for more information, see: E&S risk management in the businesses to promote fair and responsible growth, p. 300).

The 2021 Duty of Care Plan was presented to CORESP at the same time as the review of the Group's environmental and social (E&S) risk management system.

The Duty of Care Plan is also included in the Management Report prepared by the Board of Directors and published in the Universal Registration Document.

Rollout is coordinated by the Corporate Social Responsibility Department, the Human Resources Department, the Sourcing Division and the Compliance Division. The Business Units and Service Units are responsible for implementing the plan within their scope.

The Duty of Care Plan's procedures were devised in accordance with the principle of continuous improvement. How it evolves over time reflects the results of the risk mapping, regular assessments, developments in the Group's activities, new E&S commitments, and updates to the E&S risk management policies and tools.

(1) These are subsidiaries controlled directly or indirectly by Societe Generale, pursuant to Article L. 233-16 of the French Commercial Code.

(2) Suppliers and subcontractors with whom the various Group companies maintain an "established commercial relationship", i.e. a direct, ongoing and stable commercial relationship (in accordance with the definition developed by French case law).

5.7.2 IDENTIFICATION AND PRIORITISATION OF RISKS: MAPPING INHERENT RISKS

Societe Generale first began identifying a number of years ago the risks of breaches of human rights, fundamental freedoms, health, safety and security and the environment – referred to as E&S risks – associated with its activities. This identification process served as the basis for the Group's existing E&S risk management tools and procedures. As part of its duty of care, the Group added to its identification of the risks of serious breaches by mapping the inherent risks[1] for each of the three pillars.

The Group first identified the risks inherent in the banking sector, as well as in the sectors of its suppliers and level one subcontractors, and in activities to which it provides products and services.

These risks were assessed and then ranked in one of four categories (low, moderate, medium-high, high), based on both sector and geographic data. The assessments took into account information from recognised external databases[2] as well as expert opinions.

The criteria used to assess the various sectors were as follows:

- the potential severity of the breach;
- the potential scale of the breach (number of persons potentially affected, geographic range of the environmental impact);
- the likelihood of the breach (recurring impact during normal conduct of sector-specific activities *vs.* extreme situations/accidents).

Geographic factors (country of establishment) were also considered, since they can potentially aggravate the risks identified. The geographic criteria may include a country's ratification of the ILO fundamental conventions, its employment and environment regulations, whether or not there is a supervisory authority, and its track record (especially as regards any human rights violations).

"Human Resources, Safety and Security" pillar

The Societe Generale Group operates in 61 countries and the Human Resources Department considers that the local context is critical in the analysis of intrinsic risks and the policies and measures implemented to prevent them. In order to identify and better understand local issues, the Group assesses the level of exposure to risks of serious violations of human rights and fundamental freedoms, together with employee health and safety, in all its countries of operation. Inherent risk mapping was updated in 2020 using an external base[3] of indicators detailing the risk levels specific to the country and to the activities performed in the financial sector.

For each subject area assessed, the following results present the proportion of Societe Generale's workforce operating in countries considered to have a high, medium-high and moderate intrinsic risk. The remaining employees are thus located in low-risk countries.

RESULTS

Risk exposure	Moderate	Medium	High
Freedom of association and collective bargaining rights	4% of the workforce	None	None
Discrimination	37% of the workforce	1% of the workforce	None
Health and safety[1]	24% of the workforce	0.2% of the workforce	None
Working conditions[2]	4% of the workforce	0.2% of the workforce	None

(1) The figures presented here do not take into account the health risks related to the health crisis, which are not included in the data used. Employees are exposed to Covid-19 health risks in all the Group's countries of operation, and Group-wide measures have been implemented to contain these risks in the workplace.

(2) Covers forced labour and modern slavery, child labour, decent working hours and decent wages.

With regard to freedom of association and collective bargaining, Societe Generale's countries of operation with a moderate risk for the banking sector are as follows: Equatorial Guinea, United Arab Emirates, China, Turkey, Cameroon, Mexico, Algeria, Congo and the United States.

In terms of discrimination, Societe Generale's countries of operation with a medium-high risk for the banking sector are: Guinea, Chad, Cameroon & Turkey. The Group's moderate-risk countries of operation are as follows: Equatorial Guinea, Congo, United Arab Emirates, Senegal, Benin, Côte d'Ivoire, Madagascar, Brazil, Morocco, Ghana, China, Mexico, Burkina Faso, Algeria, Russia, Romania, Singapore, Tunisia, the United States and India.

In terms of health and safety, Societe Generale's country of operation with a medium-high risk for the banking sector is Benin. The Group's moderate-risk countries of operation are as follows: India, Guinea, Turkey, China, Senegal, Côte d'Ivoire, Congo, Equatorial Guinea, Madagascar, Mexico, Ghana, Russia, Algeria, Chad, Brazil, Cameroon, South Africa and United Arab Emirates.

In terms of working conditions, Societe Generale's country of operation with a medium-high risk for the banking sector is Benin. The Group's moderate-risk countries of operation are as follows: Equatorial Guinea, United Arab Emirates, China, Turkey, Cameroon, Mexico, Algeria, Congo and the United States.

(1) A distinction is made between the intrinsic risks inherent in the Group's countries of operation, its purchases and activities, and the residual risks once the Group has taken measures to avoid the risks or mitigate their consequences.

(2) For the HR, Safety & Security and Activities pillars: Verisk Mapplecrof,t in particular; for the Sourcing pillar: Transparency International, the World Bank Group, the ILO and Unicef.

(3) Verisk Maplecroft.

Sourcing pillar

The inherent E&S risk mapping for the Sourcing pillar was based on the main purchasing categories for the banking sector (from a classification including more than 150 sourcing sub-categories in total). The risk level assessment for each purchasing category took in three main areas: business practices and ethics, the environment, human rights and employment conditions. Contextual factors were also built into the risk assessment for the purchasing category: supply chain characteristics (complexity, including the number of players and geographic distance from the intermediaries to the end purchaser) and labour intensity.

E&S risks specific to purchasing categories were mapped in conjuction with three other French banks in 2018, with the support of a specialised consulting firm. The mapping was subsequently updated and supplemented within the Group.

The inherent E&S risk levels of each purchasing category were then cross-referenced with the corresponding expenditure amounts per category to identify the share of Group purchases in medium-high and high-risk categories.

Results: Within the scope analysed by the Sourcing Division, around 4% of the spend was on purchasing categories representing a high E&S risk, and around 9% on purchasing categories representing a medium-high E&S risk.

Among the high-risk purchasing categories, building work was found to bear the greatest risk (renovations and outfitting, but also construction of new buildings), together with waste management and telephone and IT equipment.

Activities pillar

Societe Generale provides financial services to many sectors, some of which may pose an E&S risk. For these specific sectors, the Group has identified and prioritised E&S risks based on external sources and expert opinions. Geographic information was also taken into account to incorporate the levels of country risk based on the effectiveness of the local E&S regulatory framework.

These levels of risk were then cross-referenced with the Group's activity data as at 31 December 2020 to identify the Group's exposure in sectors which may pose an E&S risk.

The risk management framework requires deeper diligence for products and services directly associated with the most exposed activities and regions.

Results: Of the sectors analysed, around ten had a significant proportion of activities particularly exposed to E&S risk. They were: energy (especially fossil fuels and electricity generation), transport and logistics (especially the automotive and aerospace sectors), agriculture (especially upstream), industry, construction, chemicals, mining, forestry, textiles and defence.

The main risks identified in these sectors include climate risks, a negative biodiversity impact, risks related to working conditions (including workplace accidents), risks of forced labour and child labour, and the risk of violating community rights.

Approximately one quarter of the Group's exposure[1] relates to sectors that were found to present high risks in terms of human rights and the environment. Once the geographic factor is taken into account (mainly the quality of local E&S regulations), less than 10% of the Group's business, as measured in terms of sector exposure, is conducted in sectors or countries found to present E&S risks.

5.7.3 REGULAR EVALUATION PROCEDURES AND RISK PREVENTION AND MITIGATING MEASURES

The duty of care process aims to provide an appropriate framework for managing E&S risks. In other words, it should cover the main risks pinpointed by the risk mapping exercise and be correctly deployed in the Group. Accordingly, the Group regularly reviews its E&S risk management framework to identify risks of serious violations that would be insufficiently covered by the existing framework. At the same time, the Group is pressing on with its implementation efforts in this regard.

Human Resources, Safety and Security pillar

In order to assess and prevent the risk of serious breaches, Societe Generale relies on a set of operational processes and systems that it regularly updates with a view to continuous improvement.

The Group defines specific guidelines for the various health and safety issues, as well as a set of HR policies applicable to the entire Group, which are then implemented by the Business Units and Service Units:

- **social dialogue and freedom of association**: governance on Group issues is based on French labour relations bodies, which monitor working conditions and freedom of association. Societe Generale renewed its agreement on fundamental rights with the UNI Global Union in February 2019. This agreement covers 100% of the workforce and relies on the implementation of commitments that are regularly discussed with the UNI Global Union.

  Staff are also represented through a European Works Council;
- **discrimination**: Societe Generale demonstrates its desire to recognise and promote all talents through its Diversity and Inclusion policy, formalised and implemented since 2019. The Group is committed to implementing the conditions of an inclusive organisation in all its HR processes and entities, and prohibits all forms of discrimination;
- **health and quality of life at work**: the Group has established a Health policy, which is operationally implemented by the entities in conjunction with local support teams (HR, logistics managers, occupational health, etc.). Each Group subsidiary defines a level of complementary cover based on the compulsory scheme in its country and with a level of protection at least comparable to local market practices. Moreover, since 2019 the Group has been working to ensure a minimum level of social, health and welfare protection for all its employees worldwide. To date, nine out of ten employees benefit from an additional company health or personal protection plan ;

(1) Corporate exposures.

- **safety and security**: the safety of people and property on Societe Generale premises are supervised by the Group Security Department within the Group Corporate Secretary. A network of departments based in the Group's entities is responsible for implementing policies to protect people, property and intangible assets. These teams aim to tighten the Group's safety culture, disseminate policies and measures to make its activities safer, and coordinate relations with national, European and international public safety authorities;
- **working conditions**: the Group has set the minimum age for employment at 16. Group entities are required to check the age of all new employees at the hiring stage. Furthermore, the Group prohibits all forms of forced labour. Societe Generale also strives to offer attractive and fair remuneration, contributing to employee loyalty and the Group's performance over the long term. The remuneration policy is based on principles of non-discrimination and other principles shared by all. It is then adapted to the businesses and geographic areas in which the Group operates, taking into account market practices and contexts;
- in addition to these measures, the Group has implemented a number of measures to protect the health of its employees in light of the health crisis, which are detailed in the Universal Registration Document, see: Protecting the health and the jobs of our people, p. 272.

Communication of the applicable rules and the training of teams in all countries where the Group operates supplement and support these measures. Societe Generale's training offer primarily targets the Risk and Compliance culture (including training in the Code of Conduct, ethics and E&S responsibility). The Group also offers training courses specific to each business line or function, thereby limiting operational risks.

Further information on these mechanisms is provided in the Group's Declaration of Non-Financial Performance (DNFP) (Chapter 5 of the Universal Registration Document, see: Being a responsible employer p. 281).

Sourcing pillar

The Group's normative documentation governs E&S risk management in terms of Sourcing and supplier relationship management.

Operational implementation of the normative documentation and management of E&S risks at all stages of the sourcing process are based on a set of tools to identify, assess and manage E&S risks at a granular level: product or service and supplier or service provider. These tools are used for all purchases made by the Group Sourcing Division and are currently being rolled out to the rest of the Group. To support the effective implementation of these E&S risk management measures in purchasing, dedicated training has been provided to all professional buyers. In addition, in order to raise the awareness of occasional buyers, a motion design video presenting the Group's sustainable sourcing programme has been provided.

To identify and assess risks, the Sourcing Division draws primarily on:

- E&S risk mapping for the various purchasing categories to identify the level of E&S risk for the purchasing category in question;
- inclusion of E&S criteria in calls for tender involving purchasing categories presenting a medium-high or high E&S risk;
- performance of an E&S KYS (Know Your Supplier) assessment for shortlisted suppliers, including verification of compliance with the E&S exclusion list;
- non-financial assessment of certain "targeted" suppliers[1] by independent third parties.

The management and mitigation of risks involves:

- inclusion of E&S criteria in calls for tender covering the main risks for the category of purchases identified in the risk mapping, with respect to categories presenting a medium-high or high E&S risk;
- weighting of the E&S criteria in light of the level of E&S risk represented by the purchasing category in question, according to the rating criteria for service or product bids;
- inclusion of a CSR clause in contracts, imposing a binding commitment to abide by the Group's Sustainable Sourcing Charter, the Group's Code of Conduct, as well as a reference to the right to audit (to carry out E&S audits if necessary) and a request for non-financial assessment of "targeted" suppliers;
- for purchasing categories representing a risk, in the event of shortcomings in E&S performance:
  - pushing of remedial action plans,
  - the possibility to conduct on-site E&S audits,
  - regular reviews of E&S controversy or changes in non-financial ratings.

At the end of 2020, and for procurement overseen by the Sourcing Division, the E&S risk management system covers all calls for tender in purchasing categories representing a medium-high or high E&S risk.

The E&S risk management operational tools for procurement not overseen by the Sourcing Division has been simplified and made available for high E&S risk categories. Additional information on purchasing is presented in Chapter 5 of the Universal Registration Document, see: Being a responsible purchaser: the Positive Sourcing Programme, p. 291.

By way of illustration, four supplier CSR audits were initiated in 2020 on services in progress identified as presenting the greatest risk following an E&S risk analysis. These audits are conducted as part of a joint initiative launched by Societe Generale in collaboration with three other French banks. Performed by an independent third party, these audits cover Human Rights, Health, Safety and the Environment, and Societe Generale will support its suppliers in implementing corrective action plans where necessary. In addition, the Sourcing Division monitored the corrective actions implemented following a supplier CSR audit in 2019.

Activities pillar

Societe Generale is subject to a set of regulations (anti-money laundering, compliance with embargoes, legislation on personal data protection and on transparency, the fight against corruption and modernisation of the economy, etc.) that constitute the foundation of its risk management.

(1) Suppliers representing a large purchase volume at the Group level or which could pose a potential reputational risk to Societe Generale due to the association of the two brands (e.g. suppliers of products bearing the Societe Generale logo).

Beyond its regulatory obligations, the Group has also developed processes to manage the E&S risks associated with its activities for more than ten years. This risk management framework is applied based on E&S standards and commitments, a set of Group normative documents and their transposition into operating procedures, as well as the internal tools for practical implementation.

The E&S General Guidelines govern all its E&S commitments. They include the cross-business and sectoral E&S policies for those sectors deemed potentially sensitive from an environmental, social or ethical point of view. These policies notably describe the main risks of human rights violations or environmental damage, and set out assessment criteria for customers or transactions carried out with counterparts acting in these sectors. They were partly revised in 2020 for clarification purposes and to include major risks that are insufficiently covered. Some internal implementation guides have also been formalised or supplemented to reflect these developments.

The Group's normative documentation was updated in 2019 to include information relative to risk management processes and measures introduced to prevent these risks, especially who does what in each of these areas. In 2020, most of the Business Units continued to gradually include E&S risk management into their operational processes, strengthened their centres of E&S expertise, and conducted specific training for teams working in sales, the Risk Division and the Compliance Division.

Lastly, the tools to identify and assess E&S risks, used internally in the Bank, are also updated quarterly, including:

- the E&S identification list, which includes projects, companies and sectors/countries that present a high E&S risk; it triggers a more in-depth due diligence on such sectors, projects or companies and is updated quarterly;
- the E&S exclusion list.

The E&S risk assessment procedures and risk control systems are described in more detail in the Universal Registration Document (see: E&S risk management in the businesses to promote fair and responsible growth, p. 299).

Most of the sectors identified as potentially at risk are either already covered by an E&S policy or already included in the E&S identification list. Certain sectors or activities must nonetheless be flagged for inclusion on the list of activities requiring more in-depth E&S due diligence.

On the other hand, the inherent risk mapping has highlighted the need to include additional risks into the assessment tools for certain sectors, such as certain human rights and biodiversity issues, but also to reflect the commitments made in 2020 with regard to the fight against climate change. The Group has also increased its commitments by tightening the criteria relating to these issues in certain E&S policies and tools.

5.7.4 WHISTLEBLOWING MECHANISM

Under the Duty of Care Act (as well as the French Act on Transparency, the Fight against Corruption and Modernisation of the Economy, known as the Sapin II Act), implementation of a whistleblowing mechanism is mandatory. The Group therefore decided to add a Group-wide whistleblowing system to its pre-existing measure that meets the requirements of both these laws. The French representative trade unions were consulted and the system proposed was presented to and discussed with French and European bodies before being introduced. The policy is now available at *www.societegenerale.com* and on the Societe Generale Group's intranet. It has been rolled out in France and internationally, and is now available in 13 languages. This is in addition to the managerial channel and direct referral *via* the Chief Compliance Officer, to whom the issue can be initially reported.

Whistleblowers can use the system to report any suspected, potential or actual serious and clear violations of an international commitment, a law or a regulation; in respect of human rights, fundamental freedoms, health and safety or the environment; and regarding behaviour or a situation that runs counter to the Group's Code of Conduct. It is available to all employees, as well as to external or temporary staff and service providers working with the Group on an established basis (as subcontractors or suppliers). It is hosted on a secure external platform offering the guarantees required by the French Act on Transparency, the Fight against Corruption and Modernisation of the Economy, namely protection of personal data and strict confidentiality of any information provided.

Whistleblowing is a right and no employee may be sanctioned in any way whatsoever for having whistleblown in good faith.

The Group's Code of Conduct reflects this whistleblowing process (see: A Code of Conduct underpinned by shared values, p. 279).

5.7.5 MONITORING OF MEASURES

Societe Generale has developed management and reporting tools in order to comply with its non-financial reporting obligations and to monitor the implementation of its E&S risk management processes. These tools provide the Human Resources Department, Security Division, Sourcing Division and Corporate Social Responsibility Department with key performance indicators. A common non-financial reporting system is in place throughout the Group and supplies the data needed for non-financial reporting (Chapter 5 of the Universal Registration Document) and for the Duty of Care Plan.

Duty of care measures are also monitored by means of internal self-assessment exercises. These self-assessment exercises make it possible to:

- monitor implementation of E&S risk management processes in the Business Units and Service Units, and further down the chain (at individual legal entity level);
- identify areas for improvement and monitor the ensuing action plans; and
- leverage additional indicators for monitoring the measures taken by the Group.

Societe Generale also largely finalised the implementation of action plans further to an internal audit on the Duty of Care project in 2020, zeroing in on the Sourcing pillar. These action plans focused in particular on formally setting out the controls and the scope of measures implemented.

Human Resources, Safety and Security pillar

Societe Generale assesses the monitoring of applicable rules through controls:

Risk management determines the Bank's ability to achieve its HR risk prevention goals. In this respect, control systems, their determination and their monitoring play a key role in the Company's performance.

For the sake of efficiency, the Group provides all its entities with normative documentation specific to the nature of the activities and taking into account all types of risk, including HR risks. This documentation is updated, disseminated, and accessible.

Societe Generale assesses risk mitigation measures through self-assessment exercises:

Every year the Group asks all entities with more than 50 employees to contribute to two self-assessment exercises:

- one is on hedging operational risk (Risk control self-assessment). In 2020, entities were asked to focus on major residual risks, culture and conduct, cybercrime, operational resilience and emerging risks. Governance and controls relating to this exercise are carried out by the Human Resources Department, the Risk Division and the Finance Division;
- the other is specific to the proper application of the duty of care by the Group's entities by way of a questionnaire (Planethic Reporting) covering the implementation of local policies and processes, as well as checks performed on all issues presented in the Universal Registration Document, see: Being a responsible employer (p. 281). The Human Resources Department governs and consolidates this data.

Societe Generale assesses the satisfaction and well-being of its employees:

In addition to these measures and in order to get direct feedback on their working conditions, the Group measures employee commitment through the Employee Satisfaction Survey, an annual, anonymous internal survey carried out throughout the Group. In 2020, in view of the health crisis, the annual Employee Satisfaction Survey was replaced by several Pulse surveys on issues of morale, commitment, diversity and inclusion. The results, which are regularly shared with employees, were instrumental in assessing their confidence in light of the unprecedented situation that developed during the year and their faith in the Group's efforts to improve their daily lives.

Sourcing pillar

The Sourcing Division carries out quarterly monitoring of E&S risk indicators relating to calls for tender and supplier monitoring. Accordingly, for procurement overseen by the Sourcing Division:

- CSR toolsheets cover 100% of the purchasing categories representing a medium-high or high E&S risk (more than 50 toolsheets in total). These toolsheets are designed to help the Sourcing Division's buyers ask CSR questions or impose CSR requirements in respect of identified risks in the context of calls for tender;
- 100% of calls for tender in high E&S risk categories included CSR criteria;
- 80% of a targeted scope of suppliers under contract had a non-financial evaluation conducted by an independent third party to date;
- 15 suppliers were questioned by the Responsible Sourcing team following the detection of E&S controversies, in order to provide answers on the issues raised by these controversies;
- at 31 December 2020, 100% of the Sourcing Division's active buyers had received Responsible Sourcing training, as defined in the Group's normative documentation and in E&S risk management tools applicable to sourcing.

Activities pillar

The Group continued to steer implementation of procedures and controls aimed at managing E&S risks in its activities. Steering this year drew on the annual monitoring carried out within the framework of the DNFP (see, p. 299) and on the second Compliance Risk Assessment carried out at 188 Group entities on E&S risks.

This exercise provided the Group with more detailed results on the implementation of its E&S risk management frameworks over a wider scope and enabled it to define the necessary improvement actions.

These internal steering tools have made it possible to assess, among other things:

- the level of familiarity with the normative framework for managing E&S risks in the Group (E&S policies, E&S watch list and exclusion list) and their transposition into the Business Units' own procedures in 188 entities;
- the inclusion of an E&S due diligence in the KYC (Know Your Customer) processes for new customers and periodic reviews;
- the implementation of Group procedures and associated checks, as part of the Group's permanent control system;
- the human resources and skills devoted to E&S risk management;
- a governance framework to address complex E&S issues at local level, before escalation to Group level;
- the number of people trained in managing E&S and climate risks;
- the number of customers and transactions that pose an E&S risk that were the subject of an in-depth E&S due diligence, as well as the main findings of these reviews.

The Business Units with the highest exposure – 81% of those surveyed – have built in checks of compliance with the E&S exclusion list, while 85% of them call on E&S experts for an in-depth review if they identify this type of risk.

All of these Business Units, as well as the Service Units of the second line of defence, have appointed CSR correspondents. Moreover, nearly three quarters of these entities have people dedicated to E&S risk management.

Approximately 1,000 customers and customer groups, and more than 1,200 transactions, were subject to a detailed E&S review in 2020.

Of the entities assessed, 69% stated that they performed E&S KYC checks or applied E&S watch lists.

5.7.6 REPORT ON EFFECTIVE IMPLEMENTATION OF THE MEASURES

Summary

Since the publication of the Duty of Care Act, Societe Generale has continued to improve and implement its E&S management framework and measures for the HR, Safety & Security, Sourcing, and Activities pillars.

The main measures implemented in 2020 in this regard, detailed above in the Duty of Care Plan, as well as their main results, were:

Human Resources, Safety and Security pillar

Results of the Duty of Care Plan application in the Group's subsidiaries:

Among the entities located in high, medium-high or moderate risk countries on the topics assessed under the Duty of Care Plan:

Risks	Level of exposure of the workforce
Freedom of association and collective bargaining rights	Entities that need to strengthen their employee representation systems employ 1.9% of the workforce
Discrimination	Entities that need to strengthen their policies, procedures and formalised rules to ensure that HR processes are non-discriminatory employ 2.3% of the workforce
Health and safety	Entities that need to strengthen their policies, procedures or formalised rules on health and safety at the workplace employ 1.6% of the workforce
Working conditions*	Entities that need to strengthen their policies, procedures and formalised rules to meet International Labour Organization standards employ 1.5% of the workforce

* *Covers forced labour and modern slavery, child labour, decent working hours and decent wages.*

In terms of freedom of association and collective bargaining, staff representation systems were improved in Societe Generale's following countries of operation: China, United Arab Emirates and the United States.

With regard to discrimination, policies, procedures and formalised rules were improved in Societe Generale's following countries of operation to ensure non-discriminatory HR processes: Algeria, United Arab Emirates, Equatorial Guinea, Morocco and Romania.

On health and safety, policies, procedures and formalised rules on health and/or safety at work were improved in Societe Generale's following countries of operation: Cameroon, United Arab Emirates, Russia, Chad, Equatorial Guinea and Madagascar. More generally, measures have been implemented across all Group entities worldwide to protect employee health in the context of the health crisis.

As for working conditions, policies, procedures and formalised rules were improved in Societe Generale's following countries of operation to meet International Labour Organization standards: Algeria, United Arab Emirates and Chad.

In 2020, the self-assessment exercise covered entities representing 100% of the Group's workforce, up from 99% in 2019.

Sourcing pillar

The main achievements were:

- enhancement of E&S risk management awareness and training with respect to procurement by developing the motion design video and training for professional buyers;
- the E&S risk management operational tools for procurement not overseen by the Sourcing Division have been simplified and made available to high E&S risk categories.

Results: For procurement overseen by the Sourcing Division:

- around 4% of the spending analysed was found to be on purchasing categories with high E&S risk, and 9% on purchasing categories with medium-high E&S risk. The category that emerges as representing the greatest risk was building work, which accounts for 1% of the Group's spending;
- CSR toolsheets cover 100% of the purchasing categories representing a medium-high or high E&S risk (more than 50 toolsheets in total). To meet specific challenges, 50 or so additional CSR toolsheets cover other purchasing categories;
- 100% of calls for tender in high E&S risk categories included CSR criteria;
- at the end of 2020, 100% of the Sourcing Division's active purchasers had received Responsible Sourcing training.

Activities pillar

The main achievements were:

- where necessary, transposing into Business Unit procedure the Group's normative documentation setting out how E&S risks are defined, the processes and procedures for managing these risks, as well as the roles and responsibilities within the first and second lines of defence;
- bolstering risk management expertise in the Business Units and geographic entities, in particular with the appointment of experts in each regional division in Africa, at BRD, KB and Rosbank, and also within the second line of defence;
- controls on management of E&S risks were included in the permanent supervision system;
- progress with implementing E&S risk management procedures and checks was assessed in more detail within the Business Units and Service Units, as well as in 188 Group entities. (see : E&S risk management in the businesses to promote fair and responsible growth, p. 299).
- the main findings of these assessments were presented to CORESP.

Results:

- less than 10% of the Group's exposure is linked to activities that pose an E&S risk (energy, transport and logistics, upstream agriculture, industry, construction, etc.) and conducted in countries that also entail risk;
- 93% of the Business Units in question apply the E&S exclusion list during KYC or transaction due diligence;
- 92% of the Business Units in question apply the E&S identification list during KYC or transaction due diligence;
- 81% of the Group's Business Units have correspondents or people dedicated to E&S risk management, *i.e.* all the most exposed Business Units;
- of the 188 entities assessed, 69% stated that they performed E&S KYC checks or applied E&S watch lists;
- an increase in the number of customers and transactions reviewed with results that are 87% positive, 11% conditional and 2% negative with respect to customer assessments.

5.7.7 OUTLOOK AND PLANNED DEVELOPMENTS

Part of the existing E&S risk assessment and management procedures were reviewed in 2020, in particular to include the main risks that are either not covered or insufficiently covered by the existing tools and procedures. The risk management framework will be further enhanced (policies, formal processes and/or additional checks) in 2021, alongside continued efforts in respect of implementation.

Human Resources, Safety and Security pillar

At Group level, the main actions planned are:

- the consolidation of anti-harassment measures and the establishment of internal audits to ensure compliance with the principles of non-discrimination;
- the implementation of the five additional checks included in the internal control system in 2020 (on the prevention of discrimination and legal obligations in terms of employment of people with disabilities);
- the creation of a Group department dedicated to corporate culture, diversity and inclusion;
- the implementation of a strengthened diversity and inclusion strategy including, in particular, awareness-raising actions on unconscious bias and stereotypes, and proactive actions to increase the representation of women in decision-making bodies.

Additional measures are also foreseen in entities that need to improve their non-discrimination policies and procedures, for example:

- in Romania, conferences are planned on harassment and anti-discrimination issues.
- in the United Arab Emirates, there are plans to renew the "Know Your Woman Employee" programme, a scheme dedicated to women that includes sixteen months of guidance towards personal development.

In addition, in 2021, the Group will continue to take all the necessary protection and support measures with regard to the health crisis. Listening attentively to stakeholders will clarify changes in its environment and help the Group to address them with agility. Appropriate channels have been set up to foster constructive dialogue with all stakeholders by considering the results of internal surveys, the materiality analysis performed(1) on a group of stakeholders, and through continued dialogue with the UNI Global Union.

Sourcing pillar

The main actions planned are as follows:

- continued expansion of the Group's normative documentation on sourcing, imposing new E&S risk management standards in particular;
- improvements to the tools used to identify and assess risks, including creating new toolsheets on moderate and low-risk categories for buyers;
- continued implementation of these tools (tool sheets, CSR clause and Sustainable Sourcing Charter) in the Group;
- additional training for buyers, especially new arrivals;
- performing CSR audits and setting up remedial action plans with suppliers under contract presenting E&S risk factors;
- strengthening the process of identifying and managing E&S controversies for suppliers.

Activities pillar

The main actions planned are as follows:

- continued improvements to E&S policies and risk management tools to clarify them and gradually include more business sectors, sector/country combinations and human rights issues, as well as a review of the E&S General Guidelines and the development of a climate statement and a biodiversity statement;
- continued updates to operational procedures in Business Units to reflect the latest changes in the Group's normative framework;
- further integration of E&S checks into KYC processes and the systematisation of the related checks and controls;
- training for target groups to ensure implementation;
- tightening of E&S risk management governance and controls, at Group level as well as in the relevant Business Units and Service Units;
- strengthening of the role of the second line of defence on E&S risk issues both centrally and in the Business Units, particularly in monitoring the permanent control system and related action plans.

(1) In 2020, the Group surveyed a representative group of these stakeholders as part of a major E&S materiality assessment in preparation for the 2021-2025 strategic plan.

5.8 GLOSSARY

ADEME: the Environment and Energy Management Agency (ADEME or Ademe) is a French public industrial and commercial institution (EPIC) created in 1991. It is under the joint authority of the ministries responsible for research and innovation, ecological and solidarity transition, and higher education. ADEME drives, manages, coordinates, facilitates and carries out environmental protection and energy control operations.

ALD Automotive: a subsidiary of Societe Generale, ALD Automotive is the European leader in enterprise automotive mobility solutions. Operating in 43 countries, ALD Automotive provides operational vehicle leasing and fleet management solutions to companies.

Belt and Road: the new silk road is a "belt" of overland rail links and a "road" of shipping routes linking China and Europe through Kazakhstan, Russia, Belarus, Poland, Germany, France and the United Kingdom.

Blended Finance: the strategic use of development finance to raise additional finance for sustainable development in developing countries. This innovative approach helps increase the total resources available to developing countries, complementing their own investments to fill their SDG financing gaps. It supports implementation of the Paris Agreement, while also providing a return for investors.

BRD: Societe Generale's subsidiary in Romania, the Romanian Development Bank is a universal bank offering a comprehensive range of services to all types of customers.

Design thinking: an integrated design process or method that seeks to understand the user (or person) to produce innovative services or products.

Distribute-to-Originate model: a bank model based on partnerships for practically all loans granted by the bank to investors, while respecting customers' interests and without having the loans on the balance sheet.

DSP2: The Payment Services Directive (DSP2) aims to promote innovation, competition and efficiency. In particular, it introduces stricter security standards for online payments to strengthen consumer confidence in online shopping. The DSP2 has been in effect since 13 January 2018, except for the safety measures described in the technical and applicable standards from September 2019.

Equity capital market: the segment of the market where companies raise equity funding through capital instruments (IPOs, capital increases, convertible bond issues).

FTE: refers to an activity on a full-time equivalent basis, according to the legal working hours.

ETF: Exchange Traded Funds (ETFs) are financial instruments that faithfully track the upward or downward movements in an underlying index.

Finansol: first introduced in 1997, the Finansol label marks out solidarity-based savings products from other savings vehicles for the general public.

Fing: The Internet New Generation Foundation (Fing) is a 1901 Act association created in 2000. Its mission centres on four main categories of objectives: mobilising people around future technologies, taking part in new ethical and societal debates, fostering the emergence of innovative ideas and projects, and encouraging ownership of innovation and partnerships.

GARI equity selection model: the GARI stock selection model is the brain child of LYXOR. GARI is a rating model based on selecting companies with sustained earnings while taking into account significant sustainability risks.

Global Impact Platform: Societe Generale is a founding member of this exclusive database of a comprehensive universe of funds selected on the basis of an impact assessment by Phenix Capital, a specialist investment consultant in the impact investment space.

Greenfin: an initiative launched by the French Ministry for the Ecological Transition, Greenfin certification is a guarantee of an investment's green credentials. The label can be awarded to funds that invest in the common good whose practices are transparent and sustainable. Greenfin excludes funds that invest in companies in the nuclear and fossil fuel industries.

Grey area: a situation or case that complies with laws, regulations or Societe Generale's rules, but leaves room for interpretation from an ethical point of view and/or is not covered by laws, regulations or Societe Generale's rules.

IFC: the International Finance Corporation is a member of the World Bank Group focused on the private sector. Its role is to facilitate the development of enterprise in developing countries, especially in emerging markets, helping to create jobs, bring in tax revenue and improve governance.

Impact Investing: an investment strategy that seeks to generate synergies between social, environmental and societal impact on the one hand, and neutral or positive financial return on the other.

Ipsos: French polling company and international opinion marketing company, founded in 1975.

Kantar TNS: French polling company founded in 1963, which is now one of the leading marketing and opinion research companies in France.

KB: Societe Generale's subsidiary in the Czech Republic, Komerční banka is a universal bank offering a comprehensive range of services to all types of customers.

Lean start-up: a model for starting up a business and launching a product in several steps: determining whether or not the concepts are valid, scientific experimentation and iterative design (a methodology based on a cyclical process: prototype, test, analysis and refinement of work in progress). The aim is to get the product or service to customers faster and to quantify improvements and feedback from users. Start-ups use this approach to design products and services that people want, while keeping the initial investment to a minimum.

Le Chaînon manquant: French association that combats food waste by recovering unsold foodstuffs of good quality from restaurant owners and redistributes them to those in need.

Les Dunes: the 126,000m^2 technology hub located in Val-de-Fontenay, just east of Paris, is home to the 5,000 people in Societe Generale's IT teams.

LGBTI: the acronym stands for people who are lesbian, gay, bisexual, transgender or intersex. It encompasses everyone who does not have only heterosexual relationships.

Luxflag Label: the Luxembourg Finance Labelling Agency (LuxFLAG) is an independent non-profit organisation founded in Luxembourg in 2006 to support the growth of sustainable finance. The Agency aims to promote raising of capital for sustainable investments by awarding a recognisable label to eligible investment vehicles. It sets out to provide reassurance for investors that the funds that carry the label actually meet responsible investment criteria.

Lyxor: Lyxor Asset Management Group is a Societe Generale subsidiary. With its offer of investment solutions, the Lyxor Group is a European asset management specialist and one of the leaders in ETF.

Mobility as a Service (MaaS): a multimodal urban mobility concept that allows users to use many different modes of public and private transport – be it public transport, bike, ride-sharing, or taxi – for a flat rate. The goal is to make the experience so much simpler, more pleasant and convenient that people choose public transport as their go-to solution to get around.

Distribute-to-Originate model: a bank model based on partnerships for practically all loans granted by the bank to investors, while respecting customers' interests and without having the loans on the balance sheet.

Microlearning: a remote learning strategy based on bite-sized modules (lasting from 20 seconds to five minutes) that focus on a specific concept and are available at any time. Users can check the modules when they need to close a gap in their knowledge.

MLA: an acronym for Mandated Lead Arranger. When a company is placing a syndicated loan, it receives requests from institutions to finance (or refinance) the loan. Based on these offers, the company selects one or more banks to act as the MLA and structure the transaction.

Originate-to-Distribute model: a bank model where lenders make loans to companies with the intention taking them off the balance sheet by selling them to other institutions or investors, instead of holding them to maturity—and therefore on the balance sheet (the traditional model of Originate-to-hold).

Pizza team: the term was coined by the founder of Amazon: according to Jeff Bezos, the perfect IT project team size should be small enough that it can be fed with two pizzas – eight people in other words. Apparently, the ideal size for a successful project team is five to 12: there must be enough people for the team to be creative, but few enough not to hinder cohesion or communication.

Positive Impact notes: Societe Generale has put together a range of positive impact notes (PI Notes) that offer investors the opportunity to invest in a structured note with the additional benefit of promoting Positive Impact Finance. When a customer invests in PI Notes, Societe Generale commits to holding in its books an amount of Positive Impact Finance assets equivalent to 100% of the outstanding nominal amount of the note.

Post-trade: phase that follows the completion of the transaction and includes a set of post-execution controls.

Pre-trade: an analysis phase that involves taking the known parameters of a planned transaction and determining an execution strategy that will minimise the cost of transactions for a given acceptable level of risk.

Pro bono: a generic term that is short for the Latin pro bono publico, meaning "for the public good". When something is done pro bono, professionals undertake to work without payment, offering their skills for initiatives in the public interest.

Proxy advisors: proxy advisor firms provide voting recommendations to investors. They analyse AGM meeting materials (announcements in legal gazettes, Universal Registration Documents, notices of meetings, statutory auditors' reports, Board of Directors' reports, etc.) to advise clients on how to vote on each item on the meeting agenda. They also offer corporate governance services to clients.

RE2020 (2020 Environment Regulations): ushered in by the Act of 17 August 2015 on energy transition for green growth, the National low-carbon strategy (SNBC) and the Multi-year energy programme (PPE) set out the guidelines for the energy sector to achieve carbon neutrality by 2050. ELAN, the Housing reform, planning and digital technology act introduces a new set of environmental regulations for new buildings in 2020, RE2020. The aim is to build better quality homes that are more energy efficient and have a lower carbon footprint.

Rosbank: Societe Generale's subsidiary in Russia, Rosbank is a universal bank offering a comprehensive range of services to all types of customers.

Social Impact Bonds (SIB): an innovative type of financing that is similar to venture capital but is entirely results based. The bonds link financial success to measured outcomes. The SIB model is a way for governments to fund policies aimed at resolving complex social problems in areas that governments struggle to find funding for. Once it identifies an unmet or poorly met social need, the government body brings in a private operator to achieve a specific social objective. Social impact bonds differ from the conventional bonds issued by governments. They feature a fixed term, but do not offer a fixed rate of return for investors. Instead, the repayment of the bonds primarily depends on the success of the project, in other words on delivering significantly improved social outcomes for a specific group.

Societe Generale Equipment Finance (SGEF): a subsidiary of the Societe Generale Group, it specialises in financing sales and professional capital goods. Operating in 40 countries, SGEF puts its solid knowledge of the Transport, Industrial Equipment and High Technology sectors at the service of its customers.

Speak-up culture: In the field of human resources, it refers to a working environment where people feel welcome, included and free to express their views and opinions, confident in the knowledge that they will be listened to and acknowledged.

SPI: Sustainable and Positive Investment (SPI) for wealth and asset management activities, including the structuring of products aimed at institutional and individual investors.

SPIF: Sustainable and Positive Impact Finance (SPIF) to monitor banks' credit, leasing and/or customer support to grow their positive impact activities.

SRI: the SRI (Socially Responsible Investment) label is a tool for choosing sustainable and responsible investments. Created and supported by the French Ministry of Finance, the label aims to raise the profile of SRI products for savers in France and Europe.

Sustainable Bonds: with all the characteristics of debt securities, they are issued to finance one or more existing, developing or new projects that are identified and classified as “sustainable”. The bonds are intended for all investor classes. A project’s “sustainability” is defined by its positive contribution to a sustainable development goal (social or environmental).

Sustainability Linked Bonds: the financial features of these bonds may vary according to whether or not the issuer achieves predefined environment, social and/or governance criteria.

Sustainability Linked Bond Principles (SLBP): the International Capital Market Association (ICMA) publishes these principles as a framework for bond structuring and reporting. They are intended for use by market participants and are designed to drive the provision of information needed to increase capital allocation to such financial products.

Sustainability Linked Loans: designed to incentivise companies to improve ESG performance by linking lending conditions to sustainability targets decided in advance.

Sustainability Linked Swaps: a derivative with an additional ESG pricing component. These are primarily custom transactions and use a range of different performance indicators to measure achievement of sustainability objectives. They help provide market participants with a financial incentive for improved ESG performance.

Test & Learn method: to test an idea or process on a small scale, learn from the experience, make improvements and then move on to testing on a bigger scale.

Trade finance: the financial instruments and products used by companies to facilitate international trade. It is a generic term that covers many financial products that banks and companies use to make trade transactions feasible.

Transfer agent: a transfer agent handles record keeping for companies’ shares. In other words, it keeps updated records and provides information on a company’s stock: for example the transfer agent is responsible for recording transfers of share ownership from one person to another. One of its functions is to verify that the number of shares outstanding is equal to the number of shares credited to shareholders.

TXF: an online news and information site. TXF also provides training, organises events and awards prizes to companies, traders, financiers and decision-makers in areas such as trade, basic products, exports, projects and supply chain financing communities.

UIB: Societe Generale’s subsidiary in Tunisia, the *Union internationale des banques* is a universal bank offering a comprehensive range of services to all types of customers.

Wholesale: banking activities for so-called “institutional” companies such as banks, insurance, pension funds, property developers; or for public administrations.

WWF: the World Wildlife Fund is an international non-governmental organisation (ONGI) established in 1961, dedicated to environmental protection and sustainable development. It is one of the world’s largest environmental ONGIs with more than six million supporters worldwide, working in more than 100 countries, and supporting about 1,300 environmental projects.

5.9 DECLARATION OF NON-FINANCIAL PERFORMANCE (DNFP) – CROSS-REFERENCE TABLE

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	■ Regulatory risk management;	254
	■ Responsible marketing policy	304
	■ Customer Claims Processing policy	255; 305
	Positive climate policies:	306
	■ Inclusion of climate change in the risk management framework	307
	■ Approach to aligning the Group's activities with the Paris Agreement targets;	301
	■ Commitment to reducing activities related to fossil fuels;	312
	■ Commitment to promoting the energy transition	313
	Climate and governance strategy	306
	Commitment to sustainable and responsible finance	314
Non-compliance with labour regulations	Paragraph: Risks related to non-compliance with regulations and internal corporate rules and to poor working conditions	286
	■ Collective agreements signed with the social partners;	286
	■ Diversity and inclusion policy	286
	Duty of Care Plan	338
Non-compliance with health and safety standards	Paragraph: Risks related to non-compliance with regulations and internal corporate rules and to poor working conditions:	286
	■ Health, safety and prevention policy;	287
	■ Life at Work programme	288
	Risks related to the safety of property and people	237

(1) See p. 276 for the methodology used to identify these risk factors.

2. Non-financial risk factors important for the Group[1] and summary of main principles		
E&S issues which could affect the Group's credit risk, especially climate change issues (may become more significant over time)	E&S general guidelines Climate governance Policies for evaluating climate risks	300 306 307
Employee misconduct	Leadership Model Code of Conduct Culture and Conduct approach	280 279 284
Lack of qualified staff	Section: Risks related to the management of careers, skills and talent shortage, which affect the Group's appeal, performance and attrition rate: ■ Strategic workforce planning; ■ Principles for filling positions; ■ Group's recruitment policy; ■ Monitoring performance measures; ■ Balanced compensation policy; ■ Talent management policy Compensation policy and risks	282 283 284 284 285 285 282 258
3. Other regulatory topics		
Anti-tax avoidance measures	Tax Code of Conduct Anti-tax avoidance policy Anti-money laundering measures	256 256 254
Actions to promote human rights	Code of Conduct Diversity policy E&S general guidelines Duty of Care Plan	279 286 300 338

(1) The methodology for identifying these factors can be found on page 276.

As a supplier of financial products and services, Societe Generale deems that the following areas do not represent major CSR risks and will therefore not consider them further in this Management Report: the circular economy, food waste, the fight against food poverty, animal welfare, and a responsible, fair and sustainable food industry.

6

FINANCIAL INFORMATION

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The information on the types of risks, the risk management linked to financial instruments as well as the information on capital management and compliance with regulatory ratios, required by IFRS as adopted by the European Union, are disclosed in Chapter 4 of the present Universal Registration Document (Risks and capital adequacy).

The main characteristics of Societe Generale stock-option plans and free share plans are disclosed in Chapter 3 of the present Universal Registration Document (Corporate governance).

This information belongs to the notes to the consolidated financial statements and has been audited by Statutory Auditors; it is identified as such in Chapters 3 and 4 of the present Universal Registration Document.

6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 CONSOLIDATED BALANCE SHEET - ASSETS

(In EURm)		31.12.2020	31.12.2019
Cash, due from central banks		168,179	102,311
Financial assets at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	429,458	385,739
Hedging derivatives	Notes 3.2 and 3.4	20,667	16,837
Financial assets at fair value through other comprehensive income	Notes 3.3 and 3.4	52,060	53,256
Securities at amortised cost	Notes 3.5, 3.8 and 3.9	15,635	12,489
Due from banks at amortised cost	Notes 3.5, 3.8 and 3.9	53,380	56,366
Customer loans at amortised cost	Notes 3.5, 3.8 and 3.9	448,761	450,244
Revaluation differences on portfolios hedged against interest rate risk		378	401
Investments of insurance companies	Note 4.3	166,854	164,938
Tax assets	Note 6	5,001	5,779
Other assets	Note 4.4	67,341	68,045
Non-current assets held for sale		6	4,507
Investments accounted for using the equity method		100	112
Tangible and intangible fixed assets*	Note 8.4	30,088	30,844
Goodwill	Note 2.2	4,044	4,627
TOTAL		**1,461,952**	**1,356,495**

* *The amount has been restated compared with the published financial statements for the year ended 31 December 2019 following the IFRS Interpretations Committee (IFRS IC) decisions on 26 November 2019 related to IFRS 16 (see Note 1.2).*

6.1.2 CONSOLIDATED BALANCE SHEET - LIABILITIES

(In EURm)		31.12.2020	31.12.2019
Due to central banks		1,489	4,097
Financial liabilities at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	390,247	364,129
Hedging derivatives	Notes 3.2 and 3.4	12,461	10,212
Debt securities issued	Notes 3.6 and 3.9	138,957	125,168
Due to banks	Notes 3.6 and 3.9	135,571	107,929
Customer deposits	Notes 3.6 and 3.9	456,059	418,612
Revaluation differences on portfolios hedged against interest rate risk		7,696	6,671
Tax liabilities	Note 6	1,223	1,409
Other liabilities*	Note 4.4	84,937	85,254
Non-current liabilities held for sale		-	1,333
Insurance contracts related liabilities	Note 4.3	146,126	144,259
Provisions	Note 8.3	4,775	4,387
Subordinated debts	Note 3.9	15,432	14,465
TOTAL LIABILITIES		**1,394,973**	**1,287,925**
SHAREHOLDERS' EQUITY			
Shareholders' equity, Group share			
Issued common stocks and capital reserves		22,333	21,969
Other equity instruments		9,295	9,133
Retained earnings		32,076	29,558
Net income		(258)	3,248
SUB-TOTAL		**63,446**	**63,908**
Unrealised or deferred capital gains and losses	Note 7.3	(1,762)	(381)
SUB-TOTAL EQUITY, GROUP SHARE		**61,684**	**63,527**
Non-controlling interests		5,295	5,043
TOTAL EQUITY		**66,979**	**68,570**
TOTAL		**1,461,952**	**1,356,495**

* *The amount has been restated compared with the published financial statements for the year ended 31 December 2019 following the IFRS Interpretations Committee (IFRS IC) decisions on 26 November 2019 related to IFRS 16 (see Note 1.2).*

6.1.3 CONSOLIDATED INCOME STATEMENT

(In EURm)		2020	2019
Interest and similar income	Note 3.7	20,721	23,712
Interest and similar expense	Note 3.7	(10,248)	(12,527)
Fee income	Note 4.1	8,529	9,068
Fee expense	Note 4.1	(3,612)	(3,811)
Net gains and losses on financial transactions		2,851	4,460
o/w net gains and losses on financial instruments at fair value through profit or loss	*Note 3.1*	*2,785*	*4,343*
o/w net gains and losses on financial instruments at fair value through other comprehensive income		*69*	*119*
o/w net gains and losses from the derecognition of financial instruments at amortised cost		*(3)*	*(2)*
Net income from insurance activities	Note 4.3	2,124	1,925
Income from other activities	Note 4.2	11,471	11,629
Expenses from other activities	Note 4.2	(9,723)	(9,785)
Net banking income		**22,113**	**24,671**
Personnel expenses	Note 5	(9,289)	(9,955)
Other operating expenses*	Note 8.2	(5,821)	(6,240)
Amortisation, depreciation and impairment of tangible and intangible fixed assets*	Note 8.4	(1,604)	(1,532)
Gross operating income		**5,399**	**6,944**
Cost of risk	Note 3.8	(3,306)	(1,278)
Operating income		**2,093**	**5,666**
Net income from investments accounted for using the equity method		3	(129)
Net income/expense from other assets		(12)	(327)
Value adjustment on goodwill	Note 2.2	(684)	-
Earnings before tax		**1,400**	**5,210**
Income tax	Note 6	(1,204)	(1,264)
Consolidated net income		**196**	**3,946**
Non-controlling interests		454	698
Net income, Group share		**(258)**	**3,248**
Earnings per ordinary share	Note 7.2	(1.02)	3.05
Diluted earnings per ordinary share	Note 7.2	(1.02)	3.05

* *The amounts have been restated compared with the published financial statements for the year ended 31 December 2019 following the IFRS Interpretations Committee (IFRS IC) decisions on 26 November 2019 related to IFRS 16 (see Note 1.2).*

6.1.4 STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

(In EURm)	2020	2019
Consolidated net income	**196**	**3,946**
Unrealised or deferred gains and losses that will be reclassified subsequently into income	**(1,353)**	**844**
Translation differences	(1,776)	563
Revaluation of debt instruments at fair value through other comprehensive income	247	(28)
Revaluation differences for the period	*317*	*48*
Reclassified into income	*(70)*	*(76)*
Revaluation of available-for-sale financial assets	117	188
Revaluation differences for the period	*123*	*190*
Reclassified into income	*(6)*	*(2)*
Revaluation of hedging derivatives	154	153
Revaluation differences of the period	*138*	*195*
Reclassified into income	*16*	*(42)*
Unrealised gains and losses of entities accounted for using the equity method	-	1
Related tax	(95)	(33)
Unrealised or deferred gains and losses that will not be reclassified subsequently into income	**(79)**	**(160)**
Actuarial gains and losses on defined benefit plans	(53)	(32)
Revaluation of own credit risk of financial liabilities at fair value through profit or loss	(79)	(121)
Revaluation of equity instruments at fair value through other comprehensive income	16	(48)
Unrealised gains and losses of entities accounted for using the equity method	-	3
Related tax	37	38
Total unrealised or deferred gains and losses	**(1,432)**	**684**
Net income and unrealised or deferred gains and losses	**(1,236)**	**4,630**
o/w Group share	*(1,640)*	*3,903*
o/w non-controlling interests	*404*	*727*

6.1.5 CHANGES IN SHAREHOLDERS' EQUITY

	Shareholders' equity, Group share							
(In EURm)	**Issued common stocks and capital reserves**	**Other equity instruments**	**Retained earnings**	**Net income, Group share**	**Unrealised and deferred gains and losses**	**Total**	**Non-controlling interests**	**Total consolidated shareholder's equity**
At 1 January 2019	**20,746**	**9,110**	**32,199**	**-**	**(1,029)**	**61,026**	**4,783**	**65,809**
Increase in common stock and issuance/redemption and remuneration of equity instruments	1,011	23	(731)	-	-	303	(33)	270
Elimination of treasury stock	152	-	(77)	-	-	75	-	75
Equity component of share-based payment plans (see Note 5.3)	60	-	-	-	-	60	-	60
2019 Dividends paid (see Note 7.2)	-	-	(1,770)	-	-	(1,770)	(379)	(2,149)
Effect of changes of the consolidation scope	-	-	(10)	-	-	(10)	(56)	(66)
Sub-total of changes linked to relations with shareholders	***1,223***	***23***	***(2,588)***	***-***	***-***	***(1,342)***	***(468)***	***(1,810)***
2019 Net income	-	-	-	3,248	-	3,248	698	3,946
Change in unrealised or deferred gains and losses	-	-	-	-	648	648	31	679
Other changes	-	-	(53)	-	-	(53)	(1)	(54)
Sub-total	***-***	***-***	***(53)***	***3,248***	***648***	***3,843***	***728***	***4,571***
At 31 December 2019	**21,969**	**9,133**	**29,558**	**3,248**	**(381)**	**63,527**	**5,043**	**68,570**
Allocation to retained earnings	6	-	3,229	(3,248)	13	-	-	-
At 1 January 2020	**21,975**	**9,133**	**32,787**	**-**	**(368)**	**63,527**	**5,043**	**68,570**
Increase in common stock and issuance/redemption and remuneration of equity instruments (see Note 7.1)	-	162	(628)	-	-	(466)	(33)	(499)
Elimination of treasury stock (see Note 7.1)	316	-	(57)	-	-	259	-	259
Equity component of share-based payment plans (see Note 5.3)	42	-	-	-	-	42	-	42
2020 Dividends paid (see Note 7.2)	-	-	-	-	-	-	(91)	(91)
Effect of changes of the consolidation scope (see Note 7.1)	-	-	80	-	-	80	(21)	59
Sub-total of changes linked to relations with shareholders	***358***	***162***	***(605)***	***-***	***-***	***(85)***	***(145)***	***(230)***
2020 Net income	-	-	-	(258)	-	(258)	454	196
Change in unrealised or deferred gains and losses	-	-	-	-	(1,394)	(1,394)	(57)	(1,451)
Other changes	-	-	(106)	-	-	(106)	-	(106)
Sub-total	***-***	***-***	***(106)***	***(258)***	***(1,394)***	***(1,758)***	***397***	***(1,361)***
At 31 December 2020	**22,333**	**9,295**	**32,076**	**(258)**	**(1,762)**	**61,684**	**5,295**	**66,979**

6.1.6 CASH FLOW STATEMENT

(In EURm)	2020	2019
Consolidated net income (I)	**196**	**3,946**
Amortisation expense on tangible and intangible fixed assets (including operational leasing)*	5,263	5,218
Depreciation and net allocation to provisions	1,937	(3,284)
Net income/loss from investments accounted for using the equity method	(3)	129
Change in deferred taxes	496	295
Net income from the sale of long-term assets and subsidiaries	(74)	(84)
Other changes*	(757)	1,258
Non-cash items included in net income and other adjustments excluding income on financial instruments at fair value through profit or loss (II)	**6,862**	**3,532**
Income on financial instruments at fair value through profit or loss	6,077	5,267
Interbank transactions	42,149	14,554
Customers transactions	43,790	5,429
Transactions related to other financial assets and liabilities	(21,347)	(36,748)
Transactions related to other non-financial assets and liabilities	3,064	14,424
Net increase/decrease in cash related to operating assets and liabilities (III)	**73,733**	**2,926**
Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III)	**80,791**	**10,404**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long term investments	(1,275)	234
Net cash inflow (outflow) related to tangible and intangible fixed assets	(5,588)	(7,210)
Net cash inflow (outflow) related to investment activities (B)	**(6,863)**	**(6,976)**
Cash flow from/to shareholders	24	(1,219)
Other net cash flow arising from financing activities	2,109	3,229
Net cash inflow (outflow) related to financing activities (C)	**2,133**	**2,010**
Effect of changes in foreign exchange rates on cash and cash equivalents (D)	(2,596)	1,386
Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C) + (D)	**73,465**	**6,824**
Cash, due from central banks (assets)	102,311	96,585
Due to central banks (liabilities)	(4,097)	(5,721)
Current accounts with banks (see Notes 3.5 and 4.3)	21,843	24,667
Demand deposits and current accounts with banks (see Note 3.6)	(11,577)	(13,875)
Cash and cash equivalents at the start of the year	**108,480**	**101,656**
Cash, due from central banks (assets)	168,179	102,311
Due to central banks (liabilities)	(1,489)	(4,097)
Current accounts with banks (see Notes 3.5 and 4.3)	26,609	21,843
Demand deposits and current accounts with banks (see Note 3.6)	(11,354)	(11,577)
Cash and cash equivalents at the end of the year	**181,945**	**108,480**
Net inflow (outflow) in cash and cash equivalents	**73,465**	**6,824**

* *The amounts have been restated compared with the published financial statements for the year ended 31 December 2019 following the IFRS Interpretations Committee (IFRS IC) decisions on 26 November 2019 related to IFRS 16 (see Note 1.2).*

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6.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 9 February 2021.

NOTE 1 SIGNIFICANT ACCOUNTING PRINCIPLES

NOTE 1.1 Introduction

ACCOUNTING STANDARDS

In accordance with European Regulation 1606/2002 of 19 July 2002 on the application of International Accounting Standards, the Societe Generale Group ("the Group") prepared its consolidated financial statements for the year ended 31 December 2020 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date. The Group includes the parent company Societe Generale (including the Societe Generale foreign branches) and all of the entities in France and abroad that it controls either directly or indirectly (subsidiaries and joint arrangements) or on which it exercises significant influence (associates).

These standards are available on the European Commission website.

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

FINANCIAL STATEMENTS PRESENTATION

As the IFRS accounting framework does not specify a standard model, the format of the primary financial statements used to present the data for financial year is consistent with the format of financial statements proposed by the French Accounting Standard Setter, the *Autorité des Normes Comptables (ANC)*, under Recommendation No. 2017-02 of 2 June 2017.

The disclosures provided in the notes to the consolidated financial statements focus on information that is both relevant and material to the financial statements of the Societe Generale Group, its activities and the circumstances in which it conducted its operations over the period, particularly affected by the effects of the Covid-19 crisis.

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

PRESENTATION CURRENCY

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

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

NOTE 1.2 New accounting standards applied by the Group as at 1 January 2020

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in the framework of interest rate benchmark reform (IBOR reform)

Amendments to IFRS 3 “Business Combinatons”

Amendments to IAS 1 and IAS 8 “Definition of Material”

Amendments to IFRS 16 “leases” Covid-19 related rent concessions

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

In the context of the interest rate reform – or IBOR reform – currently being implemented (see Chapter 4), the accounting standards applicable have been amended by the IASB.

The objective of the first amendments, implemented by the Group since 31 December 2019, is to enable the continued application of hedge accounting treatments despite uncertainties regarding the timetable and specifics regarding the transition from current interest rate benchmarks to new ones; and to do so despite any possible changes to financial instruments indexed on the current interest rate benchmarks. These amendments have introduced exemptions relating mainly to compliance with the following requirements:

- the hedged cash flows must be highly probable;
- the hedges must be highly effective;
- the hedged risk has to be identifiable.

These amendments will remain applicable until the uncertainties have been resolved. Specific information on the hedging financial instruments concerned are disclosed in the Notes (see Note 3.2.2).

Supplementary amendments have been introduced by the IASB regarding the treatment of the changes in financial instruments contracts in the framework of the IBOR reform. Adopted by the European Union on 14 January 2021, they were early-applied by the Group in its financial statements as at 31 December 2020.

These supplementary amendments provide for the application of the following treatments:

- changes brought about by the IBOR reform in the determination of the contractual cash flows, when performed on an economically equivalent basis, should be booked as a revision of the variable interest rate when measuring financial assets and liabilities at amortised cost, financial assets at fair value through other comprehensive income and lease liabilities (see Note 3 Financial instruments and Note 3.7 Interest income and expense);
- continuation of the hedging relationship when changes are made, in the framework of the IBOR reform, on the hedged item and/or the hedging instrument and leading to a new documentation of the hedge (see Note 3.2.2 Financial instruments – Hedging derivatives).

During 2020, the implementation of the IBOR reform triggered changes in the assessment of some derivative financial instrument contracts cleared through Clearing Houses (LCH, CME) as well as in the remuneration of the collateral deposits associated. Regarding financial instrument agreements, the changes in value resulting from changes in discount rates have been compensated in cash without any impact on the Group’s income statement.

AMENDMENTS TO IFRS 3 “BUSINESS COMBINATIONS”

These amendments clarify the implementation guide to make it easier to differentiate between the acquisition of a business and the acquisition of a group of assets, whose accounting treatment is different.

The amendments did not have any impact on the Group consolidated financial statements.

AMENDMENTS TO IAS 1 AND IAS 8 “DEFINITION OF MATERIAL”

These amendments are intended to clarify the definition of ‘material’ in order to facilitate the exercise of judgement during the preparation of financial statements, particularly when selecting the information to be presented in the Notes.

The amendments did not have any impact on the Group consolidated financial statements.

AMENDMENTS TO IFRS 16 “LEASES” - COVID-19 RELATED RENT CONCESSIONS

These amendments are intended to optionally enable lessees who receive rent reliefs in the context of the Covid-19 pandemic not to analyse whether the granted concessions should be accounted for as changes to leases (which would imply a spreading into the income statement of the effects of the granted benefit over the term of the contract) but to account for these reliefs as negative variable leases (generating an immediate gain in the income statement).

In 2020, the Group did not have any rent reliefs consecutive of the Covid-19 crisis.

FOLLOW-UP ON IFRS INTERPRETATIONS COMMITTEE (IFRS IC) DECISIONS ON 26 NOVEMBER 2019 RELATED TO IFRS 16

During its 26 November 2019 meeting, the IFRS IC specified two major points for the application of the IFRS 16 principles:

- to assess the enforceability of the agreement and determine the lease term within enforcement period one should take account of all the economic aspects of the agreement, the intents and capacities of all parties, and not only of the contractual terms (contractual termination penalties, for example);
- the assumptions used to determine the lease term and those used to determine the depreciation period of any layouts associated with the lease shall be aligned.

The ANC issued a new statement of conclusions on French commercial leases (called “3/6/9” leases) taking into account the clarifications provided by the IFRS IC.

In 2020, the Group reviewed the enforcement periods and durations to be selected for the commercial leases of its retail networks in France; some of these leases, having been extended tacitly each year, had not resulted, on 1 January 2019, in the recognition of any lease debt or right-of-use.

This revision of the duration is reflected in the consolidated financial statements through the recognition, from 1 January 2019, of a supplementary lease debt and a right-of-use which amounted to 192 million euros as at 31 December 2019.

The impact on the 2019 income of the substitution of the depreciation expense and interest expense on the lease debt to the lease expenses amounts to 45 million euros.

NOTE 1.3 Accounting standards, amendments or interpretations to be applied by the Group in the future

IASB published accounting standards and amendments, some of which have not been adopted by the European Union as at 31 December 2020. They are required to be applied for annual periods beginning on 1 January 2021 at the earliest or on the date of their adoption by the European Union.

The accounting standards and amendments which have therefore not been applied by the Group as at 31 December 2020 and their implementation timetable are as follows:

2022

- Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets - Onerous contracts - Cost of fulfilling a contract"
- Annual improvements to IFRS standards (2018 - 2020 cycle)

2023

- IFRS 17 "Insurance Contracts"

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

Issued by IASB on 14 May 2020.

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

ANNUAL IMPROVEMENTS TO IFRS STANDARDS (2018-2020 CYCLE)

Issued by IASB on 14 May 2020.

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

IFRS 17 "INSURANCE CONTRACTS"

Issued by IASB on 18 May 2017.

This new standard will replace IFRS 4 "Insurance Contracts" issued in 2004 which currently allows entities to apply national accounting regulations for the recognition of insurance contracts.

IFRS 17 provides new rules for the recognition, measurement, presentation and disclosure of insurance contracts within its scope application (insurance contracts issued, reinsurance contracts held and investment contracts issued with discretionary participation features). The underwriting reserves currently recognised as liabilities on the balance sheet will be replaced by an assessment of current value of the insurance contracts.

On 25 June 2020, the IASB issued amendments to IFRS 17 "Insurance Contracts" to facilitate its implementation.

These amendments to IFRS 17 include the postponement to 1 January 2023 of its first application date originally set for 1 January 2021. In parallel, an amendment to the IFRS 4 Standard has also been published to extend until 1 January 2023 the ability for entities whose primary activity is insurance to delay the application of IFRS 9. As at 15 December 2020, the European Commission published the Regulation (EU) 2020/2097 which allows the financial conglomerates falling within the scope of Directive 2002/87/EC to postpone until the 1 January 2023 the implementation of IFRS 9 by their entities belonging to the insurance sector.

In 2018, the Group completed the scoping of a project to implementing the IFRS 17 standard in order to determine the stakes and impacts for the Insurance business line.

Over the course of 2019, a project structure was set up under the joint governance of the Group's Finance Divisions and the Insurance business line.

In 2019 and 2020, the work has focused on reviewing the different types of contracts, the analysis of their accounting treatment under IFRS 17 and their presentation in the consolidated financial statements and finally the study and choice of information systems and processes.

NOTE 1.4 Use of estimates and judgment

When applying the accounting principles disclosed in the following notes for the purpose of preparing the Group's consolidated financial statements, the Management makes assumptions and estimates that may have an impact on the figures recorded in the income statement, on the Unrealised or deferred gains and losses on the valuation of assets and liabilities in the balance sheet, and on the information disclosed in the notes to the consolidated financial statements.

In order to make these assumptions and estimates, the Management uses the information available at the date of preparation of the consolidated financial statements and can exercise its judgment. By nature, valuations based on estimates involve risks and uncertainties regarding their occurrence in the future. Consequently, the actual future results may differ from these estimates and have a significant impact on the financial statements.

The assumptions and the estimates made for the preparation of these consolidated financial statements have changed since the previous annual closing to reflect the current uncertainties about the consequences, duration and magnitude of the economic crisis generated by the Covid-19 pandemic. The effects of this crisis on the assumptions and estimates used are specified in the 5th part of this note.

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

- the fair value in the balance sheet of financial instruments not quoted in an active market which are classified as Financial assets and liabilities at fair value through profit or loss, Hedging derivatives, Financial assets at fair value through other comprehensive income or even Investments of insurance companies (described in Notes 3.1, 3.2, 3.3, 3.4 and 4.3) and fair value of instruments measured at amortised cost for which this information must be disclosed in the notes to the financial statements (see Note 3.9);
- the amount of impairment and provisions for credit risk related to financial assets measured at amortised cost, or at fair value through other comprehensive income, loan commitments granted and guarantee commitments granted measured with models or internal assumptions based on historical, current and prospective data (see Note 3.8). The uses of estimates and judgment relates in particular to the assessment of the deterioration in credit risk observed since the initial recognition of financial assets and the measurement of the amount of expected credit losses on these same financial assets;
- assumptions and amortisation conventions used to determine the maturities of financial assets and liabilities for the purpose of measuring and monitoring the structural interest rate risks and documenting the related macro fair value hedge accounting (see Note 3.2);
- the amount of impairment on Goodwill (see Note 2.2);
- the provisions recognised under liabilities, underwriting reserves of insurance companies and deferred profit-sharing (see Notes 4.3, 5.2 and 8.3);
- the amount of tax assets and liabilities recognised in the balance sheet (see Note 6);
- the analysis of the contractual cash flow characteristics of financial assets (see Note 3);
- the assessment of control for determining the scope of consolidated entities, especially for structured entities (see Note 2);
- the determination of the lease period to be applied in determining the right-of-use assets and the lease liability (see Note 8.4).

BREXIT

The United Kingdom organised on 23 June 2016 a referendum at which a majority of British people voted to leave the European Union (Brexit).

After having been postponed several times, the United Kingdom withdrawal agreement entered into force on 31 January 2020 with a transition period which ended on 31 December 2020. The law of European Union has also ceased to apply to the United Kingdom since 1 January 2021.

Despite the unfavorable health and political context, the negotiations conducted between the United-Kingdom and the European Union resulted on 24 December 2020 in a Trade and cooperation agreement excluding financial services. To date, there is merely a European equivalence for the use of Clearing Houses for an 18-month period from 1 January 2021.

The Group had anticipated these difficulties and has thus maintained the measures already in place from 31 January 2020 to provide continuity of service to its customers (in particular, reorganisation and migration of some customer accounts between the two platforms in Paris and London). Furthermore, the Group has been granted a transitional authorisation to continue its activities in London for two years, subject to compliance with local regulatory standards.

Thus, areas of uncertainties remain with regard to financial services and the terms and conditions for obtaining equivalences on one side, and to the potential increase in the divergences between local regulations and European regulations on the other side.

The Group continues to follow these negotiations and has taken into account the short-/mid-/long-term consequences of the Brexit in the assumptions and estimates selected to prepare the consolidated accounts.

NOTE 1.5 Covid-19

The Covid-19 pandemic is causing a health crisis and an economic shock of historic proportions. The containment measures imposed by many governments to stop the spread of virus have led to a collapse of global activity during 2020: the crisis is affecting both the supply of goods and services through containment measures and demand through declining corporate and household incomes.

Governments and central banks have massively intervened to mitigate the effects of this shock by providing significant support in term of liquidity and credit guarantees to the economy.

High uncertainties remain about the consequences, magnitude and duration of the crisis.

In this context, the Group decided during the second quarter to take a multi-scenario approach. This one served to analyse the effects on the Group activities in order to take into account the assumptions and estimates used by the Group in the preparation of the half-year consolidated financial statements. These scenarios have been updated at the end of 2020 for the preparation of annual financial consolidated statements.

In connection with the numerous publications of regulatory authorities and of the IASB, the Group has also made some adjustments in methodology and has taken into account support measures decided by the government authorities for the application of the principles for measuring expected credit losses. Indeed, as part of the economic emergency plan implemented by the French authorities offering cashflow support to the companies weakened by the crisis, the Group has proposed to some of its clients adjustments to their loans facilities in the form of moratoriums (deferral of the payment date without waiving interest in most cases) and has actively contributed to the massive granting processes of State Guaranteed Loans (PGE). Similar measures have also been implemented in different countries where the Group operates.

These different elements consequent to the Covid-19 crisis are detailed below to shed light on the financial consequences of the crisis and on their consideration in the preparation of the consolidated financial statements.

DEFINITION OF NEW MACROECONOMIC SCENARIOS

To prepare its financial statements, the Group uses macroeconomic scenarios in the expected credit losses measurement models including forward-looking data (see Note 3.8).

These scenarios are developed by Societe Generale's Economic and Sector Studies Department for all the Group entities. A weighting ratio is attributed to each scenario and the outputs from the models correspond to a weighted average of these scenarios.

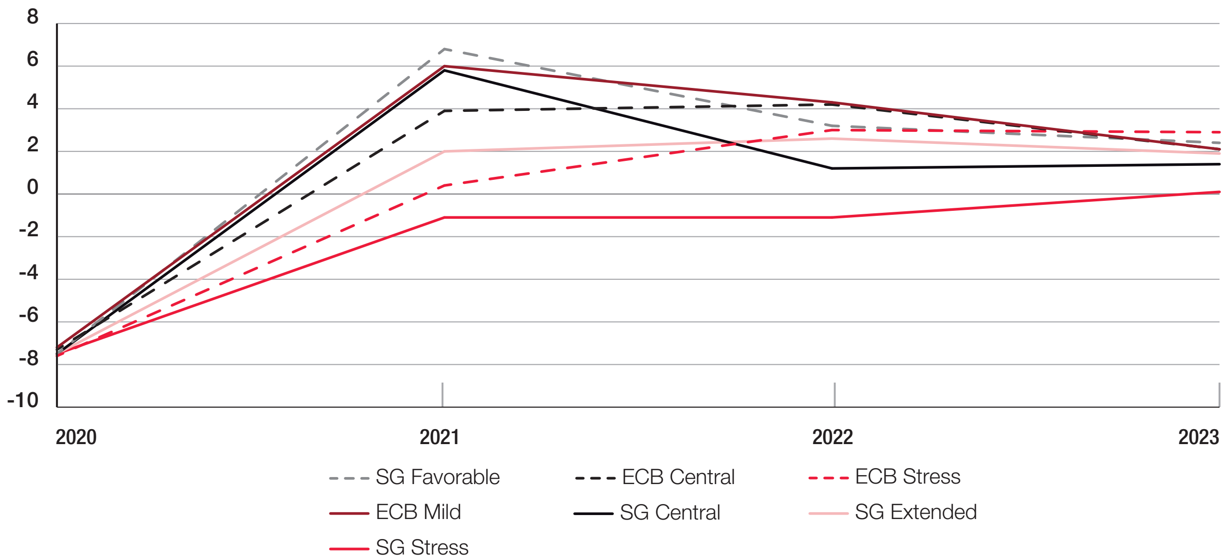
In the second quarter 2020, the Group developed four new macro-economic scenarios to better reflect the impacts and uncertainties generated by the Covid-19 crisis.

On 31 December 2020, the Group maintained the coexistence of four scenarios owing to a still high level of uncertainty, and adjusted them to reflect the best vision to date:

- the central scenario (SG Central) expects, after a significant fall in GDP in the countries where the Group has been operating in 2020, a gradual rebound from 2021, considering that the travel restrictions measures will be lifted by the beginning of 2022;
- a scenario of prolonged health crisis (SG Extended) expects that the travel restrictions measures will be lifted by the beginning of 2023;
- Finally, these two scenarios are supplemented by one favorable and one stressed scenarios. These last two scenarios are less severe as at 30 June 2020 owing to a less uncertain environment by the strengthening of support measures.

The illustration below compares the GDP previsions in the Euro area used by the Group for each scenario with the previsions provided by ECB in December 2020. By the end of 2021, the scenarios adopted by the Group are within the range of the ECB scenarios.

GDP FORECASTS BY SCENARIO, IN %



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

SG Favorable scenario	2021	2022	2023	2024	2025
France GDP	7.5	3.0	2.5	2.8	1.9
Profit margin of French companies	33.6	32.4	32.7	32.8	32.3
Euro area GDP	6.8	3.2	2.4	2.7	1.8
United States GDP	4.7	4.8	3.4	3.2	2.2
China GDP	8.2	6.8	5.6	5.5	4.4
Czech Republic GDP	6.8	3.5	3.0	3.5	2.5
Romania GDP	6.7	3.6	3.0	4.0	3.0

SG Central scenario	2021	2022	2023	2024	2025
France GDP	6.5	1.0	1.5	1.8	1.9
Profit margin of French companies	33.0	32.2	32.2	32.2	32.3
Euro area GDP	5.8	1.2	1.4	1.7	1.8
United States GDP	3.7	2.8	2.4	2.2	2.2
China GDP	7.2	4.8	4.6	4.5	4.4
Czech Republic GDP	5.8	1.5	2.0	2.5	2.5
Romania GDP	5.7	1.6	2.0	3.0	3.0

SG Extended scenario	2021	2022	2023	2024	2025
France GDP	2.0	3.0	2.5	1.8	1.9
Profit margin of French companies	30.5	31.4	32.0	32.0	31.9
Euro area GDP	2.0	2.6	1.9	1.7	1.8
United States GDP	0.4	3.3	2.4	2.2	2.2
China GDP	3.8	5.2	4.8	4.5	4.4
Czech Republic GDP	2.0	0.3	1.3	2.2	2.3
Romania GDP	2.0	1.8	2.0	3.0	3.0

SG Stress scenario	2021	2022	2023	2024	2025
France GDP	(0.8)	(1.0)	0.5	1.3	1.9
Profit margin of French companies	29.7	29.4	30.0	30.0	31.9
Euro area GDP	(1.1)	(1.1)	0.1	1.2	1.8
United States GDP	(3.0)	0.1	0.9	1.7	2.2
China GDP	0.5	2.0	3.2	4.0	4.4
Czech Republic GDP	(1.1)	(2.1)	0.2	1.9	2.5
Romania GDP	(1.2)	(1.3)	0.5	2.5	3.0

Weighting of the macroeconomic scenarios

On 31 December 2020, the SG Central scenario was updated as described in the “Definition of macroeconomic parameters” paragraph. The analysis of the consequences of the first lockdown and the proposed governmental support measures has enabled the Group, as part of the annual budget process, to review the SG Central scenario. Thus, the SG Central scenario takes into account more precisely the uncertainties related to Covid-19 crisis and its future consequences.

PRESENTATION OF THE CHANGES IN WEIGHTING

	31.12.2019	30.06.2020	31.12.2020
SG Central	74%	65%	65%
SG Extended	-	25%	10%
SG Stress	16%	5%	15%
SG favorable	10%	5%	10%

CALCULATION OF EXPECTED CREDIT LOSSES

The main evolutions of the year concerned:

- the update of the models of expected credit losses to take into account the impact of the new macroeconomic scenarios described above;
- adjustments of the models to better reflect the impact of the scenarios on the expected credit losses;
- the update of sector adjustments and adjustments on the scope of entities that do not use developed model;
- the inclusion of support measures for customers weakened by the crisis in connection with the government authorities.

The impacts of these changes on the valuation and the accounting of expected credit losses are presented in the Note 3.8.

Based on the scenarios and weighting mentioned above, and after taking into account the methodological adjustments and support measures, the Cost of risk for the financial year 2020 amounts to a net expense of 3,306 million euros, increasing by 2,028 million euros (159%) compared to the financial year 2019.

Using weighting of 10% for the scenario SG Central, of 65% for the scenario SG Extended, of 10% for the scenario SG favorable and of 15% for the scenario SG Stress, the impact would be an extra allocation of 131 million euros.

Covid-19 support measures

The terms of the moratoriums varied from country to country. In the large majority of cases, they have been included in mass schemes (*i.e.* broadly applied to all outstanding company loans, with no specific granting conditions).

In France, the moratoriums took the form of a six-month payment deferment on loans (until twelve months for the tourism moratoriums) granted to corporates and professionals (principal and interests), with interests on the deferral charged only on the principal. For the French Retail Banking, the outstandings of these moratoriums represented 23.1 billion euros, of which the majority has now expired, with a resumption for most customer of reimbursements without incident.

Abroad, various cases have been observed, both over the duration of the moratorium, and over its terms (interest charged or not for the deferment).

From an accounting point of view, these moratoriums were not considered as substantial modifications of the contractual cash flows of the loans to which they were applied, and therefore did not result in the derecognition of these loans. The application of the IFRS 9 provisions relating to the modification of financial assets (catch-up method with recording of a charge in profit or loss representative of a loss of interests) had no material impact on the financial statements of the Group.

As recommended by the prudential and supervisory authorities, and repeated over by the IASB in a press release of 27 March 2020, the granting of moratoriums directly related to the cash flow difficulties generated by the occurrence of the Covid-19 crisis did not lead to the automatic transfer of these credit outstandings into Stage 2 (under-performing assets), nor into Stage 3 (credit-impaired assets). A case-by-case analysis was conducted on the most significant exposures, and on those with increased risks particularly due to their ante-crisis Basel scoring. At the end of December 2020, 7.5 billion euros of these outstandings are classified in Stage 2 and 730 million euros are downgraded to Stage 3.

In France, in addition to the moratoriums, the Group's entities have contributed to the implementation of support measures decided by the authorities through the study and allocation of State Guaranteed Loans.

Thus, the Group offers until June 2021 to its customers affected by the crisis (professionals and corporate customers) the allocation of State Guaranteed Loan facilities (PGE) within the framework of the 2020 French Amending Finance Act and the conditions set by the decree of 23 March 2020. These are financings made at cost price and guaranteed by the government up to 90% (with a waiting period of two months after the 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 taxes, these loans come with a one-year repayment exemption. At the end of this year, the customer can repay the loan, or amortise it over one to five more years, with the possibility of extending the capital franchise for one year. The remuneration conditions of the guarantee are set by the State and are applicable by all French banking institutions: the bank keeps only one 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 and 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 borrower).

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

As at 31 December 2020, the government-guaranteed loans granted by the Group represented a credit outstanding of approximately 18.6 billion euros (of which 3.4 billion euros classified in Stage 2 and 433 million euros in Stage 3). The government-guaranteed loans granted by the French Retail Banking amounted to 16.7 billion euros (of which 3.3 billion euros classified in Stage 2 and 390 million euros in Stage 3) and new government-guaranteed loans will be granted until the deadline for granting set by the State on 30 June 2021.

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

The amount of expected credit losses recorded as at 31 December 2020 for all of the State Guaranteed Loans is approximately 80 million euros of which 65 million euros from French Retail Banking.

NOTE 2 CONSOLIDATION

MAKE IT SIMPLE

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

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

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

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

ACCOUNTING PRINCIPLES

The consolidated financial statements of Societe Generale include the financial statements of the parent company and of the main French and foreign companies as well as foreign branches over which the Group exercises control as well as a portion of the financial statements of the companies over which the Group exercises joint control or significant influence.

Consolidated entities

SUBSIDIARIES

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

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

Power

When determining voting rights for the purpose of establishing the Group's degree of control over an entity and the appropriate consolidation method, potential voting rights are taken into account where they can be freely exercised at the time the assessment is made or at the latest when decisions about the direction of the relevant activities need to be made. Potential voting rights are instruments such as call options on ordinary shares outstanding on the market or rights to convert bonds into new ordinary shares. When voting rights are not relevant to determine whether or not the Group controls an entity, the assessment of this control shall consider all the facts and circumstances, including the existence of one or more contractual arrangements. Power over an investee exists only if the investor has substantive rights that give it the current ability to direct relevant activities without barriers.

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

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

Exposure to variable returns

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

Link between power and variable returns

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

Special case of structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Such is the case, for example, when the relevant activities are directed by means of contractual arrangements.

A structured entity often presents certain characteristics such as a limited business activity, a specific and carefully defined purpose, or insufficient capital to fund its activities without the use of subordinated financing.

Structured entities may assume different legal forms: stock companies, partnerships, securitisation vehicles, mutual funds, unincorporated entities, etc.

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

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

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

JOINT ARRANGEMENTS

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

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

ASSOCIATES

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

Consolidation rules and methods

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

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

CONSOLIDATION METHODS

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

In the consolidated balance sheet, full consolidation consists in replacing the value of the subsidiary's equity securities held by the Group with each of the subsidiary's assets and liabilities, in addition to the goodwill recognised when the Group assumed control over the entity (see Note 2.2).

In the income statement and the statement of net income and unrealised or deferred gains and losses, the subsidiary's expense and income items are aggregated with those of the Group.

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

In the case of a joint operation, the Group distinctly recognises in its consolidated financial statements its share in the assets and liabilities as well as its share in the related revenue and expense. Associates and joint ventures are accounted for using the equity method in the consolidated financial statements of the Group. Under the equity method, the investment in an associate is recognised, on initial recognition, under Investments accounted for using the equity method at the cost of the Group's investment in the joint venture or associate, including goodwill and after the date of acquisition the carrying amount is increased or decreased to recognise the changes in the investor's share in the net asset value of the investee.

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

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

TRANSLATION OF FOREIGN ENTITY FINANCIAL STATEMENTS

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

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

CHANGES IN GROUP'S OWNERSHIP INTEREST IN A CONSOLIDATED ENTITY

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

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

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

Commitments to buy out minority shareholders in fully consolidated subsidiaries

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

The commitments are recorded as follows:

- in accordance with IAS 32, the Group records a financial liability for the put options granted to minority shareholders of the subsidiaries over which it exercises control. This liability is initially recognised at the present value of the estimated exercise price of the put options under Other Liabilities;
- the obligation to recognise a liability even though the put options have not been exercised means that, in order to be consistent, the Group must use the same accounting treatment as the one applied to transactions in Non-controlling interests. As a result, the counterpart of this liability is a write-down in value of non-controlling interests underlying the options, with any balance deducted from Retained earnings, Group share;
- subsequent variations in this liability (linked to changes in the estimated exercise price of the options and the carrying value of Non-controlling interests) are recorded in full in Retained earnings, Group share;

- if the buy-out takes place, the liability is settled by the cash payment linked to the acquisition of non-controlling interests in the subsidiary. However if, when the commitment reaches its term, the buy-out has not occurred, the liability is written off against Non-controlling interests and Retained earnings, Group share for their respective portions;
- as long as the options have not been exercised, the results linked to Non-controlling interests with a put option are recorded under Non-controlling interests on the Group's consolidated income statement.

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 at 31 December 2020, compared with the scope applicable at the closing date of 31 December 2019, are as follows:

SOCIETE GENERALE DE BANQUE AUX ANTILLES (SGBA)

On 2 March 2020, the Group sold to Promontoria MMB all its interest in Societe Generale de Banque aux Antilles, a subsidiary located in Guadeloupe, Martinique and French Guiana. The sale reduced the Group's balance sheet by EUR 0.4 billion (Non-current assets held for sale and Non-current liabilities held for sale).

SG FINANS AS

On 1 October 2020, the Group sold to Nordea Finance all its participation in SG Finans AS, equipment finance and factoring company in Norway, Sweden and Denmark. The sale reduced the Group's balance sheet by EUR 4 billion, mainly through a decrease of EUR 4 billion in customer loans and of EUR 0.9 billion in due to banks, reported respectively under Non-current assets held for sale and Non-current liabilities held for sale at 31 December 2019.

The result of these two disposals recorded in Net income/expense from other assets amounts to EUR -169 million for the 2020 financial year.

NOTE 2.2 Goodwill

MAKE 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 twelve months as from the acquisition date, as must any corrections to the value based on new information related to facts and circumstances existing at the acquisition date. Goodwill and non-controlling interests initially recorded are consequently adjusted.

On the acquisition date, each item of goodwill is allocated to one or more cash-generating units expected to derive benefits from the acquisition. When the Group reorganises its reporting structure in a way that changes the composition of one or more cash-generating units, goodwill previously allocated to modified units is reallocated to the units affected (new or existing). This reallocation is generally performed using a relative approach based on the normative capital requirements of each cash-generating unit affected.

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

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

As at 31 December 2020, goodwill is split into the following 11 Cash-Generating Units (CGUs):

Pillars	Activities
French Retail Banking	
Societe Generale network	Societe Generale’s retail banking network, Boursorama online banking activities, consumer and equipment financing in France
Crédit du Nord	Retail banking network of Crédit du Nord and its 7 regional banks
International Retail Banking and Financial Services	
Europe	Retail banking and consumer finance services in Europe, notably in Germany (Hanseatic Bank, BDK), Italy (Fiditalia), France (CGL), Czech Republic (KB, Essox), Romania (BRD)
Russia	Banking group Rosbank and its subsidiaries
Africa, Mediterranean Basin and Overseas	Retail banking and consumer finance in Africa, the Mediterranean Basin and Overseas, including in Morocco (SGMA), Algeria (SGA), Tunisia (UIB), Cameroon (SGBC), Côte d’Ivoire (SGBCI) and Senegal (SGBS)
Insurance	Life and non-life insurance activities in France and abroad (including Sogécap, Sogessur, Oradéa Vie and Antarius)
Equipment and Vendor Finance	Financing of sales and professional equipment by Societe Generale Equipment Finance
Auto Leasing Financial Services	Operational vehicle leasing and fleet management services (ALD Automotive)
Global Banking and Investor Solutions	
Global Markets and Investor Services	Market solutions for businesses, financial institutions, the public sector, family offices and a full range of securities services, clearing services, execution, prime brokerage and custody
Financing and Advisory	Advisory and financing services for businesses, financial institutions, the public sector and transaction and payment management services
Asset and Wealth Management	Asset and Wealth Management Solutions in France and abroad

The table below shows the changes over the year 2020 in the values of goodwill of CGUs:

(In EURm)	Value as at 31.12.2019	Acquisitions and other increases	Disposals and other decreases	Impairment loss	Value as at 31.12.2020
French Retail Banking	**797**	**-**	**-**	**-**	**797**
Societe Generale network	286	-	-	-	286
Credit du Nord	511	-	-	-	511
International Retail Banking & Financial Services	**2,729**	**2**	**(1)**	**-**	**2,730**
Europe	1,361	-	-	-	1,361
Russia	-	-	-	-	-
Africa, Mediterranean Basin and Overseas	228	-	-	-	228
Insurance	335	-	-	-	335
Equipment and Vendor Finance	228	-	-	-	228
Auto Leasing Financial Services	577	2	(1)	-	578
Global Banking and Investor Solutions	**1,101**	**101**	**(1)**	**(684)**	**517**
Global Markets and Investor Services	584	101	(1)	(684)	-
Financing and Advisory	57	-	-	-	57
Asset and Wealth Management	460	-	-	-	460
TOTAL	**4,627**	**103**	**(2)**	**(684)**	**4,044**

COMPLETION OF THE ACQUISITION OF COMMERZBANK'S "EQUITY MARKETS AND COMMODITIES" BUSINESS

On 8 November 2018, the Group signed an agreement committing Societe Generale to acquire the Commerzbank's ''Equity Markets and Commodities'' (EMC) business, which comprises the manufacturing and market-making of flow ("Flow business") and structured products ("Exotic, Vanilla and Funds" business) as well as part of the asset management activities ("Asset Management" business).

Due to operational reasons, the integration process of the staff, trading positions and infrastructure of the EMC business took place between the first half of 2019 and the first half of 2020.

In 2019, the Group took control of the "Exotic, Vanilla and Funds" (EVF) and the asset management businesses, leading to the recognition of a EUR 83 million goodwill for the EVF business (included in the Global Markets and Investor Services CGU) and a EUR 49 million goodwill for the asset management business (included in the Asset and Wealth Management CGU).

During the first half of 2020, the integration process was completed with the acquisition of the "Flow" business, leading to the recognition of a EUR 101 million goodwill allocated to Global Markets and Investor Services CGU.

ANNUAL IMPAIRMENT TEST OF CGU

The Group performed an annual impairment test at 31 December 2020 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 goodwil.

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

As at 30 June 2020, the Group adjusted the implementation modalities of the discounted dividend method, moving towards an approach integrating two macroeconomic scenarios, more relevant in the context of an exercise carried out outside the budget process, and in a context of strong uncertainties at the beginning of the Covid-19 crisis.

As at 31 December 2020, the analysis of the consequences of lockdowns and of the support measures proposed by governments has enabled the Group, as part of the annual budget process, to revise the central scenario by refining the consideration of uncertainties linked to the Covid-19 crisis and its future consequences. This revision made it possible to re-apply the approach usually adopted during annual tests for the assessment of the recoverable amount of CGUs, whose key principles are as follows:

- for each CGU, estimates of future distributable dividends are determined over a six-year period, on the basis of a five-year budget trajectory (2021 – 2025) extrapolated to 2026, the latter year being used to calculate the terminal value;
- these estimates take into account the equity target allocated to each CGU, unchanged compared to 31 December 2019 (11% of the risk-weighted assets of each CGU, except for the Crédit du Nord CGU for which the target is set at 10.5% of the risk-weighted assets);
- the growth rates used to calculate the terminal value are determined using forecasts on sustainable long-term economic growth and inflation. These rates are estimated using two main sources, namely the International Monetary Fund and the economic analyses produced by SG Cross Asset Research which provides 2025 forecasts;
- the projected dividends are then discounted on the basis of a rate equal to the risk-free rate grossed up by a risk premium based on the CGU's underlying activities. This risk premium, specific to each activity, is calculated from a series of equity risk premiums published by SG Cross Asset Research and from its specific estimated volatility (beta). Where appropriate, the risk-free rate is also grossed up by a sovereign risk premium, representing the difference between the risk-free rate available in the area of monetary assignment (mainly US dollar area or Euro area) and the interest rate observed on liquid long-term treasury bonds issued (mainly US dollar area or Euro area), in proportion with risk-weighted assets for CGUs covering several countries. The updated discount rates as at 31 December 2020 are detailed below.

The table below presents discount rates and long-term growth rates specific to the CGUs of the Group's three core businesses:

Assumptions as at 31 December 2020	Discount rate	Long-term growth rate
French Retail Banking		
Societe Generale network and Credit du Nord	8.1%	1.5%
International Retail Banking and Financial Services		
Retail Banking and Consumer Finance	10.1% to 13.7%	2% to 3%
Insurance	9.5%	2.5%
Equipment and Vendor Finance and Auto Leasing Financial Services	9.3%	2%
Global Banking and Investor Solutions		
Global Markets and Investor Services	12.1%	2%
Financing and Advisory	9.8%	2%
Asset and Wealth Management	9.5%	2%

Budget projections are based on the following main business line and macroeconomic assumptions:

French Retail Banking	
Societe Generale network and Credit du Nord	■ In a challenging environment (regulatory constraints, low inflation, historically low rates), ongoing efforts to shift operations and relationship banking at Societe Generale and Credit du Nord towards a digital model ■ Confirmation of Boursorama's customer acquisition plan
International Retail Banking & Financial Services	
Europe	■ Continued adaptation of our models to capture growth potential in the region and consolidate the competitive positions of our operations ■ Strict discipline applied to operating expenses and normalisation of cost of risk
Russia	■ Continued development of activities in Russia ■ Strict discipline applied to operating expenses and cost of risk
Africa, Mediterranean Basin and Overseas	■ Continued development of Societe Generale's sales network and expansion of services through the mobile banking offer ■ Continued focus on operating efficiency
Insurance	■ Reinforcement of integrated bank insurance model and continued dynamic growth in France and abroad in synergy with the retail banking network, Private Banking and financial services to businesses[1]
Equipment and Vendor Finance	■ Consolidation of leadership in these corporate financing businesses ■ Recovery of profitability by continuing to focus on activities with the best risk/reward ■ Strict discipline applied to operating expenses
Auto Leasing Financial Services	■ Reinforcement of leadership of ALD relative to solutions of mobility and continued growth for strategic partners and for long-time leasing to retail customers ■ Continued focus on operating efficiency
Global Banking and Investor Solutions	
Global Markets and Investor Services	■ After the significant drop in revenues linked to the Covid-19 crisis, particularly in the Investment Solutions activities, adaptation of the market activities to a competitive environment under pressure and continued business and regulatory investments ■ Consolidation of market-leading franchises (equities) particularly through the integration of Commerzbank's Equity Markets and Commodities activities, with an increase in revenues on listed products ■ Continued of optimisation measures and investments in information systems
Financing and Advisory	■ Continuation of origination momentum of financing activities ■ Consolidation of market-leading franchises (commodity and structured financing) ■ Progressive normalisation of cost of risk despite challenging economic conditions
Asset and Wealth Management	■ Consolidation of commercial and operational efficiency in Wealth Management in a constrained environment and continued development of synergies with retail bank network ■ Integration of Commerzbank Asset Management activities

(1) The impacts of the new IFRS 17 standard have not been incorporated into the trajectory of the Insurance CGU, as the methodological options have not been stabilised.

During the first half of 2020, the tests carried out led to the impairment of all goodwill allocated to the Global Markets and Investor Services CGU for an amount of EUR 684 million presented in value adjustment on goodwill line in the income statement.

For other CGUs, the tests carried out at 31 December 2020 show that the recoverable amount remains higher than the book value.

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

- a 50 basis point increase applied to all CGU discount rates shown in the table above would result in a decrease in the total recoverable amount of 7.3% without requiring additional impairment of any CGU;
- a 50 basis point reduction in long-term growth rates would result in a 1% decrease in the total recoverable amount without requiring additional depreciation of any CGU;
- by combining these two sensitivity cases, the total recoverable amount would result in a 9.2% decrease without requiring additional depreciation of any CGU.

NOTE 2.3 Additional disclosures for consolidated entities and investments accounted for using the equity method

This Note provides additional disclosures for entities included in the consolidation scope.

These disclosures concern entities over which Societe Generale exercises exclusive control, joint control or significant influence, provided these entities have significant impact on the Group's consolidated financial statements. The significance of the impact is considered in particular regarding Group consolidated total assets and gross operating income.

NOTE 2.3.1 CONSOLIDATED STRUCTURED ENTITIES

Consolidated structured entities include:

- collective investment vehicles such as SICAVs (open-ended investment funds) and mutual funds managed by the Group's asset management subsidiaries;
- securitisation funds and conduits issuing financial instruments that can be subscribed for by investors and that generate credit risks inherent in an exposure or basket of exposures which can be divided into tranches;
- asset financing vehicles (aircraft, rail, shipping or real estate finance facilities).

The Group has entered into contractual agreements with certain consolidated structured entities that may lead to financial support for these entities due to their exposure to credit, market or liquidity risks.

In 2020, the Group did not provide any financial support to these entities outside of any binding contractual arrangement and, as of 31 December 2020, does not intend to provide such support.

Securities issued by structured debt vehicles carry an irrevocable and unconditional guarantee from Societe Generale for payment of amounts due by the issuer. These issuers also enter into hedging transactions with Societe Generale to enable them to meet their payment obligations. As of 31 December 2020, the amount of outstanding loans thus guaranteed is EUR 63.2 billion.

As part of its securitisation activities on behalf of its clients or investors, Societe Generale grants two liquidity lines to ABCP (Asset Back Commercial Paper) conduits for a total amount for EUR 19.5 billion as of 31 December 2020.

NOTE 2.3.2 NON-CONTROLLING INTERESTS

Non-controlling interests refer to equity holdings in fully consolidated subsidiaries that are neither directly nor indirectly attributable to the Group. They include equity instruments issued by these subsidiaries and not held by the Group, as well as the share of income and accumulated reserves, and of unrecognised or deferred gains and losses attributable to the holders of these instruments.

Non-controlling interests amount to EUR 5,295 million at 31 December 2020 (*vs.* EUR 5,043 million at 31 December 2019) and account for 8% of total shareholders' equity at 31 December 2020 (*vs.* 7% at 31 December 2019).

INFORMATION ON SHAREHOLDER'S EQUITY OF NON-CONTROLLING INTERESTS

(In EURm)	31.12.2020	31.12.2019
Capital and reserves	4,594	4,291
Other equity instruments issued by subsidiaries (see Note 7)	800	800
Unrealised or deferred gains and losses	(99)	(48)
TOTAL	**5,295**	**5,043**

The Non-controlling interests, of significant amount in terms of contribution to the total shareholders' equity in the Group's consolidated balance sheet, relate to:

- listed subsidiaries Komercni Banka A.S., BRD - Groupe Societe Generale SA and SG Marocaine de Banques;
- ALD SA, whose data presented here correspond to those of the ALD group;
- Sogécap, fully owned, with the subordinated notes issued in December 2014.

(In EURm)	31.12.2020 Group voting interest	Group ownership interest	Net income attributable to non-controlling interests	Total non-controlling interests	Dividends paid during the year to holders of non-controlling interests
KOMERCNI BANKA A.S.	60.73%	60.73%	117	1,609	-
BRD - GROUPE SOCIETE GENERALE SA	60.17%	60.17%	80	774	0
GROUPE ALD	79.82%	79.82%	111	873	(58)
SG MAROCAINE DE BANQUES	57.62%	57.62%	25	465	0
SOGÉCAP	100.00%	100.00%	33	829	(33)
Other entities	-	-	88	745	(33)
TOTAL	**-**	**-**	**454**	**5,295**	**(124)**

(In EURm)	31.12.2019 Group voting interest	Group ownership interest	Net income attributable to non-controlling interests	Total non-controlling interests	Dividends paid during the year to holders of non-controlling interests
KOMERCNI BANKA A.S.	60.73%	60.73%	221	1,540	(134)
BRD - GROUPE SOCIETE GENERALE SA	60.17%	60.17%	125	654	(93)
GROUPE ALD	79.82%	79.82%	122	840	(52)
SG MAROCAINE DE BANQUES	57.58%	57.58%	41	447	(11)
SOGÉCAP	100.00%	100.00%	33	829	(33)
Other entities	-	-	156	733	(89)
TOTAL	**-**	**-**	**698**	**5,043**	**(412)**

SUMMARISED FINANCIAL INFORMATION FOR MAIN NON-CONTROLLING INTERESTS

The information below are the data of the entities or subgroups (excluding Sogécap) taken at 100% and before the elimination of intra-group operations.

(In EURm)	31.12.2020 Net banking income	Net income	Net income and unrealised or deferred gains and losses	Total balance sheet
KOMERCNI BANKA A.S.	1,056	297	607	43,597
BRD - GROUPE SOCIETE GENERALE SA	605	197	24	12,684
GROUPE ALD	1,491	696	498	46,546
SG MAROCAINE DE BANQUES	427	59	90	9,512

(In EURm)	31.12.2019 Net banking income	Net income	Net income and unrealised or deferred gains and losses	Total balance sheet
KOMERCNI BANKA A.S.	1,240	595	1,024	41,605
BRD - GROUPE SOCIETE GENERALE SA	658	322	50	11,684
GROUPE ALD	1,349	567	446	47,214
SG MAROCAINE DE BANQUES	432	105	148	9,424

NOTE 2.3.3 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (ASSOCIATES AND JOINT VENTURES)

SUMMARISED FINANCIAL INFORMATION FOR JOINT VENTURES AND ASSOCIATES

	Joint ventures		Associates		Total investments accounted for using the equity method	
(In EURm)	2020	2019	2020	2019	2020	2019
Group share:						
Net income[(1)]	5	5	(2)	(134)	3	(129)
Unrealised or deferred gains and losses (net of tax)	-	-	-	3	-	3
NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES	**5**	**5**	**(2)**	**(131)**	**3**	**(126)**

(1) 2019 net income includes an impairment of EUR 158 million of the Group's investment in SG de Banque au Liban.

COMMITMENTS TO RELATED PARTIES

(In EURm)	31.12.2020	31.12.2019
Loan commitments granted	-	-
Guarantee commitments granted	-	45
Forward financial instrument commitments	-	-

NOTE 2.3.4 SIGNIFICANT RESTRICTIONS ON THE ABILITY TO ACCESS OR USE THE ASSETS OF THE GROUP

Legal, regulatory, statutory or contractual constraints or requirements may restrict the ability of the Group to transfer assets freely to or from entities within the Group.

The ability of consolidated entities to distribute dividends or to grant or repay loans and advances to entities within the Group depends on, among other things, local regulatory requirements, statutory reserves and financial and operating performance. Local regulatory requirements may concern regulatory capital, exchange controls or non-convertibility of the local currency (as it is the case in countries belonging to the West African Economic and Monetary Union or to the Economic and Monetary Community of Central Africa), liquidity ratios (as in the United States) or large exposures ratios that aim to cap the entity's exposure in relation to the Group (regulatory requirement to be fulfilled in most countries in Eastern and Central Europe, Maghreb and sub-Saharan Africa).

The ability of the Group to use assets may also be restricted in the following cases:

- assets pledged as security for liabilities, notably guarantees provided to the central banks, or assets pledged as security for transactions in financial instruments, mainly through guarantee deposits with clearing houses;
- securities that are sold under repurchase agreements or that are lent;
- assets held by insurance subsidiaries in representation of unit-linked liabilities with life-insurance policy holders;
- assets held by consolidated structured entities for the benefit of the third-party investors that have bought the notes or securities issued by the entity;
- mandatory deposits placed with central banks.

NOTE 2.4 Unconsolidated structured entities

The information provided hereafter concerns entities structured but not controlled by the Group. This information is grouped by main type of similar entities, such as Financing activities, Asset management and Others (including Securitisation and Issuing vehicules).

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

Asset management includes mutual funds managed by the Group's asset management subsidiaries.

Securitisation includes securitisation funds or similar vehicles issuing financial instruments that can be subscribed for by investors and that generate credit risks inherent in an exposure or basket of exposures which can be divided into tranches.

The Group's interests in unconsolidated entities that have been structured by third parties are classified among financial instruments in the consolidated balance sheet according to their nature.

NOTE 2.4.1 INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

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

Such interests can be evidenced by:

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

	Asset financing		Asset management		Others	
(In EURm)	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Total balance sheet(1) of the entity	**6,777**	**7,436**	**118,781**	**135,564**	**21,105**	**31,038**
Net carrying amount of Group interests in unconsolidated structured entities						
Assets	**3,021**	**2,011**	**6,284**	**13,139**	**6,714**	**8,950**
Financial assets at fair value through profit or loss	311	446	5,763	12,652	839	3,801
Financial assets at fair value through other comprehensive income	-	-	-	-	53	55
Financial assets at amortised cost	2,706	1,553	354	361	5,822	5,094
Others	4	12	167	126	-	-
Liabilities	**1,478**	**1,851**	**4,597**	**12,241**	**1,707**	**4,261**
Financial liabilities at fair value through profit or loss	129	218	2,845	8,927	871	3,438
Due to banks and customer deposits	1,332	1,621	1,636	1,625	836	823
Others	17	12	116	1,689	-	-

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

In 2020, the Group did not provide any financial support to these entities outside of any binding contractual arrangement and, as of 31 December 2020, does not intend to provide such support.

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

	Asset financing		Asset management		Others	
(In EURm)	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Amortised cost or fair value (according to the measurement of the financial instrument) of non-derivative financial assets entered into with the structured entity	2,521	3,029	4,618	5,097	2,223	2,333
Fair value of derivative financial assets recognised in the balance sheet	244	327	3,585	9,885	522	2,885
Notional amount of CDS sold (maximum amount to be paid)	-	-	-	-	-	-
Notional amount of loan or guarantee commitments granted	474	534	478	978	1,080	1,848
Maximum exposure to loss	**3,239**	**3,890**	**8,681**	**15,960**	**3,825**	**7,066**

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 1,865 million and mainly concern Asset financing.

NOTE 2.4.2 INFORMATION ON UNCONSOLIDATED STRUCTURED ENTITIES SPONSORED BY THE GROUP

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

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

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

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

As at 31 December 2020, the total amount of the balance sheet of these unconsolidated structured entities, sponsored by the Group, and in which the Group does not have any interest, was EUR 3,629 million.

In 2020, no significant revenue has been recognised for theses structured entities.

NOTE 3 FINANCIAL INSTRUMENTS

MAKE IT SIMPLE

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

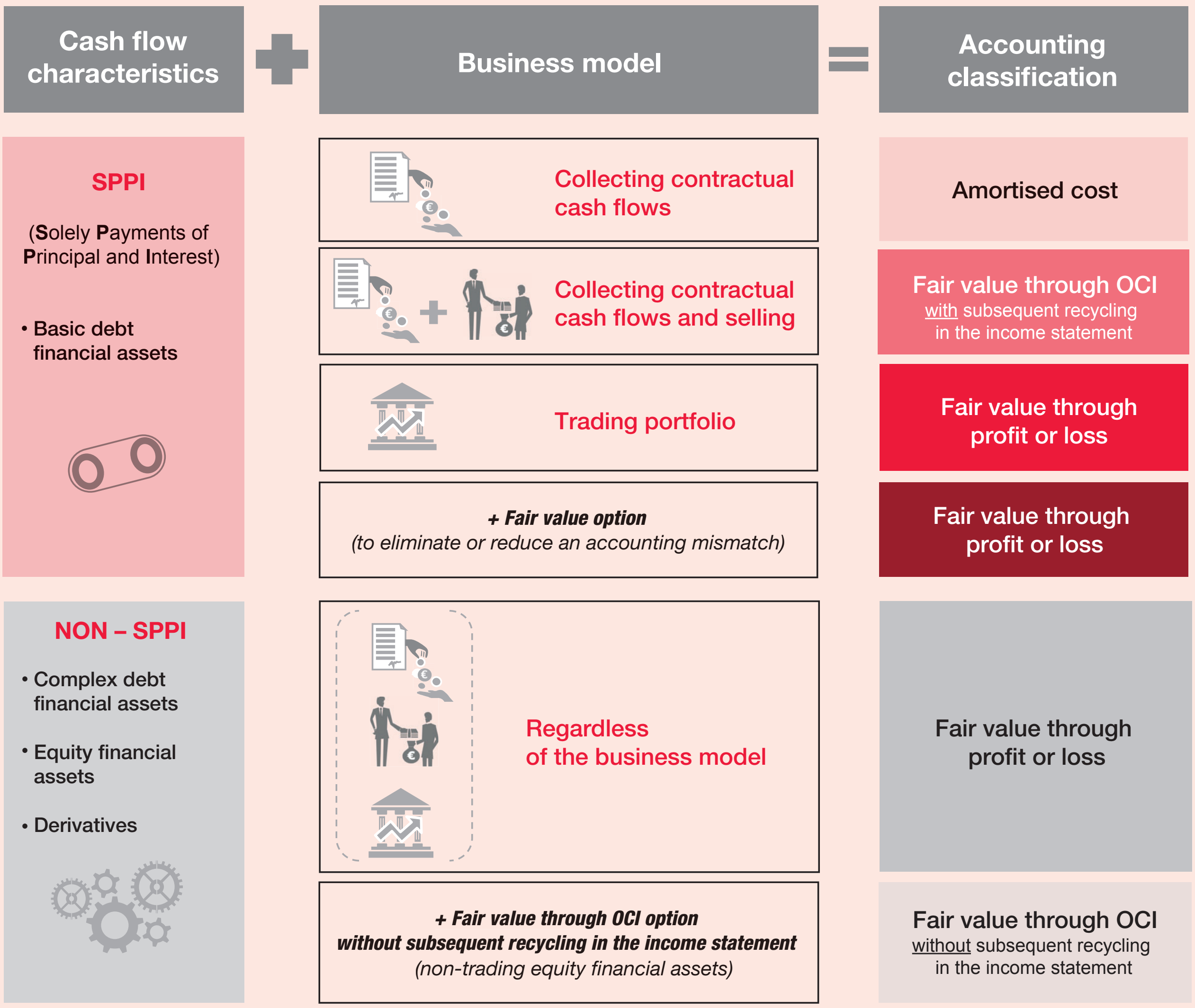
In the financial statements, the classification and valuation of financial assets and liabilities depend on their contractual characteristics and the way the entity manages those financial instruments.

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

ACCOUNTING PRINCIPLES

Classification of financial assets

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



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

ANALYSIS OF CONTRACTUAL CASH FLOW CHARACTERISTICS

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

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

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

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

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

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

ANALYSIS OF THE BUSINESS MODEL

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

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

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

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

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

FAIR VALUE OPTION

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

Classification of financial liabilities

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

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

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

Reclassifications of financial assets

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

Fair value

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

Initial recognition

Financial assets are recognised on the balance sheet:

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

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

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

If the initial fair value is exclusively based on observable market data, any difference between the fair value and the transaction price, *i.e.* the sales margin, is immediately recognised in profit or loss. However, if one of the valuation inputs is not observable or if the used valuation model is not recognised by the market, the recognition of the sales margin is then generally deferred in profit or loss.

For some instruments, due to their complexity, this margin is recognised at their maturity or upon disposal in the event of an early sale. When valuation inputs become observable, any portion of the sales margin that has not yet been recorded is then recognised in profit or loss (see Note 3.4.7).

Derecognition of financial assets and liabilities

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

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

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

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

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

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

Foreign exchange transactions

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

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

At the balance sheet date, non-monetary assets and liabilities denominated in foreign currencies measured at fair value (in particular, shares and other equity instruments) are translated into the entity's functional currency at the prevailing spot exchange rate. Foreign 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.

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

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);
- or by applying the appropriate external dispositions without requiring a change in contractual terms (example: the method for determining the reference interest rate is modified without any change in the contractual terms and conditions, *i.e.*, the EONIA has been quoted by reference to the €ster +8.5bp since October 2019);
- 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 reassessment of the contractual cash flows is regarded as a modification of the effective interest rate applied to determine the future 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), with
  - the addition of a fixed spread necessary to compensate for the difference in basis between the existing reference interest rate and the alternative one;
- 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…); and
- 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 (replacement of the rate; changes in the determination of the interest).

Changes to a financial asset or liability, in addition to those deriving directly from the application of the IBOR reform, are treated as changes to instruments with an income statement impact whenever they are substantial.

Method of analysis of contractual cash flows of financial assets

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

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

The prepayment compensation is considered as reasonable especially when:

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

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

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

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

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

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

- derivative instruments;
- shares and other equity instruments held by the entity;
- equity instruments issued by mutual funds;
- debt financial assets that can be converted or redeemed into a fixed number of shares (convertible bonds, equity-linked securities, etc.).

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 Group also has to consider whether the curve could change over the life of the instrument according to reasonably possible scenarios.

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

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

The data presented in Note 3 exclude the financial instruments of insurance subsidiaries; the data for insurance subsidiaries are presented in Note 4.3.

The information on the types of risks, the risk management linked to financial instruments as well as the information on capital management and compliance with regulatory ratios, required by IFRS as adopted by the European Union, are disclosed in Chapter 4 of the present Universal Registration Document (Risks and capital adequacy).

NOTE 3.1 Financial assets and liabilities at fair value through profit or loss

OVERVIEW

	31.12.2020		31.12.2019	
(In EURm)	Assets	Liabilities	Assets	Liabilities
Trading portfolio	404,338	319,812	358,033	281,246
Financial assets measured mandatorily at fair value through profit or loss	23,630		24,977	
Financial instruments measured using fair value option through profit or loss	1,490	70,435	2,729	82,883
TOTAL	**429,458**	**390,247**	**385,739**	**364,129**
o/w securities purchased/sold under resale/repurchase agreements	*119,374*	*120,697*	*111,818*	*97,895*

NOTE 3.1.1 TRADING PORTFOLIO

ACCOUNTING PRINCIPLES

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

This portfolio also includes, among other trading assets, the physical commodities that are held by the Group as part of its market-maker activity on commodity derivative instruments.

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

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

TRADING ACTIVITIES

Financial assets held for trading are:

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

Global market activities

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

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

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

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

ASSETS

(In EURm)	31.12.2020	31.12.2019
Bonds and other debt securities	30,322	26,080
Shares and other equity securities	92,780	77,966
Loans, receivables and securities purchased under resale agreements	129,700	117,956
Trading derivatives[1]	151,536	135,849
Other trading assets	-	182
TOTAL	**404,338**	**358,033**
o/w securities lent	*11,066*	*13,681*

(1) See Note 3.2 Derivatives instruments.

LIABILITIES

(In EURm)	31.12.2020	31.12.2019
Amounts payable on borrowed securities	32,165	38,950
Bonds and other debt instruments sold short	5,385	3,518
Shares and other equity instruments sold short	1,253	1,466
Borrowings and securities sold under repurchase agreements	120,755	97,820
Trading derivatives[1]	159,176	138,120
Other trading liabilities	1,078	1,372
TOTAL	**319,812**	**281,246**

(1) See Note 3.2 Derivatives instruments.

NOTE 3.1.2 FINANCIAL INSTRUMENTS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

ACCOUNTING PRINCIPLES

Financial assets measured mandatorily at fair value through profit or loss include:

- loans, bonds and bond equivalents that are not held for trading purposes and do not pass the SPPI test (non-basic or non-SPPI instruments);
- shares and share equivalents that are not classified in any other sub-category: trading book at fair value through profit or loss, instruments designated by the Group at fair value through other comprehensive income without subsequent reclassification to profit or loss.

These assets are recorded at fair value in the balance sheet under Financial assets at fair value through profit or loss and changes in the fair value of these instruments (excluding interest income) are recorded in profit or loss under Net gains or losses on financial instruments at fair value through profit or loss.

(In EURm)	31.12.2020	31.12.2019
Bonds and other debt securities	190	177
Shares and other equity securities	2,561	2,492
Loans, receivables and securities purchased under resale agreements	20,879	22,308
TOTAL	**23,630**	**24,977**

BREAKDOWN OF LOANS AND RECEIVABLES AND SECURITIES PURCHASED UNDER RESALE AGREEMENTS

(In EURm)	31.12.2020	31.12.2019
Short-term loans	1,997	2,029
Equipment loans	17,248	18,152
Other loans	1,634	2,127
TOTAL	**20,879**	**22,308**

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

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

NOTE 3.1.3 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS USING FAIR VALUE OPTION

ACCOUNTING PRINCIPLES

In addition to the financial assets and liabilities held for trading, and the financial assets measured mandatorily at fair value through profit or loss, the same items in the financial statements include the non-derivative financial assets and liabilities that the Group has designated at fair value through profit or loss. Changes in the fair value of these instruments (including interest) are recorded in profit or loss under Net gains or losses on financial instruments at fair value through profit or loss, except the share related to the Group's own credit risk on financial liabilities which is booked under Unrealised or deferred gains and losses.

Furthermore, in case of derecognition of a financial liability at fair value through profit or loss using the fair value option before its contractual maturity, any gains and losses, related to the Group's own credit risk are booked under Unrealised or deferred gains and losses and then reclassified under Retained earnings at the beginning of the subsequent financial year.

For financial assets, this option may only be used to eliminate or significantly reduce accounting mismatches that would otherwise arise from applying different accounting treatments to certain related financial assets and liabilities.

For financial liabilities, this option may only be used in the following cases:

- to eliminate or reduce discrepancies in the accounting treatment of certain related financial assets and liabilities;
- when it applies to a hybrid financial instrument with one or more embedded derivatives, which should be recognised separately;
- when a group of financial assets and/or liabilities is managed together and its performance is measured at fair value.

The Group thus recognises structured bonds issued by Societe Generale Corporate and Investment Banking at fair value through profit or loss. These issuances are purely commercial and the associated risks are hedged on the market using financial instruments managed in trading portfolios. By using the fair value option, the Group can ensure consistency between the accounting treatment of these bonds and that of the derivatives hedging the associated market risks, which have to be carried at fair value.

ASSETS

(In EURm)	31.12.2020	31.12.2019
Bonds and other debt securities	29	1,458
Loans, receivables and securities purchased under resale agreements	158	145
Separate assets for employee benefits plans(1)	1,303	1,126
TOTAL	**1,490**	**2,729**

(1) *Including, as at 31 December 2020, 1,150 million euros of separate assets for defined post-employment benefits compared to 963 million euros as at 31 December 2019 (see Note 5.2).*

LIABILITIES

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

	31.12.2020		31.12.2019	
(In EURm)	Fair value	Amount redeemable at maturity	Fair value	Amount redeemable at maturity
Financial instruments measured using fair value option through profit or loss	70,435	70,941	82,883	83,249

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

Changes in fair value attributable to own credit risk generated a loss of EUR 79 million during 2020. Up to this date, the total losses attributable to own credit risk amounted to EUR 396 million recognised in equity.

NOTE 3.1.4 NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(In EURm)	2020	2019
Net gain/loss on trading portfolio (excluding derivatives)	(1,790)	5,754
Net gain/loss on financial instruments at fair value through profit or loss(1)	2,746	3,661
Net gain/loss on financial instruments measured using fair value option	(2,285)	(15,028)
Net gain/loss on derivative instruments	4,645	9,712
Net gains/loss on hedging instruments(2)	92	100
Net gain/loss on fair value hedging derivatives	*801*	*1,155*
Revaluation of hedged items attributable to hedged risks(3)	*(709)*	*(1,055)*
Net gain/loss on foreign exchange transactions	(623)	144
TOTAL	**2,785**	**4,343**
o/w gains on financial instruments at fair value through other comprehensive income	*55*	*84*

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

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

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

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

NOTE 3.2 Derivatives instruments

MAKE IT SIMPLE

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

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

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

Contrary to other financial instruments, derivative instruments are always measured at fair value in the balance sheet, regardless their purpose (market activities or hedging transactions). The fair value adjustments of trading derivatives are directly recognised in the income statement. However, the accounting method used on hedging transactions aims to neutralise in the income statement the effects of the revaluation of hedging derivatives, as long as the hedge is effective.

ACCOUNTING PRINCIPLES

Derivatives are financial instruments meeting the following three criteria:

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

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

Special case - derivatives with Societe Generale shares as underlying instrument

Derivatives instruments having with Societe Generale shares as underlying instrument or shares in Group ubsidiaries 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 derivatives instruments 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 liability and is not measured at fair value through profit or loss, the embedded derivative is separated from the host contract if:

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

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

NOTE 3.2.1 TRADING DERIVATIVES

ACCOUNTING PRINCIPLES

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

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

FAIR VALUE

	31.12.2020		31.12.2019	
(In EURm)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate instruments	99,873	98,406	91,146	88,501
Foreign exchange instruments	18,698	19,795	18,036	18,354
Equities & index Instruments	31,224	37,978	22,318	26,141
Commodities Instruments	413	392	1,860	2,201
Credit derivatives	1,297	1,434	2,415	2,037
Other forward financial instruments	31	1,171	74	886
TOTAL	**151,536**	**159,176**	**135,849**	**138,120**

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

COMMITMENTS (NOTIONAL AMOUNTS)

(In EURm)	31.12.2020	31.12.2019
Interest rate instruments	**9,731,256**	**11,988,127**
Firm instruments	8,090,893	9,959,001
Swaps	*6,849,353*	*8,324,621*
FRAs	*1,241,540*	*1,634,380*
Options	1,640,363	2,029,126
Foreign exchange instruments	**3,155,455**	**3,192,776**
Firm instruments	2,349,313	2,475,393
Options	806,142	717,383
Equity and index instruments	**869,679**	**1,124,549**
Firm instruments	128,941	186,691
Options	740,738	937,858
Commodities instruments	**20,078**	**96,900**
Firm instruments	19,194	83,509
Options	884	13,391
Credit derivatives	**202,994**	**246,006**
Other forward financial instruments	**28,603**	**38,428**
TOTAL	**14,008,065**	**16,686,786**

NOTE 3.2.2 HEDGING DERIVATIVES

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

In the context of Covid-19 crisis, the Group has not observed any ineffectiveness or disappearance of hedged items that could lead to the termination of its hedging relationships.

ACCOUNTING PRINCIPLES

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

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

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

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

Fair value hedges

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

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

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

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

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

Cash flow hedges

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

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

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

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

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold, hedge accounting is discontinued prospectively. The amounts previously recognised directly in equity are reclassified in the income statement over the periods during which interest income is affected by the cash flows from the hedged item. If the hedged item is sold or redeemed earlier than expected or if the hedged forecast transaction ceases to be highly probable, the unrealised gains and losses recognised in equity are immediately reclassified in the income statement.

Hedging of a net investment in a foreign operation

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

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

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

Portfolio hedges (macro-hedge)

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

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

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

- the application of fair value hedge accounting to the macro-hedges used for asset-liability management, including customer demand deposits in the fixed-rate positions being hedged;
- the performance of the effectiveness tests required by IAS 39 as adopted by the European Union.

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

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

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

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

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

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

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

NON-DISCONTINUATION OF HEDGING RELATIONSHIPS

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

These updates resulting from the IBOR reform do not cause the discontinuation of the hedging relationship nor the designation of a new accounting hedge if the aim of such updates is only to:

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

These updates are performed as and when changes are made to the hedged items or the hedging instruments; an accounting hedge may be updated several successive times.

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

SPECIFIC ACCOUNTING TREATMENTS

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

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

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

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

FAIR VALUE

	31.12.2020		31.12.2019	
(In EURm)	Assets	Liabilities	Assets	Liabilities
Fair value hedge	**19,982**	**12,161**	**16,617**	**9,981**
Interest rate instruments	19,950	12,161	16,616	9,981
Foreign exchange instruments	32	-	1	-
Cash flow hedge	**298**	**163**	**181**	**124**
Interest rate instruments	288	58	169	65
Foreign exchange instruments	10	34	10	46
Equity and index Instruments	-	71	2	13
Net investment hedge	**387**	**137**	**39**	**107**
Foreign exchange instruments	387	137	39	107
TOTAL	**20,667**	**12,461**	**16,837**	**10,212**

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

Furthermore, through some of its Corporate and Investment Banking operations, the Group is exposed to future cash flow changes in its short and medium-term funding requirements and sets up hedging relationships recognised for accounting purposes as cash flow hedges.

Highly probable funding requirements are determined using historic data established for each activity and representative of balance sheet outstanding. These data may be increased or decreased by changes in management methods.

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

COMMITMENTS (NOTIONAL AMOUNTS)

(In EURm)	31.12.2020	31.12.2019
Interest rate instruments	**970,144**	**757,099**
Firm instruments	969,391	755,847
*Swaps**	*779,359*	*711,985*
*FRAs**	*190,032*	*43,862*
Options	753	1,252
Foreign exchange instruments	**8,604**	**11,314**
Firm instruments	8,604	11,314
Equity and index instruments	**169**	**90**
Options	169	90
TOTAL	**978,917**	**768,503**

* *Amounts restated, compared to the financial statements published for the year 2019. Since the second semester of 2019, 3-month Forward Rate Agreements and Futures contracts are now concluded by the Group to extend the maturity of swaps underwritten for hedging the net interest margin. This change in hedging management mechanically generates an increase in commitments on this type of contracts but does not lead to an increase in interest rate risk exposure.*

The notional amounts of the hedging instruments affected by the amendments to IAS 39, introduced in the context of the rate reform and aimed at not taking into account the uncertainties associated with the reform in order to meet certain criteria required in terms of hedge accounting, amounted to the following:

	31.12.2020	
(In EURm)	Fair value hedge	Cash flow hedge
Eonia	31,396	1,975
Euribor	554,246	4,702
Libor	23,006	550
of which: Libor USD	*16,808*	*320*
of which: Libor GBP	*582*	*230*
TOTAL	**608,648**	**7,227**

MATURITIES OF HEDGING DERIVATIVES INSTRUMENTS (NOTIONAL AMOUNTS)

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

(In EURm)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	31.12.2020
Interest rate instruments	66,139	301,608	376,800	225,597	970,144
Foreign exchange instruments	272	5,788	2,314	230	8,604
Equity and index instruments	34	49	86	-	169
TOTAL	**66,445**	**307,445**	**379,200**	**225,827**	**978,917**

FAIR VALUE HEDGE: BREAKDOWN OF HEDGED ITEMS

	31.12.2020		
(In EURm)	**Carrying amount of the hedged item**	**Cumulative change in the fair value of the hedged item[(2)]**	**Change in the fair value of the hedged item booked during the period[(2)]**
Hedge of interest rate risk	**253,429**	**13,542**	**(709)**
Hedged assets	65,138	3,269	1,031
Due from banks, at amortised cost	*1,455*	*41*	*12*
Customer loans, at amortised cost	*4,694*	*429*	*51*
Securities at amortised cost	*932*	*43*	*28*
Financial assets at fair value through other comprehensive income	*37,521*	*2,379*	*1,049*
Customer loans macro hedged[(1)]	*20,536*	*377*	*(109)*
Hedged liabilities	188,291	10,273	(1,740)
Debt securities issued	*40,823*	*1,283*	*(354)*
Due to banks	*12,798*	*440*	*(131)*
Customer deposits	*1,615*	*169*	*26*
Subordinated debts	*14,933*	*684*	*(298)*
Customer deposits macro hedged[(1)]	*118,122*	*7,697*	*(983)*
Hedge of currency risk	**393**	**31**	**(38)**
Hedged liabilities	393	31	(38)
Subordinated debts	*393*	*31*	*(38)*
Hedge of equity risk	**1**	**(0)**	**1**
Hedged liabilities	1	(0)	1
Other liabilities	*1*	*(0)*	*1*
TOTAL	**253,823**	**13,573**	**(746)**

	31.12.2019		
(In EURm)	**Carrying amount of the hedged item**	**Cumulative change in the fair value of the hedged item[(2)]**	**Change in the fair value of the hedged item booked during the period[(2)]**
Hedge of interest rate risk	**254,747**	**11,741**	**(1,067)**
Hedged assets	62,966	2,796	1,242
Due from banks, at amortised cost	*1,331*	*30*	*12*
Customer loans, at amortised cost	*4,680*	*384*	*44*
Securities at amortised cost	*748*	*19*	*(0)*
Financial assets at fair value through other comprehensive income	*39,135*	*1,531*	*1,016*
Customer loans macro hedged[(1)]*	*17,072*	*832*	*170*
Hedged liabilities	191,781	8,945	(2,309)
Debt securities issued	*33,424*	*948*	*(234)*
Due to banks	*14,389*	*308*	*(183)*
Customer deposits	*2,506*	*196*	*24*
Subordinated debts	*11,985*	*391*	*(395)*
Customer deposits macro hedged[(1)]*	*129,477*	*7,102*	*(1,521)*
Hedge of currency risk	**605**	**3**	**12**
Hedged liabilities	605	3	12
Due to banks	*605*	*3*	*12*
Hedge of equity risk	**1**	**(0)**	**(0)**
Hedged liabilities	1	(0)	(0)
Other liabilities	*1*	*(0)*	*(0)*
TOTAL	**255,353**	**11,744**	**(1,055)**

* *Amounts restated compared with the published financial statements for the year ended 31 December 2019.*

(1) *The carrying amount of the macro-hedged items represents the sum of the hedged outstanding and the revaluation differences on portfolios hedged against interest rate risk.*

(2) *Changes in fair value attributable to the hedged risk only and used to determine the ineffective portion of the fair value of the hedging instrument. This change is excluding accrued interests for the items hedged against interest rate risk.*

As at 31 December 2020, EUR 169 million of cumulative changes in fair value are still to be amortised because of the disappearance of the hedged item. This amount is mainly related to interest rate risk hedging.

FAIR VALUE HEDGE: BREAKDOWN OF HEDGING INSTRUMENTS

	31.12.2020				
		Fair value[2]			
(In EURm)	Commitments (notional amounts)	Asset	Liabilities	Change in fair value booked during the period	Ineffectiveness recognised during the period
Hedge of interest rate risk	**241,509**	**19,854**	**12,198**	**801**	**92**
Firm instruments – Swaps	240,756	19,854	12,198	799	92
For hedged assets	*41,944*	*35*	*3,256*	*(1,150)*	*(10)*
For hedged portfolios of assets (macro hedge)[(1)]	*17,614*	*290*	*563*	*120*	*13*
For hedged liabilities	*67,933*	*3,004*	*149*	*795*	*38*
For hedged portfolios of liabilities (macro hedge)[(1)]	*113,265*	*16,525*	*8,230*	*1,034*	*51*
Options	753	0	-	2	0
For hedged portfolios of assets (macro hedge)[(1)]	*753*	*0*	*-*	*2*	*0*
Hedge of currency risk	**384**	**32**	**0**	**38**	**-**
Firm instruments	384	32	0	38	-
For hedged liabilities	*384*	*32*	*0*	*38*	*-*
Hedge of equity risk	**2**	**-**	**1**	**(1)**	**0**
Options	2	-	1	(1)	0
For hedged liabilities	*2*	*-*	*1*	*(1)*	*0*
TOTAL	**241,895**	**19,886**	**12,199**	**838**	**92**

	31.12.2019				
		Fair value[2]			
(In EURm)	Commitments (notional amounts)	Asset	Liabilities	Change in fair value booked during the period	Ineffectiveness recognised during the period
Hedge of interest rate risk	**247,030**	**16,619**	**9,979**	**1,167**	**100**
Firm instruments – Swaps	245,778	16,615	9,979	1,165	100
For hedged assets	*43,831*	*155*	*2,415*	*(1,086)*	*(14)*
For hedged portfolios of assets (macro hedge)[(1)]*	*16,660*	*55*	*553*	*(180)*	*(8)*
For hedged liabilities	*61,370*	*2,279*	*226*	*866*	*78*
For hedged portfolios of liabilities (macro hedge)[(1)]*	*123,917*	*14,126*	*6,785*	*1,565*	*44*
Options	1,252	4	-	2	0
For hedged portfolios of assets (macro hedge)[(1)]	*1,252*	*4*	*-*	*2*	*0*
Hedge of currency risk	**828**	**11**	**7**	**(12)**	**0**
Firm instruments	828	11	7	(12)	0
For hedged liabilities	*828*	*11*	*7*	*(12)*	*0*
Hedge of equity risk	**2**	**-**	**0**	**0**	**(0)**
Options	2	-	0	0	(0)
For hedged liabilities	*2*	*-*	0	0	(0)
TOTAL	**247,860**	**16,630**	**9,986**	**1,155**	**100**

* *Amounts restated compared with the published financial statements for the year ended 31 December 2019.*

(1) *For macro fair value transactions, the commitment described above equals the net hedging derivatives position in order to represent the economic exposure from these instruments. This position should be linked with the carrying amount of the hedged items which represents the hedged exposure.*

(2) *The fair value of interest rate hedging derivatives includes accrued interests and excludes margin calls.*

CASH FLOW HEDGE: BREAKDOWN OF HEDGED ITEMS

The following table describes the change of fair value of hedged items used to book the ineffective portion of the hedge during the current period. Regarding the cash flow hedges, the change in fair value of hedged items is assessed using the hypothetical derivative method described in the accounting principles above.

	31.12.2020	31.12.2019
(In EURm)	**Change in the fair value**	**Change in the fair value**
Hedge of interest rate risk	**(206)**	**(181)**
Hedged assets	(13)	1
Financial assets at fair value through other comprehensive income	*(3)*	*(1)*
Customer loans (macro hedged)	*(10)*	*2*
Hedged liabilities	(193)	(182)
Debt securities issued	*1*	*(1)*
Due to banks	*(11)*	*(25)*
Customer deposits (macro hedged)	*(183)*	*(156)*
Hedge of currency risk	**6**	**(0)**
Hedged liabilities	(3)	(0)
Subordinated debts	*(3)*	-
Forecast transactions	9	-
Hedge of equity risk	**40**	**(26)**
Forecast transactions	40	(26)
TOTAL	**(160)**	**(207)**

CASH FLOW HEDGE: BREAKDOWN OF HEDGING INSTRUMENTS

	31.12.2020					
		Fair value		Changes in fair value recorded during the period		Cumulative change in fair value recorded in unrealised or deferred gains and losses
(In EURm)	Commitments (notional amounts)	Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	
Hedge of interest rate risk	**11,329**	**288**	**58**	**203**	**(1)**	**213**
Firm instruments – Swaps	11,297	288	58	203	(1)	213
For hedged assets	*1,711*	*0*	*9*	*3*	*(1)*	*(8)*
For hedged portfolios of assets (macro hedge)[1]	*2,175*	*1*	*26*	*11*	*(0)*	*(18)*
For hedged liabilities	*3,682*	*25*	*16*	*7*	*(0)*	*(14)*
For hedged portfolios of liabilities (macro hedge)[1]	*3,729*	*262*	*7*	*182*	*-*	*253*
Firm instruments – FRAs	32	-	-	0	0	0
For hedged liabilities	*32*	*-*	*-*	*0*	*0*	*0*
Hedge of currency risk	**1,661**	**10**	**34**	**(6)**	**1**	**(13)**
Firm instruments	1,661	9	33	(6)	1	(13)
For hedged assets	*652*	*7*	*21*	*-*	*-*	*-*
For hedged liabilities	*246*	*1*	*4*	*3*	*0*	*(1)*
For hedged future transactions	*763*	*1*	*8*	*(9)*	*1*	*(12)*
Non-derivative financial instruments	-	1	1	(0)	-	(0)
For hedged future transactions	*-*	*1*	*1*	*(0)*	*-*	*(0)*
Hedge of equity risk	**167**	**-**	**71**	**(36)**	**(4)**	**(15)**
Options	167	-	71	(36)	(4)	(15)
For hedged future transactions	*167*	*-*	*71*	*(36)*	*(4)*	*(15)*
TOTAL	**13,157**	**298**	**163**	**161**	**(4)**	**185**

	31.12.2019					
		Fair value		Changes in fair value recorded during the period		
(In EURm)	Commitments (notional amounts)	Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	Cumulative change in fair value recorded in unrealised or deferred gains and losses
Hedge of interest rate risk	**13,538**	**169**	**64**	**180**	**0**	**34**
Firm instruments – Swaps	13,466	169	64	179	0	35
For hedged assets	*2,222*	*3*	*10*	*1*	*-*	*(9)*
For hedged portfolios of assets (macro hedge)(1)	*3,129*	*2*	*39*	*(2)*	*0*	*(26)*
For hedged liabilities	*3,874*	*63*	*6*	*25*	*0*	*(19)*
For hedged portfolios of liabilities (macro hedge)(1)	*4,241*	*101*	*9*	*155*	*-*	*89*
Firm instruments – FRAs	72	-	-	1	0	(1)
For hedged assets	*72*	*-*	*-*	*1*	*0*	*(1)*
Hedge of currency risk	**3,489**	**15**	**47**	**0**	**-**	**(0)**
Firm instruments	3,489	10	46	-	-	-
For hedged assets	*707*	*9*	*36*	*(0)*	*0*	*(0)*
For hedged liabilities	*2,782*	*1*	*10*	*0*	*(0)*	*0*
Non-derivative financial instruments	-	5	1	0	-	(0)
For hedged future transactions	*-*	*5*	*1*	*0*	*-*	*(0)*
Hedge of equity risk	**88**	**2**	**13**	**25**	**4**	**(2)**
Options	88	2	13	25	4	(2)
For hedged future transactions	*88*	*2*	*13*	*25*	*4*	*(2)*
TOTAL	**17,115**	**186**	**124**	**205**	**4**	**32**

(1) For the macro hedge transactions, the commitment described above equals the net hedging derivatives position in order to represent the economic exposure from these instruments.

In 2020, EUR -16 million of unrealised or deferred gains and losses were transferred to net income, following the accounting of hedged the cash flows in the income statement.

NET INVESTMENT HEDGE: BREAKDOWN OF HEDGED ITEMS

	31.12.2020		31.12.2019
(In EURm)	Change in the fair value of the hedged item during the period(1)	Cumulative translations differences related to the hedged items	
Hedge of currency risk	**843**	**2,029**	**839**
Hedged net investment in GBP	179	484	145
Hedged net investment in CZK	58	(115)	(200)
Hedged net investment in RUB	330	1,288	797
Hedged net investment in RON	16	36	38
Hedged net investment in USD	80	40	(39)
Hedged net investment (other currencies)	180	296	98

(1) Changes in fair value attributable to the hedged risk only and used to determine the ineffective portion of the fair value of the hedged instruments.

NET INVESTMENT HEDGE: BREAKDOWN OF HEDGE INSTRUMENTS

	31.12.2020					
		Carrying amount[(1)]		Changes in fair value recorded during the period		
(In EURm)	Commitments (notional amounts)	Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	Cumulative change in fair value recorded in unrealised or deferred gains or losses
Hedge of currency risk	**7,129**	**387**	**2,204**	**(843)**	**1**	**(2,029)**
Firm instruments	7,129	387	137	(571)	1	(634)
Hedged net investment in GBP	*1,373*	*29*	*18*	*(70)*	*(13)*	*23*
Hedged net investment in CZK	*1,297*	*14*	*30*	*(31)*	*2*	*(25)*
Hedged net investment in RUB	*870*	*145*	*10*	*(237)*	*11*	*(336)*
Hedged net investment in RON	*933*	*6*	*5*	*(15)*	*(8)*	*(23)*
Hedged net investment in USD	*396*	*98*	*43*	*(63)*	*1*	*(53)*
Hedged net investment (other currencies)	*2,260*	*95*	*31*	*(155)*	*8*	*(220)*
Non derivatives instruments		-	2,067	(272)	-	(1,395)
Hedged net investment in GBP		*-*	*453*	*(109)*	*-*	*(507)*
Hedged net investment in CZK		*-*	*823*	*(27)*	*-*	*140*
Hedged net investment in RUB		*-*	*303*	*(93)*	*-*	*(953)*
Hedged net investment in RON		*-*	*43*	*(1)*	*-*	*(14)*
Hedged net investment in USD		*-*	*187*	*(17)*	*-*	*14*
Hedged net investment (other currencies)		-	258	(25)	-	(75)

	31.12.2019					
		Carrying amount[(1)]		Changes in fair value recorded during the period		
(In EURm)	Commitments (notional amounts)	Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	Cumulative change in fair value recorded in unrealised or deferred gains or losses
Hedge of currency risk	**6,934**	**39**	**2,349**	**355**	**(50)**	**(839)**
Firm instruments	6,934	39	107	171	(50)	103
Hedged net investment in GBP	*1,218*	*14*	*60*	*67*	*(12)*	*155*
Hedged net investment in CZK	*1,231*	*(6)*	*6*	*16*	*(10)*	*23*
Hedged net investment in RUB	*857*	*1*	*36*	*113*	*(22)*	*14*
Hedged net investment in RON	*805*	*0*	*(6)*	*(16)*	*(2)*	*(24)*
Hedged net investment in USD	*552*	*10*	*2*	*(5)*	*(3)*	*4*
Hedged net investment (other currencies)	*2,271*	*20*	*9*	*(4)*	*(1)*	*(69)*
Non derivatives instruments	-	-	2,242	184	-	(942)
Hedged net investment in GBP		*-*	*478*	*98*	*-*	*(300)*
Hedged net investment in CZK		*-*	*850*	*10*	*-*	*177*
Hedged net investment in RUB		*-*	*396*	*48*	*-*	*(811)*
Hedged net investment in RON		*-*	*43*	*(1)*	*-*	*(14)*
Hedged net investment in USD		*-*	*203*	*4*	*-*	*35*
Hedged net investment (other currencies)		-	272	25	-	(29)

(1) The carrying value equals fair value in the case of derivative instruments and equals amortised cost, translated at the closing date, in the case of loans and borrowings in foreign currencies.

NOTE 3.3 Financial assets at fair value through other comprehensive income

OVERVIEW

(In EURm)	31.12.2020	31.12.2019
Debt instruments	**51,801**	**53,012**
Bonds and other debt securities	*51,721*	*52,991*
Loans and receivables and securities purchased under resale agreements	*80*	*21*
Shares and other equity securities	259	244
TOTAL	**52,060**	**53,256**
o/w securities lent	*173*	*146*

NOTE 3.3.1 DEBT INSTRUMENTS

ACCOUNTING PRINCIPLES

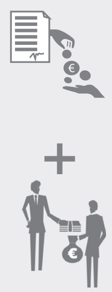
Debt instruments (loans and receivables, bonds and bond equivalents) are classified as Financial assets at fair value through other comprehensive income where their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a collect and sell business model.

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

At the reporting date, these instruments are measured at fair value and changes in fair value excluding income, are recorded in equity under Unrealised or deferred gains and losses, except for foreign exchange differences on money market instruments denominated in local currencies, which are recorded in profit or loss. Furthermore, as these financial assets are subject to impairment for credit risk, the changes in expected credit losses are recorded in profit or loss under Cost of risk with a corresponding entry under Unrealised or deferred gains and losses. The applicable impairment rules are described in Note 3.8.

BUSINESS MODEL "HOLD TO COLLECT AND SELL"

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



Cash management

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

CHANGES OF THE PERIOD

(In EURm)	2020
Balance as at 1 January	**53,012**
Acquisitions/disbursements	38,191
Disposals/redemptions	(37,193)
Transfers towards (or from) another accounting category	(563)
Change in scope and others	(265)
Changes in fair value during the period	1,258
Change in related receivables	52
Translation differences	(2,691)
Balance as at 31 December	**51,801**

UNREALISED GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

(In EURm)	31.12.2020	31.12.2019
Unrealised gains	714	391
Unrealised losses	(262)	(186)
TOTAL	**452**	**205**

NOTE 3.3.2 EQUITY INSTRUMENTS

ACCOUNTING PRINCIPLES

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

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

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

NOTE 3.4 Fair value of financial instruments measured at fair value

MAKING IT SIMPLE

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

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

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

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

ACCOUNTING PRINCIPLES

Definition of fair value

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

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

Fair value hierarchy

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

LEVEL 1 (L1): INSTRUMENTS VALUED ON THE BASIS OF QUOTED PRICES (UNADJUSTED) IN ACTIVE MARKETS FOR IDENTICAL ASSETS OR LIABILITIES.

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

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

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

Where a financial instrument is traded in several markets to which the Group has immediate access, its fair value is represented by the market price at which volumes and activity levels are highest for the instrument in question. Transactions resulting from involuntary liquidations or distressed sales are usually not taken into account to determine the market price.

LEVEL 2 (L2): INSTRUMENTS VALUED USING INPUTS OTHER THAN THE QUOTED PRICES INCLUDED IN LEVEL 1 AND THAT ARE OBSERVABLE FOR THE ASSET OR LIABILITY CONCERNED, EITHER DIRECTLY (I.E. AS PRICES) OR INDIRECTLY (I.E. DERIVED FROM PRICES).

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

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

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

LEVEL 3 (L3): INSTRUMENTS VALUED USING INPUTS A SIGNIFICANT PART OF WHICH ARE NOT BASED ON OBSERVABLE MARKET DATA (REFERRED TO AS UNOBSERVABLE INPUTS).

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

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

The main L3 complex derivatives are:

- equity derivatives: options with long maturities and/or incorporating bespoke remuneration mechanisms. These instruments are sensitive to market inputs (volatility, dividend rates, correlations, etc.). In the absence of market depth and an objective approach made possible by regularly observed prices, their valuation is based on proprietary methods (*e.g.* extrapolation from observable data, historical analysis). Hybrid equity instruments (*i.e.* having at least one non-equity underlying instrument) are also classified as L3 insofar as the correlations between the different underlying assets are generally unobservable;
- interest rate derivatives: long-term and/or exotic options, products sensitive to correlation between different interest rates, different exchange rates, or between interest rates and exchange rates, for example for quanto products (in which the instrument is settled in a currency different from the currency of the underlying asset); they are liable to be classified as L3 because the valuation inputs are unobservable due to the liquidity of the correlated pair and the residual maturity of the transactions (*e.g.* exchange rate correlations are deemed unobservable for the USD/JPY);
- credit derivatives: L3 credit derivatives mainly include baskets of instruments exposed to time to default correlation (“N to default” products in which the buyer of the hedge is compensated as of the N^{th} default, which are exposed to the credit quality of the issuers comprising the basket and to their correlation, or CDO Bespoke products, which are Collateralised Debt Obligations created specifically for a group of investors and structured according to their needs), as well as products subject to credit spread volatility;
- commodity derivatives: this category includes products involving unobservable volatility or correlation inputs (*i.e.* options on commodity swaps or instruments based on baskets of underlyings).

NOTE 3.4.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE

	31.12.2020				31.12.2019			
(In EURm)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio (excluding derivatives)	**109,734**	**138,699**	**4,369**	**252,802**	**89,037**	**129,130**	**4,017**	**222,184**
Bonds and other debt securities	26,420	3,108	794	30,322	22,645	2,976	459	26,080
Shares and other equity securities	83,314	9,465	1	92,780	66,392	11,465	109	77,966
Loans, receivables and securities purchased under resale agreements	-	126,126	3,574	129,700	-	114,507	3,449	117,956
Other trading assets	-	-	-	-	-	182	-	182
Trading derivatives	**49**	**147,417**	**4,070**	**151,536**	**191**	**132,572**	**3,086**	**135,849**
Interest rate instruments	4	97,189	2,680	99,873	6	88,868	2,272	91,146
Foreign exchange instruments	38	18,484	176	18,698	182	17,717	137	18,036
Equity and index instruments	-	30,730	494	31,224	-	21,938	380	22,318
Commodity instruments	-	410	3	413	-	1,784	76	1,860
Credit derivatives	-	580	717	1,297	-	2,195	220	2,415
Other forward financial instruments	7	24	-	31	3	70	1	74
Financial assets measured mandatorily at fair value through profit or loss	**183**	**19,517**	**3,930**	**23,630**	**350**	**21,746**	**2,881**	**24,977**
Bonds and other debt securities	18	43	129	190	11	44	122	177
Shares and other equity securities	165	359	2,037	2,561	339	185	1,968	2,492
Loans, receivables and securities purchased under resale agreements	-	19,115	1,764	20,879	-	21,517	791	22,308
Financial assets measured using fair value option through profit or loss	**13**	**1,461**	**16**	**1,490**	**1,296**	**1,320**	**113**	**2,729**
Bonds and other debt securities	13	-	16	29	1,296	162	-	1,458
Loans, receivables and securities purchased under resale agreements	-	158	-	158	-	32	113	145
Other financial assets	-	-	-	-	-	-	-	-
Separate assets for employee benefit plans	-	1,303	-	1,303	-	1,126	-	1,126
Hedging derivatives	**-**	**20,667**	**-**	**20,667**	**-**	**16,837**	**-**	**16,837**
Interest rate instruments	-	20,238	-	20,238	-	16,785	-	16,785
Foreign exchange instruments	-	429	-	429	-	50	-	50
Equity and index instruments	-	-	-	-	-	2	-	2
Financial assets measured at fair value through other comprehensive income	**51,090**	**708**	**262**	**52,060**	**51,730**	**1,282**	**244**	**53,256**
Bonds and other debt securities	51,090	628	3	51,721	51,730	1,261	-	52,991
Shares and other equity securities	-	-	259	259	-	-	244	244
Loans and receivables	-	80	-	80	-	21	-	21
TOTAL	**161,069**	**328,469**	**12,647**	**502,185**	**142,604**	**302,887**	**10,341**	**455,832**

NOTE 3.4.2 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

	31.12.2020				31.12.2019			
(In EURm)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Trading portfolio (excluding derivatives)	**6,666**	**152,939**	**1,031**	**160,636**	**5,001**	**136,800**	**1,325**	**143,126**
Amounts payable on borrowed securities	28	32,031	106	32,165	71	38,743	136	38,950
Bonds and other debt instruments sold short	5,385	-	-	5,385	3,464	54	-	3,518
Shares and other equity instruments sold short	1,253	-	-	1,253	1,466	-	-	1,466
Borrowings and securities sold under repurchase agreements	-	119,831	924	120,755	-	96,631	1,189	97,820
Other trading liabilities	-	1,077	1	1,078	-	1,372	-	1,372
Trading derivatives	**46**	**153,807**	**5,323**	**159,176**	**216**	**132,371**	**5,533**	**138,120**
Interest rate instruments	5	95,704	2,697	98,406	31	85,177	3,293	88,501
Foreign exchange instruments	40	19,599	156	19,795	175	18,064	115	18,354
Equity and index instruments	-	36,000	1,978	37,978	-	24,529	1,612	26,141
Commodity instruments	-	392	-	392	-	2,131	70	2,201
Credit derivatives	-	942	492	1,434	-	1,594	443	2,037
Other forward financial instruments	1	1,170	-	1,171	10	876	-	886
Financial liabilities measured using fair value option through profit or loss	**-**	**30,784**	**39,651**	**70,435**	**-**	**38,160**	**44,723**	**82,883**
Hedging derivatives	**-**	**12,461**	**-**	**12,461**	**-**	**10,212**	**-**	**10,212**
Interest rate instruments	-	12,219	-	12,219	-	10,045	-	10,045
Foreign exchange instruments	-	171	-	171	-	154	-	154
Equity and index instruments	-	71	-	71	-	13	-	13
TOTAL	**6,712**	**349,991**	**46,005**	**402,708**	**5,217**	**317,543**	**51,581**	**374,341**

NOTE 3.4.3 VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

(In EURm)	Balance as at 31 December 2019	Acqui-sitions	Disposals/ redem-ptions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	Change in scope and others	Balance as at 31 December 2020
Trading portfolio (excluding derivatives)	**4,017**	**3,252**	**(1,551)**	**(1,391)**	**214**	**(24)**	**(151)**	**3**	**4,369**
Bonds and other debt securities	459	1,505	(978)	(319)	214	(60)	(30)	3	794
Shares and other equity securities	109	1	-	(86)	-	(23)	-	-	1
Loans, receivables and securities purchased under resale agreements	3,449	1,746	(573)	(986)	-	59	(121)	-	3,574
Trading derivatives	**3,086**	**195**	**(88)**	**(862)**	**1,153**	**533**	**53**	**-**	**4,070**
Interest rate instruments	2,272	-	-	(766)	724	350	100	-	2,680
Foreign exchange instruments	137	-	(1)	(13)	4	65	(16)	-	176
Equity and index instruments	380	192	(87)	(74)	218	(115)	(20)	-	494
Commodity instruments	76	3	-	-	-	(75)	(1)	-	3
Credit derivatives	220	-	-	(9)	207	309	(10)	-	717
Other forward financial instruments	1	-	-	-	-	(1)	-	-	-
Financial assets measured mandatorily at fair value through profit or loss	**2,881**	**711**	**(273)**	**-**	**1,047**	**(405)**	**(72)**	**41**	**3,930**
Bonds and other debt securities	122	25	(10)	-	-	(8)	-	-	129
Shares and other equity securities	1,968	502	(263)	-	-	(197)	(22)	49	2,037
Loans, receivables and securities purchased under resale agreements	791	184	-	-	1,047	(200)	(50)	(8)	1,764
Financial assets measured using fair value option through profit or loss	**113**	**1**	**(1)**	**(100)**	**-**	**16**	**-**	**(13)**	**16**
Bonds and other debt securities	-	1	(1)	-	-	16	-	-	16
Loans, receivables and securities purchased under resale agreements	113	-	-	(100)	-	-	-	(13)	-
Financial assets measured at fair value option through other comprehensive income	**244**	**-**	**-**	**-**	**-**	**18**	**-**	**-**	**262**
Debt instruments	-	-	-	-	-	-	-	3	3
Equity instruments	244	-	-	-	-	18	-	(3)	259
TOTAL	**10,341**	**4,159**	**(1,913)**	**(2,353)**	**2,414**	**138**	**(170)**	**31**	**12,647**

FINANCIAL LIABILITIES

(In EURm)	Balance as at 31 December 2019	Issues	Redemp-tions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	Change in scope and others	Balance as at 31 December 2020
Trading portfolio (excluding derivatives)	**1,325**	**438**	**(654)**	**(196)**	**-**	**131**	**(13)**	**-**	**1,031**
Debt securities issued	-	-	-	-	-	-	-	-	-
Amounts payable on borrowed securities	136	-	-	(143)	-	119	(6)	-	106
Borrowings and securities sold under repurchase agreements	1,189	438	(654)	(53)	-	11	(7)	-	924
Other trading liabilities	-	-	-	-	-	1	-	-	1
Trading derivatives	**5,533**	**726**	**(156)**	**(1,346)**	**1,267**	**(147)**	**(545)**	**(9)**	**5,323**
Interest rate instruments	3,293	-	-	(1,218)	797	260	(426)	(9)	2,697
Foreign exchange instruments	115	-	-	(24)	-	71	(6)	-	156
Equity and index instruments	1,612	726	(156)	(46)	364	(418)	(104)	-	1,978
Commodity instruments	70	-	-	-	-	(69)	(1)	-	-
Credit derivatives	443	-	-	(58)	106	9	(8)	-	492
Financial liabilities measured using fair value option through profit or loss	**44,723**	**20,695**	**(20,890)**	**(6,871)**	**4,794**	**(1,413)**	**(1,375)**	**(12)**	**39,651**
TOTAL	**51,581**	**21,859**	**(21,700)**	**(8,413)**	**6,061**	**(1,429)**	**(1,933)**	**(21)**	**46,005**

During the first half of 2020, the Group changed its methodology for determining the observability of market input used in the calculation of the fair value of financial instruments:

- observability is now determined on the one hand at a more granular level, and on the other hand takes more parameters into account in the analysis, whereas it was until now assessed by family of inputs with homogeneous characteristics. These changes, aiming at extending and improving the system by measuring observability at a more granular level, have led to the reclassification of some financial instruments at fair value from level 2 to level 3;
- the classification rules between levels 2 and 3 of fair value have also been revised in order to take account of a concept of significance in the allocation, in accordance with IFRS 13 "Fair Value Measurement": financial instruments classified in level 3 are now the ones that are valued using a financial model based on market inputs which are unobservable or can only be observed on insufficiently active markets, and whose influence is significant on the fair value of the instrument as a whole. As at 31 December 2019, any transaction considered unobservable, according to the criteria in force on that date, led to the classification of the instrument in level 3, regardless of the significance of the input concerned. This second change led to a reclassification of some financial instruments from level 3 to level 2.

NOTE 3.4.4 VALUATION METHODS OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE ON THE BALANCE SHEET

For financial instruments recognised at fair value on the balance sheet, fair value is determined primarily on the basis of the prices quoted in an active market. These prices can be adjusted if none are available on the balance sheet date or if the clearing value does not reflect transaction prices.

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

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

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

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

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

The CVA is determined on the basis of 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.

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

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

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

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

SHARES AND OTHER EQUITY SECURITIES

For listed shares, fair value is taken to be the quoted price on the balance sheet date. For unlisted shares, fair value is determined depending on the type of financial instrument and according to one of the following methods:

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

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

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

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

OTHER DEBTS

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

CUSTOMER LOANS

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

NOTE 3.4.5 ESTIMATES OF MAIN UNOBSERVABLE INPUTS

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

(In EURm)	Value in balance sheet					
Cash instruments and derivatives[(1)]	**Assets**	**Liabilities**	**Main products**	**Valuation techniques used**	**Significant unobservable inputs**	**Range of inputs min & max**
Equities/funds	925	29,198	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	1.6%; 347.5%
					Equity dividends	0%; 35.8%
					Correlations	-99.6%; 100%
					Hedge fund volatilities	7.6%; 20%
					Mutual fund volatilities	2.1%; 26.1%
Interest rates and Forex	9,133	16,314	Hybrid forex/interest rate or credit/interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	-46.2%; 90%
			Forex derivatives	Forex option pricing models	Forex volatilities	0%; 27.5%
			Interest rate derivatives whose notional is indexed to prepayment behaviour in European collateral pools	Prepayment modelling	Constant prepayment rates	0%; 20%
			Inflation instruments and derivatives	Inflation pricing models	Correlations	55%; 88.9%
Credit	718	493	Collateralised Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	0%; 100%
					Recovery rate variance for single name underlyings	0%; 100%
			Other credit derivatives	Credit default models	Time to default correlations	0%; 100%
					Quanto correlations	-50%; 40%
					Credit spreads	0 bps; 1,000 bps
Commodities	3	0	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	NA
Long term equity investments	1,868	-	Securities held for strategic purposes	Net Book Value/Recent transactions	Not applicable	-
TOTAL	**12,647**	**46,005**				

(1) Hybrid instruments are broken down by main unobservable inputs.

NOTE 3.4.6 SENSITIVITY OF FAIR VALUE FOR LEVEL 3 INSTRUMENTS

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

To quantify this, fair value sensitivity was estimated at 31 December 2020 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 is:

- either the standard deviation of consensus prices (TOTEM, etc.) used to measure an input nevertheless considered as unobservable; or
- the standard deviation of historic data used to measure the input.

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

	31.12.2020		31.12.2019	
(In EURm)	Negative impact	Positive impact	Negative impact	Positive impact
Shares and other equity instruments and derivatives	**(49)**	**150**	**(9)**	**79**
Equity volatilities	0	27	0	19
Dividends	(18)	46	(1)	13
Correlations	(31)	69	(8)	43
Hedge Fund volatilities	0	0	0	0
Mutual Fund volatilities	0	8	0	4
Rates or Forex instruments and derivatives	**(6)**	**27**	**(6)**	**43**
Correlations between exchange rates and/or interest rates	(4)	26	(4)	41
Forex volatilities	(1)	1	(1)	2
Constant prepayment rates	0	0	0	0
Inflation/inflation correlations	(1)	0	(1)	0
Credit instruments and derivatives	**0**	**12**	**(3)**	**13**
Time to default correlations	0	1	(3)	7
Recovery rate variance for single name underlyings	0	0	0	0
Quanto correlations	0	8	0	5
Credit spreads	0	3	0	1
Commodity derivatives	**NA**	**NA**	**0**	**1**
Commodities correlations	NA	NA	0	1
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 on the basis of a standardised variation in inputs. Future variations in fair value cannot be deduced or forecast from these estimates.

NOTE 3.4.7 DEFERRED MARGIN RELATED TO MAIN UNOBSERVABLE INPUTS

At initial recognition, financial assets and liabilities are measured at fair value, *i.e.* the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When this fair value differs from transaction price and the instrument's valuation technique uses one or more unobservable inputs, this difference representative of a commercial margin is deferred in time to be recorded in the income statement, from case to case, at maturity of the instrument, at the time of sell or transfer, over time, or when the inputs become observable.

The table below shows the amount remaining to be recognised in the income statement due to this difference, less any amounts recorded in the income statement after initial recognition of the instrument.

(In EURm)	2020	2019
Deferred margin at 1 January	**1,151**	**1,237**
Deferred margin on new transactions during the period	949	693
Margin recorded in the income statement during the period	(943)	(779)
o/w amortisation	*(614)*	*(473)*
o/w switch to observable inputs	*(24)*	*(16)*
o/w disposed, expired or terminated	*(305)*	*(290)*
Deferred margin at 31 December	**1,157**	**1,151**

Two adjustments in methodology have been made in 2020 to the rules for identifying and amortising the deferred margin relating to financial instruments valued from unobservable parameters:

- in line with the observed evolution of market practices, observability, assessed until the end of 2019 by family of parameters with homogeneous characteristics, is now determined at a more granular level;
- at the same time, the way of recognising the margin over time takes more into account the materiality of unobservable parameters in the measurement of the fair value of the instrument.

NOTE 3.5 Loans, receivables and securities at amortised cost

OVERVIEW

	31.12.2020		31.12.2019	
(In EURm)	Carrying amount	*o/w impairment*	Carrying amount	*o/w impairment*
Due from banks	53,380	*(31)*	56,366	*(24)*
Customer loans	448,761	*(11,601)*	450,244	*(10,727)*
Securities	15,635	*(42)*	12,489	*(10)*
TOTAL	**517,776**	***(11,674)***	**519,099**	***(10,761)***

ACCOUNTING PRINCIPLES

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

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

Loans granted by the Group may be subject to renegotiations for commercial reasons, while the borrowing customer is not experiencing any financial difficulties or insolvency. Such efforts are undertaken for customers for which the Group agrees to renegotiate their debt in the interest of preserving or developing a business relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest. Except in specific cases where the modification due to the renegotiation would not be considered significant, renegotiated loans are derecognised as at the renegotiation date, and the new loans contractualised under the renegotiated terms and conditions replace the previous loans in the balance sheet as at this same date. The new loans are subject to the SPPI test to determine how they are classified in the balance sheet. If a loan qualifies as a basic instrument (SPPI), the renegotiation fees received are included in the effective interest rate of the new instrument.

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

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

BUSINESS MODEL “HOLD TO COLLECT”

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

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

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

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

Financing activities

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

NOTE 3.5.1 DUE FROM BANKS

(In EURm)	31.12.2020	31.12.2019
Current accounts	25,712	20,717
Deposits and loans	16,000	17,269
Securities purchased under resale agreements	11,264	18,168
Subordinated and participating loans	97	88
Related receivables	297	118
Due from banks before impairments(1)	**53,370**	**56,360**
Credit loss impairment	(31)	(24)
Revaluation of hedged items	41	30
TOTAL	**53,380**	**56,366**

(1) As at 31 December 2020, the amount due from banks classified as Stage 3 impairment (credit impaired) was EUR 36 million compared to EUR 38 million at 31 December 2019. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

NOTE 3.5.2. CUSTOMER LOANS

(In EURm)	31.12.2020	31.12.2019
Overdrafts	16,381	19,181
Other customer loans	401,589	388,167
Lease financing agreements	30,086	30,761
Securities purchased under resale agreements	8,439	19,541
Related receivables	3,438	2,937
Customer loans before impairments(1)	**459,933**	**460,587**
Credit loss impairment	(11,601)	(10,727)
Revaluation of hedged items	429	384
TOTAL	**448,761**	**450,244**

(1) As at 31 December 2020, the amount due from customers classified as Stage 3 impairment (credit impaired) was EUR 16,807 million compared to EUR 15,976 million at 31 December 2019. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the carrying amount to the net carrying amount of the financial asset (see Note 3.7).

BREAKDOWN OF OTHER CUSTOMER LOANS

(In EURm)	31.12.2020	31.12.2019
Trade notes	8,491	9,700
Short-term loans	133,502	123,452
Export loans	11,078	11,582
Equipment loans	62,324	58,683
Housing loans	142,247	136,333
Loans secured by notes and securities	83	98
Other loans	43,864	48,319
TOTAL	**401,589**	**388,167**

ADDITIONAL INFORMATION ON LEASE FINANCING AND SIMILAR AGREEMENTS

(In EURm)	31.12.2020	31.12.2019
Gross investments	**32,077**	**33,517**
Amount for the next five years	26,786	27,595
Less than one year	*9,111*	
From one to two years	*6,690*	
From two to three years	*5,460*	
From three to four years	*3,402*	
From four to five years	*2,123*	
More than five years	5,291	5,922
Present value of minimum payments receivable	**28,444**	**29,110**
Rental receivables due for the next five years	24,321	24,985
Less than one year	*8,465*	
From one to two years	*6,099*	
From two to three years	*4,945*	
From three to four years	*3,010*	
From four to five years	*1,802*	
Rental receivables due for more than five years	4,123	4,125
Unearned financial income	**1,991**	**2,754**
Unguaranteed residual values receivable by the lessor	**1,642**	**1,652**

In 2020, the Group refined the collection of information on minimum rents receivable on finance lease assets. The 2019 year-on-year comparative data for payments less than five years is not available.

NOTE 3.5.3 SECURITIES

(In EURm)	31.12.2020	31.12.2019
Government securities	7,143	6,005
Negotiable certificates, bonds and other debt securities	8,390	6,390
Related receivables	101	85
Securities before impairments	**15,634**	**12,480**
Impairment	(42)	(10)
Revaluation of hedged items	43	19
TOTAL	**15,635**	**12,489**

NOTE 3.6 Debts

ACCOUNTING PRINCIPLES

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

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

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

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

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

NOTE 3.6.1 DUE TO BANKS

(In EURm)	31.12.2020	31.12.2019
Demand deposits and current accounts	11,354	11,577
Overnight deposits and borrowings	3,221	3,680
Term deposits(1)	117,460	82,893
Related payables	61	186
Revaluation of hedged items	440	308
Securities sold under repurchase agreements	3,035	9,285
TOTAL	**135,571**	**107,929**

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

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. Like the two previous systems, borrowing banks can benefit from a reduced interest rate depending on their performance in granting loans to their household (excluding real estate loans) and business (excluding financial institutions) customers. These TLTRO III operations each have a three-year maturity and are conducted quarterly between September 2019 and March 2021. Certain 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 in the face of the emergence of the Covid-19 crisis.

The entities of the Societe Generale Group have subscribed to TLTRO III loans through quarterly drawings staggered between December 2019 and December 2020. As of the closing date, the total outstanding amount is 62.6 billion euros.

Based on the granting of loans for the year 2020 and the estimate of future production for the first quarter of 2021, the Group considers that it has reasonable assurance of reaching the objective of stability of the outstanding eligible loans between 1 March 2020 and 31 March 2021 and consequently of benefiting from a bonificated borrowing rate. This bonificated rate, more favourable than the remuneration conditions for the main Eurosystem refinancing operations, is equal to the average interest rate of the deposit facility over the life of each operation and is complemented by an additional temporary bonification over the period from 24 June 2020 to 23 June 2021 (reduction of 50 basis points in the average rate of the deposit facility with a floor rate set at -1%).

Interest income recorded in 2020 in respect of these transactions is presented under Interest and similar income; the amount is determined on the basis of a weighted rate calculated over the life of the operations and taking account of the temporary additional bonification.

NOTE 3.6.2 CUSTOMER DEPOSITS

(In EURm)	31.12.2020	31.12.2019
Regulated savings accounts	100,204	96,642
Demand	*74,617*	*70,610*
Term	*25,587*	*26,032*
Other demand deposits[1]	268,556	229,756
Other term deposits[1]	81,295	82,817
Related payables	299	441
Revaluation of hedged items	169	196
TOTAL CUSTOMER DEPOSITS	**450,523**	**409,852**
Securities sold to customers under repurchase agreements	5,536	8,760
TOTAL	**456,059**	**418,612**

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

BREAKDOWN OF OTHER DEMAND DEPOSITS BY CUSTOMER TYPE

(In EURm)	31.12.2020	31.12.2019
Professionals and corporates	124,987	111,079
Individual customers	84,364	76,135
Financial customers	43,558	29,093
Others[1]	15,647	13,449
TOTAL	**268,556**	**229,756**

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

NOTE 3.6.3 DEBT SECURITIES ISSUED

(In EURm)	31.12.2020	31.12.2019
Term savings certificates	312	510
Bond borrowings	22,434	23,847
Interbank certificates and negotiable debt instruments	114,276	99,107
Related payables	672	776
Revaluation of hedged items	1,263	928
TOTAL	**138,957**	**125,168**
o/w floating-rate securities	*59,475*	*49,343*

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 discounting are significant.

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

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

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

(In EURm)	2020 Income	2020 Expense	2020 Net	2019 Income	2019 Expense	2019 Net
Financial instruments at amortised cost	12,193	(5,449)	6,744	14,907	(7,850)	7,057
Central banks	*110*	*(153)*	*(43)*	*427*	*(181)*	*246*
Bonds and other debt securities	*470*	*(1,660)*	*(1,190)*	*318*	*(2,096)*	*(1,778)*
Due from/to banks	*943*	*(819)*	*124*	*1,010*	*(1,632)*	*(622)*
Customer loans and deposits	*10,257*	*(2,109)*	*8,148*	*12,053*	*(3,123)*	*8,930*
Subordinated debt	*-*	*(503)*	*(503)*	*-*	*(516)*	*(516)*
Securities lending/borrowing	*6*	*(4)*	*2*	*10*	*(6)*	*4*
Repo transactions	*407*	*(201)*	*206*	*1,089*	*(296)*	*793*
Hedging derivatives	6,550	(4,753)	1,797	6,433	(4,632)	1,801
Financial instruments at fair value through other comprehensive income	526	(2)	524	752	(1)	751
Lease agreements	991	(44)	947	1,178	(44)	1,134
Real estate lease agreements	*179*	*(43)*	*136*	*189*	*(43)*	*146*
Non-real estate lease agreements	*812*	*(1)*	*811*	*989*	*(1)*	*988*
Subtotal interest income/expense on financial instruments using the effective interest method	**20,260**	**(10,248)**	**10,012**	**23,270**	**(12,527)**	**10,743**
Financial instruments mandatorily at fair value through profit or loss	461	-	461	442	-	442
TOTAL INTEREST INCOME AND EXPENSE	**20,721**	**(10,248)**	**10,473**	**23,712**	**(12,527)**	**11,185**
o/w interest income from impaired financial assets	*268*	*-*	*268*	*280*	*-*	*280*

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 of financial instruments at fair value through profit or loss must be assessed as a whole.

BREAKDOWN OF INCOME OF CUSTOMER LOANS AT AMORTISED COST

(In EURm)	2020	2019
Trade notes	342	511
Other customer loans	8,992	10,361
Short-term loans	*3,840*	*4,572*
Export loans	*255*	*375*
Equipment loans	*1,410*	*1,529*
Housing loans	*2,884*	*2,985*
Other customer loans	*603*	*900*
Overdrafts	662	909
Doubtful outstandings (Stage 3)	261	272
TOTAL	**10,257**	**12,053**

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 bear this risk, a portion of the contractual interest received by the bank on those assets, called credit margin, compensates it.

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

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

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

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

ACCOUNTING PRINCIPLES

Recognition of expected credit losses

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

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

Observed deterioration in credit risk since initial recognition of the financial asset

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

Exposures classified in Stage 1

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

Exposures classified in Stage 2

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

The three criteria used to assess the significant changes in credit risk are detailed below. Once only one of these three criteria is met, the relevant outstanding is transferred from Stage 1 to Stage 2 and related impairments or provisions are adjusted accordingly.

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 that may be a sign of deteriorating credit risk.

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

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

CRITERIA 2: THE MAGNITUDE OF THE CHANGE IN A COUNTERPARTY'S CREDIT RATING SINCE THE INITIAL RECOGNITION

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

To determine whether a deterioration or improvement in the credit rating between the date of initial recognition and the balance sheet date is significant enough to prompt a change in the impairment Stage, thresholds are set once a year by the Risk Division. These transfer thresholds between Stage 1 and Stage 2 are determined for each homogeneous portfolio of contracts (notion of risk segment based on the customer typology and the credit quality) and are calculated based on their specific probability-of-default curves (thus, the threshold is different depending on whether it is a Sovereign portfolio or a Large Corporates portfolio, for instance). These thresholds may be expressed as an absolute or relative increase in the probability of default.

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 a credit rating is not 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 classification into watch list and 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 results in classification into Stage 3 according to the following criteria:

- 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 in other circumstances (restructured loans) and result in a decrease in the present value of cash flows of more than 1% of its initial value,
  - the existence of probable credit risk or 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.

For the entities which do not implement the new definition of default, the main differences concern the criteria for classification into Stage 3:

- existence of payments more than 90 days past due without materiality threshold;
- no probation period (except for restructured loans that remain at least 1 year in Stage 3) before reclassification into Stage 1 or 2 once the Stage 3 conditions are not met anymore;
- classification of all restructured loans into Stage 3.

The rules of implementation of the new definition of default will be carried out by these entities from 1 January 2021.

Measurement of depreciation and provision

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

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

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

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

Calculation methods used to measure credit losses are disclosed in in Chapter 4 of the present Universal Registration Document (Risk factors and capital adequacy).

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

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

Restructured loans

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

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

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

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

Given the new contractual terms arising from the restructuring where they no longer pass the SPPI test, restructured loans are derecognised and replaced by new loans recognised according to the restructured terms and conditions. These new loans are then classified as Financial assets measured at fair value through profit or loss.

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

COVID-19 CRISIS

This section summarises the main developments relating to the Covid-19 crisis.

Over 2020, the exceptional nature of the economic crisis caused by the pandemic, combined with unprecedented government support measures, required adjustments to the models used to calculate impairments and provisions for credit risk to best reflect expected losses based on our expectations of future defaults. As at 31 December 2020, the default situations observed remain moderate as a result of the implementation of moratoria. However, an increase in defaults is expected for 2021 and 2022, which should be reflected, as early as 2020, in the provisions for performing loans in Stage 1 and under-performing loans in Stage 2.

Consequently:

- the models and parameters used to estimate expected credit losses have been reviewed based on the economic scenarios described in paragraph 5 of Note 1;
- the adjustments made to supplement the models used have been updated (sectoral adjustments and adjustments when using simplified models);
- a new criterion for reclassifying loans into Stage 2 under-performing loans has been established.

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

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

Consequently, the Group made some adjustments to its models to better reflect the impact of economic scenarios on expected credit losses.

GDP adjustments

The sharp downturn in economic activity resulting from the lockdown measures taken by governments has led to high volatility of quarterly GDP growth rates (year-on-year) for the 2021 and 2022 forecasts in the countries where the Group operates.

In addition, the authorities have adopted financial support measures for households and businesses to help them cope with this sudden deterioration in activity. Therefore, it seems likely that a time-lag will appear between the deterioration in the portfolios' credit quality and that of activity, the first being delayed with respect to the second.

In order to account for this time-lag, the Group has revised its models and retained for each quarter from 2020 to 2022 the (logarithmic) average variation in GDP over the past eight quarters compared to a base of 100 in 2019.

This adjustment is applied to each of the four scenarios (SG Favourable, SG Central, SG Extended and SG Stress) for the GDP series used to model expected credit losses (see Note 1, paragraph 5).

The table below results from the combination of the four scenarios after adjustment; it shows the adjusted GDP growth rates used in the models applied to estimate expected credit losses (in percentages):

	2020	2021	2022	2023	2024
Euro area	(2.8)	(5.8)	(3.8)	1.4	1.7
France	(3.3)	(7.1)	(5.3)	1.6	1.8
United States of America	(2.3)	(3.5)	(1.5)	2.3	2.2
China	(2.3)	1.8	4.6	4.5	4.5

Adjustment of the margin rate of French companies

In France, the pandemic economic shock caused a decrease in corporate profit margin. According to the Group's economists, this deteriorated margin rate does not, however, take sufficient account of State support measures to reduce the companies' financial difficulties, particularly through the PGE mechanism. To better reflect the impact of these measures, an add-on equivalent to 2.4 points of the 2019 added value has been included in all scenarios for 2020 and the first half of 2021 regarding the margin rate of French companies. However, no add-on has been applied over the remainder of the forecast horizon for expected credit losses.

It is worth noting that should the government stop some of the support measures put in place in the second quarter of 2020, the Group would have to scale down the margin rate add-on of French companies.

As at 31 December 2020, the adjustments in macroeconomic variables and probabilities of default led the Group to increase the amount of impairment and provisions for credit risk by EUR 496 million.

ADJUSTMENTS MADE IN ADDITION TO THE APPLICATION OF MODELS

Sectoral adjustments

The different models used to estimate the expected credit losses may be supplemented by sectoral adjustments that increase or decrease the amount of expected credit losses. These adjustments allow to better anticipate defaults or recoveries in certain cyclical sectors. These adjustments have been reviewed and supplemented to take account of the specific risk on sectors particularly affected by the Covid-19 crisis.

The total sectoral adjustments amount to EUR 406 million as at 31 December 2020 (EUR 244 million as at 31 December 2019).

Adjustments in the context of simplified models

For entities lacking developed models for estimating the correlations between the macroeconomic variables and the probability of default, adjustments have also been performed to reflect the deterioration of credit risk on some portfolios when this deterioration could not be measured by a line by line analysis of the outstanding loans.

These adjustments amount to EUR 424 million as at 31 December 2020 (EUR 78 million as at 31 December 2019).

ADDITIONAL CRITERIA OF TRANSFER TO STAGE 2

In addition to the criteria applied at the individual level to classify deteriorated loans as Stage 2 under-performing loans, an additional analysis has been made on the loan portfolios for which a significant increase in credit risk has been observed since their granting. This analysis resulted in additional transfers to Stage 2 under-performing loans of loans granted to sectors particularly affected by the Covid-19 crisis.

These adjustments amount to EUR 122 million as at 31 December 2020.

OVERVIEW

This table does not lay out the IAS 39 impairment related to financial instruments of insurance subsidiaries. This impairment is presented in the Note 4.3.

(In EURm)	31.12.2020	31.12.2019
Impairment of financial assets at fair value through other comprehensive income	9	9
Impairment of financial assets at amortised cost	11,962	10,976
Due from banks at amortised cost	*31*	*24*
Customer loans at amortised cost	*11,601*	*10,728*
Securities at amortised cost	*42*	*9*
Other assets at amortised cost[1]	*288*	*215*
TOTAL IMPAIRMENT OF FINANCIAL ASSETS	**11,971**	**10,985**
Provisions on financing commitments	433	244
Provisions on guarantee commitments	495	396
TOTAL CREDIT RISK PROVISIONS	**928**	**640**

(1) See Note 4.4.

NOTE 3.8.1 IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN

(In EURm)	Amount as at 31.12.2019	Allocations	Write-backs available	Net impairment losses	Write-backs used	Curency and scope effects	Amount as at 31.12.2020
Financial assets at fair value through other comprehensive income							
Impairment on performing outstandings (Stage 1)	1	1	(1)	-		-	1
Impairment on underperforming outstandings (Stage 2)	-	-	-	-		-	-
Impairment on doubtful outstandings (Stage 3)	8	1	(1)	-	-	-	8
TOTAL	**9**	**2**	**(2)**	**-**	**-**	**-**	**9**
Financial assets measured at amortised cost							
Impairment on performing outstandings (Stage 1)	902	774	(560)	214		(38)	1,078
Impairment on underperforming outstandings (Stage 2)	1,042	1,912	(968)	944		(35)	1,951
Impairment on doubtful outstandings (Stage 3)	9,032	4,516	(2,723)	1,793	(1,691)	(201)	8,933
TOTAL	**10,976**	**7,202**	**(4,251)**	**2,951**	**(1,691)**	**(274)**	**11,962**
o/w lease financing and similar agreements	***742***	***404***	***(158)***	***246***	***(80)***	***(20)***	***888***
Impairment on performing outstandings (Stage 1)	*90*	*60*	*(34)*	*26*		*(3)*	*113*
Impairment on underperforming outstandings (Stage 2)	*91*	*159*	*(35)*	*124*		*(5)*	*210*
Impairment on doubtful outstandings (Stage 3)	*561*	*185*	*(89)*	*96*	*(80)*	*(12)*	*565*

VARIATION OF DEPRECIATIONS ACCORDING TO CHANGES IN THE CARRYING AMOUNT OF FINANCIAL ASSETS

	Impairment on financial assets											
	At fair value through other comprehensive income				At amortised cost							
(In EURm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	*o/w lease financing*	Stage 2	*o/w lease financing*	Stage 3	*o/w lease financing*	Total	Total
Amount as at 31.12.2019	**1**	**-**	**8**	**9**	**902**	***90***	**1,042**	***91***	**9,032**	***561***	**10,976**	**10,985**
Production and Acquisition(1)				-	329	*31*	119	*12*	161	*6*	**609**	**609**
Derecognition(2)				-	(146)	*(6)*	(112)	*(2)*	(1,380)	*(46)*	**(1,638)**	**(1,638)**
Transfer from stage 1 to stage 2(3)				-	(95)	*(9)*	878	*89*			**783**	**783**
Transfer from stage 2 to stage 1(3)				-	13	*1*	(171)	*(13)*			**(158)**	**(158)**
Transfer to stage 3(3)				-	(9)	*(1)*	(114)	*(7)*	1,186	*48*	**1,063**	**1,063**
Transfer from stage 3(3)				-			24	*2*	(87)	*(4)*	**(63)**	**(63)**
Allocations and Write-backs without stage transfer(3)				-	113	*8*	306	*39*	187	*9*	**606**	**606**
Currency effect				-	(28)	*(1)*	(19)	*(1)*	(199)	*(9)*	**(246)**	**(246)**
Scope effect				-							**-**	**-**
Other variations				-	(1)		(2)		33		**30**	**30**
Amount as at 31.12.2020	**1**	**-**	**8**	**9**	**1,078**	***113***	**1,951**	***210***	**8,933**	***565***	**11,962**	**11,971**

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

(2) Including repayments, disposals and debt waivers.

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

NOTE 3.8.2 CREDIT RISK PROVISIONS

BREAKDOWN

(In EURm)	Amount as at 31.12.2019	Allocations	Write-backs available	Net impairment losses	Currency and scope effects	Amount as at 31.12.2020
Financing commitments						
Provisions on performing outstandings (Stage 1)	102	113	(93)	20	(3)	119
Provisions on underperforming outstandings (Stage 2)	105	255	(77)	178	(4)	279
Provisions on doubtful outstandings (Stage 3)	37	124	(173)	(49)	47	35
TOTAL	**244**	**492**	**(343)**	**149**	**40**	**433**
Guarantee commitments						
Provisions on performing outstandings (Stage 1)	34	37	(25)	12	(2)	44
Provisions on underperforming outstandings (Stage 2)	80	103	(29)	74	(2)	152
Provisions on doubtful outstandings (Stage 3)	282	160	(90)	70	(53)	299
TOTAL	**396**	**300**	**(144)**	**156**	**(57)**	**495**

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

	Provisions								
	On financing commitments				On guarantee commitments				
(In EURm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
Amount as at 31.12.2019	**102**	**105**	**37**	**244**	**34**	**80**	**282**	**396**	**640**
Production and Acquisition[(1)]	48	29	7	**84**	15	12	18	**45**	**129**
Derecognition[(2)]	(40)	(6)	(25)	**(71)**	(9)	(6)	(39)	**(54)**	**(125)**
Transfer from stage 1 to stage 2[(3)]	(14)	143		**129**	(5)	40		**35**	**164**
Transfer from stage 2 to stage 1[(3)]	1	(10)		**(9)**		(2)		**(2)**	**(11)**
Transfer to stage 3[(3)]	(1)	(1)	6	**4**		(6)	26	**20**	**24**
Transfer from stage 3[(3)]			(1)	**(1)**			(3)	**(3)**	**(4)**
Allocations and Write-backs without stage transfer[(3)]	25	22	11	**58**	10	35	22	**67**	**125**
Currency effect	(2)	(3)		**(5)**	(1)	(1)	(8)	**(10)**	**(15)**
Scope effect				**-**				**-**	**-**
Other variations				**-**			1	**1**	**1**
Amount as at 31.12.2020	**119**	**279**	**35**	**433**	**44**	**152**	**299**	**495**	**928**

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

(2) Including repayments, disposals and debt waivers.

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

The increase in credit risk impairment and provisions in 2020 is mainly linked to:

- transfer of loans to Stage 3 due to downgraded ratings (EUR 4.9 billion), which caused an increase in impairment charges and provisions of EUR 1.1 billion (including 26% in the automotive sector and 30% in retail):
  - EUR 2.9 billion in outstanding amounts of which related depreciations and provisions amounted to EUR 804 million as at 31 December 2020. These contracts were classified in Stage 1 at 31 December 2019,
  - EUR 2 billion in outstanding amounts of which related depreciations and provisions amounted to EUR 414 million as at 31 December 2020. These contracts were classified in Stage 2 at 31 December 2019;
- transfer of loans to Stage 2 due to downgraded ratings (EUR 56.3 billion) owing to the deteriorated economic environment and the adjustments in the models for calculating impairments and provisions for credit risk described above. This transfer caused an increase in impairment charges and provisions of EUR 947 million (79% on the corporate portfolio);

- disposal of Stage 3 loans on the Retail Banking perimeter (EUR 539 million), which caused a decrease in impairment charges and provisions of EUR 428 million;
- granting of state-guaranteed loans (EUR 18.6 billion) which caused an increase in impairment charges and provisions of EUR 80 million.

NOTE 3.8.3 OUTSTANDING AMOUNTS FOR WHICH PROVISIONS CAN BE BOOKED

The reconciliation between accounting amounts and outstanding amounts is included in Chapter 4 of the present Universal Registration Document.

(In EURm)	31.12.2020
Financial assets at fair value through other comprehensive income	**51,801**
Stage 1	51,792
Stage 2	-
Stage 3	9
Financial assets at amortised cost(1)	**709,020**
Stage 1	642,131
Stage 2	49,740
Stage 3	17,149
o/w lease financing	***30,151***
Stage 1	*24,214*
Stage 2	*4,490*
Stage 3	*1,447*
Financing commitments	**183,588**
Stage 1	161,757
Stage 2	21,488
Stage 3	343
Guarantee commitments	**53,851**
Stage 1	46,169
Stage 2	6,876
Stage 3	806
TOTAL CARRYING AMOUNT	**998,260**

(1) Including Central Banks for EUR 165,837 million as at 31 December 2020.

NOTE 3.8.4 COST OF RISK

ACCOUNTING PRINCIPLES

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

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

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

(In EURm)	2020	2019
Net allocation to impairment losses	(2,951)	(1,202)
On financial assets at fair value through other comprehensive income	*-*	*2*
On financial assets at amortised cost	*(2,951)*	*(1,204)*
Net allocations to provisions	(305)	12
On financing commitments	*(149)*	*47*
On guarantee commitments	*(156)*	*(35)*
Losses not covered on irrecoverable loans	(251)	(292)
Amounts recovered on irrecoverable loans	114	184
Income from guarantee not taken into account for the calculation of impairment	87	20
TOTAL	**(3,306)**	**(1,278)**

NOTE 3.9 Fair value of financial instruments measured at amortised cost

ACCOUNTING PRINCIPLES

Definition of fair value

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

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

For financial instruments that are not recognised at fair value on the balance sheet, the figures disclosed in this note and broken down according to the fair value hierarchy as described in Note 3.4, should not be taken as an estimate of the amount that would be realised if all such financial instruments were to be settled immediately.

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

NOTE 3.9.1 FINANCIAL ASSETS MEASURED AT AMORTISED COST

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

	31.12.2019				
(In EURm)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due from banks	56,366	56,370	-	41,233	15,137
Customer loans	450,244	451,398	-	179,364	272,034
Debt securities	12,489	12,705	4,156	7,095	1,454
TOTAL	**519,099**	**520,473**	**4,156**	**227,692**	**288,625**

NOTE 3.9.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

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

	31.12.2019				
(In EURm)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due to banks	107,929	107,976	356	104,028	3,592
Customer deposits	418,612	418,705	-	408,597	10,108
Debt securities issued	125,168	125,686	20,856	104,462	368
Subordinated debt	14,465	14,467	-	14,467	-
TOTAL	**666,174**	**666,834**	**21,212**	**631,554**	**14,068**

NOTE 3.9.3 VALUATION METHODS OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

LOANS, RECEIVABLES AND LEASE FINANCING AGREEMENTS

The fair value of loans, receivables and lease financing transactions for large corporates and banks is calculated, in the absence of an actively traded market for these loans, by discounting expected cash flows to present value based on the market rates (the benchmark maturity yield published by the 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 and similar maturities.

For all floating-rate loans, receivables and lease financing transactions and fixed-rate loans with an initial maturity of less than or equal to one year, fair value is taken to be the same as book value net of impairment, assuming there has been no significant change in credit spreads on the counterparties in question since they were recognised in the balance sheet.

DEBTS

The fair value of debts, in the absence of an actively traded market for these liabilities, is taken to be the same as the value of future cash flows discounted to present value at the market rates prevailing on the balance sheet date.

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

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

SECURITIES

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

If no active market exists, the fair value of the securities is calculated by discounting estimated future net cash flows from the asset at the market rate on the balance sheet date. For variable-rate securities and fixed-rate securities with an agreed duration of up to one year, the fair value is assumed to be the carrying amount minus impairments provided there have been no significant fluctuations in credit spreads involving the counterparties concerned since they were recorded on the balance sheet.

NOTE 3.10 Commitments and assets pledged and received as securities

ACCOUNTING PRINCIPLES

Loan commitments

Loan commitments that are not considered as derivatives instruments or that are not measured at fair value through profit or loss for trading purpose are initially recognised at fair value. Thereafter, they are provisioned as necessary in accordance with the accounting principles for impairment and provisions (see Note 3.8).

Guarantee commitments

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

Securities commitments

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

NOTE 3.10.1 COMMITMENTS

COMMITMENTS GRANTED

(In EURm)	31.12.2020	31.12.2019
Loan commitments		
To banks	45,707	50,589
To customers	194,890	184,305
Issuance facilities	*83*	*83*
Confirmed credit lines	*185,061*	*166,168*
Others(1)	*9,746*	*18,054*
Guarantee commitments		
On behalf of banks	4,541	10,572
On behalf of customers(2)	59,297	42,248
Securities commitments		
Securities to be delivered	26,387	31,121

(1) This line includes, as from 31 December 2020, investment commitments in private equity funds granted by insurance activities for an amount of EUR 2,271 million.
(2) Including capital and performance guarantees given to the holders of UCITS managed by entities of the Group.

COMMITMENTS RECEIVED

(In EURm)	31.12.2020	31.12.2019
Loan commitments		
From banks	78,577	84,990
Guarantee commitments		
From banks	114,035	110,395
Other commitments(1)	139,289	125,771
Securities commitments		
Securities to be received	28,148	30,874

(1) These commitments include, as at 31 December 2020, the guarantee granted by French government related to the State Guaranteed Loans (see Note 1.5).

NOTE 3.10.2 FINANCIAL ASSETS PLEDGED AND RECEIVED AS SECURITY

FINANCIAL ASSETS PLEDGED

(In EURm)	31.12.2020	31.12.2019
Book value of assets pledged as security for liabilities*[(1)]	330,730	311,597
Book value of assets pledged as security for transactions in financial instruments[(2)]	62,308	56,891
Book value of assets pledged as security for off-balance sheet commitments	2,106	2,195
TOTAL	**395,144**	**370,683**

* *The value of the assets pledged as security for liabilities presented in 2019 for an amount of EUR 391,820 million has been corrected by EUR 80,223 million in order to take into account entries erroneously booked on securities made available to agents acting on behalf of Societe Generale.*

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

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

FINANCIAL ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

(In EURm)	31.12.2020	31.12.2019
Fair value of securities purchased under resale agreements	**119,374**	**111,818**

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

NOTE 3.11 Transferred financial assets

ACCOUNTING PRINCIPLES

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

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

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

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

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

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

NOTE 3.11.1 TRANSFERRED FINANCIAL ASSETS NOT DERECOGNISED

REPURCHASE AGREEMENTS

(In EURm)	31.12.2020		31.12.2019	
	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	23,375	18,827	23,691	20,486
Securities at fair value through other comprehensive income	12,410	9,913	13,057	10,476
TOTAL	**35,785**	**28,740**	**36,748**	**30,962**

SECURITIES LENDING

(In EURm)	31.12.2020		31.12.2019	
	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	11,067	-	13,297	54
Securities at fair value through other comprehensive income	170	-	132	-
TOTAL	**11,237**	**-**	**13,429**	**54**

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

(In EURm)	31.12.2020	31.12.2019*
Customers loans		
Carrying amount of transferred assets	3,658	3,039
Carrying amount of associated liabilities	3,248	2,627
Fair value of transferred assets (A)	3,724	3,098
Fair value of associated liabilities (B)	3,263	2,637
NET POSITION (A)-(B)	**461**	**461**

* *As at 31 December 2020, the Group restated the customer loan amounts of the previous period in order to include securitisation transactions that had not been presented in 2019. The impact of this change increased the carrying amount of the transferred assets by EUR 1,410 million and the carrying amount of the associated liabilities by EUR 1,082 million. The fair value of the transferred assets increased by EUR 1,459 million and the fair value of the associated liabilities increased by EUR 1,082 million.*

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

NOTE 3.11.2 TRANSFERRED FINANCIAL ASSETS PARTIALLY OR FULLY DERECOGNISED

As at 31 December 2020, the Group carried out no material transactions resulting in the partial or full derecognition of financial assets leaving the Group with a continuing involvement in said assets.

NOTE 3.12 Offsetting financial assets and financial liabilities

ACCOUNTING PRINCIPLES

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

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

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

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

NOTE 3.12.1 AT 31 DECEMBER 2020

ASSETS

		Impact of offsetting on the balance sheet			Impact of Master Netting Agreements (MNA) and similar agreements[1]			
(In EURm)	Amount of assets not subject to offsetting	Gross amount	Amount offset	Net amount presented on the balance sheet	Financial instruments recognised in the balance sheet	Cash collateral received	Financial instruments received as collateral	Net amount
Derivative financial instruments (see Notes 3.1 and 3.2)	40,978	286,686	(155,461)	172,203	(95,803)	(18,599)	-	57,801
Securities lent (see Notes 3.1 and 3.3)	7,496	3,746	-	11,242	(1,677)	(2)	(91)	9,472
Securities purchased under resale agreements (see Notes 3.1 and 3.5)	47,044	172,751	(80,718)	139,077	(6,350)	(183)	(46,057)	86,487
Guarantee deposits pledged (see Note 4.4)	36,530	15,366	-	51,896	-	(15,366)	-	36,530
Other assets not subject to offsetting	1,087,534	-	-	1,087,534	-	-	-	1,087,534
TOTAL	**1,219,582**	**478,549**	**(236,179)**	**1,461,952**	**(103,830)**	**(34,150)**	**(46,148)**	**1,277,824**

LIABILITIES

(In EURm)	Amount of liabilities not subject to offsetting	Impact of offsetting on the balance sheet		Net amount presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements[1]			Net amount
		Gross amount	Amount offset		Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments pledged as collateral	
Derivative financial instruments (see Notes 3.1 and 3.2)	45,260	281,838	(155,461)	171,637	(95,803)	(15,366)	-	60,468
Amount payable on borrowed securities (see Note 3.1)	23,038	9,127	-	32,165	(1,677)	-	-	30,488
Securities sold under repurchase agreements (see Notes 3.1 and 3.6)	55,652	154,334	(80,718)	129,268	(6,350)	-	(38,886)	84,032
Guarantee deposits received (see Note 4.4)	36,955	18,784	-	55,739	-	(18,784)	-	36,955
Other liabilities not subject to offsetting	1,006,164	-	-	1,006,164	-	-	-	1,006,164
TOTAL	**1,167,069**	**464,083**	**(236,179)**	**1,394,973**	**(103,830)**	**(34,150)**	**(38,886)**	**1,218,107**

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

NOTE 3.12.2 AT 31 DECEMBER 2019

ASSETS

(In EURm)	Amount of assets not subject to offsetting	Impact of offsetting on the balance sheet		Net amount presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements[1]			Net amount
		Gross amount	Amount offset		Financial instruments recognised in the balance sheet	Cash collateral received	Financial instruments received as collateral	
Derivative financial instruments (see Notes 3.1 and 3.2)	28,345	210,193	(85,852)	152,686	(100,225)	(16,360)	-	36,101
Securities lent (see Notes 3.1 and 3.3)	8,275	5,552	-	13,827	(2,171)	(5)	(487)	11,164
Securities purchased under resale agreements (see Notes 3.1 and 3.5)	44,054	196,583	(91,110)	149,527	(14,459)	(112)	(40,544)	94,412
Guarantee deposits pledged (see Note 4.4)	32,118	16,512	-	48,630	-	(16,512)	-	32,118
Other assets not subject to offsetting*	991,825	-	-	991,825	-	-	-	991,825
TOTAL	**1,104,617**	**428,840**	**(176,962)**	**1,356,495**	**(116,855)**	**(32,989)**	**(41,031)**	**1,165,620**

LIABILITIES

(In EURm)	Amount of liabilities not subject to offsetting	Impact of offsetting on the balance sheet			Impact of Master Netting Agreements (MNA) and similar agreements[1]			
		Gross amount	Amount offset	Net amount presented on the balance sheet	Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments pledged as collateral	Net amount
Derivative financial instruments (see Notes 3.1 and 3.2)	27,848	206,337	(85,852)	148,333	(100,225)	(16,512)	-	31,596
Amount payable on borrowed securities (see Note 3.1)	28,000	10,950	-	38,950	(2,171)	-	-	36,779
Securities sold under repurchase agreements (see Notes 3.1 and 3.6)	55,793	151,257	(91,110)	115,940	(14,459)	-	(35,880)	65,601
Guarantee deposits received (see Note 4.4)	32,844	16,477	-	49,321	-	(16,477)	-	32,844
Other liabilities not subject to offsetting*	935,381	-	-	935,381	-	-	-	935,381
TOTAL	**1,079,866**	**385,021**	**(176,962)**	**1,287,925**	**(116,855)**	**(32,989)**	**(35,880)**	**1,102,201**

* *The amounts have been restated compared with the published financial statements for the year ended 31 December 2019 following the IFRS Interpretations Committee (IFRS IC) decisions on 26 November 2019 related to IFRS 16 (see Note 1.2).*

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

NOTE 3.13 Contractual maturities of financial liabilities

(In EURm)	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31.12.2020
Due to central banks	1,489	-	-	-	1,489
Financial liabilities at fair value through profit or loss	277,326	29,605	34,655	48,661	390,247
Due to banks	57,384	9,140	67,829	1,218	135,571
Customer deposits	422,319	14,489	13,328	5,923	456,059
Debt securities issued	36,665	34,317	44,998	22,977	138,957
Subordinated debt	7	2	6,029	9,394	15,432
Other liabilities	76,148	2,218	4,549	2,022	84,937
TOTAL LIABILITIES	**871,338**	**89,771**	**171,388**	**90,195**	**1,222,692**
Loan commitment granted	101,327	31,814	93,488	13,968	240,597
Guarantee commitments granted	27,091	13,753	9,536	13,458	63,838
TOTAL COMMITMENTS GRANTED	**128,418**	**45,567**	**103,024**	**27,426**	**304,435**

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

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

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.

	2020			2019		
(In EURm)	Income	Expense	Net	Income	Expense	Net
Transactions with banks	**159**	**(108)**	**51**	**157**	**(149)**	**8**
Transactions with customers	**2,820**	**-**	**2,820**	**3,072**	**-**	**3,072**
Financial instruments operations	**2,208**	**(2,215)**	**(7)**	**2,261**	**(2,351)**	**(90)**
Securities transactions	503	(1,042)	(539)	523	(1,019)	(496)
Primary market transactions	203	-	203	126	-	126
Foreign exchange transactions and derivatives instruments	1,502	(1,173)	329	1,612	(1,332)	280
Loan and guarantee commitments	**795**	**(271)**	**524**	**772**	**(213)**	**559**
Various services	**2,547**	**(1,018)**	**1,529**	**2,806**	**(1,098)**	**1,708**
Asset management fees	613	-	613	610	-	610
Means of payment fees	795	-	795	914	-	914
Insurance product fees	260	-	260	241	-	241
Underwriting fees of UCITS	77	-	77	80	-	80
Other fees	802	(1,018)	(216)	961	(1,098)	(137)
TOTAL	**8,529**	**(3,612)**	**4,917**	**9,068**	**(3,811)**	**5,257**

NOTE 4.2 Income and expense from other activities

ACCOUNTING PRINCIPLES

Leasing activities

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

Assets held under operating leases, including investment property, are recorded on the balance sheet under Tangible and intangible fixed assets at their acquisition cost, less depreciation and impairment (see Note 8.4).

Leased assets are depreciated, excluding residual value, over the life of the lease; the latter corresponds to the non-cancellable lease term adjusted for any option to extend the contract that the lessee is reasonably certain to exercise and any early termination options that the lessee is reasonably certain not to exercise (see Note 8.4). Lease payments are recognised as income according to the straight-line method over the term of the lease. Meanwhile, the purpose of the accounting treatment of the income from invoices for maintenance services related to operating leases is to reflect, over the term of the service agreement, a constant margin between this income and the expenses incurred in providing the service.

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

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

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

Real estate development activities

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

The margin recognised at each closing period reflects the programme's estimated margin forecast and its stage of completion at the end of the period which depends on the progress in terms of marketing and the project.

	2020			2019		
(In EURm)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Real estate development	65	(1)	64	96	-	96
Real estate leasing	37	(23)	14	48	(34)	14
Equipment leasing*(1)	10,933	(9,248)	1,685	10,889	(9,177)	1,712
Other activities*	436	(451)	(15)	596	(574)	22
TOTAL	**11,471**	**(9,723)**	**1,748**	**11,629**	**(9,785)**	**1,844**

* *Amounts as at 31 December 2019 restated following the reclassification of expenses related to maintenance services associated with vehicle leasing activities from Other activities to Equipment leasing.*

(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, personal protection and non-life insurance) add to the range of products included in the banking services offered to Group customers.

These activities are carried out by dedicated subsidiaries, subject to regulations specific to the insurance sector.

The rules for measuring and accounting for risks associated with insurance contracts are specific to the insurance sector.

DEFERRED APPLICATION OF IFRS 9 BY INSURANCE SUBSIDIARIES

The amendments to IFRS 17 and IFRS 4 published by IASB on 25 June 2020 as well as the Regulation (EU) 2020/2097 published by the European Commission on 15 December 2020 allow financial conglomerates falling within the scope of Directive 2002/87/EC to defer until 1 January 2023 the implementation of IFRS 9 by their entities belonging to the insurance sector.

The Group has therefore maintained the decision that all its insurance subsidiaries will defer the effective date of IFRS 9 and will continue to apply IAS 39 as adopted by the European Union. The Group maintained the necessary arrangements to forbid all transfers of financial instruments between its insurance sector and any other sector in the Group that would lead to a derecognition of the instrument by the seller, except for transfers of financial instruments measured at fair value through profit or loss by both sectors involved in such transfers.

In accordance with the ANC recommendation of 2 June 2017 related to the consolidated statements of banking institutions with the international accounting standards, separate lines in the consolidated financial statements for clarification purposes: Investments of insurance activities under balance sheet assets, Insurance contracts related liabilities under balance sheet liabilities and Net income from insurance activities under Net banking income in the income statement.

The main subsidiaries concerned are Sogécap, Antarius, Sogelife, Oradea Vie, Komercni Pojistovna A.S. and Sogessur.

NOTE 4.3.1 INSURANCE CONTRACTS RELATED LIABILITIES

ACCOUNTING PRINCIPLES

Underwriting reserves of insurance companies

Underwriting reserves correspond to the commitments of insurance companies with respect to policyholders and the beneficiaries of policies.

In accordance with IFRS 4 on insurance policies, life and non-life underwriting reserves continue to be measured under the same local regulations, with the exception of certain prudential provisions that are cancelled (liquidity risk provision) or recalculated economically (mainly, overall management reserve).

Risks covered by non-life insurance policies are principally linked to home, car and accident protection guarantees. Underwriting reserves comprise reserves for unearned premiums (share of premium income relating to subsequent financial years) and for outstanding claims.

Risks covered by life insurance policies are principally death, invalidity and incapacity for work. Life insurance underwriting reserves mainly comprise actuarial reserves, which correspond to the difference between the present value of commitments falling to the insurer and those falling to the policyholder, and the reserve for claims incurred but not settled.

In saving-life insurance products:

- underwriting reserves of saving-life insurance contracts invested in EUR-denominated policies with profit sharing clauses consist primarily of mathematical provisions and provisions for profit-sharing;
- underwriting reserves of saving-life insurance contracts invested in unit-linked policies or with a significant insurance clause (mortality, invalidity, etc.) are measured at the inventory date according to the realisation value of the assets underlying these contracts.

Under the principles defined in IFRS 4, and in compliance with local regulations applicable with respect thereto, life insurance policies with discretionary profit-sharing features are subject to "mirror accounting", whereby any changes in the value of financial assets liable to affect policyholders are recorded in Deferred profit-sharing. This reserve is calculated to reflect the potential rights of policyholders to unrealised gains on financial instruments measured at fair value or their potential share of unrealised losses.

To demonstrate the recoverability of the deferred profit-sharing asset in the event of an unrealised net loss, two approaches are verified by the Group in order to show that the liquidity requirements caused by an unfavourable economic environment would not require assets to be sold in the event of unrealised losses:

- the first approach consists in simulating deterministic (“standardised” or extreme) stress scenarios. This is used to show that in these scenarios no significant losses would be realised on the assets existing at the balance sheet date for the scenarios tested;
- the aim of the second approach is to ensure that in the long or medium term, the sale of assets to meet liquidity needs would not generate any significant losses. The approach is verified considering projections based on extreme scenarios.

Moreover, a Liability Adequacy Test (LAT) is also carried out quarterly at the level of each consolidated entities operating in the insurance. This test involves comparing the carrying amount of insurance liabilities with the average economic value using a stochastic model of future cash flows. This test takes into account all of the future cash flows from policies, including benefits, management charges, fees, policy options and guarantees related to the contracts. If the test concludes that the book value is insufficient, the value of insurance liabilities will be adjusted with a corresponding entry in the income statement.

Classification of financial liabilities

At initial recognition, financial liabilities resulting from the Group’s insurance activities are classified in the following accounting categories:

- financial liabilities measured at fair value through profit or loss: these are derivative financial liabilities;
- financial liabilities measured at fair value option through profit or loss: these are non-derivative financial liabilities that were initially designated by the Group to be measured at fair value through profit or loss (using the option). These include investment contracts without both discretionary profit-sharing clauses and insurance component, that do not meet the definition of an insurance contract under IFRS 4 (unit-linked insurance contracts only) and are thus governed by IAS 39.

BREAKDOWN

(In EURm)	**31.12.2020**	**31.12.2019**
Underwriting reserves of insurance companies	142,106	140,155
Financial liabilities of insurance companies	4,020	4,104
Financial liabilities at fair value through profit or loss	*583*	*834*
Financial liabilities at fair value through profit or loss (fair value option)	*3,437*	*3,270*
TOTAL	**146,126**	**144,259**

UNDERWRITING RESERVES OF INSURANCE COMPANIES

(In EURm)	**31.12.2020**	**31.12.2019**
Life insurance underwriting reserves for unit-linked policies	35,794	32,611
Other life insurance underwriting reserves	92,620	94,714
Non-life insurance underwriting reserves	1,834	1,556
Deferred profit-sharing booked in liabilities	11,858	11,274
TOTAL	**142,106**	**140,155**
Attributable to reinsurers	(749)	(750)
Underwriting reserves of insurance net of the share attributable to reinsurers	**141,357**	**139,405**

STATEMENT OF CHANGES IN UNDERWRITING RESERVES EXCLUDING DEFERRED PROFIT SHARING

(In EURm)	Life insurance underwriting reserves for unit-linked policies	Other life insurance underwriting reserves	Non-life insurance underwriting reserves
Reserves at 1 January 2020	**32,611**	**94,714**	**1,556**
Allocation to insurance reserves	1,695	(2,009)	140
Revaluation of unit-linked policies	653	-	-
Charges deducted from unit-linked policies	(210)	-	-
Transfers and allocation adjustments	859	(859)	-
New customers	-	-	-
Profit-sharing	179	972	-
Others	7	(198)	138
Reserves at 31 December 2020	**35,794**	**92,620**	**1,834**

In accordance with IFRS 4 and Group accounting standards, the Liability Adequacy Test (LAT) was performed as at 31 December 2020. This test assesses whether recognised insurance liabilities are adequate, using current estimates of future cash flows under insurance policies. The result of the test as at 31 December 2020 does not show any insufficiency of technical liabilities.

UNDERWRITING RESERVES OF INSURANCE COMPANIES BY REMAINING MATURITY

(In EURm)	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31.12.2020
Underwriting reserves of insurance companies	**15,920**	**9,221**	**36,948**	**80,017**	**142,106**

NOTE 4.3.2 INVESTMENTS OF INSURANCE ACTIVITIES

ACCOUNTING PRINCIPLES

Classification of financial instruments

When initially recognised, financial assets from Group insurance activities are classified into one of the following four categories:

- financial assets at fair value through profit or loss: these are financial assets held for trading purposes (see definition in Note 3.1), which by default include derivative financial assets not qualifying as hedging instruments and non-derivative financial assets designated by the insurance entity upon initial recognition to be carried at fair value through profit or loss (using the option). In particular, insurance entities measure at fair value using the option the financial assets representing unit-linked contracts in order to eliminate the accounting mismatch with the related insurance liabilities, as well as interests in UCITS over which a significant influence exists;
- available-for-sale financial assets: these are non-derivative financial assets held for an indeterminate period, which the insurance entity may sell at any time. By default, they are any assets that do not fall into one of the one of the other categories. These instruments are measured at fair value against Unrealised or deferred gains and losses. Interests accrued or paid on debt securities are recognised in profit or loss using the effective interest rate method while dividend income earned on equity securities is recorded under Net gains and losses on available-for-sale financial assets. If there is an objective evidence on an individual basis, the total accumulated unrealised loss previously recorded in shareholders' equity is reclassified in profit or loss under Net Income from insurance activities;
- loans and receivables: these include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading purposes, not held for sale from the time they are originated or acquired, and not designated upon initial recognition to be carried at fair value through profit or loss (in accordance with the fair value option). They are measured at amortised cost, and impairment, determined on an individual basis, may be recorded if appropriate;
- held-to-maturity financial assets: these are non-derivative financial assets with fixed or determinable payments and a fixed maturity, that are quoted in an active market and which the Group has the intention and ability to hold to maturity. They are measured at their amortised cost and may be subject to impairment as appropriate whether objective evidence of impairment exists individually.

All these categories are presented on the insurance entity's balance sheet under the Investments of insurance companies, which also includes investment properties held by insurance entities and hedge derivatives assessed in accordance with the accounting principles respectively presented in Note 8.4 and Note 3.2.

Reclassification of financial assets

After their initial recognition, financial assets may not be later reclassified as Financial assets at fair value through profit or loss.

A non-derivative financial asset initially recognised under Financial assets at fair value through profit or loss as an asset held for trading purposes may only be reclassified out of this category under specific conditions framed by IAS 39 standard.

IMPAIRMENT OF INVESTMENTS IN INSURANCE ACTIVITIES

Impairment of financial assets measured at amortised cost

For debt instruments not measured at fair value through net income, the criteria used by the insurance entity's insurance entities to assess individually objective evidence of impairment include the following conditions:

- a significant decline in the counterparty's financial situation leads to a high probability of said counterparty being unable to fulfil its overall commitments, implying then a risk of loss for the insurance entity (the appreciation of this deterioration can be based on the evolution of the rating of the issuers or the variations of the credit spreads changes observed on these markets);
- the occurrence of late payment of coupons and more generally of arrears of more than 90 days;
- or, regardless of whether or not any past-due payments are recorded. there is objective evidence of impairment or legal proceedings have been initiated (bankruptcy, legal settlement, compulsory liquidation).

If there is objective evidence that loans or other receivables, or financial assets classified as held-to-maturity financial assets, are impaired, an impairment is recognised for the difference between the carrying amount and the present value of estimated future recoverable cash flows, taking into account any guarantees. This discount is calculated using the financial assets' original effective interest rate. The amount of this impairment is deducted from the carrying value of the impaired financial asset.

The allocations and reversals of impairments are recorded under net income from investments in the Net income from insurance activities. The impaired loans or receivables are remunerated for accounting purposes by the reversal over time of the discounting to present value, which is recorded under interest income in the *Net income from insurance activities*.

Impairment of available-for-sale financial assets

An available-for-sale financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of this asset.

For listed equity instruments, a significant or prolonged decline in their price below their acquisition cost constitutes objective evidence of impairment. For this purpose, insurance entities consider as impaired listed shares showing an unrealised loss greater than 50% of their acquisition price on the balance sheet date, as well as listed shares for which the quoted prices have been below their acquisition price on every trading day for at least the last 24 months before the balance sheet date. Further factors, such as the financial situation of the issuer or its development outlook, can lead the insurance entities to consider that the cost of its investment may not be recovered even if the abovementioned criteria are not met. An impairment loss is then recorded through net income equal to the difference between the last quoted price of the security on the balance sheet date and its acquisition price.

For unlisted equity instruments, the criteria used to assess the evidence of impairment are identical to those mentioned above. The value of these instruments at the balance sheet date is determined using the valuation methods described in Note 3.4.

The criteria for the impairment of debt instruments are similar to those for the impairment of financial assets measured at amortised cost.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in shareholders' equity under Unrealised or deferred gains and losses and subsequent objective evidence of impairment emerges, insurance entities recognise the total accumulated unrealised loss previously recorded in shareholders' equity in the income statement among under net income from investments in the Net income from insurance activities for equity instruments and under Cost of risk for debt instruments.

This cumulative loss is measured as the difference between the acquisition cost (net of any repayments of principal and amortisation) and the present fair value, less any impairment of the financial asset that has already been recorded through profit or loss.

Impairment losses recognised through profit or loss on an equity instrument classified as available-for-sale are only reversed through profit or loss when the instrument is sold. Once an equity instrument has been recognised as impaired, any further loss of value is recorded as an additional impairment loss. For debt instruments, however, an impairment loss is reversed through profit or loss if they subsequently recover in value following an improvement in the issuer's credit risk.

OTHER ACCOUNTING PRINCIPLES

Accounting principles relative to fair value, initial recognition of financial instruments, derecognition of financial instruments, derivative financial instruments, interest income and expense, transferred financial assets and offsetting of financial instruments are similar to those described in Note 3 "Financial instruments".

OVERVIEW

(In EURm)	31.12.2020	31.12.2019
Financial assets at fair value through profit or loss (trading portfolio)	291	268
Shares and other equity instruments	*51*	*37*
Trading derivatives	*240*	*231*
Financial assets at fair value through profit or loss (fair value option)	70,422	65,718
Bonds and other debt instruments	*32,178*	*31,719*
Shares and other equity instruments	*37,942*	*33,694*
Loans, receivables and repo transactions	*302*	*305*
Hedging derivatives	438	438
Available-for-sale financial assets	89,755	91,899
Debt instruments	*75,662*	*75,839*
Equity instruments	*14,093*	*16,060*
Due from banks[2]	5,301	5,867
Customer loans	76	92
Held-to-maturity financial assets	32	80
Real estate investments	539	576
TOTAL INVESTMENTS OF INSURANCE ACTIVITIES[1][2]	**166,854**	**164,938**

(1) Investments in other Group companies that are made in representation of unit-linked liabilities are kept in the Group's consolidated balance sheet without any significant impact thereon.

(2) o/w EUR 897 million of current accounts as at 31 December 2020 vs. EUR 1,126 million as at 31 December 2019.

ANALYSIS OF FINANCIAL ASSETS DEPENDING ON THEIR CONTRACTUAL CHARACTERISTICS

The following table shows the carrying value of the financial assets included in Net investments from insurance activities, whereby those assets whose contractual conditions give rise to cash-flows on set dates which are solely payments of principal and interest (basic instruments).

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

	31.12.2019					
	Carrying amount			Fair value		
(In EURm)	Basic instruments	Other instruments	Total	Basic instruments	Other instruments	Total
Financial assets at fair value through profit or loss	-	65,986	65,986	-	65,986	65,986
Hedging derivatives	-	438	438	-	438	438
Available-for-sale financial assets	72,349	19,550	91,899	72,349	19,550	91,899
Due from banks	2,805	3,062	5,867	3,012	3,178	6,190
Customer loans	92	-	92	90	-	90
Held-to-maturity financial assets	-	80	80	-	80	80
TOTAL FINANCIAL INVESTMENTS	**75,246**	**89,116**	**164,362**	**75,451**	**89,232**	**164,683**

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

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

	31.12.2019			
(In EURm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (trading portfolio)	37	190	41	268
Financial assets at fair value through profit or loss using the fair value option	58,874	6,483	361	65,718
Hedging derivatives	-	438	-	438
Available-for-sale financial assets*	84,435	3,844	3,620	91,899
TOTAL	**143,346**	**10,955**	**4,022**	**158,323**

* *Amounts restated, compared to the financial statements published for the year 2019, following the reclassification of assets held in private equity funds, from Level 2 to Level 3 of the fair value hierarchy.*

CHANGES IN AVAILABLE FOR SALE FINANCIAL ASSETS

(In EURm)	2020
Balance as at 1 January	**91,899**
Acquisitions	9,342
Disposals/redemptions	(8,866)
Transfers to held-to-maturity financial assets	(8)
Change in scope and others(1)	(3,211)
Gains and losses on changes in fair value recognised directly in equity during the period	1,036
Net changes in impairment of debt instruments recorded in profit or loss	(2)
Impairment on equity instruments recognised in profit or loss	(277)
Translation differences	(158)
Balance as at 31 December	**89,755**

(1) Investment commitments in private equity funds, recorded against Miscellaneous payables – insurance, have been reversed to be presented among commitments granted (see Note 3.10).

The Covid-19 sanitary crisis has brought on an economic crisis which led the Group to recognise losses on available-for-sale equity instruments amounting to EUR 277 million over the year 2020. These impairments recognised in the income statement among Net income from insurance activities are mainly affecting UCITS shares and stocks that are in a prolonged situation of unrealised capital losses. Furthermore, the Group recognised, in the income statement among Cost of risk, impairments on available-for-sale debt instruments amounting to EUR 2 million over the year 2020.

These impairments are mostly offset in the income statement by reversals on the provisions for deferred profit-sharing as at 31 December 2020.

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

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

	31.12.2019		
(In EURm)	Capital gains	Capital losses	Net revaluation
Unrealised gains and losses of insurance companies	**556**	**(30)**	**526**
On available-for-sale equity instruments	*2,047*	*(75)*	*1,972*
On available-for-sale debt instruments and assets reclassified as loans and receivables	*7,921*	*(240)*	*7,681*
Deferred profit-sharing	*(9,412)*	*285*	*(9,127)*

FINANCIAL ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

(In EURm)	31.12.2020	31.12.2019
Fair value of securities purchased under resale agreements	**6**	**7**

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

NOTE 4.3.3 NET INCOME FROM INSURANCE ACTIVITIES

ACCOUNTING PRINCIPLES

Income and expense related to insurance contracts

Income and expense related to insurance contracts issued by Group insurance companies, associated fee income and expense, and income and expense related to investments of insurance companies are recorded under Net income from insurance activities in the income statement.

Other income and expense are recorded under the appropriate headings.

Changes in the provision for deferred profit-sharing are recorded under Net income from insurance activities in the income statement or under Unrealised or deferred gains and losses under the appropriate headings for the underlying assets in question.

The following table shows the breakdown (after eliminating intercompany transactions):

- income and expense from insurance activities and associated investments on a separate line under Net banking income: Net income from insurance activities;
- funding costs of insurance activities recorded under Interest and similar expense;
- impairment debt instruments of insurance activities and the deferred profit-sharing recorded under Cost of risk.

(In EURm)	2020	2019
Net premiums	10,970	14,188
Net income from investments	2,808	3,655
Cost of benefits (including changes in reserves)[(1)]	(11,377)	(15,736)
Other net technical income (expense)	(277)	(182)
Net income from insurance activities	**2,124**	**1,925**
Funding costs	(7)	(5)
Cost of risk	-	-
o/w impairment of debt instruments	*(2)*	-
o/w which deferred profit sharing	*2*	-

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

NET INCOME FROM INVESTMENTS

(In EURm)	2020	2019
Dividend income on equity instruments	671	719
Interest income	1,790	1,912
On available-for-sale financial assets	*1,566*	*1,675*
On loans and receivables	*179*	*194*
Other net interest income	*45*	*43*
Net gains or losses on financial instruments at fair value through profit or loss	308	764
Net gains or losses on available-for-sale financial instruments	14	237
Capital gain or loss on sale of debt instruments	*34*	*141*
Capital gain or loss on sale of equity instruments	*257*	*187*
Impairment values on equity instruments	*(277)*	*(91)*
Net gains or losses on real estate investments	25	23
TOTAL NET INCOME FROM INVESTMENTS	**2,808**	**3,655**

NOTE 4.3.4 MANAGEMENT OF INSURANCE RISKS

The Group carries out its insurance activities through the distribution and reinsurance acceptance of a wide range of life insurance, protection and health insurance, and non-life insurance policies. Since the life insurance business is predominant on the French market in the Group's insurance activities, the market risks of financial assets in terms of technical liabilities constitute the most significant exposure. Within market risks, the insurance business line is sensitive to shocks in interest rates, equity markets and credit spreads. In connection with the life insurance savings activity, the risk of withdrawals is also significant.

Managing these risks is key to the insurance business line's activity. It is carried out by qualified and experienced teams, with major bespoke IT resources. Risks undergo regular monitoring and are reported to the General Management of both the entities concerned and the business lines.

Risk management techniques are based on the following:

- heightened security for the risk acceptance process, with the aim of guaranteeing that the price schedule matches the policyholder's risk profile and the guarantees provided;
- regular monitoring of indicators on product claims rates in order to adjust certain product parameters, such as pricing or the level of guarantee, if necessary;
- implementation of a reinsurance plan to protect the business line from major/serial claims;
- application of policies on risk, provisioning and reinsurance.

Management of risks linked to the financial markets and to ALM is an integral part of the investment strategy just like objectives on long-term performance. The optimisation of these two factors is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity of policies), as well as the amounts booked under the major items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are analysed by the Finance and Risk Department of the insurance business line.

Risk management related to financial markets (interest rates, credit and shares) and to ALM is based on the following:

- monitoring short- and long-term cash flows (match between the term of a liability and the term of an asset, liquidity risk management);
- particular monitoring of policyholder behaviour (redemption);
- close monitoring of financial markets;
- hedging of exchange rate risks (both rising and falling);
- defining thresholds and limits per counterparty, per rating issuer and per category of assets;
- stress tests, the results of which are presented annually at entities' Board of Directors' meetings, as part of the ORSA report (Own Risk and Solvency Assessment), transferred to the ACPR after approval by the Board;
- application of policies related to ALM and investment risks.

BREAKDOWN OF NET INVESTMENTS BY RATING OF BASIC INSTRUMENTS

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

	31.12.2020				
(In EURm)	Available-for-sale financial assets	Due from banks	Customer loans	Held-to-maturity financial assets	Total
AAA	4,025	207	-	-	4,232
AA+/AA/AA-	37,567	764	-	-	38,331
A+/A/A-	14,819	499	-	-	15,318
BBB+/BBB/BBB-	14,418	171	-	32	14,621
BB+/BB/BB-	921	52	-	-	973
B+/B/B-	30	-	-	-	30
CCC+/CCC/CCC-	-	-	-	-	-
CC+/CC/CC-	6	-	-	-	6
Lower than CC-	-	-	-	-	-
Without rating	467	705	76	-	1,248
TOTAL BEFORE IMPAIRMENT	**72,253**	**2,398**	**76**	**32**	**74,759**
Impairment	-	-	-	-	-
CARRYING AMOUNT	**72,253**	**2,398**	**76**	**32**	**74,759**

The rating scale is the scale used for Solvency 2 purposes, which calls for the second highest rating determined by the rating agencies (Standard & Poor's, Moody's Investors Service and Fitch Ratings) to be used. The ratings in question apply to issues or, where these are not available, to issuers.

NOTE 4.4 Other assets and liabilities

NOTE 4.4.1 OTHER ASSETS

(In EURm)	31.12.2020	31.12.2019
Guarantee deposits paid[1]	51,896	48,630
Settlement accounts on securities transactions	3,876	6,915
Prepaid expenses	1,019	1,084
Miscellaneous receivables[2]	9,193	10,065
Miscellaneous receivables - insurance	1,752	1,653
GROSS AMOUNT	**67,736**	**68,347**
Impairments	(395)	(302)
Credit risk on operating lease receivables	*(187)*	*(145)*
Credit risk on assets acquired by adjudication	*(101)*	*(70)*
Other risks	*(107)*	*(87)*
NET AMOUNT	**67,341**	**68,045**

(1) Mainly relates to guarantee deposits paid on financial instruments, the fair value of which is taken to be the same as their book value net of impairment for credit risk.
(2) Miscellaneous receivables primarily include trade receivables, fee income and income from other activities to be received. The operating leases receivables equal to EUR 914 million as of 31 December 2020.

NOTE 4.4.2 OTHER LIABILITIES

(In EURm)	31.12.2020	31.12.2019
Guarantee deposits received[1]	55,739	49,321
Settlement accounts on securities transactions	4,166	7,356
Expenses payable on employee benefits	2,022	2,364
Lease liability*	2,207	2,443
Deferred income	1,527	1,596
Miscellaneous payables[2]	12,690	13,194
Miscellaneous payables - insurance	6,586	8,980
TOTAL	**84,937**	**85,254**

** The amount has been restated compared with the published financial statements for the year ended 31 December 2019 following the IFRS Interpretations Committee (IFRS IC) decisions on 26 November 2019 related to IFRS 16 (see Note 1.2).*
(1) Mainly relates to guarantee deposits received on financial instruments, their fair value is taken to be the same as their book value.
(2) Miscellaneous payables primarily include trade payables, fee expense and expense from other activities to be paid.

NOTE 5 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

MAKE IT SIMPLE

Employee benefits correspond to the compensation granted by the Group to its employees in exchange for work carried out during the annual reporting period.

All forms of compensation for work rendered are recorded in the expenses:

- whether it be paid to employees or to outside social security agencies;
- whether it be paid during the annual reporting period or to be paid by the Group in the future as entitlements to employees (pension plans, retirement benefits…);
- whether it be paid in cash or in Societe Generale shares (free share plans, stock options).

ACCOUNTING PRINCIPLES

Employee benefits are divided into four categories:

- short-term employee benefits which are employee benefits 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, 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.

Information related to the Group headcount is presented in the Chapter 5 of the Universal Registration Document (Corporate Social Responsibility).

NOTE 5.1 Personnel expenses and related party transactions

ACCOUNTING PRINCIPLES

Personnel expenses include all expenses related to personnel, including employee benefits and expenses related to payments based on Societe Generale shares.

Short-term employee benefits are recorded under Personnel expenses during the period according to the services provided by the employee.

The accounting principles relating to post-employment benefits and other long-term benefits are described in Note 5.2.

Personnel expenses include related party transactions, within the meaning of IAS 24.

The Group’s related parties include the members of the Board of Directors, corporate officers (the Chairman, the Chief Executive Officer and the four Deputy Chief Executive Officers), their respective spouses and any children residing in the family home, subsidiaries which are either controlled exclusively or jointly by the Group, and companies over which Societe Generale exercises significant influence.

NOTE 5.1.1 PERSONNEL EXPENSES

(In EURm)	2020	2019
Employee compensation	(6,715)	(7,240)
Social security charges and payroll taxes	(1,594)	(1,660)
Net pension expenses - defined contribution plans	(728)	(759)
Net pension expenses - defined benefit plans	(76)	(10)
Employee profit-sharing and incentives	(176)	(286)
TOTAL	**(9,289)**	**(9,955)**
Including net expenses from share-based payments	*(150)*	*(171)*

NOTE 5.1.2. RELATED-PARTY TRANSACTIONS

REMUNERATION OF THE GROUP'S MANAGERS

This includes amounts effectively paid by the Group to Directors and corporate officers as remuneration (including employer contributions) and other benefits as indicated below.

(In EURm)	2020	2019
Short-term benefits	14.0	13.6
Post-employment benefits	0.6	0.7
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	2.5	3.0
TOTAL	**17.1**	**17.4**

RELATED-PARTY TRANSACTIONS

The transactions with members of the Board of Directors, Chief Executive Officers and members of their families included in this note only comprise loans and guarantees outstanding at 31 December 2020 for a total amount of EUR 1.6 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 at 31 December 2020 for the payment of pensions and other benefits to Societe Generale's Chief Executive Officers (Ms Lebot and Mr. Aymerich, Mr. Cabannes, and the two staff-elected Directors) is EUR 12.7 million.

NOTE 5.2 Employee benefits

Group entities in France and abroad, may award their employees:

- post-employment benefits, such as pension plans or retirement benefits;
- other long-term benefits: these benefits include deferred compensation programs settled in cash and not indexed to the Societe Generale share, such as long-term deferred variable remuneration, CET (*Comptes Épargne Temps*) flexible working provisions, or long service awards;
- termination benefits.

DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

(In EURm)	Provisions as at 31.12.2019	Allocations	Write-backs available	Net allocation	Write-backs used	Actuarial gains and losses	Currency and scope effects	Provisions as at 31.12.2020
Post-employment benefits	1,620	83	(41)	42	(63)	125	37	1,761
Other long-term benefits	440	91	(35)	56	(43)	-	(11)	442
Termination benefits	356	191	(44)	147	(114)	-	(11)	378
TOTAL	**2,416**	**365**	**(120)**	**245**	**(220)**	**125**	**15**	**2,581**

Societe Generale announced on 9 November 2020 several organisational adjustment projects to continue the in-depth adaptation of its businesses and functions and contribute to improving the Group's operational efficiency and structural profitability.

The first project deals with the adjustments disclosed on 3 August 2020 aiming at lowering the risk profile of the activities involving structured credit and equity products and impacting market activities and related support functions.

The second project includes organisational adjustments impacting the Securities business and some Group central functions to improve their operational efficiency and meet the specific challenges of their activities.

These two projects have required a restructuring provision of EUR 175 million including EUR 166 million booked under Staff expenses and EUR 9 million under *Other operating expenses*.

ACCOUNTING PRINCIPLES

Post-employment benefits

Post-employment benefits can be broken down into two categories: defined contribution pension plans or defined benefit pension plans.

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.

DEFINED BENEFIT PLANS

Defined benefit plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits and therefore bare the associated medium or long-term risk.

Provisions are recognised on the liabilities side of the balance sheet under *Provisions*, to cover the whole of these retirement obligations. These provisions are assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

Group can choose to finance defined benefit plans by assets held by a long-term employee benefit fund or by qualifying insurance policies.

Funding assets, made by funds or insurance policies, are classified as plan assets if assets are held by an entity (fund) that is legally separate from the reporting entity and are available to be used only to pay employee benefits.

When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations.

When these plans are financed from funds not classified as plan assets, these funds, classified as separate assets, are displayed separately in the assets of the balance sheet under Financial assets at fair value through profit or loss.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) and differences between actuarial assumptions and real performance are recognised as actuarial gains and losses. Actuarial gains and losses, as well as the return on plan assets excluding amounts expensed as net interest on the net defined benefit liability (or asset) and any change in the effect of the asset ceiling are components used to re-measure the net defined benefit liability (or asset). These components are immediately and fully recognised in shareholder's equity among Unrealised or deferred gains and losses and they cannot be subsequently reclassified as income.

In the Group consolidated financial statements, these items that cannot be subsequently reclassified as income are displayed separately in the Statement of net income and unrealised or deferred gains and losses, but are transferred immediately to retained earnings in the Statement of changes in shareholder's equity so that they are presented directly under Retained earnings on the liabilities side of the balance sheet.

When a new or amended plan comes into force, past service cost is immediately recognised in profit or loss.

An annual charge is recorded under Personnel expenses for defined benefit plans consisting of:

- the additional entitlements vested by each employee (current service cost);
- past service cost resulting from a plan amendment or a curtailment;
- the financial expense resulting from the discount rate and the interest income on plan assets (net interest on the net defined benefit liability or asset);
- plan settlements.

Other long-term benefits

Other long-term employee benefits are benefits other than post-employment and termination benefits, that are paid to employees more than twelve months after the end of the annual period in which they provided the related services.

Other long-term benefits are measured and recognised in the same way as post-employment benefits, with the exception of actuarial gains and losses, which are immediately recognised as profit or loss.

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.

POST-EMPLOYMENT DEFINED BENEFIT PLANS

Post-employment pension plans include schemes offering annuities, plans offering retirement bonuses and mixed plans (cash balance). Benefits paid out in annuities supplement the pensions paid by the mandatory basic plans. The main defined benefit plans are located in France, in Switzerland, in the United Kingdom and in the United States.

In France, the supplementary pension plan for executive managers, set up in 1991, allocates an annual allowance to beneficiaries covered by Societe Generale as described in the Chapter 3 "Corporate Governance" of the present Universal Registration Document. This allowance depends in particular on the beneficiary's seniority within Societe Generale. Since 4 July 2019, date of publication of the ordinance ending the so-called "random rights" defined benefit pension plans in application of the *Loi Pacte*, this plan is closed to new employees and the rights of beneficiaries were frozen on 31 December 2019.

In Switzerland, the plan is managed by a personal protection insurance institution (the Foundation), comprised of employer and employee representatives. The employer and its employees pay contributions to the Foundation. Pension benefits are revalued at a guaranteed rate of return and converted to annuities (or lump-sum payment) also at a guaranteed conversion rate ("cash balance" scheme). Because of this minimum guaranteed return, the plan is considered similar to a defined benefit plan.

In recent years, the Societe Generale Group has actively implemented a policy of converting defined benefit plans to defined contribution plans.

In the United Kingdom, the defined benefit plan has been closed to new employees for nearly 20 years, and the benefits of the last beneficiaries were frozen in 2015. The plan is managed by an independent institution (Trustee).

Similarly, in the United States, defined benefit plans were closed to new employees in 2015 and the vesting of new benefits was frozen.

RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

	31.12.2020				
(In EURm)	**France**	**United Kingdom**	**United States**	**Others**	**Total**
A - Present value of defined benefit obligations	1,246	949	303	864	3,362
B - Fair value of plan assets	76	999	299	281	1,655
C - Fair value of separate assets	1,147	-	-	3	1,150
D - Change in asset ceiling	-	-	-	-	-
A - B - C + D = Net balance	**23**	**(50)**	**4**	**580**	**557**
ON THE LIABILITIES SIDE OF THE BALANCE SHEET	**1,170**	**-**	**4**	**587**	**1,761**
ON THE ASSETS SIDE[1] OF THE BALANCE SHEET	**1,147**	**50**	**-**	**6**	**1,204**

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

	31.12.2019				
(In EURm)	**France**	**United Kingdom**	**United States**	**Others**	**Total**
A - Present value of defined benefit obligations	1,226	891	300	805	3,221
B - Fair value of plan assets	188	976	280	279	1,723
C - Fair value of separate assets	963	-	-	-	963
D - Change in asset ceiling	-	-	-	-	-
A - B - C + D = Net balance	**75**	**(85)**	**20**	**526**	**535**
ON THE LIABILITIES SIDE OF THE BALANCE SHEET	**1,070**	**-**	**20**	**529**	**1,619**
ON THE ASSETS SIDE[1] OF THE BALANCE SHEET	**995**	**85**	**-**	**3**	**1,084**

(1) *o/w EUR 963 million of separate assets recorded under Financial assets at fair value through profit or loss and EUR 121 million linked to surplus assets under Other assets.*

COMPONENTS OF THE COST OF DEFINED BENEFITS

(In EURm)	2020	2019
Current service cost including social security contributions	81	79
Employee contributions	(5)	(5)
Past service cost/curtailments	(12)	(80)
Transfer *via* the expense	-	-
Net interest	4	8
A - Components recognised in income statement	**68**	**2**
Actuarial gains and losses on assets	(206)	(257)
Actuarial gains and losses due to changes in demographic assumptions	(15)	(2)
Actuarial gains and losses due to changes in economic and financial assumptions	259	295
Actuarial gains and losses due to experience	17	(32)
Change in asset ceiling	-	-
B - Components recognised in unrealised or deferred gains and losses	**55**	**4**
C = A + B TOTAL COMPONENTS OF THE COST OF DEFINED BENEFITS	**123**	**6**

CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

(In EURm)	2020	2019
Balance at 1 January	**3,221**	**3,029**
Current service cost including social security contributions	81	79
Past service cost/curtailments	(12)	(80)
Settlements	-	-
Net interest	42	57
Actuarial gains and losses due to changes in demographic assumptions	(15)	(2)
Actuarial gains and losses due to changes in economic and financial assumptions	259	295
Actuarial gains and losses due to experience	17	(32)
Foreign exchange adjustment	(82)	58
Benefit payments	(157)	(149)
Change in consolidation scope	1	(29)
Transfers and others	7	(6)
Balance at 31 December	**3,362**	**3,221**

CHANGES IN THE FAIR VALUE OF FUNDING ASSETS

	Plan assets		Separate assets	
(In EURm)	2020	2019	2020	2019
Balance at 1 January	**1,723**	**1,534**	**963**	**902**
Interest expenses on assets	29	37	8	12
Actuarial gains and losses on assets	134	164	72	93
Foreign exchange adjustment	(80)	58	-	-
Employee contributions	5	5	-	-
Employer contributions to plan assets	32	23	-	-
Benefit payments	(81)	(76)	-	(45)
Change in consolidation scope	-	(21)	-	-
Transfers and others	(107)	-	107	-
Change in asset ceiling	-	-	-	-
Balance at 31 December	**1,655**	**1,723**	**1,150**	**963**

GENERAL INFORMATION REGARDING FUNDING ASSETS (FOR ALL BENEFITS AND FUTURE CONTRIBUTIONS)

Funding assets include plan assets and separate assets.

Funding assets represent around 82% of Group obligations, with different rates depending on the country.

Accordingly defined benefit plan obligations in the United Kingdom are fully hedged, those in the United States and in France hedged 96%, while they are not funded in Germany.

The breakdown of the fair value of plan assets is as follows: 75% bonds, 12% equities and 13% other investments. Directly held Societe Generale shares are not significant.

Funding assets excess is EUR 191 million.

Employer contributions to be paid to post-employment defined benefit plans for 2021 are estimated at EUR 16 million.

Plan hedging strategies are defined locally in connection with the Finance and Human Resources departments of the entities, by *ad hoc* structures (Trustees, Foundations, Joint structures etc.) if necessary. Besides, liability investment or financing strategies are monitored at Group level through a global governance system. Committee meetings, with the participation of representatives of the Human Resources Department, the Finance Department and the Risk Division, are organised in order to define Group guidelines for employee benefits investment and management, to validate decisions and to follow up the associated risks for the Group.

Depending on the duration of each plan and local regulations, funding assets are invested in equities and/or in fixed income products, whether guaranteed or not.

The actual returns on plan and separate assets can be broken down as follows:

(In EURm)	2020	2019
Plan assets	164	201
Separate assets	80	106

MAIN ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

	31.12.2020	31.12.2019
Discount rate		
France	0.36%	0.82%
United Kingdom	1.24%	2.00%
United States	2.55%	3.19%
Others	0.44%	0.73%
Long-term inflation		
France	1.22%	1.28%
United Kingdom	3.01%	2.92%
United States	N/A	N/A
Others	1.20%	1.22%
Future salary increase		
France	1.47%	0.82%
United-Kingdom	N/A	N/A
United States	N/A	N/A
Others	1.23%	1.20%
Average remaining working lifetime of employees (in years)		
France	8.45	9.24
United Kingdom	4.17	5.17
United States	7.85	7.87
Others	9.97	9.97
Duration (in years)		
France	13.94	13.79
United Kingdom	16.84	16.28
United States	16.17	15.28
Others	15.13	14.69

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 MAIN ASSUMPTION RANGES

(Percentage of item measured)	31.12.2020	31.12.2019
Variation in discount rate	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	-7%	-7%
Variation in long-term inflation	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	5%	5%
Variation in future salary increase	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	1%	2%

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

BREAKDOWN OF FUTURE PAYMENTS OF BENEFITS

(In EURm)	2020	2019
N+1	169	160
N+2	140	148
N+3	150	154
N+4	156	163
N+5	164	169
N+6 à N+10	798	851

NOTE 5.3 Share-based payment plans

ACCOUNTING PRINCIPLES

Societe Generale, and its subsidiaries, share-based payments include:

- payments in equity instruments;
- cash payments whose amount depends on the performance of equity instruments.

Share-based payments systematically give rise to an operating expense recognised as Personnel expenses in the amount of the fair value of the share-based payments granted to employees and according to their terms of settlement.

For equity-settled share-based payments (free shares, stock purchase or subscription options), the fair value of these instruments, measured at the vesting date, is spread over the vesting period and recorded in shareholders' equity under Issued common stocks and capital reserves. At each accounting date, the number of these instruments is revised in order to take into account performance and service conditions and adjust the overall cost of the plan as originally determined. Expenses recognised under Personnel expenses from the start of the plan are then adjusted accordingly.

For cash-settled share-based payments (stock-options granted by unlisted companies or compensation indexed on Societe Generale, or one of its subsidiary, shares), the fair value of the amounts payable is recorded under Personnel expenses as an expense over the vesting period against a corresponding liabilities entry recognised in the balance sheet under Other liabilities – Expenses payable on employee benefits. This payables item is then remeasured to take into account performance and presence conditions, as well as changes in the value of the underlying shares. When the expense is hedged by an equity derivative instrument, the effective portion of the change in the fair value of the hedging derivative is recorded in the income statement under Personnel expenses, as well.

The Group may award some of its employees stock purchase or subscription options, free shares or rights to a future cash payment indexed to the Societe Generale, or one of its subsidiary, share price.

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, or for the beneficiaries to exercise their options.

Group stock-option plans are measured using a binomial formula when the Group has adequate statistics to take into account the behaviour of the option beneficiaries. When such data are not available, the Black & Scholes model or *Monte Carlo* model is used. Valuations are performed by independent actuaries.

EXPENSES RECORDED IN THE INCOME STATEMENT

	31.12.2020			31.12.2019		
(In EURm)	Cash settled plans	Equity settled plans	Total plans	Cash settled plans	Equity settled plans	Total plans
Net expenses from purchase plans, stock option and free share plans	108	42	150	111	60	171

The description of Societe Generale stock-options plans and free share plans, which supplements this note, is presented in Chapter 3 of the present Universal Registration Document (Corporate Governance).

NOTE 6 INCOME TAX

MAKE IT SIMPLE

Income tax expenses are presented separately from other taxes which are classified among Other operating expenses. They are calculated according to the rates and tax regulations applicable in the countries where each consolidated entity is located.

Income tax presented in the income statement includes current taxes and deferred taxes:

- current taxes correspond to the amount of taxes due (or refundable) as calculated according to the taxable profit base for the reporting period;
- deferred taxes correspond to the amount of taxes resulting from past transactions and that will be payable (or refundable) in a future reporting period.

ACCOUNTING PRINCIPLES

Current taxes

Current tax is based on the taxable profits of each consolidated taxable entity and determined in accordance with the rules established by the local taxation authorities, upon which income taxes are payable. This tax expense also includes net allowances for tax adjustments pertaining to income tax.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under *Income tax* in the income statement.

Deferred taxes

Deferred taxes are recognised whenever the Group identifies a temporary difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments.

Deferred tax assets and liabilities are measured in each consolidated taxable entity and in accordance with the rules established by the local taxation authorities, upon which their income taxes are payable. This amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realised or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value.

Deferred tax assets can result from deductible temporary differences or from tax loss carry-forwards. These deferred tax assets are recorded only if the entity concerned is likely to recover these assets within a set time. These temporary differences or tax loss carry-forwards can also be used against future taxable profit.

Tax loss carry-forwards are subject to an annual review taking into account the tax system applicable to each relevant tax entity and a realistic projection of their tax income or expense: any previously unrecognised deferred tax assets are recorded in the balance sheet to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered; however, the carrying value of deferred tax assets already recognised in the balance sheet is reduced where a risk of total or partial non-recovery occurs.

Current and deferred taxes are recognised in the consolidated income statement under Income tax. However, deferred taxes related to gains and losses recorded under Unrealised or deferred gains and losses are also recognised under the same heading in shareholders' equity.

Tax uncertainties

There may be uncertainty over the tax treatments applied by the Group. If it is probable that the tax Authority will not accept some tax treatments, these uncertainties shall be booked under Tax expenses/income by the counterpart of Provisions for tax adjustments recorded among Tax liabilities.

Information on the nature and the amount of the associated risks is not disclosed when the Group considers that such disclosure could seriously undermine its position in a dispute with other parties on the object of the provision.

NOTE 6.1 Breakdown of the tax expense

(In EURm)	2020	2019
Current taxes	(708)	(968)
Deferred taxes	(496)	(296)
TOTAL	**(1,204)**	**(1,264)**

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

	2020		2019	
(In EURm)	%	EURm	%	EURm
Income before tax, excluding net income from companies accounted for using the equity method and impairment losses on goodwill		**2,081**		**5,339**
Group effective tax rate	**57.87%**		**23.67%**	
Permanent differences	1.70%	35	2.51%	134
Differential on securities with tax exemption or taxed at reduced rate	-1.49%	(31)	-2.74%	(146)
Tax rate differential on profits taxed outside France	13.21%	275	9.13%	486
Changes in the measurement of deferred tax assets/liabilities(1)	-39.27%	(817)	1.86%	100
Normal tax rate applicable to French companies (including 3.3% national contribution)	32.02%		34.43%	

(1) In 2020, this amount includes a EUR 650 million reduction in deferred tax assets for the French tax group.

In compliance with the French tax provisions that define the ordinary corporate tax rate, the latter will be gradually lowered to reach 25% in 2022 according to the following trajectory for liable companies with a turnover equal to or greater than 250 million of euros (article 219 of the French Tax Code):

- for fiscal year opened from 1 January 2020 to 31 December 2020, an ordinary tax rate of 31%, plus the existing national contribution (CSB) of 3.3%;
- for fiscal year opened from 1 January 2021 to 31 December 2021, an ordinary tax rate of 27.5%, plus the existing national contribution (CSB) of 3.3%.

Deferred taxes on French companies are determined by applying the tax rate in effect as at the reversal of the temporary difference. Regarding the gradual reduction in French tax rate until 2022 (including CSB):

- for income taxed at the ordinary tax rate: the rate is 32.02% in 2020, 28.41% in 2021 and 25.83% from 2022;
- for long-term income exempted, subject to taxation of a portion of fees and expenses of 12%: the rate is 3.84% in 2020, 3.41% in 2021 and 3.10% from 2022.

Long-term capital gains on equity investments are exempt, subject to taxation of a portion of fees and expenses at the full statutory tax rate. This portion of fees and expenses is 12% of gross capital gains only if the company realises a net long-term capital gain.

Furthermore, under the parent-subsidiary regime, dividends from companies in which Societe Generale's equity interest is at least 5% are tax exempt, subject to taxation of a portion of fees and expenses of 1% or 5% at the full statutory tax rate.

NOTE 6.2 Tax assets and liabilities

TAX ASSETS

(In EURm)	31.12.2020	31.12.2019
Current tax assets	895	1,038
Deferred tax assets	4,106	4,741
o/w deferred tax assets on tax loss carry-forwards	*1,840*	*2,659*
o/w deferred tax assets on temporary differences	*2,266*	*2,082*
TOTAL	**5,001**	**5,779**

TAX LIABILITIES

(In EURm)	31.12.2020	31.12.2019
Current tax liabilities	440	602
Provisions for tax adjustments	90	101
Deferred tax liabilities	693	706
TOTAL	**1,223**	**1,409**

The Group performs an annual review of its capacity to use its tax loss carryforwards, 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 2021-2025 projections of the performance of the businesses. Tax results also include accounting and tax restatements (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 the Group's tax expertise. An extrapolation is performed from the year 2026 and over a reasonable timeframe depending on the nature of the activities carried out within each tax entity.

On principle, the appreciation of the macro-economic factors selected and the internal estimates used to determine the tax results involve risks and uncertainties about their materialization over the estimated timeframe for the absorption of losses. These risks and uncertainties are in particular related to possible changes in applicable tax rules (computation of the tax result, as well as rules for allocating tax loss carryforwards) or materialisation of the assumptions selected. These uncertainties are mitigated by stress tests on the budgetary and strategic assumptions.

As at 30 June 2020, the Group had carried out a specific review of tax loss carryforwards including the consequences and uncertainties generated by the Covid-19 crisis in the projections of tax results. These projections had shown a risk of partial non-recovery within the French tax group over a reasonable timeframe. As a result, deferred tax assets could no longer be recognized at the end of June for EUR 650 million.

As at 31 December 2020, updated projections confirm that all activated tax loss-carry forwards may be used against future taxable income.

NOTE 6.3 Deferred tax assets recognised on tax loss carry-forwards and deferred tax assets not recognised

As at 31 December 2020, based on the tax system of each entity and a realistic projection of their tax income, the projected period for deferred tax asset recovery is indicated in the table below:

(In EURm)	31.12.2020	Statutory time limit on carry-forwards	Expected recovery period
Total deferred tax assets relating to tax loss carry-forwards	**1,840**	-	-
o/w French tax group	*1,505*	*Unlimited*[(1)]	*9 years*
o/w US tax group	*285*	*20 years*[(2)]	*7 years*
others	*50*	-	-

(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.

As at 31 December 2020, the main unrecognised deferred tax assets represent a total of EUR 1,126 million (compared to EUR 467 million as at 31 December 2019). They mostly concern the French tax group, with EUR 650 million (compared to a nil amount as at 31 December 2019), the US tax group, with EUR 305 million (compared to EUR 413 million as at 31 December 2019), SG Singapore with EUR 70 million (compared to EUR 35 million as at 31 December 2019) and SG de Banques en Guinée équatoriale, with EUR 40 million (o/w EUR 9 million on tax loss carry-forwards and EUR 31 million on timing differences). These deferred tax assets may be recognised on the balance sheet depending on the probability that a future taxable income will allow their recovery.

With regard to the tax treatment of the loss caused by the actions of Jérôme Kerviel, Societe Generale considers that the judgment of the Versailles Court of Appeal of 23 September 2016 does not call into question its validity in light of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'Etat*) and its established case law which was recently confirmed again in this regard. Consequently, Societe Generale considers that the related tax loss remains recoverable against the future taxable income.

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 recently confirmed that they intended to call into question the deductibility of the loss caused by the actions of Jérôme Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by a tax adjustment notice sent by the tax authorities when Societe Generale is in a position to deduct the tax loss carry-forwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the bank's forecasts. In 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.

NOTE 7 SHAREHOLDERS' EQUITY

MAKE IT SIMPLE

Equity are the resources contributed to the Group by external shareholders as capital, as well as the cumulative and undistributed results (retained earnings). It also includes resources received when financial instruments are issued and for which the issuer has no contractual obligation to deliver cash to the holders of these instruments.

Equity has no contractual maturity, and when compensation is awarded to shareholders or holders of other equity instruments, it does not affect the income statement but directly reduces the retained earnings in the equity.

The statement "Changes in Shareholders' Equity" presents the various changes that affect the components of equity over the reporting period.

NOTE 7.1 Treasury shares and shareholders' equity issued by the Group

ACCOUNTING PRINCIPLES

Treasury shares

Societe Generale shares held by the Group are deducted from consolidated equity irrespective of the purpose for which they are held. Income on these shares is recognised in Retained earnings.

Recognition of shares issued by Group subsidiaries, which are bought and sold by the Group, is described in Note 2.

Shareholders' equity issued by the Group

Financial instruments issued by the Group are booked in whole or in part to debt or to equity depending on whether or not they contractually oblige the issuer to deliver cash to the holders of the securities.

When they are classified as equity, securities issued by Societe Generale are recorded under Other equity instruments. If they are issued by Group subsidiaries, these securities are recognised under Non-controlling interests. External costs associated with issuing equity instruments are deducted directly from equity at their after-tax amount.

When they are classified as debt instruments, securities issued by the Group are recorded under Debt securities issued or Subordinated debt depending on their characteristics. They are accounted for in the same way as other financial liabilities measured at amortised cost (see Note 3.6).

NOTE 7.1.1 ORDINARY SHARES AND CAPITAL RESERVES

(In EURm)	31.12.2020	31.12.2019
Issued capital	1,067	1,067
Issuing premiums and capital reserves	21,465	21,417
Elimination of treasury stock	(199)	(515)
TOTAL	**22,333**	**21,969**

ORDINARY SHARES ISSUED BY SOCIETE GENERALE S.A.

(Number of shares)	31.12.2020	31.12.2019
Ordinary shares	853,371,494	853,371,494
Including treasury stock with voting rights[(1)]	*4,512,000*	*3,706,880*
Including shares held by employees	*69,033,084*	*57,369,330*

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

As at 31 December 2020, Societe Generale S.A.'s fully paid up capital amounted to EUR 1,066,714,367.50 and was made up of 853,371,494 shares with a nominal value of EUR 1.25.

NOTE 7.1.2 TREASURY STOCK

As at 31 December 2020, the Group held 4,690,634 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 199 million, including EUR 73 million in shares held for trading activities.

The change in treasury stock over 2020 breaks down as follows:

(In EURm)	Liquidity contract	Trading activities	Treasury stock and active management of shareholders' equity	Total
Disposals net of purchases	-	303	13	316
Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders' equity	-	(2)	(55)	(57)

NOTE 7.1.3 EQUITY INSTRUMENTS ISSUED

PERPETUAL SUBORDINATED NOTES

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

As at 31 December 2020, perpetual subordinated notes issued by the Group and recognised under Group shareholders' equity in Other equity instruments totalled EUR 244 million, valued at historical rate.

Issuance Date	Amount in local currency at 31 December 2019	Repurchases and redemptions in 2020	Amount in local currency at 31 December 2020	Amount in millions of euros at historical rate	Remuneration
1 July 1985	EUR 62m	-	EUR 62m	62	BAR (Bond Average Rate) of -0.25% for the period from 1 June to 31 May before each due date
24 November 1986	USD 248m	-	USD 248m	182	Average 6-month Euro/Dollar deposit rates communicated by reference banks +0.075%

PERPETUAL DEEPLY SUBORDINATED NOTES

Given the discretionary nature of the decision to pay dividends to shareholders, perpetual deeply subordinated notes have been classified as equity and recognised under Other equity instruments.

As at 31 December 2020, perpetual deeply subordinated notes issued by the Group and recognised under Group shareholders' equity in Other equity instruments totalled EUR 9,051 million, valued at historical rate.

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

Issuance Date	Amount in local currency at 31 December 2019	Repurchases and redemptions in 2020	Amount in local currency at 31 December 2020	Amount in millions of euros at historical rate	Remuneration
18 December 2013	USD 1,750m		USD 1,750m	1,273	7.875%, from 18 December 2023, USD 5-year Mid Swap Rate +4.979%
25 June 2014	USD 1,500m	USD 1,500m	-	-	6%, from 27 January 2020, USD 5-year Mid Swap Rate +4.067%
7 April 2014	EUR 1,000m		EUR 1,000m	1,000	6.75%, from 7 April 2021, EUR 5-year Mid Swap Rate +5.538%
29 September 2015	USD 1,250m		USD 1,250m	1,111	8% from 29 September 2025, USD 5-year Mid Swap rate +5.873%
13 September 2016	USD 1,500m		USD 1,500m	1,335	7.375% from 13 September 2021, USD 5-year Mid Swap rate +6.238%
6 April 2018	USD 1,250m		USD 1,250m	1,035	6.750% from 6 April 2028, USD 5-year Mid Swap rate +3.929%
4 October 2018	USD 1,250m		USD 1,250m	1,105	7.375% from 4 October 2023, USD 5-year Mid Swap rate +4.302%
16 April 2019	SGD 750m		SGD 750m	490	6.125% from 16 April 2024, 5-year Mid Swap rate +4.207%
12 September 2019	AUD 700m		AUD 700m	439	4.875% from 12 September 2024, 5-year Mid Swap rate +4.036%
18 November 2020	-		USD 1,500m	1,264	5.375% from 18 November 2030, USD 5-year Mid Swap rate +4.514%

OTHER EQUITY INSTRUMENTS ISSUED BY SUBSIDIARIES

Given the discretionary nature of the decision to pay dividends to shareholders, perpetual subordinated notes issued by the Group's subsidiaries are classified as equity.

As at 31 December 2020, other equity instruments issued by the Group's subsidiaries and recognised under Non-controlling interests totalled EUR 800 million.

Issuance Date	Amount	Remuneration
18 December 2014 (step-up clause after 12 years)	EUR 800m	4.125%, from 2026 5-year Mid-Swap rate +4.150% annually

SUMMARY OF CHANGES IN EQUITY INSTRUMENTS ISSUED

Changes related to the perpetual subordinated notes and deeply subordinated notes included in Shareholder's equity, Group share are detailed below:

	2020			2019		
(In EURm)	Deeply subordinated notes	Perpetual subordinated notes	Total	Deeply subordinated notes	Perpetual subordinated notes	Total
Remuneration paid booked under reserves	(618)	(3)	(621)	(717)	(7)	(724)
Changes in nominal values	162	-	162	23	-	23
Tax savings on remuneration payable to shareholders and recorded under profit or loss	198	12	210	257	2	259
Issuance fees relating to subordinated notes	(7)	-	(7)	(4)	-	(4)

NOTE 7.1.4 EFFECT OF THE CHANGES IN THE SCOPE OF CONSOLIDATION

The effects of the changes in the scope of consolidation recorded in Equity, group share for EUR 80 million are mainly related to the revaluation of the debt linked to the put option on Non-controlling interests.

NOTE 7.2 Earnings per share and dividends

ACCOUNTING PRINCIPLES

The earnings per share are measured by dividing the net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, excluding treasury shares. The net earnings attributable to ordinary shareholders are adjusted for the preferred shareholders rights, such as holders of preferred shares, subordinated securities or deeply subordinated notes classified in equity. The diluted earnings per share take into account the potential dilution of shareholders' interests in the event where dilutive instruments (stock options or free share plans) are converted into ordinary shares. This dilutive effect is determined using the share buyback method.

NOTE 7.2.1 EARNINGS PER SHARE

(In EURm)	2020	2019
Net income, Group share	(258)	3,248
Attributable remuneration to subordinated and deeply subordinated notes	(604)	(708)
Issuance fees related and deeply subordinated notes	(7)	(4)
Net income attributable to ordinary shareholders	**(869)**	**2,536**
Weighted average number of ordinary shares outstanding[1]	850,384,674	829,901,725
Earnings per ordinary share (In EUR)	**(1.02)**	**3.05**
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	850,384,674	829,901,725
Diluted earnings per ordinary share (In EUR)	**(1.02)**	**3.05**

(1) Excluding treasury shares.

NOTE 7.2.2 DIVIDENDS PAID

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

	2020			2019		
(In EURm)	Group Share	Non-controlling interests	Total	Group Share	Non-controlling interests	Total
Paid in shares	-	-	-	(889)	-	(889)
Paid in cash	-	(91)	(91)	(881)	(379)	(1,260)
TOTAL	**-**	**(91)**	**(91)**	**(1,770)**	**(379)**	**(2,149)**

NOTE 7.3 Unrealised or deferred gains and losses

BREAKDOWN OF CHANGES OF UNREALISED OR DEFERRED GAINS AND LOSSES

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

	Changes 2019 -2020				
				o/w	
(In EURm)	Gross value	Tax	Net value	Net Group share	Non-controlling interests
Translation differences(1)	(1,776)	3	(1,773)	(1,672)	(101)
Revaluation of debt instruments at fair value through other comprehensive income	247	(46)	201	152	49
Revaluation of available-for-sale financial assets	117	(43)	74	70	4
Revaluation of hedging derivatives	154	(9)	145	145	-
Subtotal of unrealised gains and losses with subsequent recycling in the income statement	**(1,258)**	**(95)**	**(1,353)**	**(1,305)**	**(48)**
Actuarial gains and losses on defined benefit plans(2)	(53)	18	(35)	(33)	(2)
Revaluation of own credit risk of financial liabilities at fair value through profit or loss(3)	(79)	20	(59)	(53)	(6)
Revaluation of equity instruments at fair value through other comprehensive income	16	(1)	15	10	5
Subtotal of unrealised gains and losses without subsequent recycling in the income statement	**(116)**	**37**	**(79)**	**(76)**	**(3)**
TOTAL	**(1,374)**	**(58)**	**(1,432)**	**(1,381)**	**(51)**

(In EURm)	31.12.2019				
				o/w	
	Gross value	Tax	Net value	Net Group share	Non-controlling interests
Translation differences	(811)	(3)	(814)	(753)	(61)
Revaluation of debt instruments at fair value through other comprehensive income	205	(44)	161	136	25
Revaluation of available-for-sale financial assets	525	(144)	381	383	(2)
Revaluation of hedging derivatives	30	22	52	56	(4)
Subtotal of unrealised gains and losses with subsequent recycling in the income statement	**(51)**	**(169)**	**(220)**	**(178)**	**(42)**
Actuarial gains and losses on defined benefit plans(2)	(2)	(2)	(4)	2	(6)
Revaluation of own credit risk of financial liabilities at fair value through profit or loss(3)	(317)	81	(236)	(241)	5
Revaluation of equity instruments at fair value through other comprehensive income	33	(2)	31	36	(5)
Subtotal of unrealised gains and losses without subsequent recycling in the income statement	**(286)**	**77**	**(209)**	**(203)**	**(6)**
TOTAL	**(337)**	**(92)**	**(429)**	**(381)**	**(48)**

(1) The Group partially hedges structural foreign exchange positions in order to make the CET1 ratio insensitive to fluctuations in the exchange rate against the euro (see chapter 4). The change in translation adjustments, Group share of EUR -1,672 million results from unhedged structural foreign exchange positions. This variation is mainly due to the appreciation of the euro against the US dollar (EUR -1,206 million) and against the Russian ruble (EUR 256 million).

(2) Gains and losses presented in these items are transferred into Retained earnings for the next financial year opening.

(3) During the derecognition of a financial liability, potential realised gains and losses attributable to Group own credit risk are subject to transfer into Retained earnings for the next financial year opening.

NOTE 8 ADDITIONAL DISCLOSURES

NOTE 8.1 Segment reporting

NOTE 8.1.1 DEFINITION OF SEGMENT REPORTING

The Group is managed on a matrix basis that takes into account its different business lines and the geographical breakdown of its activities. Segment reporting information is therefore presented under both criteria.

The Group includes in the results of each sub-division all operating income and expenses directly related to its activity. Income for each sub-division, except for the Corporate Centre, also includes the return on equity allocated to it, based on the estimated rate of return on Group equity. The return on the sub-division's book equity is then reallocated to the Corporate Centre. Transactions between sub-divisions are carried out under the same terms and conditions as those applying to non-Group customers.

The Group's core businesses are managed through three strategic pillars:

- French Retail Banking, which includes the domestic networks Societe Generale, Crédit du Nord and Boursorama;
- International Retail Banking & Financial Services, which consists of:
  - International Retail Banking, including consumer finance activities,
  - Financial Services to Corporates (operational vehicle leasing and fleet management, equipment and vendor finance),
  - Insurance activities;
- Global Banking and Investor Solutions which comprises:
  - Global Markets and Investors Services,
  - Financing and Advisory,
  - Asset and Wealth Management.

In addition to the strategic pillars, the Corporate Centre acts as the Group's central funding department. As such, it recognises the carrying cost of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's Asset and Liability Management (ALM) and income from the Group's management of its assets (management of its industrial and bank equity portfolio and of its real estate assets). Income or expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Centre.

Segment income take intra-Group transactions into account, while these transactions are eliminated from segment assets and liabilities.

The tax rate levied on each business line is based on the standard tax rate set at the start of the financial year, based on tax rates applicable in each country where the division makes profits. Any difference with respect to the Group's tax rate is allocated to the Corporate Centre.

For the purpose of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the booking entities.

NOTE 8.1.2 SEGMENT REPORTING BY DIVISION AND SUB-DIVISION

	2020										
		International Retail Banking and Financial Services				Global Banking and Investor Solutions					
(In EURm)	French Retail Banking	International Retail Banking	Financial Services to Corporates	Insurance	Total	Global Markets and Investors Services	Financing and Advisory	Asset and Wealth Management	Total	Corporate Centre[1]	Total Group Societe Generale
Net banking income	7,315	4,902	1,735	887	7,524	4,164	2,546	903	7,613	(339)	22,113
Operating expenses[2]	(5,418)	(2,870)	(916)	(356)	(4,142)	(4,337)	(1,563)	(813)	(6,713)	(441)	(16,714)
Gross operating income	**1,897**	**2,032**	**819**	**531**	**3,382**	**(173)**	**983**	**90**	**900**	**(780)**	**5,399**
Cost of risk	(1,097)	(1,080)	(185)	-	(1,265)	(24)	(861)	(37)	(922)	(22)	(3,306)
Operating income	**800**	**952**	**634**	**531**	**2,117**	**(197)**	**122**	**53**	**(22)**	**(802)**	**2,093**
Net income from investments accounted for using the equity method	(1)	-	-	-	-	4	-	-	4	-	3
Net income/expense from other assets[4]	158	4	11	-	15	11	(3)	(8)	-	(185)	(12)
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	(684)	(684)
Earnings before Tax	**957**	**956**	**645**	**531**	**2,132**	**(182)**	**119**	**45**	**(18)**	**(1,671)**	**1,400**
Income tax	(291)	(227)	(139)	(165)	(531)	40	69	(9)	100	(482)	(1,204)
Consolidated Net income	**666**	**729**	**506**	**366**	**1,601**	**(142)**	**188**	**36**	**82**	**(2,153)**	**196**
Non-controlling interests	-	198	96	3	297	23	-	2	25	132	454
Net income, Group share	**666**	**531**	**410**	**363**	**1,304**	**(165)**	**188**	**34**	**57**	**(2,285)**	**(258)**
Segment assets	**256,211**	**123,697**	**38,932**	**169,239**	**331,868**	**566,614**	**124,114**	**34,661**	**725,389**	**148,484**	**1,461,952**
Segment liabilities[3]	**264,228**	**90,784**	**13,351**	**154,736**	**258,871**	**684,293**	**47,161**	**21,324**	**752,778**	**119,096**	**1,394,973**

	2019										
		International Retail Banking and Financial Services				Global Banking and Investor Solutions					
(In EURm)	**French Retail Banking**	**International Retail Banking[5]**	**Financial Services to Corporates**	**Insurance**	**Total[5]**	**Global Markets and Investors Services**	**Financing and Advisory**	**Asset and Wealth Management**	**Total**	**Corporate Centre[1]**	**Total Group Societe Generale**
Net banking income	7,746	5,592	1,872	909	8,373	5,210	2,547	947	8,704	(152)	24,671
Operating expenses[2]	(5,700)	(3,252)	(980)	(349)	(4,581)	(4,788)	(1,676)	(888)	(7,352)	(94)	(17,727)
Gross operating income	**2,046**	**2,340**	**892**	**560**	**3,792**	**422**	**871**	**59**	**1,352**	**(246)**	**6,944**
Cost of risk	(467)	(504)	(84)	-	(588)	(13)	(195)	2	(206)	(17)	(1,278)
Operating income	**1,579**	**1,836**	**808**	**560**	**3,204**	**409**	**676**	**61**	**1,146**	**(263)**	**5,666**
Net income from investments accounted for using the equity method	8	11	1	-	12	4	(1)	-	3	(152)	(129)
Net income/expense from other assets	58	3	-	-	3	4	-	2	6	(394)	(327)
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	-	-
Earnings before Tax	**1,645**	**1,850**	**809**	**560**	**3,219**	**417**	**675**	**63**	**1,155**	**(809)**	**5,210**
Income tax	(514)	(410)	(176)	(174)	(760)	(89)	(70)	(15)	(174)	184	(1,264)
Consolidated Net income	**1,131**	**1,440**	**633**	**386**	**2,459**	**328**	**605**	**48**	**981**	**(625)**	**3,946**
Non-controlling interests	-	394	107	3	504	20	-	3	23	171	698
Net income, Group share	**1,131**	**1,046**	**526**	**383**	**1,955**	**308**	**605**	**45**	**958**	**(796)**	**3,248**
Segment assets*	**232,840**	**122,695**	**43,730**	**167,249**	**333,674**	**505,413**	**133,132**	**35,881**	**674,426**	**115,555**	**1,356,495**
Segment liabilities*[3]	**226,040**	**89,754**	**13,980**	**156,212**	**259,946**	**623,512**	**46,133**	**24,736**	**694,381**	**107,558**	**1,287,925**

* *The amounts have been restated compared with the published financial statements for the year ended 31 December 2019 following the IFRS Interpretations Committee (IFRS IC) decisions on 26 November 2019 related to IFRS 16 (see Note 1.2).*

(1) *Income and expenses, assets and liabilities not directly related to business line activities are recorded in the Corporate Centre income and balance sheet. The operating expenses include an income related to an operating tax adjustment of EUR 241 million for the second quarter 2019.*

(2) *These amounts include Personnel expenses, Other operating expenses and Amortisation, depreciation and impairment of tangible and intangible fixed assets.*

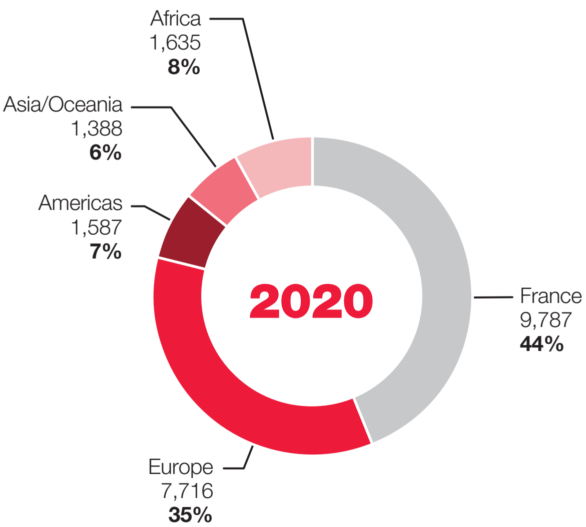
(3) *Segment liabilities correspond to debts (i.e. total liabilities excluding equity).*

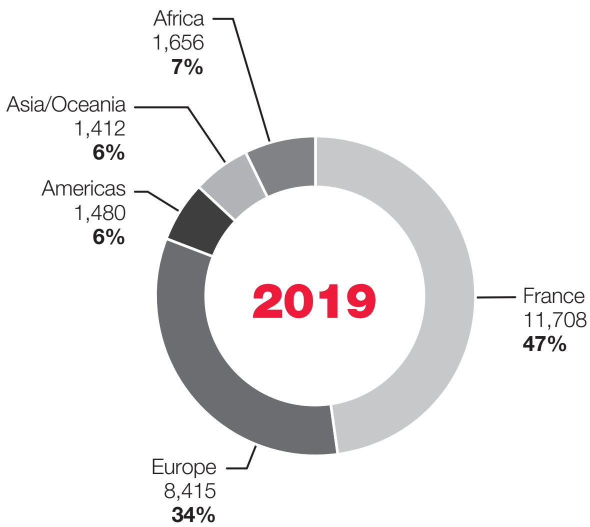
(4) *In 2020 the Net income/expense from other assets items includes a capital gain of EUR 153 million from the Group's property disposal result, recorded in French Retail Banking and relating to, as well as an expense amounting of EUR -169 million recorded in Corporate Centre and corresponding to the impact of Group's subsidiaries disposal program (cf. Note 2.1).*

(5) *In 2019 the International Retail Banking & Financial Services division includes also EUR -34 million of restructuring costs in operating expenses (and EUR +11 million of related income tax) not allocated to the business lines. These costs are added to the results of the International Retail Banking sub-division whose Net income, Groupe share 2019 is, without these costs, EUR 1,069 million.*

NOTE 8.1.3 SEGMENT REPORTING BY GEOGRAPHICAL REGION

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME (IN EURM)

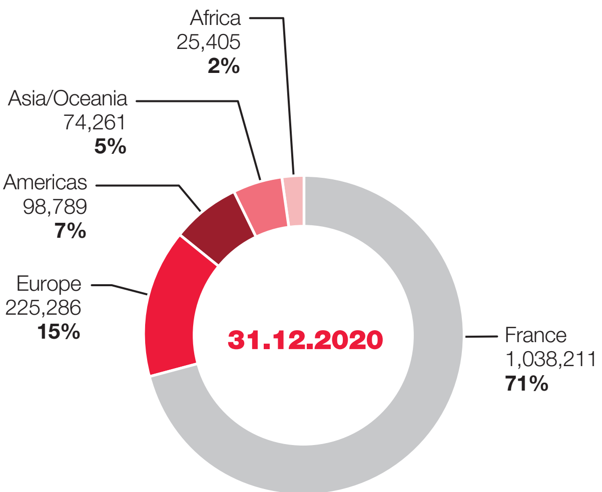


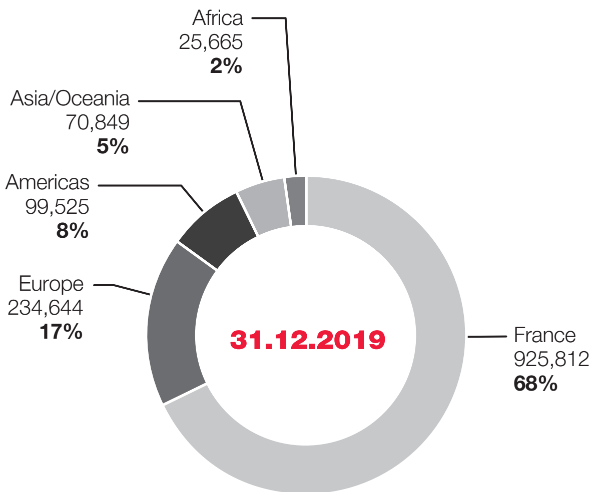


As at 31 December 2020, the amount of net banking income was EUR 22,113 million compared to EUR 24,671 million at 31 December 2019.

GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS (IN EURM)

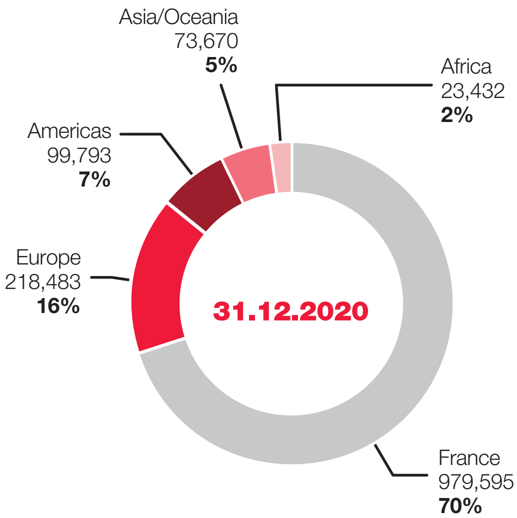
ASSETS

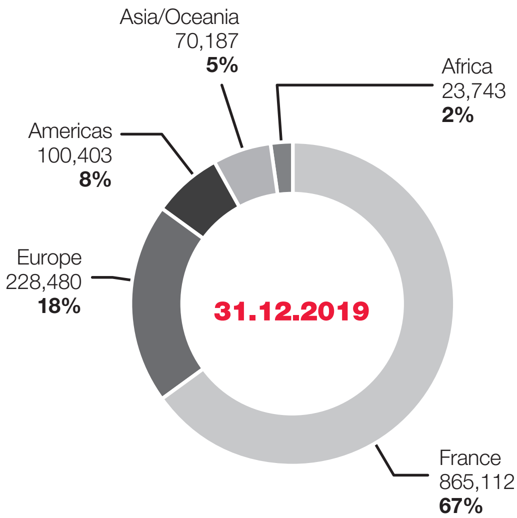




As at 31 December 2020, the amount of assets was EUR 1,461,952 million compared to EUR 1,356,495 million at 31 December 2019*.

LIABILITIES





As at 31 December 2020, the amount of liabilities (except shareholder equity) was EUR 1,394,973 million compared to EUR 1,287,925 million at 31 December 2019*.

** The amounts as at 31 December 2019 have been restated compared with the published financial statements for the year ended 31 December 2019 following the IFRS Interpretations Committee (IFRS IC) decisions on 26 November 2019 related to IFRS 16 (see Note 1.2).*

NOTE 8.2 Other operating expenses

ACCOUNTING PRINCIPLES

The Group records operating expenses under expenses, according to the type of services to which they refer and the rate of use of said services.

Rentals include real estate and equipment leasing expenses, which do not result in a recognition of a lease liability and right-of-use asset (see Note 8.4)

Taxes and levies are only booked when the triggering event provided for by law occurs. If the obligation to pay the tax arises from the gradual operation of an activity, the expense must be spread out over the same period. Finally, if the obligation to pay is generated when a threshold is reached, the expense is only recorded once the threshold is reached.

Taxes and levies cover all contributions levied by a public authority and include the contributions paid to the Single Resolution Fund and the Deposit Insurance and Resolution Fund, the systemic risk tax, and contributions for ACPR control costs, which are recognised in profit or loss at the start of the financial year. The company social solidarity contribution (C3S), based on income generated in previous financial year, is fully recognised in profit or loss at 1 January of the current financial year.

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

(In EURm)	2020	2019
Rentals*	(307)	(308)
Taxes and levies	(1,071)	(887)
Data & telecom (excluding rentals)	(2,087)	(2,328)
Consulting fees	(1,121)	(1,370)
Other	(1,235)	(1,347)
TOTAL	**(5,821)**	**(6,240)**

* *The amount has been restated compared with the published financial statements for the year ended 31 December 2019 following the IFRS Interpretations Committee (IFRS IC) decisions on 26 November 2019 related to IFRS 16 (see Note 1.2).*

CONTRIBUTION TO BANK RESOLUTION MECHANISMS

The European regulatory framework designed to enhance financial stability was updated by the Directive 2014/59/UE of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (Bank Recovery and Resolution Directive).

The European Regulation UE n°806/2014 of 15 July 2014 then determined the financing means of resolution mechanisms within the European Banking Union through the establishment of a Single Resolution Fund (SRF). In addition to this instrument, the National Resolution Fund (NRF) exists for institutions subject to this resolution mechanisms, but that have no SRF.

The Single Resolution Fund, established in January 2016, shall receive annual contributions from the participating European financial institutions. By the end of 2023, the available financial means of the Fund shall reach at least 1% of the amount of covered deposits of all these participating financial institutions. A share of the annual contributions can be provided through irrevocable payment commitments.

For the year 2020, the Group's contributions to the SRF and the NRF were as follows:

- cash contributions (85%) for a total of EUR 470 million, of which EUR 435 million for the SRF and EUR 35 million for the NRF. These contributions are non-tax-deductible in France and have been recorded in the income statement in Other administrative expenses, among Taxes and levies;
- irrevocable payment commitments (15%) backed by a cash collateral for EUR 76 million related to the SRF, recorded as an asset in the balance sheet, among Other assets.

NOTE 8.3 Provisions

ACCOUNTING PRINCIPLES

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

OVERVIEW

(In EURm)	Provisions as at 31.12.2019	Allocations	Write-backs available	Net allocation	Write-backs used	Currency and others	Provisions as at 31.12.2020
Provisions for credit of risk on off balance sheet commitments (see Note 3.8)	640	792	(487)	305	-	(17)	928
Provisions for employee benefits (see Note 5.2)	2,416	365	(120)	245	(220)	140	2,581
Provisions for mortgage savings plans and accounts commitments	289	73	(6)	67	(1)	-	355
Other provisions	1,042	150	(209)	(59)	(44)	(28)	911
TOTAL	**4,387**	**1,380**	**(822)**	**558**	**(265)**	**95**	**4,775**

NOTE 8.3.1 COMMITMENTS UNDER MORTGAGE SAVINGS AGREEMENTS

ACCOUNTING PRINCIPLES

In France, *Comptes d'épargne-logement* (CEL or mortgage savings accounts) and *Plans d'épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of 10 July 1965. These products combine an initial deposit phase in the form of an interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans. The lending phase is subject to the prior existence of the savings phase and is therefore inseparable from it. The savings deposits collected and loans granted are measured at amortised cost.

These instruments create two types of commitments for the Group: the obligation to pay interest on customer savings for an indeterminate future period at an interest rate established at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also established at the inception of the savings agreement.

If it is clear that commitments under the PEL/CEL agreements will have negative consequences for the Group, a provision is recorded on the liabilities side of the balance sheet. Any changes in these provisions are recognised as Net banking income under net interest income. These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between different PEL generations, and for all mortgage saving accounts (CEL) making up a single generation.

During the deposit phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of deposits and the minimum expected amount. These two amounts are determined statistically on the basis of the historical observations of past customer behaviour.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable on the basis of deposits that are currently recognised in the balance sheet at the date of calculation and on the basis of historical observations of past customer behaviour.

A provision is recognised if the discounted value of expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated on the basis of interest rates available to individual customers for equivalent savings and loan products, with a similar estimated life and date of inception.

OUTSTANDING DEPOSITS IN PEL/CEL ACCOUNTS

(In EURm)	31.12.2020	31.12.2019
PEL accounts	19,227	19,195
Less than 4 years old	*734*	*1,596*
Between 4 and 10 years old	*11,511*	*11,581*
More than 10 years old	*6,982*	*6,018*
CEL accounts	1,404	1,333
TOTAL	**20,631**	**20,528**

OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO PEL/CEL ACCOUNTS

(In EURm)	31.12.2020	31.12.2019
Less than 4 years old	-	1
Between 4 and 10 years old	7	13
More than 10 years old	9	12
TOTAL	**16**	**26**

PROVISIONS FOR COMMITMENTS LINKED TO PEL/CEL ACCOUNTS

(In EURm)	31.12.2019	Allocations	Write-backs	31.12.2020
PEL accounts	279	73	-	352
Less than 4 years old	*2*	*-*	-	*2*
Between 4 and 10 years old	*31*	*1*	-	*32*
More than 10 years old	*246*	*72*	-	*318*
CEL accounts	10	-	(7)	3
TOTAL	**289**	**73**	**(7)**	**355**

The level of provisions is sensitive to long-term interest rates. Since long-term rates were low during 2020, the provisions for PEL and CEL mortgage savings accounts were mainly linked to the risks attached to the commitment to pay interest on the deposits. Provisioning for PEL/CEL savings amounted to 1.72% of total outstandings at 31 December 2020.

METHODS USED TO ESTABLISH PROVISION VALUATION INPUTS

The inputs used to estimate future customer behaviour are derived from historical observations of customer behaviour patterns over a long period (more than 10 years). The values of these inputs can be adjusted whenever changes are made to regulations that may undermine the effectiveness of past data as an indicator of future customer behaviour.

The values of the different market inputs used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these items for the period in question, in line with the Retail Banking division's policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps *vs.* Euribor yield curve at the valuation date, averaged over a 12 month period.

NOTE 8.3.2 OTHER PROVISIONS

Other provisions include provisions for restructuring (except staff costs), provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.

The Group is subject to an extensive legal and regulatory framework in the countries where it operates. In this complex legal context, the Group and some of its former and current representatives may be involved in various legal actions, including civil, administrative and criminal proceedings. The vast majority of these proceedings are part of the Group's current business. In recent years, litigation with investors and the number of disputes involving financial intermediaries such as banks and investment advisors has increased, partly due to a difficult financial environment.

It is by nature difficult to foresee the outcome of disputes, regulatory proceedings and acts involving Group entities, particularly if they are initiated by various categories of complainants, if the amount of claims for damages is not specified or is indeterminate or if the proceedings have no precedent.

In preparing its financial statements, the Group assesses the consequences of the legal, regulatory or arbitration proceedings in which it is involved. A provision is booked when losses from these proceedings become probable and the amount can be estimated reliably.

To assess the probability of losses and the amount of these losses, and thus to determine the amount of provisions to book, estimations are important. Management makes these estimates by exercising its judgment and taking into account all information available when financial statements are prepared. In particular, the Group takes into account the nature of the dispute, the underlying facts, ongoing proceedings and court decisions already taken, as well as its experience and the experiences of other companies dealing with similar cases (assuming that the Group has knowledge thereof) and, where appropriate, the opinion and reports of experts and independent legal advisers.

Each quarter the Group carries out a detailed examination of outstanding disputes that present a significant risk. The description of those disputes is presented in Note 9 "Information on risks and litigation".

PROJECT TO MERGE BANKING NETWORKS CRÉDIT DU NORD AND FRENCH RETAIL BANKING

On 7 December 2020, the Group announced its project to merge the Crédit du Nord and Societe Generale banking networks to form a new one (project VISION 2025).

As at 31 December 2020, the lending of this project has not resulted in any modification in the composition of Cash Generating Units (see Note 2.2). It has not yet been detailed and submitted to the social partners for comment and to the relevant authorities for approval. Consequently, no provision has been recognised in the financial statements as at 31 December 2020 for this project.

NOTE 8.4 Tangible and intangible fixed assets

ACCOUNTING PRINCIPLES

Tangible and intangible fixed assets

Tangible and intangible fixed assets include operating and investment fixed assets. Equipment assets held for operating leases purpose are included in operating tangible assets, while buildings held for leasing purposes are included in investment property.

Tangible and intangible fixed assets are carried at their purchase price on the asset side of the balance sheet, less depreciation, amortisation and impairment.

The purchase price of fixed assets includes borrowing costs incurred to fund a lengthy construction period for the fixed assets, along with all other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets. Software developed internally is recorded on the asset side of the balance sheet in the amount of the direct cost of development.

As soon as they are fit for use, fixed assets are depreciated or amortised using the component-based approach. Each component is depreciated or amortised over its own useful life. The Group has applied this approach to its operating properties, breaking down its assets into components with depreciation periods of 10 to 50 years. Depreciation periods for fixed assets other than buildings depend on their useful life, which is usually estimated at 3 to 20 years.

Any residual value of the asset is deducted from its depreciable amount. If there is a subsequent decrease or increase in this initial residual value, the depreciable amount of the asset is adjusted, leading to a prospective modification of the depreciation schedule.

Depreciation and amortisation are recorded in the income statement under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

Fixed assets grouped into Cash Generating Units are tested for impairment whenever there is any indication that their value may have diminished. Allocations and reversals of provisions for impairment are recorded in profit or loss under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

Realised capital gains and losses on operating fixed assets are recognised under Net income from other assets.

Investment properties are depreciated using the component-based method. Each component is depreciated over its own useful life, ranging from 10 to 50 years.

Profits or losses on operating lease assets and on investment property, including amortisation and depreciation, are recognised under Income from other activities and Expense from other activities (see Note 4.2).

Rights-of-use for assets leased by the Group

LEASE

Definition of the lease

A contract is, or contains, a lease if it conveys to the lessor the right to control the use of an identified asset for a period of time in exchange for consideration:

- control is conveyed when the customer has both the right to direct the identified asset's use, and to obtain substantially all the economic benefits from that use throughout the lease period;
- the existence of an identified asset will depend on the absence, for the lessor, of substantive substitution rights for the leased asset; this condition is measured with regard to the facts and circumstances existing at the commencement of the contract. If the lessor has the option of freely substituting the leased asset, the contract cannot 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

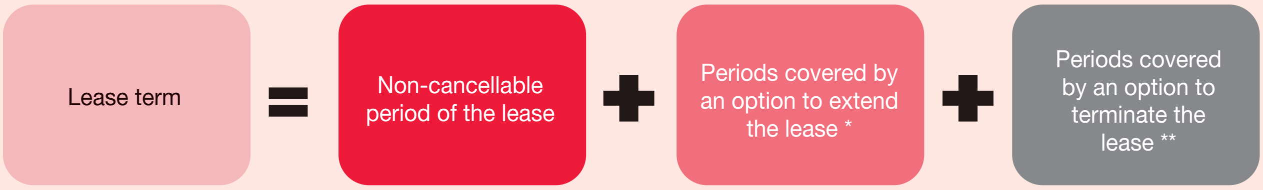
A contract may cover the lease of an asset by the lessor as well as the supply of additional services by that lessor. In this scenario, the lessee can separate the lease components from the non-lease components of the contract and treat them separately. The rental payments stipulated in the contract 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 nine-year leases with an early-termination option at the end of three and six-year term (leases referred to as "3/6/9"); at the end of the nine-year term, if no new agreement is signed, the initial lease is renewed by tacit agreement for a five-year term. This five-year term may be modified depending on the quality of the location, the completion of major investments, or the planned closure of a group of designated branches.

Changing the lease term

The term must be modified in case of a change of circumstances which lead the lessee to revise the exercise of the options included in the lease contract or in case of events which contractually oblige the lessee to exercise (or not) an option that had not been included (or is included) in the lease contract.

Following a change in the lease term, the lease obligation must be reassessed to reflect those changes by using a revised discount rate for the remaining estimated term of the contract.

ACCOUNTING TREATMENT BY THE GROUP AS A LESSEE

On the commencement date (on which the leased asset is made available for use), the lessee must record a lease liability on the liabilities side of the balance sheet and a right-of-use asset on the assets side of the balance sheet except for the exemptions described below.

In the income statement, the lessee must recognise an interest expense calculated on the lease liability under Net banking income and a depreciation of the right-of-use under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

The rental payments will partly reduce the lease liability and partly remunerate this liability in the form of interest expense.

Exemptions and exclusions

The Group does not apply the new lease treatment to contracts with a term of less than one year (including renewal options), nor to contracts on low-value items by applying the exemption threshold of USD 5,000 as indicated in the standard's Basis for Conclusions (the threshold should be measured against the replacement cost per unit of the leased asset).

Rental payment amounts

The payments to be considered for the measurement of the lease liability include fixed and variable rental payments based on an index (*e.g.* consumer price index or construction cost index), plus, where applicable, the funds that the lessee expects to pay the lessor for residual value guarantees, purchase options, or early termination penalties.

However, variable lease payments that are indexed on the use of the leased asset (indexed on revenue or mileage, for example) are excluded from the measurement of lease liability. This variable portion of the rental payments is recorded in the net income over time according to fluctuations in contractual indexes fluctuations.

Rental payments have to be considered based on their amount net of value-added tax. In addition, for building leases, occupancy taxes and property taxes passed on by lessors will be excluded from lease liabilities because their amount, as set by the competent public authorities, is variable.

Recognition of the lease liability

The liability initial amount is equal to the discounted value of the rental payments that will be payable over the lease period.

This lease liability is then measured at the amortised cost using the effective interest rate method: part of each rental payment will then be booked as interest expenses in the income statement, and part will be gradually deducted from the lease liability on the balance sheet.

After the commencement date, the amount of the lease liability may be adjusted if the lease is amended, the lease period is re-estimated, or to account for contractual changes in the rental payments related to the application of indices or rates.

As applicable, the lessee must also recognise a provision in its liabilities to cover the costs of restoring the leased asset that would be assumed when the lease ends.

Recognition of the right-of-use

On the availability date of the leased asset, the lessee must enter a right-of-use asset, on the assets side of the balance sheet, for an amount equal to the initial value of the lease liability, plus, as applicable, initial direct costs (*e.g.* issuance of an authenticated lease, registration fees, negotiation fees, front-end fee, leasehold right, lease premium, etc.), advance payments, and restoration costs.

This asset is then depreciated on a straight-line basis over the lease period that is applied for measuring the lease liability.

After the commencement date, the asset's value may be adjusted if the lease is amended, as it is the case for the lease liability.

Rights-of-use is presented on the lessee's balance sheet under the items of fixed assets where properties of the same type that are held in full ownership are entered. If the lease stipulates the initial payment of a leasehold right to the former tenant of the premises, the amount of that right is stated as a separate component of the right of use and presented under the same heading as the latter.

Lease discount rates

The Group uses the lessees' incremental borrowing rate to discount the rental payments as well as the amount of lease liabilities. For the entities which can directly refinance themselves on their local markets, the incremental borrowing rate is set at the lessee entity level, not at the Group level, in consideration of the borrowing terms and that entity's credit risk. For the entities which refinance themselves through the Group, the incremental borrowing rate is set by the Group.

The discount rates are set according to the currency, the country of the lessee entities and the maturity estimated of the contracts.

CHANGES IN TANGIBLE AND INTANGIBLE FIXED ASSETS

(In EURm)	31.12.2019	Increases/ allowances	Disposals/ reversals	Other movements	31.12.2020
Intangible Assets					
Gross value	7,240	722	(73)	(175)	7,714
Amortisation and impairments	(4,877)	(540)	44	143	(5,230)
Tangible Assets (w/o assets under operating leases)					
Gross value	11,441	548	(359)	(297)	11,333
Depreciation and impairments	(6,351)	(593)	181	178	(6,585)
Assets under operating leases					
Gross value	28,576	8,742	(6,596)	(1,970)	28,752
Depreciation and impairments	(7,527)	(3,971)	2,529	1,029	(7,940)
Investment Property					
Gross value	33	1	(1)	-	33
Depreciation and impairments	(20)	(1)	-	-	(21)
Rights-of-use					
Gross value *	2,766	694	(949)	316	2,827
Amortisation and impairments *	(437)	(440)	111	(29)	(795)
TOTAL	**30,844**	**5,162**	**(5,114)**	**(804)**	**30,088**

* *The amounts have been restated compared with the published financial statements for the year ended 31 December 2019 following the IFRS Interpretations Committee (IFRS IC) decisions on 26 November 2019 related to IFRS 16 (see Note 1.2).*

BREAKDOWN OF MINIMUM PAYMENTS RECEIVABLE ON OPERATING LEASE ASSETS

(In EURm)	31.12.2020	31.12.2019
Payments due in less than five years	23,745	20,206
Payments due in less than one year	*5,366*	
Payments due from one to two years	*5,949*	
Payments due from two to three years	*6,971*	
Payments due from three to four years	*4,228*	
Payments due from four to five years	*1,231*	
Payments due in more than five years	107	120
TOTAL	**23,852**	**20,326**

In 2020, the Group refined the collection of information on minimum payments receivable on operating lease assets. The 2019 year-on-year comparative data for payments less than five years is not available.

INFORMATION 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 contracted property leases are nine-year commercial leases with early termination options at three and six years (so-called "3/6/9" leases). If a new contract is not signed by the end of that nine-year period, the initial lease is automatically extended;
- the office buildings are leased for certain departments reporting to the Group's French headquarters or the local head offices of the main foreign subsidiaries, and for certain locations in the main international financial centres: London, New York, Hong Kong, etc.

Outside France, residual lease periods are generally below 10 years. In some countries, such as Russia, leases can be annual, with optional automatic renewal. In other locations, specifically London and New York, lease periods can be as long as 25 years.

Equipment Leases

Other leases (less than 10%) are mainly computer equipment leases and a very small percentage of vehicle leases.

OVERVIEW TABLE OF LEASE TRANSACTION COSTS AND SUBLEASE INCOME

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

	31.12.2019			
(In EURm)	**Real estate**	**IT**	**Others**	**Total**
Lease	(522)	(33)	(11)	(566)
Interest expenses on lease liabilities	*(43)*	-	-	*(43)*
*Depreciation charge for right-of-use assets **	*(414)*	*(29)*	*(6)*	*(449)*
*Expense relating to short-term leases **	*(61)*	-	*(4)*	*(65)*
Expense relating to leases of low-value assets	*(3)*	*(4)*	*(1)*	*(8)*
Expense relating to variable lease payments	*(1)*	-	-	*(1)*
Sublease income	16	-	-	16

* *The amounts have been restated compared with the published financial statements for the year ended 31 December 2019 following the IFRS Interpretations Committee (IFRS IC) decisions on 26 November 2019 related to IFRS 16 (see Note 1.2).*

NOTE 8.5 Companies included in the consolidation scope

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
South Africa								
	(1)	SG JOHANNESBURG	Bank	FULL	100	100	100	100
Algeria								
		ALD AUTOMOTIVE ALGÉRIE SPA	Specialist Financing	FULL	79.81	79.81	99.99	99.99
		SOCIETE GENERALE ALGÉRIE	Bank	FULL	100	100	100	100
Germany								
		ALD AUTOLEASING D GMBH	Specialist Financing	FULL	79.82	79.82	100	100
		ALD INTERNATIONAL GMBH	Specialist Financing	FULL	79.82	79.82	100	100
		ALD INTERNATIONAL GROUP HOLDINGS GMBH	Specialist Financing	FULL	79.82	79.82	100	100
		ALD LEASE FINANZ GMBH	Specialist Financing	FULL	100	100	100	100
		BANK DEUTSCHES KRAFTFAHRZEUGGEWERBE GMBH	Specialist Financing	FULL	99.94	99.94	51	51
		BDK LEASING UND SERVICE GMBH	Specialist Financing	FULL	100	100	100	100
		CAR PROFESSIONAL FUHRPARKMANAGEMENT UND BERATUNGSGESELLSCHAFT MBH & CO. KG	Specialist Financing	FULL	79.82	79.82	100	100
		CARPOOL GMBH	Broker	FULL	79.82	79.82	100	100
		GEFA BANK GMBH	Specialist Financing	FULL	100	100	100	100
		GEFA VERSICHERUNGSDIENST GMBH	Specialist Financing	EFS	100	100	100	100
		HANSEATIC BANK GMBH & CO KG	Specialist Financing	FULL	75	75	75	75
		HANSEATIC GESELLSCHAFT FUR BANKBETEILIGUNGEN MBH	Portfolio Management	FULL	75	75	100	100
		HSCE HANSEATIC SERVICE CENTER GMBH	Services	FULL	75	75	100	100
		INTERLEASING DELLO HAMBURG GMBH	Specialist Financing	FULL	79.82	79.82	100	100
	(1)	LYXOR INTERNATIONAL ASSET MANAGEMENT GERMANY	Financial Company	FULL	100	100	100	100
		RED & BLACK AUTO GERMANY 4 UG (HAFTUNGSBESCHRANKT)	Financial Company	FULL	100	100	100	100
		RED & BLACK AUTO GERMANY 5 UG (HAFTUNGSBESCHRANKT)	Specialist Financing	FULL	100	100	100	100
		RED & BLACK AUTO GERMANY 6 UG	Financial Company	FULL	100	100	100	100
	(6)	RED & BLACK AUTO GERMANY N°7	Financial Company	FULL	100	0	100	0
		SG EQUIPMENT FINANCE GMBH	Specialist Financing	FULL	100	100	100	100
	(1)	SG FRANCFORT	Bank	FULL	100	100	100	100
		SOCIETE GENERALE EFFEKTEN GMBH	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES SERVICES GMBH	Specialist Financing	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
Germany	(1)	SOGECAP DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100	100	100	100
	(1)	SOGESSUR DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100	100	100	100
Australia								
		SOCIETE GENERALE SECURITIES AUSTRALIA PTY LTD	Broker	FULL	100	100	100	100
	(1)	SOCIETE GENERALE SYDNEY BRANCH	Bank	FULL	100	100	100	100
Austria								
		ALD AUTOMOTIVE FUHRPARKMANAGEMENT UND LEASING GMBH	Specialist Financing	FULL	79.82	79.82	100	100
	(1)	SG VIENNE	Bank	FULL	100	100	100	100
Belgium								
		AXUS FINANCE SRL	Specialist Financing	FULL	79.82	79.82	100	100
		AXUS SA/NV	Specialist Financing	FULL	79.82	79.82	100	100
		BASTION EUROPEAN INVESTMENTS S.A.	Financial Company	FULL	60.74	60.74	100	100
		PARCOURS BELGIUM	Specialist Financing	FULL	79.82	79.82	100	100
	(1)	SG BRUXELLES	Bank	FULL	100	100	100	100
	(1)	SG EQUIPMENT FINANCE BENELUX B.V. BELGIAN BRANCH	Specialist Financing	FULL	100	100	100	100
		SOCIETE GENERALE IMMOBEL	Financial Company	FULL	100	100	100	100
Benin								
		SOCIETE GENERALE BENIN	Bank	FULL	93.43	93.43	94.1	94.1
Bermuda								
		CATALYST RE INTERNATIONAL LTD.	Insurance	FULL	100	100	100	100
Brazil								
		ALD AUTOMOTIVE S.A.	Specialist Financing	FULL	79.82	79.82	100	100
	(6)	ALD CORRETORA DE SEGUROS LTDA	Specialist Financing	FULL	79.82	0	100	0
		BANCO SOCIETE GENERALE BRASIL S.A.	Bank	FULL	100	100	100	100
		SG EQUIPMENT FINANCE S.A. ARRENDAMENTO MERCANTIL	Specialist Financing	FULL	100	100	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
	(2)	SOCIETE GENERALE (NORTH PACIFIC) LTD	Bank	FULL	0	100	0	100
Cameroon								
		SOCIETE GENERALE CAMEROUN	Bank	FULL	58.08	58.08	58.08	58.08

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
Canada								
		SG CONSTELLATION CANADA LTD.	Specialist Financing	FULL	100	100	100	100
	(1)	SOCIETE GENERALE (CANADA BRANCH)	Bank	FULL	100	100	100	100
		SOCIETE GENERALE (CANADA)	Bank	FULL	100	100	100	100
		SOCIETE GENERALE CAPITAL CANADA INC	Broker	FULL	100	100	100	100
China								
	(4)	ALD FORTUNE AUTO LEASING & RENTING SHANGHAI CO. LTD	Specialist Financing	ESI	0	39.91	0	50
		SOCIETE GENERALE (CHINA) LIMITED	Bank	FULL	100	100	100	100
		SOCIETE GENERALE LEASING AND RENTING CO. LTD	Specialist Financing	FULL	100	100	100	100
Congo								
		SOCIETE GENERALE CONGO	Bank	FULL	93.47	93.47	93.47	93.47
South Korea								
		SG SECURITIES KOREA CO, LTD	Broker	FULL	100	100	100	100
	(1)	SG SEOUL	Bank	FULL	100	100	100	100
Côte d'Ivoire								
		SOCIETE GENERALE CAPITAL SECURITIES WEST AFRICA	Portfolio Management	FULL	71.25	71.25	99.98	99.98
		SOCIETE GENERALE CÔTE D'IVOIRE	Bank	FULL	73.25	73.25	73.25	73.25
Croatia								
		ALD AUTOMOTIVE D.O.O. ZA. OPERATIVNI I FINANCIJSKI LEASING	Specialist Financing	FULL	79.82	79.82	100	100
		ALD FLEET SERVICES D.O.O ZA TRGOVINU I USLUGE	Specialist Financing	FULL	79.82	79.82	100	100
Curaçao								
		SGA SOCIETE GENERALE ACCEPTANCE N.V.	Financial Company	FULL	100	100	100	100
Denmark								
		ALD AUTOMOTIVE A/S	Specialist Financing	FULL	79.82	79.82	100	100
		NF FLEET A/S	Specialist Financing	FULL	63.85	63.85	80	80
	(1)(4)	SG FINANS AS DANISH BRANCH	Specialist Financing	FULL	0	100	0	100
United Arab Emirates								
	(1)	SOCIETE GENERALE DUBAI	Bank	FULL	100	100	100	100
Spain								
		ALD AUTOMOTIVE S.A.U.	Specialist Financing	FULL	79.82	79.82	100	100
		ALTURA MARKETS, SOCIEDAD DE VALORES, SA	Broker	EJV	50	50	50	50
	(1)	GENEFIM SUCURSAL EN ESPANA	Real Estate and Real Estate Financing	FULL	100	100	100	100
		REFLEX ALQUILER FLEXIBLE DE VEHICULOS	Specialist Financing	FULL	79.82	79.82	100	100

Country			Activity	Method*	Group ownership interest At 31.12.2020	Group ownership interest At 31.12.2019	Group voting interest At 31.12.2020	Group voting interest At 31.12.2019
Spain		SG EQUIPMENT FINANCE IBERIA, E.F.C, S.A.	Specialist Financing	FULL	100	100	100	100
		SOCGEN FINANCIACIONES IBERIA, S.L.	Bank	FULL	100	100	100	100
		SOCGEN INVERSIONES FINANCIERAS SA	Financial Company	FULL	100	100	100	100
	(1)	SOCIETE GENERALE SUCCURSAL EN ESPANA	Bank	FULL	100	100	100	100
		SODEPROM	Real Estate and Real Estate Financing	FULL	100	100	100	100
Estonia								
		ALD AUTOMOTIVE EESTI AS	Specialist Financing	FULL	59.87	59.87	75.01	75.01
United States of America								
		AEGIS HOLDINGS (ONSHORE) INC.	Financial Company	FULL	100	100	100	100
	(2)	CGI NORTH AMERICA INC.	Specialist Financing	FULL	0	99.78	0	100
		LYXOR ASSET MANAGEMENT HOLDING CORP.	Portfolio Management	FULL	100	100	100	100
		LYXOR ASSET MANAGEMENT INC.	Financial Company	FULL	100	100	100	100
		SG AMERICAS EQUITIES CORP.	Financial Company	FULL	100	100	100	100
		SG AMERICAS OPERATIONAL SERVICES, LLC	Services	FULL	100	100	100	100
		SG AMERICAS SECURITIES HOLDINGS, LLC	Bank	FULL	100	100	100	100
		SG AMERICAS SECURITIES, LLC	Broker	FULL	100	100	100	100
		SG AMERICAS, INC.	Financial Company	FULL	100	100	100	100
		SG CONSTELLATION, INC.	Financial Company	FULL	100	100	100	100
		SG EQUIPMENT FINANCE USA CORP.	Specialist Financing	FULL	100	100	100	100
		SG MORTGAGE FINANCE CORP.	Financial Company	FULL	100	100	100	100
		SG MORTGAGE SECURITIES, LLC	Portfolio Management	FULL	100	100	100	100
		SG STRUCTURED PRODUCTS, INC.	Specialist Financing	FULL	100	100	100	100
		SGAIH, INC.	Financial Company	FULL	100	100	100	100
	(2)	SGB FINANCE NORTH AMERICA INC.	Specialist Financing	FULL	0	50.94	0	100
	(1)	SOCIETE GENERALE (NEW YORK)	Bank	FULL	100	100	100	100
		SOCIETE GENERALE FINANCIAL CORPORATION	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE INVESTMENT CORPORATION	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE LIQUIDITY FUNDING, LLC	Financial Company	FULL	100	100	100	100
Finland								
		AXUS FINLAND OY	Specialist Financing	FULL	79.82	79.82	100	100
		NF FLEET OY	Specialist Financing	FULL	63.85	63.85	80	80

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
France								
		29 HAUSSMANN EQUILIBRE	Portfolio Management	FULL	87.1	87.1	87.1	87.1
		29 HAUSSMANN EURO RDT	Portfolio Management	FULL	58.1	58.1	58.1	58.1
	(6)	29 HAUSSMANN SELECTION EUROPE - K	Financial Company	FULL	45.23	0	45.23	0
		29 HAUSSMANN SELECTION MONDE	Portfolio Management	FULL	68.7	68.7	68.7	68.7
		AIR BAIL	Specialist Financing	FULL	100	100	100	100
		AIX - BORD DU LAC - 3	Real Estate and Real Estate Financing	EJV	50	50	50	50
		AIX - BORD DU LAC - 4	Real Estate and Real Estate Financing	EJV	50	50	50	50
		ALD	Specialist Financing	FULL	79.82	79.82	79.82	79.82
		ALD AUTOMOTIVE RUSSIE SAS	Specialist Financing	FULL	79.82	79.82	100	100
		ALFORTVILLE BAIGNADE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		AMPERIM	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(6)	AMUNDI CREDIT EURO - P	Financial Company	FULL	57.43	0	57.43	0
		ANNEMASSE-ÎLOT BERNARD	Real Estate and Real Estate Financing	FULL	80	40	80	40
		ANTALIS SA	Financial Company	FULL	100	100	100	100
		ANTARES	Real Estate and Real Estate Financing	ESI	45	45	45	45
		ANTARIUS	Insurance	FULL	100	100	100	100
		ARTISTIK	Real Estate and Real Estate Financing	ESI	30	30	30	30
		AVIVA INVESTORS RESERVE EUROPE	Financial Company	FULL	69.35	69.35	69.35	69.35
		BANQUE COURTOIS	Bank	FULL	100	100	100	100
		BANQUE FRANÇAISE COMMERCIALE OCÉAN INDIEN	Bank	FULL	50	50	50	50
		BANQUE KOLB	Bank	FULL	99.97	99.97	99.97	99.97
		BANQUE LAYDERNIER	Bank	FULL	100	100	100	100
		BANQUE NUGER	Bank	FULL	100	100	100	100
		BANQUE POUYANNE	Bank	ESI	35	35	35	35
		BANQUE RHONE ALPES	Bank	FULL	99.99	99.99	99.99	99.99
		BANQUE TARNEAUD	Bank	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest At 31.12.2020	Group ownership interest At 31.12.2019	Group voting interest At 31.12.2020	Group voting interest At 31.12.2019
France		BAUME LOUBIERE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		BERLIOZ	Insurance	FULL	84.05	84.05	84.05	84.05
		BOURSORAMA INVESTISSEMENT	Services	FULL	100	100	100	100
		BOURSORAMA SA	Broker	FULL	100	100	100	100
		BREMANY LEASE SAS	Specialist Financing	FULL	79.82	79.82	100	100
		CARBURAUTO	Group Real Estate Management Company	EJV	50	50	50	50
		CARRERA	Group Real Estate Management Company	EJV	50	50	50	50
		CENTRE IMMO PROMOTION	Real Estate and Real Estate Financing	FULL	60	60	60	60
		CHARTREUX LOT A1	Real Estate and Real Estate Financing	FULL	100	100	100	100
		CHEMIN DES COMBES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		COMPAGNIE FINANCIÈRE DE BOURBON	Specialist Financing	FULL	99.99	99.99	100	100
		COMPAGNIE FONCIÈRE DE LA MÉDITERRANÉE (CFM)	Group Real Estate Management Company	FULL	100	100	100	100
		COMPAGNIE GÉNÉRALE DE LOCATION D'ÉQUIPEMENTS	Specialist Financing	FULL	99.89	99.89	99.89	99.89
		CONTE	Group Real Estate Management Company	EJV	50	50	50	50
		CRÉDIT DU NORD	Bank	FULL	100	100	100	100
		DARWIN DIVERSIFIE 0-20	Portfolio Management	FULL	89.94	89.94	89.94	89.94
		DARWIN DIVERSIFIE 40-60	Portfolio Management	FULL	79.78	79.78	79.78	79.78
		DARWIN DIVERSIFIE 80-100	Portfolio Management	FULL	78.34	78.34	78.34	78.34
	(5)	DESCARTES TRADING	Financial Company	FULL	0	100	0	100
		DISPONIS	Specialist Financing	FULL	99.99	99.99	100	100
		ESNI - COMPARTIMENT SG-CREDIT CLAIMS -1	Financial Company	FULL	100	100	100	100
		ÉTOILE CAPITAL	Financial Company	FULL	100	100	100	100
		ÉTOILE CLIQUET 90	Financial Company	FULL	73.52	73.52	73.52	73.52
		ÉTOILE MULTI GESTION EUROPE-C	Insurance	FULL	51.59	51.59	51.59	51.59
		ÉTOILE VALEURS MOYENNES-C	Insurance	FULL	61.09	61.09	61.09	61.09
		F.E.P. INVESTISSEMENTS	Real Estate and Real Estate Financing	FULL	80	80	100	100
		FCC ALBATROS	Portfolio Management	FULL	100	100	51	51

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
France		FEEDER LYX E ST50 D5	Portfolio Management	FULL	100	100	100	100
		FEEDER LYX E ST50 D6	Portfolio Management	FULL	100	100	100	100
		FEEDER LYXOR CAC 40	Financial Company	FULL	99.77	99.77	99.77	99.77
		FEEDER LYXOR CAC40 D2-EUR	Portfolio Management	FULL	100	100	100	100
		FEEDER LYXOR EURO STOXX 50 - D9	Financial Company	FULL	99.98	99.98	99.98	99.98
	(3)	FEEDER LYXOR STOXX 50	Financial Company	FULL	0	100	0	100
		FENWICK LEASE	Specialist Financing	FULL	99.99	99.99	100	100
	(5)	FINANCIÈRE PARCOURS	Specialist Financing	FULL	0	79.82	0	100
		FINANCIÈRE UC	Real Estate and Real Estate Financing	FULL	100	100	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 RÉASSURANCE	Insurance	FULL	100	100	100	100
		GENECOMI FRANCE	Specialist Financing	FULL	99.64	99.64	99.64	99.64
		GENEFIM	Real Estate and Real Estate Financing	FULL	100	100	100	100
		GENEFINANCE	Portfolio Management	FULL	100	100	100	100
		GENEGIS I	Group Real Estate Management Company	FULL	100	100	100	100
		GENEGIS II	Group Real Estate Management Company	FULL	100	100	100	100
		GENEPIERRE	Real Estate and Real Estate Financing	FULL	49.49	49.49	49.49	49.49
		GENEVALMY	Group Real Estate Management Company	FULL	100	100	100	100
		ÎLOT AB	Real Estate and Real Estate Financing	FULL	80	40	80	40

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
France	(2)	IMAPRIM AMÉNAGEMENT	Real Estate and Real Estate Financing	FULL	0	70	0	70
		IMMOBILIÈRE PROMEX	Real Estate and Real Estate Financing	ESI	35	35	35	35
		INVESTIR IMMOBILIER NORMANDIE	Real Estate and Real Estate Financing	FULL	100	100	100	100
		INVESTISSEMENT 81	Financial Company	FULL	100	100	100	100
		JSJ PROMOTION	Real Estate and Real Estate Financing	ESI	45	45	45	45
		KOLB INVESTISSEMENT	Financial Company	FULL	100	100	100	100
		LA CORBEILLERIE	Real Estate and Real Estate Financing	ESI	24	24	40	40
		LA FONCIÈRE DE LA DÉFENSE	Real Estate and Real Estate Financing	FULL	99.99	99.99	100	100
		LES ALLÉES DE L'EUROPE	Real Estate and Real Estate Financing	ESI	34	34	34	34
		LES CÈDRES BLEUS	Real Estate and Real Estate Financing	ESI	40	40	40	40
		LES JARDINS D'ALHAMBRA	Real Estate and Real Estate Financing	ESI	35	35	35	35
		LES JARDINS DE L'ALCAZAR	Real Estate and Real Estate Financing	ESI	30	30	30	30
		LES MÉSANGES	Real Estate and Real Estate Financing	FULL	55	55	55	55
		LES TROIS LUCS 13012	Real Estate and Real Estate Financing	FULL	100	90.89	100	100
		LES VILLAS VINCENTI	Real Estate and Real Estate Financing	ESI	30	30	30	30
		L'HESPEL	Real Estate and Real Estate Financing	ESI	30	30	30	30
		LOTISSEMENT DES FLEURS	Real Estate and Real Estate Financing	ESI	30	30	30	30

Country		Activity	Method*	Group ownership interest		Group voting interest	
				At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
France	LYON LA FABRIC	Real Estate and Real Estate Financing	EJV	50	50	50	50
	LYXOR ASSET MANAGEMENT	Financial Company	FULL	100	100	100	100
	LYXOR GL OVERLAY F	Portfolio Management	FULL	87.27	87.27	87.27	87.27
	LYXOR INTERMEDIATION	Broker	FULL	100	100	100	100
	LYXOR INTERNATIONAL ASSET MANAGEMENT	Financial Company	FULL	100	100	100	100
	LYXOR SKYFALL FUND	Insurance	FULL	88.98	88.98	88.98	88.98
	MÉDITERRANÉE GRAND ARC	Real Estate and Real Estate Financing	EJV	50	43	50	50
	NORBAIL IMMOBILIER	Real Estate and Real Estate Financing	FULL	100	100	100	100
	NORBAIL SOFERGIE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	NORMANDIE RÉALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	ONYX	Group Real Estate Management Company	EJV	50	50	50	50
	OPCI SOGECAPIMMO	Real Estate and Real Estate Financing	FULL	100	100	100	100
	OPERA 72	Group Real Estate Management Company	FULL	99.99	99.99	100	100
	ORADEA VIE	Insurance	FULL	100	100	100	100
	ORPAVIMOB	Specialist Financing	FULL	100	100	100	100
	PACTIMO	Real Estate and Real Estate Financing	FULL	100	86	100	86
	PARCOURS	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS ANNECY	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS BORDEAUX	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS IMMOBILIER	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS NANTES	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS STRASBOURG	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS TOURS	Specialist Financing	FULL	79.82	79.82	100	100

Country			Activity	Method*	Group ownership interest At 31.12.2020	Group ownership interest At 31.12.2019	Group voting interest At 31.12.2020	Group voting interest At 31.12.2019
France		PAREL	Services	FULL	100	100	100	100
		PHILIPS MEDICAL CAPITAL FRANCE	Specialist Financing	FULL	60	60	60	60
	(6)	PIERRE PATRIMOINE	Financial Company	FULL	100	0	100	0
		PRAGMA	Real Estate and Real Estate Financing	FULL	100	86	100	100
		PRIORIS	Specialist Financing	FULL	94.89	94.89	95	95
		PROGEREAL SA	Real Estate and Real Estate Financing	ESI	25.01	25.01	25.01	25.01
		PROJECTIM	Real Estate and Real Estate Financing	FULL	60	60	60	60
		RED & BLACK CONSUMER FRANCE 2013	Financial Company	FULL	100	100	100	100
		RED & BLACK HOME LOANS FRANCE 1	Financial Company	FULL	100	100	100	100
		RIVAPRIM	Real Estate and Real Estate Financing	FULL	100	100	100	100
		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
	(2)	SAINT CLAIR	Real Estate and Real Estate Financing	EJV	0	50	0	50
		SAINTE-MARTHE ÎLOT C	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SAINTE-MARTHE ÎLOT D	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SAINT-MARTIN 3	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(8)	SARL CS 72 - KERIADENN	Real Estate and Real Estate Financing	ESI	32.5	32.5	32.5	32.5
		SARL D'AMÉNAGEMENT DU MARTINET	Real Estate and Real Estate Financing	EJV	50	43	50	50

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
France		SARL DE LA CÔTE D'OPALE	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SARL DE LA VECQUERIE	Real Estate and Real Estate Financing	ESI	32.5	32.5	32.5	32.5
	(2)	SARL EKO BOUAYE	Real Estate and Real Estate Financing	ESI	0	35	0	35
		SARL SEINE CLICHY	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS AMIENS - AVENUE DU GENERAL FOY	Real Estate and Real Estate Financing	FULL	80	80	100	100
	(6)	SAS BF3 NOGENT THIERS	Real Estate and Real Estate Financing	ESI	20	0	20	0
	(6)	SAS BONDUES - CŒUR DE BOURG	Real Estate and Real Estate Financing	ESI	20	0	25	0
		SAS COPRIM RÉSIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS ÉCULLY SO'IN	Real Estate and Real Estate Financing	FULL	75	75	75	75
		SAS FOCH SULLY	Real Estate and Real Estate Financing	FULL	90	90	90	90
	(2)	SAS LOIRE ATLANTIQUE TERTIAIRE	Real Estate and Real Estate Financing	EJV	0	50	0	50
		SAS MÉRIGNAC OASIS URBAINE	Real Estate and Real Estate Financing	FULL	90	90	90	90
		SAS MS FRANCE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SAS NOAHO AMÉNAGEMENT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS NORMANDIE HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS NORMANDIE RÉSIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest At 31.12.2020	Group ownership interest At 31.12.2019	Group voting interest At 31.12.2020	Group voting interest At 31.12.2019
France		SAS NOYALIS	Real Estate and Real Estate Financing	ESI	28	28	28	28
		SAS ODESSA DÉVELOPPEMENT	Real Estate and Real Estate Financing	ESI	49	49	49	49
		SAS PARNASSE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(6)	SAS PAYSAGES	Real Estate and Real Estate Financing	FULL	51	0	51	0
		SAS PROJECTIM IMMOBILIER	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SAS RESIDENCIAL	Real Estate and Real Estate Financing	FULL	68.4	68.4	68.4	68.4
		SAS ROANNE LA TRILOGIE	Real Estate and Real Estate Financing	ESI	41	41	41	41
	(6)	SAS SCÈNES DE VIE	Real Estate and Real Estate Financing	EJV	50	0	50	0
	(6)	SAS SOAX PROMOTION	Real Estate and Real Estate Financing	FULL	51	0	51	0
		SAS SOGEBROWN POISSY	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SAS SOGEMYSJ	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SAS SOGEPROM TERTIAIRE	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS SOJEPRIM	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SAS TIR A L'ARC AMÉNAGEMENT	Real Estate and Real Estate Financing	EJV	40	40	50	50
		SAS TOUR D2	Real Estate and Real Estate Financing	JO	50	50	50	50
		SAS ZAC DU TRIANGLE	Real Estate and Real Estate Financing	FULL	51	51	51	51

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
France	(5)	SC ALICANTE 2000	Group Real Estate Management Company	FULL	0	100	0	100
	(5)	SC CHASSAGNE 2000	Group Real Estate Management Company	FULL	0	100	0	100
		SCCV 282 MONTOLIVET 12	Real Estate and Real Estate Financing	FULL	60	51.6	60	60
	(2)	SCCV 3 CHÂTEAUX	Real Estate and Real Estate Financing	EJV	0	43	0	50
		SCCV ALFORTVILLE MANDELA	Real Estate and Real Estate Financing	ESI	49	49	49	49
	(6)	SCCV BAC GALLIENI	Real Estate and Real Estate Financing	FULL	51	0	51	0
		SCCV BAHIA	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SCCV BOIS-GUILLAUME PARC DE HALLEY	Real Estate and Real Estate Financing	EJV	50	50	50	50
		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
	(6)	SCCV CANNES JOURDAN	Real Estate and Real Estate Financing	EJV	50	0	50	0
		SCCV CHARTREUX LOT C	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV CHARTREUX LOT E	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV CHARTREUX LOTS B-D	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV CITY SQUARE	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV CLICHY BRC	Real Estate and Real Estate Financing	EJV	50	50	50	50

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2019	At 31.12.2019
France	(6)	SCCV COMPIÈGNE - RUE DE L'ÉPARGNE	Real Estate and Real Estate Financing	ESI	35	0	35	0
	(2)	SCCV COURS CLÉMENCEAU	Real Estate and Real Estate Financing	ESI	0	28	0	28
		SCCV CUGNAUX-LÉO LAGRANGE	Real Estate and Real Estate Financing	EJV	50	43	50	50
	(2)	SCCV EKO GREEN CITY	Real Estate and Real Estate Financing	ESI	0	35	0	35
	(2)	SCCV EKO PARK OCEAN	Real Estate and Real Estate Financing	ESI	0	32.5	0	32.5
		SCCV EPRON - ZAC L'ORÉE DU GOLF	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV ESPACES DE DEMAIN	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV ÉTERVILLE 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	80	100	80
	(2)	SCCV GAO	Real Estate and Real Estate Financing	ESI	0	32.5	0	32.5
		SCCV GIGNAC MOUSSELINE	Real Estate and Real Estate Financing	FULL	70	60.2	70	70
		SCCV GIVORS ROBICHON	Real Estate and Real Estate Financing	FULL	85	50	85	50
		SCCV HÉROUVILLE ÎLOT A2	Real Estate and Real Estate Financing	ESI	33.33	33.33	33.33	33.33
		SCCV HOUSE PARK	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV JA LE HAVRE 22 COTY	Real Estate and Real Estate Financing	ESI	40	40	40	40

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
France		SCCV JDA OUISTREHAM	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV KYMA MÉRIGNAC	Real Estate and Real Estate Financing	ESI	30	30	30	30
	(6)	SCCV LA BAULE - LES JARDINS D'ESCOUBLAC	Real Estate and Real Estate Financing	ESI	25	0	25	0
		SCCV LA MADELEINE SAINT-CHARLES	Real Estate and Real Estate Financing	EJV	40	40	50	50
		SCCV LA PORTE DU CANAL	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV LACASSAGNE BRICKS	Real Estate and Real Estate Financing	ESI	49	49	49	49
		SCCV LE BOUSCAT CARRE SOLARIS	Real Estate and Real Estate Financing	ESI	25	25	25	25
	(2)	SCCV LE COURTIL	Real Estate and Real Estate Financing	ESI	0	35	0	35
	(2)	SCCV LE TEICH CŒUR DE VILLE	Real Estate and Real Estate Financing	ESI	0	30	0	30
		SCCV LES ÉCRIVAINS	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV LES PATIOS D'OR DE FLEURY LES AUBRAIS	Real Estate and Real Estate Financing	FULL	64	64	80	80
		SCCV LES SUCRES	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV LESQUIN PARC	Real Estate and Real Estate Financing	EJV	40	40	50	50
		SCCV LILLE - JEAN MACE	Real Estate and Real Estate Financing	ESI	26.72	26.72	33.4	33.4
		SCCV LOOS GAMBETTA	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV MARCQ PROJECTIM	Real Estate and Real Estate Financing	FULL	64	64	80	80

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
France	(6)	SCCV MARQUETTE CALMETTE	Real Estate and Real Estate Financing	EJV	40	0	50	0
		SCCV MEHUL	Real Estate and Real Estate Financing	FULL	70	60.2	70	70
		SCCV MÉRIGNAC 53-55 AVENUE LEON BLUM	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCCV MONROC - LOT 3	Real Estate and Real Estate Financing	EJV	50	43	50	50
	(6)	SCCV MONS EQUATION	Real Estate and Real Estate Financing	FULL	40	0	50	0
		SCCV MONTREUIL ACACIA	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCCV NATUREO	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCCV NICE ARENAS	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV NOISY BOISSIERE	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SCCV PARIS ALBERT	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV PARK OCEAN II	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV PRADES BLEU HORIZON	Real Estate and Real Estate Financing	EJV	50	43	50	50
		SCCV QUAI DE SEINE A ALFORTVILLE	Real Estate and Real Estate Financing	FULL	51	51	51	51
	(6)	SCCV QUAI NEUF BORDEAUX	Real Estate and Real Estate Financing	ESI	35	0	35	0
		SCCV ROMAINVILLE DUMAS	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV ROUEN 27 ANGLAIS	Real Estate and Real Estate Financing	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
France		SCCV ROUSSET - LOT 03	Real Estate and Real Estate Financing	FULL	70	60.2	70	70
	(6)	SCCV SAINT JUST DAUDET	Real Estate and Real Estate Financing	FULL	80	0	80	0
		SCCV SAY	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV SENGHOR	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV SENSORIUM BUREAUX	Real Estate and Real Estate Financing	EJV	40	40	50	50
		SCCV SENSORIUM LOGEMENT	Real Estate and Real Estate Financing	EJV	40	40	50	50
		SCCV SOGAB ILE DE FRANCE	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCCV SOGAB ROMAINVILLE	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCCV SOGEPROM LYON HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV SWING RIVE GAUCHE	Real Estate and Real Estate Financing	EJV	50	43	50	50
		SCCV TALENCE PUR	Real Estate and Real Estate Financing	FULL	95	95	95	95
		SCCV TASSIN - 190 CDG	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV VERNAISON - RAZAT	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV VILLA CHANZY	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCCV VILLENAVE D'ORNON GARDEN VO	Real Estate and Real Estate Financing	ESI	25	25	25	25
	(6)	SCCV VILLENEUVE D'ASCQ-RUE DES TECHNIQUES	Real Estate and Real Estate Financing	EJV	40	0	50	0

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
France		SCCV VILLEURBANNE TEMPO	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI 1134, AVENUE DE L'EUROPE A CASTELNAU LE LEZ	Real Estate and Real Estate Financing	EJV	50	43	50	50
		SCI 637 ROUTE DE FRANS	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCI AQPRIM PROMOTION	Real Estate and Real Estate Financing	FULL	79.8	79.8	50	50
		SCI ASC LA BERGEONNERIE	Real Estate and Real Estate Financing	EJV	42	42	50	50
		SCI AVARICUM	Real Estate and Real Estate Financing	FULL	99	99	99	99
		SCI BOBIGNY HOTEL DE VILLE	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCI BORDEAUX-20-26 RUE DU COMMERCE	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCI CENTRE IMMO PROMOTION RESIDENCES	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SCI CHELLES AULNOY MENDES FRANCE	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(2)	SCI DREUX LA ROTULE NORD	Real Estate and Real Estate Financing	FULL	0	80	0	100
		SCI DU 84 RUE DU BAC	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 EUROPARC ST MARTIN DU TOUCH 2002	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SCI HEGEL PROJECTIM	Real Estate and Real Estate Financing	FULL	68	68	85	85

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
France		SCI LA MANTILLA COMMERCES	Real Estate and Real Estate Financing	FULL	100	93	100	100
		SCI LA MARQUEILLE	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCI L'ACTUEL	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCI LAVOISIER	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCI LE DOMAINE DU PLESSIS	Real Estate and Real Estate Financing	ESI	20	20	20	20
		SCI LE HAMEAU DES GRANDS PRES	Real Estate and Real Estate Financing	EJV	40	40	40	40
		SCI LE MANOIR DE JEREMY	Real Estate and Real Estate Financing	ESI	40	40	40	40
	(2)	SCI LE PARC DE BORDEROUGE	Real Estate and Real Estate Financing	FULL	0	60	0	60
		SCI LES BAIGNOTS	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCI LES CASTELLINES	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCI LES JARDINS DE LA BOURBRE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCI LES JARDINS D'IRIS	Real Estate and Real Estate Financing	FULL	60	60	60	60
		SCI LES JARDINS DU BLAVET	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCI LES PORTES DU LEMAN	Real Estate and Real Estate Financing	FULL	70	70	70	70
	(2)	SCI LES RESIDENCES GENEVOISES	Real Estate and Real Estate Financing	FULL	0	90	0	90
		SCI LIEUSAINT RUE DE PARIS	Real Estate and Real Estate Financing	EJV	50	50	50	50

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
France		SCI LINAS CŒUR DE VILLE 1	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCI LOCMINE- LAMENNAIS	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCI L'ORÉE DES LACS	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCI MONTPELLIER JACQUES CŒUR	Real Estate and Real Estate Financing	EJV	50	43	50	50
		SCI PROJECTIM HABITAT	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SCI PROJECTIM MARCQ CŒUR DE VILLE	Real Estate and Real Estate Financing	FULL	48	48	60	60
		SCI PRONY	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCI QUINTEFEUILLE	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCI QUINTESSENCE-VALESCURE	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCI RESIDENCE DU DONJON	Real Estate and Real Estate Financing	EJV	40	40	40	40
		SCI RHIN ET MOSELLE 1	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI RHIN ET MOSELLE 2	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI RIVAPRIM HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI RIVAPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI RSS INVESTIMMO CÔTE BASQUE	Real Estate and Real Estate Financing	ESI	20	20	20	20
	(2)	SCI SAINT JEAN	Real Estate and Real Estate Financing	ESI	0	40	0	40

Country			Activity	Method*	Group ownership interest At 31.12.2020	Group ownership interest At 31.12.2019	Group voting interest At 31.12.2020	Group voting interest At 31.12.2019
France		SCI SAINT OUEN L'AUMONE - L'OISE	Real Estate and Real Estate Financing	EJV	38	38	38	38
		SCI SAINT-DENIS WILSON	Real Estate and Real Estate Financing	FULL	60	60	60	60
		SCI SCS IMMOBILIER D'ENTREPRISES	Real Estate and Real Estate Financing	FULL	52.8	52.8	66	66
		SCI SOGECIP	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SCI SOGECTIM	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SCI SOGEPROM LYON RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(2)	SCI STRASBOURG ÉTOILE THUMENAU	Real Estate and Real Estate Financing	ESI	0	35	0	35
	(2)	SCI STRASBOURG ROUTE DE WASSELONNE	Real Estate and Real Estate Financing	ESI	0	35	0	35
		SCI TERRES NOUVELLES FRANCILIENNES	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCI TOULOUSE CENTREDA 3	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI VELRI	Group Real Estate Management Company	EJV	50	50	50	50
		SCI VILLA EMILIE	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCI VITAL BOUHOT 16-22 NEUILLY SUR SEINE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SEFIA	Specialist Financing	FULL	99.89	99.89	100	100
		SERVIPAR	Specialist Financing	FULL	79.82	79.82	100	100
		SG 29 HAUSSMANN	Financial Company	FULL	100	100	100	100
		SG ACTIONS EURO	Insurance	FULL	47.75	47.75	47.75	47.75
		SG ACTIONS EURO SELECTION	Financial Company	FULL	40.05	40.05	40.05	40.05
		SG ACTIONS EURO VALUE-C	Insurance	FULL	64.94	64.94	64.94	64.94
		SG ACTIONS FRANCE	Portfolio Management	FULL	38.14	38.14	38.14	38.14

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
France		SG ACTIONS LUXE-C	Insurance	FULL	84.25	84.25	84.25	84.25
		SG ACTIONS MONDE EMERGENT	Insurance	FULL	60.05	60.05	60.05	60.05
		SG ACTIONS US	Portfolio Management	FULL	65.06	65.06	65.06	65.06
		SG ACTIONS US TECHNO	Insurance	FULL	85.08	85.08	85.08	85.08
		SG CAPITAL DÉVELOPPEMENT	Portfolio Management	FULL	100	100	100	100
		SG FINANCIAL SERVICES HOLDING	Portfolio Management	FULL	100	100	100	100
		SG FLEXIBLE	Portfolio Management	FULL	92.48	92.48	92.48	92.48
		SG LYXOR GOVERNMENT BOND FUND	Portfolio Management	FULL	100	100	100	100
		SG LYXOR LCR FUND	Portfolio Management	FULL	100	100	100	100
	(3)	SG MONE TRESO-E	Insurance	FULL	0	98.62	0	98.62
	(3)	SG MONETAIRE PLUS E	Financial Company	FULL	0	58.93	0	58.93
		SG OBLIG ETAT EURO-R	Insurance	FULL	79.94	79.94	79.94	79.94
		SG OBLIGATIONS	Insurance	FULL	82.92	82.92	82.92	82.92
		SG OPCIMMO	Real Estate and Real Estate Financing	FULL	97.95	97.95	97.95	97.95
		SG OPTION EUROPE	Broker	FULL	100	100	100	100
		SG VALOR ALPHA ACTIONS FRANCE	Financial Company	FULL	72.77	72.77	72.77	72.77
		SGB FINANCE S.A.	Specialist Financing	FULL	50.94	50.94	51	51
		SGEF SA	Specialist Financing	FULL	100	100	100	100
		SGI 10-16 VILLE L'EVEQUE	Insurance	FULL	100	100	100	100
		SGI 1-5 ASTORG	Insurance	FULL	100	100	100	100
		SGI HOLDING SIS	Group Real Estate Management Company	FULL	100	100	100	100
		SGI PACIFIC	Insurance	FULL	86.17	86.17	89.53	89.53
		SNC CŒUR 8EME MONPLAISIR	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SNC COPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SNC D'AMÉNAGEMENT FORUM SEINE ISSY LES MOULINEAUX	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
		SNC ISSY FORUM 11	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
		SNC NEUILLY ILE DE LA JATTE	Real Estate and Real Estate Financing	ESI	40	40	40	40

Country		Activity	Method*	Group ownership interest		Group voting interest	
				At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
France	SNC PROMOSEINE	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
	SOCIETE “LES PINSONS”	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SOCIETE ANONYME DE CREDIT A L’INDUSTRIE FRANÇAISE (CALIF)	Bank	FULL	100	100	100	100
	SOCIÉTÉ CIVILE IMMOBILIÈRE CAP THALASSA	Real Estate and Real Estate Financing	ESI	45	45	45	45
	SOCIÉTÉ CIVILE IMMOBILIÈRE CAP VEYRE	Real Estate and Real Estate Financing	ESI	50	50	50	50
	SOCIÉTÉ CIVILE IMMOBILIÈRE DE DIANE	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SOCIÉTÉ CIVILE IMMOBILIÈRE DE PIERLAS	Real Estate and Real Estate Financing	ESI	28	28	28	28
	SOCIÉTÉ CIVILE IMMOBILIÈRE DES COMBEAUX DE TIGERY	Real Estate and Real Estate Financing	FULL	99.99	99.99	100	100
	SOCIÉTÉ CIVILE IMMOBILIÈRE DOMAINE DURANDY	Real Estate and Real Estate Financing	ESI	25	25	25	25
	SOCIÉTÉ CIVILE IMMOBILIÈRE ERICA	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SOCIÉTÉ CIVILE IMMOBILIÈRE ESTEREL TANNERON	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SOCIÉTÉ CIVILE IMMOBILIÈRE FONTENAY - ESTIENNES D’ORVES	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SOCIÉTÉ CIVILE IMMOBILIÈRE GAMBETTA DÉFENSE V	Real Estate and Real Estate Financing	ESI	20	20	20	20
	SOCIÉTÉ CIVILE IMMOBILIÈRE LE BOTERO	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SOCIÉTÉ CIVILE IMMOBILIÈRE LES HAUTS DE L’ESTAQUE	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SOCIÉTÉ CIVILE IMMOBILIÈRE LES HAUTS DE SEPTEMES	Real Estate and Real Estate Financing	ESI	25	25	25	25

Country			Activity	Method*	Group ownership interest At 31.12.2020	Group ownership interest At 31.12.2019	Group voting interest At 31.12.2020	Group voting interest At 31.12.2019
France		SOCIÉTÉ CIVILE IMMOBILIÈRE MIRECRAU	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SOCIÉTÉ CIVILE IMMOBILIÈRE NAXOU	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOCIÉTÉ CIVILE IMMOBILIÈRE TOULDI	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOCIÉTÉ CIVILE IMMOBILIÈRE 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
		SOCIÉTÉ DE LA RUE EDOUARD VII	Portfolio Management	FULL	99.91	99.91	99.91	99.91
		SOCIÉTÉ DES TERRAINS ET IMMEUBLES PARISIENS (STIP)	Group Real Estate Management Company	FULL	99.98	99.98	100	100
		SOCIÉTÉ DU PARC D'ACTIVITÉ DE LA VALENTINE	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SOCIÉTÉ EN NOM COLLECTIF PARNASSE	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOCIÉTÉ FINANCIÈRE D'ANALYSE ET DE GESTION	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE	Bank	FULL	100	100	100	100
		SOCIETE GENERALE CAPITAL FINANCE	Portfolio Management	FULL	100	100	100	100
		SOCIETE GENERALE CAPITAL PARTENAIRES	Portfolio Management	FULL	100	100	100	100
	(4)	SOCIETE GENERALE DE BANQUE AUX ANTILLES	Bank	FULL	0	100	0	100
		SOCIETE GENERALE FACTORING	Specialist Financing	FULL	100	100	100	100
		SOCIETE GENERALE PARTICIPATIONS INDUSTRIELLES	Portfolio Management	FULL	100	100	100	100
		SOCIETE GENERALE POUR LE DÉVELOPPEMENT DES OPÉRATIONS DE CRÉDIT-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
		SOCIÉTÉ IMMOBILIÈRE DU 29 BOULEVARD HAUSSMANN	Group Real Estate Management Company	FULL	100	100	100	100

Country		Activity	Method*	Group ownership interest		Group voting interest	
				At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
France	SOCIÉTÉ IMMOBILIÈRE URBI ET ORBI	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOCIÉTÉ MARSEILLAISE DE CREDIT	Bank	FULL	100	100	100	100
	SOGE BEAUJOIRE	Group Real Estate Management Company	FULL	99.99	99.99	100	100
	SOGE PERIVAL I	Group Real Estate Management Company	FULL	100	100	100	100
	SOGE PERIVAL II	Group Real Estate Management Company	FULL	100	100	100	100
	SOGE PERIVAL III	Group Real Estate Management Company	FULL	100	100	100	100
	SOGE PERIVAL IV	Group Real Estate Management Company	FULL	100	100	100	100
	SOGEACT.SELEC.MON.	Portfolio Management	FULL	99.78	99.78	99.78	99.78
	SOGECAMPUS	Group Real Estate Management Company	FULL	100	100	100	100
	SOGÉCAP	Insurance	FULL	100	100	100	100
	SOGÉCAP - DIVERSIFIED LOANS FUND	Specialist Financing	FULL	100	100	100	100
	SOGÉCAP DIVERSIFIE 1	Portfolio Management	FULL	100	100	100	100
	SOGÉCAP EQUITY OVERLAY (FEEDER)	Insurance	FULL	100	100	100	100
	SOGÉCAP LONG TERME N°1	Financial Company	FULL	100	100	100	100
	SOGECAPIMMO 2	Insurance	FULL	89.39	89.39	90.84	90.84
	SOGEFIM HOLDING	Portfolio Management	FULL	100	100	100	100
	SOGEFIMUR	Specialist Financing	FULL	100	100	100	100
	SOGEFINANCEMENT	Specialist Financing	FULL	100	100	100	100
	SOGEFINERG SG POUR LE FINANCEMENT DES INVESTISSEMENTS ÉCONOMISANT L'ÉNERGIE	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

Country			Activity	Method*	Group ownership interest At 31.12.2020	Group ownership interest At 31.12.2019	Group voting interest At 31.12.2020	Group voting interest At 31.12.2019
France	(6)	SOGEPIERRE	Financial Company	FULL	100	0	100	0
		SOGEPROM	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM ALPES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM ALPES HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM CENTRE-VAL DE LOIRE	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM CVL SERVICES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM ENTREPRISES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM LYON	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM PARTENAIRES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM SERVICES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM SUD REALISATIONS	Real Estate and Real Estate Financing	FULL	100	90.9	100	100
		SOGESSUR	Insurance	FULL	100	100	100	100
		SOGEVIMMO	Group Real Estate Management Company	FULL	85.55	85.55	85.55	85.55
		ST BARNABE 13004	Real Estate and Real Estate Financing	EJV	50	43	50	50
		STAR LEASE	Specialist Financing	FULL	100	100	100	100
	(8)	STRACE	Real Estate and Real Estate Financing	ESI	20	20	20	20
		TEMSYS	Specialist Financing	FULL	79.82	79.82	100	100

Country			Activity	Method*	Group ownership interest At 31.12.2020	Group ownership interest At 31.12.2019	Group voting interest At 31.12.2020	Group voting interest At 31.12.2019
France		URBANISME ET COMMERCE PROMOTION	Real Estate and Real Estate Financing	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
	(6)	VIENNE BON ACCUEIL	Real Estate and Real Estate Financing	EJV	50	0	50	0
		VILLA D'ARMONT	Real Estate and Real Estate Financing	ESI	40	40	40	40
Ghana								
		SOCIETE GENERALE GHANA LIMITED	Bank	FULL	60.22	60.22	60.22	60.22
Gibraltar								
		HAMBROS (GIBRALTAR NOMINEES) LIMITED	Services	FULL	100	100	100	100
		SG KLEINWORT HAMBROS BANK (GIBRALTAR) LIMITED	Bank	FULL	100	100	100	100
Greece								
		ALD AUTOMOTIVE S.A. LEASE OF CARS	Specialist Financing	FULL	79.82	79.82	100	100
Guinea								
		SOCIETE GENERALE GUINEE	Bank	FULL	57.94	57.94	57.94	57.94
Equatorial Guinea								
		SOCIETE GENERALE DE BANQUES EN GUINEE EQUATORIALE	Bank	FULL	52.44	52.44	57.23	57.23
Hong Kong								
		SG ASSET FINANCE (HONG KONG) LIMITED	Broker	FULL	100	100	100	100
		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
	(6)	SG LEASING (HONG KONG) LIMITED	Financial Company	FULL	100	0	100	0
		SG SECURITIES (HK) LIMITED	Broker	FULL	100	100	100	100
	(8)	SG SECURITIES (HK) NOMINEES LTD	Broker	FULL	100	100	100	100
		SG SECURITIES ASIA INTERNATIONAL HOLDINGS LIMITED	Broker	FULL	100	100	100	100
	(1)(6)	SGL ASIA HK	Real Estate and Real Estate Financing	FULL	100	0	100	0

Country			Activity	Method*	Group ownership interest At 31.12.2020	Group ownership interest At 31.12.2019	Group voting interest At 31.12.2020	Group voting interest At 31.12.2019
Hong Kong		SOCIETE GENERALE ASIA LTD	Financial Company	FULL	100	100	100	100
		TH INVESTMENTS (HONG KONG) 1 LIMITED	Financial Company	FULL	100	100	100	100
	(8)	TH INVESTMENTS (HONG KONG) 2 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	79.82	79.82	100	100
Jersey Island								
		ELMFORD LIMITED	Services	FULL	100	100	100	100
		HANOM I LIMITED	Financial Company	FULL	100	100	100	100
		HANOM II LIMITED	Financial Company	FULL	100	100	100	100
		HANOM III LIMITED	Financial Company	FULL	100	100	100	100
		J D CORPORATE SERVICES LIMITED	Services	FULL	100	100	100	100
		KLEINWORT BENSON CUSTODIAN SERVICES LIMITED	Bank	FULL	100	100	100	100
	(7)	LYXOR MASTER FUND	Financial Company	FULL	100	100	100	100
		NEWMEAD TRUSTEES LIMITED	Financial Company	FULL	100	100	100	100
		SG HAMBROS (FOUNDATIONS) LIMITED	Financial Company	FULL	100	100	100	100
		SG HAMBROS NOMINEES (JERSEY) LIMITED	Financial Company	FULL	100	100	100	100
		SG KLEINWORT HAMBROS BANK (CI) LIMITED	Bank	FULL	100	100	100	100
		SG KLEINWORT HAMBROS CORPORATE SERVICES (CI) LIMITED	Portfolio Management	FULL	100	100	100	100
		SG KLEINWORT HAMBROS TRUST COMPANY (CI) LIMITED	Financial Company	FULL	100	100	100	100
		SGKH TRUSTEES (CI) LIMITED	Services	FULL	100	100	100	100
	(3)	SOLENTIS INVESTMENT SOLUTIONS PCC	Financial Company	FULL	0	100	0	100
Isle of Man								
		KBBIOM LIMITED	Bank	FULL	50	50	50	50
		KBTIOM LIMITED	Bank	FULL	100	100	100	100
Guernsey Island								
		ARAMIS II SECURITIES CO, LTD	Financial Company	FULL	100	100	100	100
		CDS INTERNATIONAL LIMITED	Services	FULL	100	100	100	100
		GRANGE NOMINEES LIMITED	Bank	FULL	100	100	100	100
		GUERNSEY FINANCIAL ADVISORY SERVICES LIMITED	Bank	FULL	100	100	100	100
		GUERNSEY NOMINEES LIMITED	Bank	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
Guernsey Island		HAMBROS (GUERNSEY NOMINEES) LTD	Services	FULL	100	100	100	100
		HTG LIMITED	Services	FULL	100	100	100	100
		K.B. (C.I.) NOMINEES LIMITED	Bank	FULL	100	100	100	100
		KLEINWORT BENSON INTERNATIONAL TRUSTEES LIMITED	Bank	FULL	100	100	100	100
		MISON NOMINEES LIMITED	Bank	FULL	100	100	100	100
	(1)	SG HAMBROS BANK (CHANNEL ISLANDS) LTD GUERNSEY BRANCH	Bank	FULL	100	100	100	100
British Virgin Islands								
	(2)	TSG HOLDINGS LTD	Services	FULL	0	100	0	100
	(2)	TSG MANAGEMENT LTD	Services	FULL	0	100	0	100
	(2)	TSG SERVICES LTD	Services	FULL	0	100	0	100
India								
		ALD AUTOMOTIVE PRIVATE LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
	(1)	SG MUMBAI	Bank	FULL	100	100	100	100
		SOCIETE GENERALE GLOBAL SOLUTION CENTRE	Services	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES INDIA PRIVATE LIMITED	Broker	FULL	100	100	100	100
Ireland								
		ALD RE DESIGNATED ACTIVITY COMPANY	Insurance	FULL	79.82	79.82	100	100
		IRIS II SPV DESIGNATED ACTIVITY COMPANY	Financial Company	FULL	100	100	100	100
	(6)	IRIS SPV PLC SERIES SOGÉCAP	Real Estate and Real Estate Financing	FULL	100	0	100	0
		MERRION FLEET FINANCE LIMITED	Financial Company	FULL	79.82	79.82	100	100
		MERRION FLEET MANAGEMENT LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
	(6)	NB SOG EMER EUR - I	Financial Company	FULL	100	0	100	0
	(1)	SG DUBLIN	Bank	FULL	100	100	100	100
		SG KLEINWORT HAMBROS PRIVATE INVESTMENT OFFICE SERVICES LIMITED	Bank	FULL	100	100	100	100
		SGBT FINANCE IRELAND DESIGNATED ACTIVITY COMPANY	Specialist Financing	FULL	100	100	100	100
		SOCIETE GENERALE HEDGING DESIGNATED ACTIVITY COMPANY	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES SERVICES (IRELAND) LTD	Financial Company	FULL	100	100	100	100
Italy								
		ALD AUTOMOTIVE ITALIA S.R.L.	Specialist Financing	FULL	79.82	79.82	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
Italy		FIDITALIA S.P.A.	Specialist Financing	FULL	100	100	100	100
		FRAER LEASING SPA	Specialist Financing	FULL	73.85	73.85	73.85	73.85
		SG EQUIPMENT FINANCE ITALY S.P.A.	Specialist Financing	FULL	100	100	100	100
		SG FACTORING SPA	Specialist Financing	FULL	100	100	100	100
		SG LEASING SPA	Specialist Financing	FULL	100	100	100	100
	(1)	SG MILAN	Bank	FULL	100	100	100	100
	(1)	SOCECAP SA RAPPRESENTANZA GENERALE PER L'ITALIA	Insurance	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES SERVICES S.P.A.	Bank	FULL	100	100	100	100
	(1)	SOGESSUR SA	Insurance	FULL	100	100	100	100
Japan								
		LYXOR ASSET MANAGEMENT JAPAN CO LTD	Portfolio Management	FULL	100	100	100	100
	(1)	SG TOKYO	Bank	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES JAPAN LIMITED	Broker	FULL	100	100	100	100
Latvia								
		ALD AUTOMOTIVE SIA	Specialist Financing	FULL	59.86	59.86	75	75
Lithuania								
		UAB ALD AUTOMOTIVE	Specialist Financing	FULL	59.86	59.86	75	75
Luxembourg								
	(3)	AF EMG MK HD CURR - CLASSE C - LU0907913460	Insurance	FULL	0	47.7	0	47.7
		ALD INTERNATIONAL SERVICES S.A.	Specialist Financing	FULL	79.82	79.82	100	100
		AXUS LUXEMBOURG SA	Specialist Financing	FULL	79.82	79.82	100	100
		BARTON CAPITAL SA	Financial Company	FULL	100	100	100	100
	(3)	CANDRIAM BONDS EURO HIGH YIELD - LU1010337324	Insurance	FULL	0	45.35	0	45.35
		CODEIS COMPARTIMENT A0084	Insurance	FULL	100	100	100	100
		CODEIS COMPARTIMENT A0076	Financial Company	FULL	100	100	100	100
		CODEIS SECURITIES S.A.	Financial Company	FULL	100	100	100	100
		COVALBA	Financial Company	FULL	100	100	100	100
		FIDELITY FUNDS EUR HY IQ - LU0954694930	Insurance	FULL	49.6	49.6	49.6	49.6
	(2)	G FINANCE LUXEMBOURG SA	Financial Company	FULL	0	100	0	100
	(6)	GOLDMAN SACHS 2 G EM M DBP ID	Financial Company	FULL	100	0	100	0
		IVEFI S.A.	Financial Company	FULL	100	100	100	100
	(2)	LX FINANZ S.A.R.L.	Financial Company	FULL	0	100	0	100

Country			Activity	Method*	Group ownership interest At 31.12.2020	Group ownership interest At 31.12.2019	Group voting interest At 31.12.2020	Group voting interest At 31.12.2019
Luxembourg		LYXOR EURO 6M - CLASS SI	Insurance	FULL	64.37	64.37	64.37	64.37
		LYXOR FUNDS SOLUTIONS	Financial Company	FULL	100	100	100	100
		PIONEER INVESTMENTS DIVERSIFIED LOANS FUND	Specialist Financing	FULL	100	100	100	100
		RED & BLACK AUTO LEASE GERMANY 2 S.A.	Financial Company	FULL	79.82	79.82	100	100
	(6)	RED & BLACK AUTO LEASE GERMANY S.A. N°7	Real Estate and Real Estate Financing	FULL	79.82	0	100	0
		SALINGER S.A.	Bank	FULL	100	100	100	100
		SG ISSUER	Financial Company	FULL	100	100	100	100
		SGBT ASSET BASED FUNDING SA	Financial Company	FULL	100	100	100	100
		SGBTCI	Financial Company	FULL	100	100	100	100
	(6)	SGL ASIA	Real Estate and Real Estate Financing	FULL	100	0	100	0
		SOCIETE GENERALE CAPITAL MARKET FINANCE	Bank	FULL	100	100	100	100
		SOCIETE GENERALE FINANCING AND DISTRIBUTION	Bank	FULL	100	100	100	100
		SOCIETE GENERALE LIFE INSURANCE BROKER SA	Insurance	FULL	100	100	100	100
		SOCIETE GENERALE LUXEMBOURG	Bank	FULL	100	100	100	100
	(6)	SOCIETE GENERALE LUXEMBOURG LEASING	Specialist Financing	FULL	100	0	100	0
		SOCIETE GENERALE PRIVATE WEALTH MANAGEMENT S.A.	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE RE SA	Insurance	FULL	100	100	100	100
		SOCIÉTÉ IMMOBILIÈRE DE L'ARSENAL	Group Real Estate Management Company	FULL	100	100	100	100
		SOGELIFE	Insurance	FULL	100	100	100	100
	(6)	SURYA INVESTMENTS S.A.	Specialist Financing	FULL	100	0	100	0
Madagascar								
		BANKY FAMPANDROSOANA VAROTRA SG	Bank	FULL	70	70	70	70
Malta								
	(8)	LNG MALTA INVESTMENT 1 LIMITED	Financial Company	FULL	100	100	100	100
	(8)	LNG MALTA INVESTMENT 2 LIMITED	Financial Company	FULL	100	100	100	100
Morocco								
		ALD AUTOMOTIVE SA MAROC	Specialist Financing	FULL	36.58	36.57	50	50
		ATHENA COURTAGE	Insurance	FULL	58.2	58.17	99.9	99.93
		FONCIMMO	Group Real Estate Management Company	FULL	57.62	57.58	100	100
		LA MAROCAINE VIE	Insurance	FULL	79.21	79.19	99.98	99.98
		SG MAROCAINE DE BANQUES	Bank	FULL	57.62	57.58	57.62	57.58

Country			Activity	Method*	Group ownership interest At 31.12.2020	Group ownership interest At 31.12.2019	Group voting interest At 31.12.2020	Group voting interest At 31.12.2019
Morocco		SOCIÉTÉ D'ÉQUIPEMENT DOMESTIQUE ET MENAGER "EQDOM"	Specialist Financing	FULL	30.95	30.93	53.72	53.72
		SOCIETE GENERALE DE LEASING AU MAROC	Specialist Financing	FULL	57.62	57.58	100	100
		SOCIETE GENERALE OFFSHORE	Financial Company	FULL	57.59	57.51	99.94	99.88
		SOGECAPITAL GESTION	Financial Company	FULL	57.59	57.54	99.94	99.94
		SOGECAPITAL PLACEMENT	Portfolio Management	FULL	57.59	57.56	99.94	99.96
	(8)	SOGEFINANCEMENT MAROC	Specialist Financing	FULL	57.62	57.58	100	100
Mauritius								
		SG SECURITIES BROKING (M) LIMITED	Broker	FULL	100	100	100	100
Mexico								
		ALD AUTOMOTIVE S.A. DE C.V.	Specialist Financing	FULL	79.82	79.82	100	100
		ALD FLEET SA DE CV SOFOM ENR	Specialist Financing	FULL	79.82	79.82	100	100
		SGFP MEXICO, S.A. DE C.V.	Financial Company	FULL	100	100	100	100
Monaco								
	(1)	CREDIT DU NORD - MONACO	Bank	FULL	100	100	100	100
	(1)	SMC MONACO	Bank	FULL	100	100	100	100
		SOCIÉTÉ DE BANQUE MONACO	Bank	FULL	100	100	100	100
	(1)	SOCIETE GENERALE (SUCCURSALE MONACO)	Bank	FULL	100	100	100	100
		SOCIETE GENERALE PRIVATE BANKING (MONACO)	Bank	FULL	100	100	100	100
Norway								
		ALD AUTOMOTIVE AS	Specialist Financing	FULL	79.82	79.82	100	100
		NF FLEET AS	Specialist Financing	FULL	63.85	63.85	80	80
	(4)	SG FINANS AS	Specialist Financing	FULL	0	100	0	100
New Caledonia								
		CREDICAL	Specialist Financing	FULL	87.07	87.07	96.64	96.64
		SOCIETE GENERALE CALÉDONIENNE DE BANQUE	Bank	FULL	90.1	90.1	90.1	90.1
Netherlands								
		ALVARENGA INVESTMENTS B.V.	Specialist Financing	FULL	100	100	100	100
		ASTEROLD B.V.	Financial Company	FULL	100	100	100	100
		AXUS FINANCE NL B.V.	Specialist Financing	FULL	79.82	79.82	100	100
		AXUS NEDERLAND BV	Specialist Financing	FULL	79.82	79.82	100	100
		BRIGANTIA INVESTMENTS B.V.	Financial Company	FULL	100	100	100	100
		CAPEREA B.V.	Specialist Financing	FULL	100	100	100	100
		COPARER HOLDING	Group Real Estate Management Company	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
Netherlands		HERFSTTAFEL INVESTMENTS B.V.	Specialist Financing	FULL	100	100	100	100
		HORDLE FINANCE B.V.	Financial Company	FULL	100	100	100	100
		MONTALIS INVESTMENT BV	Specialist Financing	FULL	100	100	100	100
	(1)	SG AMSTERDAM	Bank	FULL	100	100	100	100
		SG EQUIPMENT FINANCE BENELUX BV	Specialist Financing	FULL	100	100	100	100
		SOGELEASE B.V.	Specialist Financing	FULL	100	100	100	100
		SOGELEASE FILMS	Specialist Financing	FULL	100	100	100	100
		TYNEVOR B.V.	Financial Company	FULL	100	100	100	100
Poland								
		ALD AUTOMOTIVE POLSKA SP Z O.O.	Specialist Financing	FULL	79.82	79.82	100	100
		SG EQUIPMENT LEASING POLSKA SP Z.O.O.	Specialist Financing	FULL	100	100	100	100
	(1)	SOCIETE GENERALE S.A. ODDZIAL W POLSCE	Bank	FULL	100	100	100	100
	(1)	SOGÉCAP SPOLKA AKCYJNA ODDZIAL W POLSCE	Insurance	FULL	100	100	100	100
	(1)	SOGESSUR SPOLKA AKCYJNA ODDZIAL W POLSCE	Insurance	FULL	100	100	100	100
French Polynesia								
		BANQUE DE POLYNESIE	Bank	FULL	72.1	72.1	72.1	72.1
		SOGELEASE BDP “SAS”	Specialist Financing	FULL	72.1	72.1	100	100
Portugal								
		SGALD AUTOMOTIVE SOCIEDADE GERAL DE COMERCIO E ALUGUER DE BENS SA	Specialist Financing	FULL	79.82	79.82	100	100
Czech Republic								
		ALD AUTOMOTIVE S.R.O.	Specialist Financing	FULL	79.82	79.82	100	100
		ESSOX SRO	Specialist Financing	FULL	80	80	100	100
		FACTORING KB	Financial Company	FULL	60.73	60.73	100	100
		KB PENZIJNI SPOLECNOST, A.S.	Financial Company	FULL	60.73	60.73	100	100
		KB REAL ESTATE	Real Estate and Real Estate Financing	FULL	60.73	60.73	100	100
		KB SMARTSOLUTIONS, S.R.O.	Bank	FULL	60.73	60.73	100	100
		KOMERCNI BANKA A.S.	Bank	FULL	60.73	60.73	60.73	60.73
		KOMERCNI POJISTOVNA A.S.	Insurance	FULL	80.76	80.76	100	100
		MODRA PYRAMIDA STAVEBNI SPORITELNA AS	Financial Company	FULL	60.73	60.73	100	100
		PROTOS	Financial Company	FULL	60.73	60.73	100	100
		SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O.	Specialist Financing	FULL	80.33	80.33	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
Czech Republic		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, A.S.	Group Real Estate Management Company	FULL	60.73	60.73	100	100
		VN 42	Real Estate and Real Estate Financing	FULL	60.73	60.73	100	100
		WORLDLINE CZECH REPUBLIC S.R.O.	Services	ESI	0.61	0.61	40	40
Romania								
		ALD AUTOMOTIVE SRL	Specialist Financing	FULL	75.89	75.89	100	100
		BRD - GROUPE SOCIETE GENERALE SA	Bank	FULL	60.17	60.17	60.17	60.17
		BRD ASSET MANAGEMENT SAI SA	Portfolio Management	FULL	60.15	60.15	99.97	99.97
		BRD FINANCE IFN S.A.	Financial Company	FULL	80.48	80.48	100	100
		S.C. BRD SOGELEASE IFN S.A.	Specialist Financing	FULL	60.17	60.17	100	100
		S.C. ROGARIU IMOBILIARE S.R.L.	Real Estate and Real Estate Financing	FULL	75	75	75	75
		SOCIETE GENERALE EUROPEAN BUSINESS SERVICES S.A.	Services	FULL	100	100	100	100
		SOGEPROM ROMANIA SRL	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(1)	SOGESSUR S.A PARIS - SUCURSALA BUCURESTI	Insurance	FULL	100	100	100	100
United Kingdom								
		ACR	Financial Company	FULL	100	100	100	100
		ALD AUTOMOTIVE GROUP LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
		ALD AUTOMOTIVE LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
	(1)	BRIGANTIA INVESTMENTS B.V. (UK BRANCH)	Financial Company	FULL	100	100	100	100
	(1)(2)	DESCARTES TRADING LONDON BRANCH	Financial Company	FULL	0	100	0	100
		FENCHURCH NOMINEES LIMITED	Bank	FULL	100	100	100	100
		FRANK NOMINEES LIMITED	Bank	FULL	100	100	100	100
	(1)	HORDLE FINANCE B.V. (UK BRANCH)	Financial Company	FULL	100	100	100	100
		JWB LEASING LIMITED PARTNERSHIP	Specialist Financing	FULL	100	100	100	100
		KBIM STANDBY NOMINEES LIMITED	Bank	FULL	100	100	100	100
		KBPB NOMINEES LIMITED	Bank	FULL	100	100	100	100
		KH COMPANY SECRETARIES LIMITED	Bank	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest At 31.12.2020	Group ownership interest At 31.12.2019	Group voting interest At 31.12.2020	Group voting interest At 31.12.2019
United Kingdom		KLEINWORT BENSON FARMLAND TRUST (MANAGERS) LIMITED	Bank	FULL	75	75	75	75
		LANGBOURN NOMINEES LIMITED	Bank	FULL	100	100	100	100
		LYXOR ASSET MANAGEMENT UK LLP	Financial Company	FULL	100	100	100	100
	(2)	MAGPIE ROSE LIMITED	Bank	FULL	0	100	0	100
	(2)	PICO WESTWOOD LIMITED	Bank	FULL	0	100	0	100
		ROBERT BENSON, LONSDALE & CO. (CANADA) LIMITED	Bank	FULL	100	100	100	100
	(2)	SAINT MELROSE LIMITED	Bank	FULL	0	100	0	100
		SG (MARITIME) LEASING LIMITED	Specialist Financing	FULL	100	100	100	100
		SG EQUIPMENT FINANCE (DECEMBER) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG FINANCIAL SERVICES LIMITED	Financial Company	FULL	100	100	100	100
		SG HAMBROS (LONDON) NOMINEES LIMITED	Financial Company	FULL	100	100	100	100
		SG HAMBROS TRUST COMPANY LIMITED	Financial Company	FULL	100	100	100	100
		SG HEALTHCARE BENEFITS TRUSTEE COMPANY LIMITED	Financial Company	FULL	100	100	100	100
		SG INVESTMENT LIMITED	Financial Company	FULL	100	100	100	100
		SG KLEINWORT HAMBROS BANK LIMITED	Bank	FULL	100	100	100	100
		SG KLEINWORT HAMBROS LIMITED	Bank	FULL	100	100	100	100
		SG KLEINWORT HAMBROS TRUST COMPANY (UK) LIMITED	Bank	FULL	100	100	100	100
		SG LEASING (ASSETS) LIMITED	Specialist Financing	FULL	100	100	100	100
	(2)	SG LEASING (CENTRAL 1) LIMITED	Specialist Financing	FULL	0	100	0	100
		SG LEASING (CENTRAL 3) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (GEMS) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (JUNE) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (MARCH) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (USD) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (UTILITIES) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING IX	Specialist Financing	FULL	100	100	100	100
	(1)	SG LONDRES	Bank	FULL	100	100	100	100
	(2)	SGFLD LIMITED	Financial Company	FULL	0	100	0	100
		SOCGEN NOMINEES (UK) LIMITED	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE EQUIPMENT FINANCE LIMITED	Specialist Financing	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
United Kingdom		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)	TH INVESTMENTS (HONG KONG) 2 LIMITED (UK BRANCH)	Financial Company	FULL	100	100	100	100
	(1)	TYNEVOR B.V. (UK BRANCH)	Financial Company	FULL	100	100	100	100
Russian Federation								
		ALD AUTOMOTIVE OOO	Specialist Financing	FULL	79.82	79.82	100	100
		CLOSED JOINT STOCK COMPANY SG FINANCE	Specialist Financing	FULL	99.97	99.97	100	100
	(8)	CREDIT INSTITUTION OBYEDINYONNAYA RASCHOTNAYA SISTEMA	Financial Company	FULL	99.97	99.97	100	100
		LLC RUSFINANCE	Bank	FULL	99.97	99.97	100	100
		LLC RUSFINANCE BANK	Bank	FULL	99.97	99.97	100	100
		LLC TELSYCOM	Services	FULL	99.97	99.97	100	100
		PJSC ROSBANK	Bank	FULL	99.97	99.97	99.97	99.97
	(6)	RB CAPITAL ASSET MANAGEMENT LIMITED LIABILITY COMPANY	Real Estate and Real Estate Financing	FULL	99.97	0	100	0
		RB FACTORING LLC	Specialist Financing	FULL	99.97	99.97	100	100
		RB LEASING LLC	Specialist Financing	FULL	99.97	99.97	100	100
		RB SERVICE LLC	Group Real Estate Management Company	FULL	99.97	99.97	100	100
		RB SPECIALIZED DEPOSITARY LLC	Financial Company	FULL	99.97	99.97	100	100
		SOCIETE GENERALE STRAKHOVANIE LLC	Insurance	FULL	99.99	99.99	100	100
		SOCIETE GENERALE STRAKHOVANIE ZHIZNI LLC	Insurance	FULL	99.99	99.99	100	100
Senegal								
		SOCIETE GENERALE SENEGAL	Bank	FULL	64.45	64.45	64.87	64.87
Serbia								
		ALD AUTOMOTIVE D.O.O BEOGRAD	Specialist Financing	FULL	79.82	79.82	100	100
Singapore								
		SG MARKETS (SEA) PTE. LTD.	Broker	FULL	100	100	100	100
		SG SECURITIES (SINGAPORE) PTE. LTD.	Broker	FULL	100	100	100	100
	(1)	SG SINGAPOUR	Bank	FULL	100	100	100	100
		SG TRUST (ASIA) LTD	Financial Company	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
Slovakia								
		ALD AUTOMOTIVE SLOVAKIA S.R.O.	Specialist Financing	FULL	79.82	79.82	100	100
		ESSOX FINANCE S.R.O.	Specialist Financing	FULL	80	80	100	100
	(1)	KOMERCNI BANKA SLOVAKIA	Bank	FULL	60.73	60.73	100	100
	(1)	SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O. ORGANIZACNA ZLOZKA (SLOVAK RUPUBLIC BRANCH)	Specialist Financing	FULL	80.33	80.33	100	100
Slovenia								
		ALD AUTOMOTIVE OPERATIONAL LEASING DOO	Specialist Financing	FULL	79.82	79.82	100	100
Sweden								
		ALD AUTOMOTIVE AB	Specialist Financing	FULL	79.82	79.82	100	100
		NF FLEET AB	Specialist Financing	FULL	63.85	63.85	80	80
	(1)(4)	SG FINANS AS SWEDISH BRANCH	Specialist Financing	FULL	0	100	0	100
	(1)	SOCIETE GENERALE SA BANKFILIAL SVERIGE	Bank	FULL	100	100	100	100
Switzerland								
		ALD AUTOMOTIVE AG	Specialist Financing	FULL	79.82	79.82	100	100
	(2)	ROSBANK (SWITZERLAND)	Bank	FULL	0	99.97	0	100
		SG EQUIPMENT FINANCE SCHWEIZ AG	Specialist Financing	FULL	100	100	100	100
	(1)	SG ZURICH	Bank	FULL	100	100	100	100
		SOCIETE GENERALE PRIVATE BANKING (SUISSE) S.A.	Bank	FULL	100	100	100	100
Taiwan								
	(1)	SG SECURITIES (HONG KONG) LIMITED TAIPEI BRANCH	Broker	FULL	100	100	100	100
	(1)	SG TAIPEI	Bank	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					At 31.12.2020	At 31.12.2019	At 31.12.2020	At 31.12.2019
Chad								
		SOCIETE GENERALE TCHAD	Bank	FULL	56.86	56.86	67.83	67.83
Thailand								
		SOCIETE GENERALE SECURITIES (THAILAND) LTD.	Broker	FULL	100	100	100	100
Togo								
	(1)	SOCIETE GENERALE TOGO	Bank	FULL	93.43	90.98	100	100
Tunisia								
		UNION INTERNATIONALE DE BANQUES	Bank	FULL	55.1	55.1	52.34	52.34
Turkey								
		ALD AUTOMOTIVE TURIZM TICARET ANONIM SIRKETI	Specialist Financing	FULL	79.82	79.82	100	100
	(1)	SG ISTANBUL	Bank	FULL	100	100	100	100
Ukraine								
		ALD AUTOMOTIVE UKRAINE LIMITED LIABILITY COMPANY	Specialist Financing	FULL	79.82	79.82	100	100

* *FULL: Full consolidation - JO: Joint Operation - EJV: Equity (Joint Venture) - ESI: Equity (significant influence) - EFS: Equity For Simplification (Entities controlled by the Group that are consolidated using the equity method for simplification because are not significant).*

(1) Branches.

(2) Entities wound up.

(3) Removal from the scope (loss of control or significant influence).

(4) Entities sold.

(5) Merged.

(6) Newly consolidated.

(7) Including 30 funds.

(8) Wind-up in process.

Additional information related to the consolidation scope and equity investments as required by the Regulation 2016-09 of the Autorité des Normes Comptables (ANC, the French Accounting standard setter), dated 2 December 2016 is available on the Societe Generale Group website at: https://investors.societegenerale.com/en/publications-documentsNote.

NOTE 8.6 Fees paid to Statutory Auditors

The consolidated financial statements of Societe Generale Group are certified jointly by Ernst & Young et Autres, represented by Mr. Micha Missakian, on the one hand; and Deloitte et Associés, represented by Mr. Jean-Marc Mickeler, on the other hand.

On the proposal of the Board of Directors and following the recommendation of the Audit and Internal Control Committee of Societe Generale (CACI), the Annual General Meeting held on 23 May 2018 renewed the mandates of Ernst & Young et Autres and of Deloitte et Associés, for six years.

In accordance with the European regulation on the audit reform, the CACI implements a specific approval policy of the non-audit services ("SACC") of Statutory Auditors and their network by to verify its compliance before to the launch of the mission.

A synthesis of the SACC (approved or refused) is presented to every session of the CACI.

The fees by type of mission (audit or non-audit) are submitted to an annual review by the CACI.

Lastly, the Finance Departments of the entities and business divisions annually appraise the quality of the audits performed by Deloitte et Associés and Ernst & Young et Autres. The conclusions of this survey are presented to the CACI.

AMOUNTS OF STATUTORY AUDITORS' FEES PRESENTED IN THE INCOME STATEMENT

		Ernst & Young et Autres		Deloitte et Associés		Total	
(In EUR m excluding VAT)		2020[1]	2019	2020[2]	2019	2020	2019
Certification of parent company and consolidated accounts	Issuer	5	4	8	7	13	11
	Fully consolidated subsidiaries	15	16	12	12	27	28
SUB-TOTAL		**20**	**20**	**20**	**19**	**40**	**39**
Non-audit services (SACC)	Issuer	1	0	1	2	2	2
	Fully consolidated subsidiaries	1	1	1	1	2	2
TOTAL		**22**	**21**	**22**	**22**	**44**	**43**

(1) Including Ernst and Young network: EUR 12 million.
(2) Including Deloitte network: EUR 10 million.

The non-audit services are mainly consisted of missions of compliance review with regard to the regulatory requirements, missions of internal control within the framework of respect of ISAE standards (International Standard on Assurance Engagements), agreed upon procedures, and then complementary audits within the scope of issuing of certificates or EFP Declaration (EFP: Extra-Financial Performance). They include also non-audit services expressly and exclusively entrusted to the Statutory Auditors for EUR 0.5 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 Jérôme Kerviel guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. Jérôme Kerviel was sentenced to serve a prison sentence of five years, two years of which are suspended, and was ordered to pay EUR 4.9 billion in damages to the bank. On 19 March 2014, the Supreme Court confirmed the criminal liability of Jérôme Kerviel. This decision puts an end to the criminal proceedings. On the civil front, on 23 September 2016, the Versailles Court of Appeal rejected Jérôme Kerviel's request for an expert determination of the damage suffered by Societe Generale, and therefore confirmed that the net accounting losses suffered by the Bank as a result of his criminal conduct amount to EUR 4.9 billion. It also declared Jérôme Kerviel partially responsible for the damage caused to Societe Generale and sentenced him to pay to Societe Generale EUR 1 million. Societe Generale and Jérôme 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 Jérôme Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by an adjustment notice sent by the tax authorities when Societe Generale is in a position to deduct the tax loss carry forwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the bank's forecasts. In view of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'Etat*) and its established case law which was recently confirmed again in this regard, Societe Generale considers that there is no need to provision the corresponding deferred tax assets. In the event that the authorities decide, in due course, to confirm their current position, Societe Generale group will not fail to assert its rights before the competent courts. By a decision handed down on 20 September 2018, the Investigation Committee of the reviewing and reassessment Criminal Court has furthermore declared inadmissible the request filed in May 2015 by Jérôme Kerviel against his criminal sentence, confirming the absence of any new element or fact that could justify the reopening of the criminal file.
- Between 2003 and 2008, Societe Generale set up gold consignment lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold stocks held by Goldas. These suspicions were rapidly confirmed following the failure by Goldas to pay or refund gold worth EUR 466.4 million. Societe Generale brought civil proceedings against its insurers and various Goldas Group entities. Goldas launched various proceedings in Turkey and in the UK against Societe Generale. In the action brought by Societe Generale against Goldas in the UK, Goldas applied to have the action of SG struck-out and applied to the UK court for damages. On 3 April 2017, the UK court granted both applications and will, after an inquiry into damages, rule on the amount due to Goldas, if any. On 15 May 2018, the Court of Appeal discharged entirely the inquiry into damages granted by the High Court to Goldas but rejected Societe Generale's arguments relating to service of the claims issued against Goldas, which are therefore time-barred. On 18 December 2018, the Supreme Court refused permission to appeal to both Societe Generale and Goldas. On 16 February 2017, the Paris Commercial Court dismissed Societe Generale's claims against its insurers. Societe Generale filed an appeal against this decision.
- Societe Generale Algeria (SGA) and several of its branch managers are being prosecuted for breach of Algerian laws on exchange rates and capital transfers with other countries and on money laundering and the financing of terrorism. The defendants are accused of having failed to make complete or accurate statements to the Algerian authorities on capital transfers in connection with exports or imports made by clients of SGA and on cash payment transactions made at SGA counters. The events were discovered during investigations by the Algerian authorities, which subsequently filed civil claims before the criminal court. Sentences were delivered by the court of appeal against SGA and its employees in some proceedings, while charges were dropped in other ones. To date, sixteen cases have ended in favour of SGA, one case has ended against SGA and eight remain pending, six of which before the Supreme Court.
- In the early 2000s, the French banking industry decided to transition to a new digital system in order to streamline cheque clearing. To support this reform (known as EIC – Echange d'Images Chèques), which has contributed to the improvement of cheque payments security and to the fight against fraud, the banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities.

  On 20 September 2010, after several years of investigation, 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. Societe Generale was ordered to pay a fine of EUR 53.5 million and Crédit du Nord, its subsidiary, a fine of EUR 7 million. However, in its 23 February 2012 order, the French Court of Appeal, to which the matter was referred by all the banks involved except Banque de France, held that there was no competition law infringement, allowing the banks to recoup the fines paid. On 14 April 2015, the Supreme Court quashed and annulled the Court of Appeal decision on the grounds that the latter did not examine the arguments of two third parties who voluntarily intervened in the proceedings. The case was heard again on 3 and 4 November 2016 by the Paris Court of Appeal before which the case was remanded. On 21 December 2017, the Court of Appeal confirmed the fines imposed on Societe Generale and Crédit du Nord by the French competition authority. On 22 January 2018, Societe Generale and Crédit du Nord filed an appeal before the Supreme court against this decision. On 29 January 2020, the Supreme Court partially quashed the order the Paris Court of Appeal decision of 21 December 2017 and ordered the remand of the case to this same court of appeal but differently composed. On 13 March 2020, Societe Generale and Crédit du Nord therefore filed a new appeal before the Paris Court of Appeal against the decision of the French competition authority. The court proceeding is still pending.

- In August 2009, Societe Generale Private Banking (Switzerland), along with several other financial institutions, was named as a defendant in a putative class action that was ultimately transferred to the US District Court for the Northern District of Texas. The plaintiffs sought to represent a class of individuals who were customers of Stanford International Bank Ltd. (SIBL), with money on deposit at SIBL and/or holding Certificates of Deposit issued by SIBL as of 16 February 2009. The plaintiffs alleged that they suffered losses as a result of fraudulent activity at SIBL and the Stanford Financial Group or related entities, and that the defendants were responsible for those alleged losses. The plaintiffs further sought to recoup payments made through or to the defendants on behalf of SIBL or related entities on the basis that they were alleged to have been fraudulent transfers. The Official Stanford Investors Committee (OSIC) was permitted to intervene and filed a complaint against Societe Generale Private Banking (Switzerland) and the other defendants seeking similar relief.

  The motion by Societe Generale Private Banking (Switzerland) to dismiss these claims on grounds of lack of jurisdiction was denied by the court by order filed 5 June 2014. Societe Generale Private Banking (Switzerland) sought reconsideration of the Court's jurisdictional ruling, which the Court ultimately denied. On 21 April 2015, the Court permitted the substantial majority of the claims brought by the plaintiffs and the OSIC to proceed.

  On 7 November 2017, the District Court denied the plaintiffs' motion for class certification. The plaintiffs sought leave to appeal this decision, which the court of appeal denied on 20 April 2018. On 3 May 2019, several hundred individual plaintiffs filed motions to intervene in the pending OSIC action seeking recovery in their individual capacities for losses on their Stanford investments. The defendant financial institutions, including Societe Generale Private Banking (Switzerland), opposed these motions. By order of 18 September 2019 the court denied the motions to intervene. One group of plaintiffs appealed the denial, and another initiated a separate action in Texas state court in Houston in November 2019. The state court action was removed to federal court and is now pending in the Southern District of Texas.

  On 22 December 2015, the OSIC filed a motion for partial summary judgment seeking return of a transfer of USD 95 million to Societe Generale Private Banking (Switzerland) made in December 2008 (prior to the Stanford insolvency) on the grounds that it is voidable under Texas state law as a fraudulent transfer. Societe Generale Private Banking (Switzerland) has opposed this motion. By order dated 30 March 2020, the court denied OSIC's motion.

- Notwithstanding the agreements reached with the US authorities regarding certain London Interbank Offered Rates and the Euro Interbank Offered Rate ("the IBOR matter"), the Bank continues to defend civil proceedings in the United States (as described below) and has responded to information requests received from other authorities, including the Attorneys General of various States of the United States and the New York Department of Financial Services.

  In the United States, Societe Generale, along with other financial institutions, has been named as a defendant in putative class actions involving the setting of US Dollar Libor, Japanese Yen Libor, and Euribor rates and trading in instruments indexed to those rates. Societe Generale has also been named in several individual (non-class) actions concerning the US Dollar Libor rate. All of these actions are pending in the US District Court in Manhattan (the "District Court").

  As to US Dollar Libor, all claims against Societe Generale have been dismissed by the District Court or voluntarily dismissed by the plaintiffs, except in two putative class actions and one individual action that are effectively stayed. Certain individual plaintiffs, whose claims were dismissed, filed motions for leave to amend their complaints to add or revive claims against Societe Generale, but those applications were denied by the District Court. The class plaintiffs and a number of individual plaintiffs have appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit.

  On 13 January 2020, Societe Generale entered into a settlement agreement with the putative class of plaintiffs who purchased financial products tied to US Dollar Libor on an exchange. As part of that settlement, Societe Generale has agreed to pay USD 5.125 million. This settlement was finally approved by the District Court on 17 September 2020. 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 Court of Appeals reversed the dismissal and reinstated the claims. Plaintiffs filed a second amended complaint on 24 August 2020, and defendants have again filed motions to dismiss. In the other action, brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange on 27 September 2019, plaintiff filed a motion for class certification. On 25 September 2020, the District Court granted defendants' motion for judgment on the pleadings and dismissed plaintiffs' claims. Plaintiffs have appealed.

  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 United States Court of Appeals for the Second Circuit.

  In Argentina, Societe Generale, along with other financial institutions, has been named as a defendant in litigation brought by a consumer association on behalf of Argentine consumers who held government bonds or other specified instruments that paid interest tied to US Dollar Libor. The allegations concern violations of Argentine consumer protection law in connection with alleged manipulation of the US Dollar Libor rate. Societe Generale has not yet been served with the complaint in this matter.

- Beginning on 15 January 2019, Societe Generale and SG Americas Securities, LLC, along with other financial institutions, have been named in three putative antitrust class actions in the US District Court in Manhattan, which have since been consolidated. Plaintiffs allege that the USD ICE Libor panel banks conspired to make artificially low submissions to that benchmark in order to profit on their trading in derivatives tied to USD ICE Libor. Plaintiffs seek to certify a class comprised of US residents (individuals and entities) that transacted with a defendant in floating rate debt instruments or interest rate swaps tied to USD ICE Libor and received a payment at any time between 1 February 2014 to the present, regardless of when the instrument was purchased. By order dated 26 March 2020, the District Court dismissed the action. Plaintiffs have appealed that ruling. Defendants have moved to dismiss the appeal because the proposed class representatives are withdrawing from the action. A new proposed class representative is seeking to intervene as a plaintiff in the appeal.

- Societe Generale, along with several other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with foreign exchange spot and derivatives trading. The action was brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. Societe Generale reached a settlement of USD 18 million, which was approved by the Court on 6 August 2018. A separate putative class action on behalf of putative classes of indirect purchasers was also filed. SG reached a settlement of USD 975,000 to resolve that proceeding. The settlement was finally approved by the Court on 19 November 2020. On 7 November 2018, a group of individual entities that elected to opt out of the main class action settlement filed a lawsuit against SG, SG Americas Securities, LLC and several other financial institutions. SG Americas Securities, LLC was dismissed by order dated 28 May 2020. Discovery is proceeding as to SG and the other remaining defendants.
- On 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. The latest court decision rendered is a rejection, on 1 February 2016 by the French Administrative Supreme Court, of an appeal lodged by ENGIE and Societe Generale.

  Several French companies applied to the European Commission, who considered that the decisions handed down by the French Supreme Administrative Court on 10 December 2012, which was supposed to implement the decision rendered by the Court of Justice of the European Union C-310/09 on 15 September 2011, infringed a number of principles of European law. The European Commission subsequently brought infringement proceedings against the French Republic in November 2014, and since then confirmed its position by publishing a reasoned opinion on 28 April 2016 and by referring the matter to the Court of Justice of the European Union on 8 December 2016. The Court of Justice of European Union rendered its judgement on 4 October 2018 and sentenced France for failure by the French Supreme Administrative Court to disregard the tax on EU sub-subsidiaries in order to secure the withholding tax paid in error as well as on the absence of any preliminary question. With regard to the practical implementation of the decision, Societe Generale has continued to assert its rights with the competent courts and the tax authorities, which it expects to be treated diligently and in accordance with the law. On 23 June 2020, the Administrative Court of Appeal of Versailles issued a ruling in favour of Societe Generale on our 2002 and 2003 Suez claims, followed by a mid-July enforcement in our favour. The judgment of Versailles held that the advance payment was not compatible with the Parent-Subsidiary Directive: the French Supreme Administrative Court, which had also received a request for a priority question of constitutionality, also pointed out that the advance payment was incompatible with Article 4 of the Parent-Subsidiary Directive but that a question should be referred to the ECJ for a preliminary ruling in order to ascertain this. It is therefore now appropriate to await the response of the Court of Luxembourg, which should not occur before the end of 2021.
- Societe Generale, along with other financial institutions, has been 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. The action is pending in the US District Court in Manhattan. Motions to dismiss the action were denied by an order dated 4 October 2016, and discovery is now proceeding. 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.
- Since August 2015, various former and current employees of the Societe Generale group have been under investigation by German criminal prosecution and tax authorities for their alleged participation in the so called "CumEx" patterns in connection with withholding tax on dividends on German shares. These investigations relate inter alia to a fund administered by SGSS GmbH proprietary trading activities and transactions carried out on behalf of clients. The Group entities respond to the requests of the German authorities.
- SGSS GmbH was informed by the Bonn District Court on 19 June 2019 that criminal proceedings had been initiated against two individuals who were employed by a company having previously advised this fund, the latter being suspected by the German prosecutors to have been involved in potentially fraudulent CumEx transactions. On 19 August 2019, the Bonn District Court ordered SGSS GmbH to join these criminal proceedings as a "secondary party". By order of 16 March 2020, the Bonn District Court, with consent of the Cologne Prosecutors, released SGSS GmbH as a secondary party immediately. In addition to being subject to investigations or criminal proceedings, SG Group entities may be exposed to claims by third parties, including German tax offices, and become party to legal disputes.
- In May 2019, SGAS was named, along with other financial institutions, as a defendant in a putative class action in the US alleging anticompetitive behaviour in the pricing of "agency bonds" issued by US Government Sponsored Enterprises (GSEs), including Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae). SGAS, along with several other defendants, filed a motion to dismiss on 13 June 2019 which was granted on 29 August 2019 as against SGAS and several other bank defendants. Plaintiffs filed an amended complaint on 9 September 2019, and a motion to dismiss this amended complaint was filed on 17 September 2019. That motion was denied on 15 October 2019. On 16 December 2019, plaintiffs and twelve bank defendants, including SGAS, submitted for court approval a stipulation of settlement in the class action, for USD 250 million. Although SGAS's share of the settlement is not public, the amount was not material from a financial statement perspective. The class action settlement was finally approved by the court on 16 June 2020. SGAS also has been 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 assert antitrust claims (and in some cases other related claims) against SGAS and multiple other bank defendants based on these plaintiffs' purchases of GSE bonds. SGAS has also received a subpoena from the US Department of Justice (DOJ) in connection with its US agency bond business. SGAS is responding to these requests and is cooperating with the DOJ investigation.

- Societe Generale and certain of its subsidiaries are defendants in an action pending in the US Bankruptcy Court in Manhattan brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS). The action is similar to those brought by the BLMIS Trustee against numerous institutions and seeks recovery of amounts allegedly received by the SG entities indirectly from BLMIS through so-called "feeder funds" that were invested in BLMIS and from which the SG entities received redemptions. The suit alleges that the amounts that the SG entities received are avoidable and recoverable under the US Bankruptcy Code and New York state law. The BLMIS Trustee seeks to recover, in the aggregate, approximately USD 150 million from the SG entities. The SG entities are defending the action. In decisions dated 22 November 2016 and 3 October 2018, the Court rejected most of the claims brought by the BLMIS Trustee. The Trustee appealed to the US Court of Appeals for the Second Circuit. By order dated 25 February 2019, the Second Circuit vacated the judgements and remanded for further proceedings. On 1 June 2020, the United States Supreme Court denied Defendant-Appellees' petition for a writ of certiorari. The case will now be returned to the District Court for further proceedings.
- On 10 July 2019, Societe Generale was named as a defendant in a litigation filed in the US District Court in Miami by plaintiffs seeking to recover under the Cuban Liberty and Democracy Solidarity (Libertad) Act of 1996 (known as the Helms-Burton Act) for alleged losses 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, and a motion to dismiss has been filed.
- On 9 November 2020, Societe Generale was named in similar Helms Burton litigation filed in the US District Court in Manhattan by the purported owners (and successors) of Banco Pujol, a Cuban bank alleged to have been confiscated by the Cuban government in 1960.
- On 5 June 2020, a shareholder of Societe Generale filed a derivative action in New York State court against 39 current and former Directors and officers of the Bank. The complaint alleges that a 2009 written agreement with US banking regulators required the Bank to implement and maintain an effective anti-money laundering compliance and transaction monitoring system. According to the complaint, the Bank failed to do so, leading to penalties and forfeitures imposed in November 2018 by a number of federal and New York state agencies and criminal authorities relating to US sanctions and anti-money laundering laws. The complaint makes claims for, among other things, breaches of duty related to these matters. This litigation is at an early procedural stage, and a motion to dismiss on a variety of grounds is expected.
- On 16 October 2020, Vestia brought proceedings against Societe Generale before the High Court of England regarding the conditions pursuant to which Vestia contracted derivative products with Societe Generale between 2008 and 2011. Vestia claims that these transactions were outside of its capacity and alleges they were induced by corruption. Vestia seeks to rescind the transactions and recover the amounts paid to Societe Generale pursuant to these transactions. On 8 January 2021, Societe Generale filed its Statement of Defence and Counterclaim.
- On 20 October 2020, Societe Generale Securities Australia Pty Ltd ("SGSAPL") was sentenced by the Local Court in Sydney on charges relating to breaches of client money obligations. SGSAPL was required to pay a total penalty of AUD 30,000 for facts which occurred over the period from December 2014 to February 2017 and which were self-declared to the Australian Securities and Investment Commission.

6.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company that is issued in French language and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2020

To the Annual General Meeting of Société Générale,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Société Générale for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations of the Group for the year then ended and of its financial position and of its assets and liabilities as at December 31, 2020 in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Internal Control Committee.

Basis for Opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Emphasis of Matter

We draw attention to the following matter described in Note 1.2 to the consolidated financial statements relating to the change in accounting method pursuant to the IFRS Interpretations Committee (IFRS IC) decision of November 26, 2016 on IFRS 16, Leases. Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code(code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

IMPACT OF THE ECONOMIC CRISIS TIED TO THE COVID-19 PANDEMIC ON CREDIT RISK APPRAISAL AND ASSESSMENT OF THE IMPAIRMENT OF CUSTOMER LOANS

Risk identified

Customer loans and receivables carry a credit risk which exposes Société Générale Group to a potential loss if its client or counterparty is unable to meet its financial commitments. The Société Générale Group recognizes impairment to cover this risk.

Such impairment is calculated according to IFRS 9, Financial instruments, principles, based on the expected credit losses calculation.

The assessment of expected credit losses for customer loan portfolios requires the exercise of judgment by management, particularly in the uncertain context due to the global crisis tied to the Covid-19 pandemic, notably to:

- determine the loan classification criteria under stage 1, stage 2 or stage 3 taking account of the material increase in credit risk at loan portfolio level and the impact of measures to support the economy;
- prepare, in an uncertain environment, macro-economic projections which are embedded in the deterioration criteria and in the expected credit losses measurement;
- estimate the amount of expected credit losses depending on the different stages;
- determine the adjustments to models and parameters and the sector adjustments considered necessary to reflect the impact of economic scenarios on expected credit losses and anticipate the default or recovery cycle for certain sectors.

The qualitative information concerning in particular the procedures used to estimate and recognize expected credit losses are mainly described in Note 3.8 "Impairment and provisions" to the consolidated financial statements.

As at December 31, 2020, total customer loan outstandings exposed to credit risk totaled 448,761 M€; impairment and provisions totaled 11,601 M€.

We considered the impact of the Covid-19 pandemic on credit risk appraisal and the measurement of expected credit losses to be a key audit matter, as they require management to exercise judgement and make estimates, particularly concerning the economic sectors and geographic areas most affected by the crisis.

Our response

With the support of specialists in risk management and modelling and the economists included in the audit team, we focused our work on the most significant customer loan outstandings and/or portfolios, as well as on the economic sectors and geographic areas the most affected by the crisis.

We obtained an understanding of the Société Générale Group's governance and internal control system and tested the manual and automated key controls relating to credit risk appraisal and the measurement of expected losses.

Our audit work notably consisted in:

- examining the compliance of policies implemented by the Group and the methodologies broken down in the different business units with IFRS 9, Financial instruments;
- assessing the relevance of the macro-economic projections and the scenario weightings applied by the group;
- examining the main parameters adopted by the Société Générale Group to classify the loans and assess impairment within stages 1 and 2 as at December 31, 2020, including adjustments performed to take account of the impact of economic support measures;
- assessing the ability of adjustments to models and parameters and sector adjustments to provide adequate coverage of the level of credit risk in the context of the economic crisis;
- assessing using data analysis tools the correct calibration of models and the valuation of expected credit losses for a sample of stage 1 and 2 loan portfolios;
- testing, as at December 31, 2020, for a selection of the most significant loans to corporate clients, the main criteria used to classify loans in stage 3, as well as the assumptions underlying the estimation of the related individual impairment.

We also examined the qualitative and quantitative disclosures in Note 1.4 "Use of estimates and judgement", Note 3.8 "Impairment and provisions" and Note 10.3 "Credit and counterparty risk" to the consolidated financial statements relating to credit risk in the changing context of the pandemic and, in particular, the information required by IFRS 7, Financial instruments: Disclosures, on credit risk.

RECOVERABILITY OF DEFERRED TAX ASSETS IN FRANCE AND IN THE UNITED STATES

Risk identified

As at December 31, 2020 deferred tax assets on tax loss carryforwards were recorded in an amount of 1,840 M€, including 1,790M€ for the tax groups in France and the United States. At June 30, 2020, a specific review of tax losses carried forward taking account of the consequences and uncertainties generated by the global crisis tied to the Covid-19 pandemic, led the group to impair deferred tax assets of the France tax group in the amount of 650 M€.

As stated in Note 6 "Income tax" to the consolidated financial statements, the Société Générale Group calculates deferred taxes at the level of each tax entity and recognizes deferred tax assets at the closing date when it is considered probable that the tax entity concerned will have future taxable profits against which temporary differences and tax loss carryforwards can be offset, within a given timeframe. As at December 31, 2020, this timeframe is 9 years for the France tax group and 7 years for the United States tax group.

In addition, as stated in Note 6 "Income tax" and 9 "Information on risks and litigation" to the consolidated financial statements, certain tax loss carryforwards are challenged by the French tax authorities and are therefore liable to be called into question.

Given the importance of the assumptions used to assess the recoverability of the deferred tax assets in France and the United States, notably on future taxable profits, and the judgment exercised by management in this respect, we considered this issue to be a key audit matter.

Our response

Our audit approach consisted in assessing the probability that the Société Générale Group will be able to use in the future its tax loss carryforwards generated to date, in particular with regard to its ability to generate future taxable profits in France and the United States.

With the support of tax specialists included in our audit team, we:

- compared the projected results of the previous years with the actual results of the corresponding fiscal years, to assess the reliability of the tax business plan preparation process;
- obtained an understanding of the 2021 budget drawn up by management and approved by the Board of Directors, as well as of the assumptions underlying projections for the period 2021-2025;
- assessed the relevance of tax profit extrapolation methods after 2021-2025, in the uncertain context tied to the crisis;
- obtained an understanding of the projected temporary differences over a three-year period;
- reviewed the assumptions underlying sensitivity tests in the event of adverse scenarios defined by the Société Générale Group;
- analyzed the sensitivity of the tax loss recovery period under a range of assumptions determined by us;
- analyzed the situation of the Société Générale Group, notably by taking note of the opinions of its external tax advisers regarding its tax loss carryforwards in France, partly challenged by the tax authorities;
- examined the information provided by the Group concerning deferred tax assets disclosed in Note 1.4 "Use of estimates and judgement", Note 6 "Income tax" and Note 9 "Information on risks and litigation" to the consolidated financial statements.

PORTFOLIO-BASED INTEREST RATE RISK FAIR VALUE HEDGING OF OUTSTANDINGS OF THE RETAIL BANKING NETWORKS IN FRANCE

Risk identified

To manage the interest rate risk generated by its retail banking activities in France in particular, the Société Générale Group manages a portfolio of internal derivatives classified as hedges.

These internal transactions are classified as portfolio-based interest rate risk fair value hedging transactions ("macro-hedging") in accordance with IAS 39 as adopted in the European Union, as presented in Note 3.2 "Financial derivatives" to the consolidated financial statements.

Hedge accounting is only possible if certain criteria are met, in particular:

- designation and documentation at inception of the hedging relationship,
- eligibility of hedging and hedged instruments;
- demonstration of the hedge effectiveness;
- measurement of effectiveness;
- demonstration of the reversal of internal transactions at group level.

The "macro-hedge" accounting of retail banking transactions in France requires management to exercise judgment regarding in particular:

- the identification of eligible hedging and hedged items;
- determining the criteria adopted to schedule the outstandings' maturities by including behavioral criteria;
- and the conduct of tests on over-hedging, the disappearance of hedged items, efficiency and the external reversal of hedging transactions entered into with internal group counterparties.

As at December 31, 2020, the fair value of the derivative instruments hedging portfolios totaled 20,667 M€ in assets and 12,461 M€ in liabilities and notably include derivative instruments contracted to hedge eligible assets and liabilities of retail bank networks in France. Revaluation differences on portfolios hedged against interest rate risk totaled 378 M€ in assets and 7,696 M€ in liabilities.

Considering the documentation requirements for "macro-hedging" relationships, the volume of hedging derivative transactions and the use of management judgment required, we consider the accounting treatment of portfolio-based interest rate risk fair value hedging of outstandings of the retail banking networks in France to be a key audit matter.

Our response

Our audit procedures in response to the risk relating to the accounting treatment of portfolio-based interest rate risk fair value hedging of outstandings ("macro-hedging") consisted in obtaining an understanding of the procedures used to manage the structural interest rate risk, and reviewing the control environment set up by management in particular for the documentation, identification and eligibility of hedged and hedging items, as well as for the performance of effectiveness tests.

With the support of financial modelling experts, where necessary, our work mainly consisted in:

- reviewing the accounting documentation of the hedging relationships;
- testing the eligibility of the financial assets and liabilities used by the Group for the portfolio-based interest rate risk fair value hedge accounting, according to the terms and conditions defined by IAS 39 as adopted in the European Union;
- examining the procedures used to prepare and control the criteria adopted to schedule the maturities of the hedged financial instruments, particularly with regard to the adopted maturities of the eligible financial liabilities;
- assessing the procedures used to determine the effectiveness of these hedging relationships, as well as the related governance;
- examining the external reversal system for hedges entered into with internal group counterparties and the related documentation, and conducting tests on the matching of internal and external transactions;
- analyzing the results of tests on over-hedging, the disappearance of hedged items, efficiency and reversal required by applicable accounting standards;
- reviewing the qualitative and quantitative information disclosed in the notes to the consolidated financial statements and their compliance with IFRS 7 "Financial instruments: Disclosures" with regard to hedge accounting.

MEASUREMENT OF GOODWILL

Risk identified

The accounting recognition of external growth transaction leads the Société Générale Group to record goodwill in assets in the consolidated balance sheet. This goodwill represents the difference between the acquisition cost of the activities or securities of companies acquired and the share in identifiable net assets acquired and liabilities assumed at the acquisition date. As at December 31, 2020, the net value of goodwill was 4,044 M€, after impairment in full of the GIMS cash-generating unit (CGU) at June 30, 2020 for a total amount of 684 M€.

In the context of the Covid-19 pandemic negatively impacting the financial results and projections of the Société Générale Group, the group must determine the presence or absence of indications of loss in value on this goodwill. The comparison of the net carrying amount of uniform business groupings allocated to CGUs, and their recoverable amount is a key component in assessing the potential need to record an impairment. The value in use of CGUs was calculated using the discounted cash flow method based on distributable profits calculated at CGU level.

As disclosed in Note 1.4 "Use of estimates and judgement" and Note 2.2 "Goodwill" to the consolidated financial statements, the models and data used to value these CGUs are based on accounting estimates resulting from the exercise of management judgement, notably concerning the following assumptions:

- future distributable profits of activities or companies acquired, whether 5-year budget forecasts or the extrapolation for an additional year to calculate the terminal value;
- discount and growth rates applied to forecast flows.

For these reasons, we considered the measurement of goodwill to be a key audit matter.

Our response

Our audit approach is based on obtaining an understanding of control procedures relating to (i) goodwill impairment tests and (ii) the preparation of business plans, implemented in the Société Générale Group to assess future changes in structures and activities and identify indications of impairment loss on these assets.

Procedures on the financial statements for the year ended December 31, 2020, conducted with our valuation specialists and in the context of the Covid-19 pandemic, notably consisted in:

- assessing the way groupings of uniform businesses are determined and, where appropriate, change; analyzing the methodology applied in the current context;

- comparing prior year profit forecasts with actual results for the relevant years, to assess the reliability of the budget process;
- conducting a critical review of business plans prepared by management and approved by the Board of Directors based on our knowledge of activities and of the assumptions adopted by management beyond the five-year period to establish projections enabling the determination of terminal values;
- conducting a critical analysis of the main assumptions and parameters used (growth rate, cost of capital, discount rate) with regard to available internal and external information (macro-economic scenarios, financial analysts' consensus, etc.);
- independently recalculating the valuation of the CGUs;
- assessing the sensitivity analyses of results to change in key parameters, in particular when the recoverable amount is close to the net carrying amount;
- reviewing the information communicated by the group on goodwill disclosed in Note 1.4 "Use of estimates and judgement" and Note 2.2 "Goodwill" to the consolidated financial statements.

VALUATION OF COMPLEX FINANCIAL INSTRUMENTS

Risk identified

Within the scope of its market activities, the Société Générale Group holds financial instruments for trading purposes which are measured at fair value through profit or loss. As at December 31, 2020, a total amount of 319,479 M€ is recognized in fair value levels 2 and 3 in this respect in assets and 383,535 M€ in liabilities on the Société Générale Group's balance sheet, i.e. 64% and 95%, respectively, of financial assets and liabilities measured at fair value.

To determine the fair value of complex instruments, the Group uses techniques or in-house valuation models based on parameters and data, some of which are not observable in the market, which can defer the recognition of the margin in the income statement for transactions involving such financial instruments, as stated in point 7 of Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements. If necessary, these valuations include additional reserves or value adjustments. The models and data used to value these instruments, and their classification under the fair value hierarchy, may be based for example on management's judgment and estimates, in the absence of available market data or a market valuation model.

Furthermore, the global crisis tied to the Covid-19 pandemic disrupted the financial markets during the fiscal year. The uncertainty generated by the crisis was notably reflected by a deterioration in liquidity in certain markets, which could require management to exercise greater judgement in valuing these instruments.

Due to the complexity of modelling in determining fair value, the multiplicity of models used, the use of management judgement in determining these fair values and the material uncertainties generated by the crisis in valuation methods, we consider the valuation of complex financial instruments to be a key audit matter.

Our response

Our audit approach is based on the key internal control processes related to the valuation of complex financial instruments.

With the support of experts in the valuation of financial instruments included in the audit team, we designed an approach including the following main stages:

- we obtained an understanding of the procedure to authorize and validate new products and their valuation models, including the process for the entry of these models in the information systems;
- we analyzed the governance set up by the Risk Department for the control of the valuation models;
- we specifically analyzed the valuation formulas for certain categories of complex instruments and the relating value adjustments;
- we conducted specific procedures on the correct inclusion in valuations of the uncertainties generated by the crisis, in particular with regard to the method of calculating reserves;
- we tested the key controls relating to the independent verification of the valuation parameters, and analyzed certain market parameters used to provide input for the valuation models, by reference to external data;
- as regards the process used to explain the changes in fair value, we obtained an understanding of the bank's analysis principles and performed tests of controls; in addition, we performed "analytical" IT procedures on the daily control data relating to certain activities;
- we obtained the quarterly results of the independent price verification process performed on the valuation models;
- we obtained the quarterly results of the valuation adjustment process using external market data, and analyzed the differences in parameters with the market data in the event of a significant impact, and the accounting treatment of such differences. Where there was no external data, we controlled the existence of reserves or the non-material nature of the related issues.
- we performed counter-valuations of a selection of complex derivative financial instruments using our tools;
- we analyzed the observability criteria, among others, used to determine the fair value hierarchy of such instruments, and to estimate deferred margin amounts and we compared the new methods adopted by the Société Générale Group to recognize these margins over time with the information presented in point 7 of Note 3.4 to the consolidated financial statements;
- we examined the compliance of the methods underlying the estimates with the principles described in Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements.

INFORMATION TECHNOLOGY RISK ON DERIVATIVE FINANCIAL INSTRUMENTS AND STRUCTURED BONDS ISSUED

Risk identified

The Société Générale Group's derivative financial instruments and structured bonds issued constitute an important activity within the bank's market activities, as illustrated by the significance of the net positions of derivative financial instruments in the transaction portfolio in Note 3.2 "Financial derivatives" to the consolidated financial statements.

This activity is highly complex given the nature of the financial instruments processed, the volume of transactions, and the use of numerous interfaced information systems. The risk of occurrence of a significant misstatement in the accounts related to an incident in the data processing chains used or the recording of transactions until their transfer into the accounting system may result from:

- changes made to management and financial information by unauthorized persons via the information systems or underlying databases;

- a failure in processing or in the transfer of data between systems;
- a service interruption or an operating incident which may or may not be related to internal or external fraud.

In addition, the Covid-19 pandemic required all employees to work from home to ensure business continuity. Measures taken by the group in this respect exposed it to new risks, notably relating to the opening of information systems to enable remote access to transaction processing applications.

In this context, the monitoring by the Société Générale Group of controls linked to the management of the information systems relating to the derivative financial instruments and structured bonds issued is essential for the reliability of the accounts. As such, we considered the information technology risk on derivative financial instruments and structured bonds issued to be a key audit matter.

Our response

Our audit approach for this activity is based on the controls related to the management of the information systems set up by Société Générale Group. With the support of specialists in information systems included in the audit team, we tested the IT general controls of the applications that we considered to be key for this activity. Our work concerned, in particular:

- the controls set up by the Société Générale Group on access rights, notably at sensitive periods in a professional career (recruitment, transfer, resignation, end of contract) with, where applicable, extended audit procedures in the event of ineffective control identified during the financial year;
- potential privileged access to applications and infrastructure;
- change management relating to applications, and more specifically the separation between development and business environments;
- security policies in general and their deployment in IT applications (for example, those related to passwords);
- handling of IT incidents during the audit period;
- governance and the control environment on a sample of applications.

For these same applications, and in order to assess the transfer of information flows, we tested the key application controls relating to the automated interfaces between the systems. Furthermore, our tests of the IT general controls and application controls were supplemented by data analytics work on certain IT applications.

We also analyzed the governance implemented by the group to ensure the resilience of information systems in the context of the Covid-19 crisis. Our procedures consisted in discussions with the group security teams and reviewing minutes of cybersecurity committee meetings, as well as any incidents during the period. Our procedures notably included an analysis of access derogations granted and validated by the security team.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations on the information relating to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (*code de commerce*) is included in Group management report, it being specified that, in accordance with the provisions of Article L.823-10 of the code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Other Legal and Regulatory Verifications or Information

FORMAT OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

In accordance with Article 222-3, III of the AMF General Regulations, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of December 17, 2018 to years beginning on or after January 1, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*).

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Société Générale by the Annual General Meeting held on April 18, 2003 for Deloitte & Associés and on May 22, 2012 for ERNST & YOUNG et Autres. As at December 31, 20120, Deloitte & Associés was in the eighteenth year of total uninterrupted engagement and Ernst & Young et Autres in the ninth year. Previously, Ernst & Young Audit was the statutory auditor of Société Générale from 2000 to 2011.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Internal Control Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these consolidated statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT AND INTERNAL CONTROL COMMITTEE

We submit to the Audit and Internal Control Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Internal Control Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Internal Control Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit and Internal Control Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 17, 2021

The Statutory Auditors

Ernst & Young et Autres	Deloitte & Associés
Micha Missakian	Jean-Marc Mickeler

6.4 SOCIETE GENERALE MANAGEMENT REPORT

Balance sheet analysis

(In EURbn at 31 December)	31.12.2020	31.12.2019	Change
Interbank and money market assets	217	172	45
Loans to customers	319	321	(2)
Securities transactions	510	678	(168)
o.w. securities purchased under repurchase agreements	*217*	*238*	*(21)*
Other assets	209	154	55
o.w. option premiums	*102*	*55*	*47*
Tangible and intangible assets	3	3	(0)
TOTAL ASSETS	**1,258**	**1,328**	**(70)**

(In EURbn at 31 December)	31.12.2020	31.12.2019	Change
Interbank and cash liabilities(1)	320	280	41
Customer deposits	408	375	33
Bonds and subordinated debt(2)	31	31	-
Securities transactions	261	454	(193)
o.w. securities sold under repurchase agreements	*207*	*209*	*(2)*
Other liabilities and provisions	202	150	52
o.w. option premiums	*108*	*59*	*49*
Shareholder's equity	36	38	(2)
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**1,258**	**1,328**	**(70)**

(1) Including negotiable debt instruments.
(2) Including undated subordinated capital notes.

2020 was a year like no other as the Covid-19 pandemic triggered a global crisis of historic proportions and unprecedented levels of uncertainty. The lockdown measures imposed by governments around the world to contain the spread of the virus led to a sharp plunge in economic output. As the pandemic took hold, governments introduced financial supportmeasures for households and companies to help grapple with the sudden downturn as businesses closed.

It was an extremely volatile year in the financial markets, especially in the first quarter. The stock market staged a powerful rally in the second half of the year as vaccination campaign announcements gave hope of economies reopening and business normalising over the coming months.

Brexit loomed large on the geopolitical stage. The UK signed a Trade and Cooperation Agreement with the EU – avoiding the shock of a hard Brexit. Across the Atlantic, the election of Joe Biden to the White House should ease international tensions.

At Societe Generale, we strengthened our financial structure and increased our capital to well above the minimum regulatory requirements. The bank enjoys robust liquidity.

At 31 December 2020, the balance sheet total was EUR 1,258 billion, down EUR 70 billion from the position at 31 December 2019.

The Interbank and money market assets line increased by EUR 45 billion versus 31 December 2019. Amounts outstanding with the French central bank, the Banque de France, rose EUR 41 billion, mainly due to the ECB's targeted longer-term refinancing operations (TLTRO) and longer-term refinancing operations (LTRO) to provide financing to credit institutions. Amounts outstanding with foreign central banks increased EUR 15 billion. Amounts due from banks decreased EUR 11 billion. The fall is primarily due to the change in how the *Caisse des Dépôts et Consignations* savings funds receivable is presented on the balance sheet in order to comply with amendment No. 2020-10 modifying ANC regulation 2014-07. The reclassification reduced the total customer deposits in regulated savings accounts: *Livret A* passbook savings, *Livrets de développement durable et solidaire* (sustainable development and solidarity accounts, LDDS), and *Livrets d'épargne populaire* (accounts for French residents whose net taxable income is below a certain threshold).

Money market liabilities increased to the tune of EUR 40 billion. Term borrowings from banks rose EUR 34.1 billion while issuance volume of euro medium-term notes (EMTN) debt securities increased EUR 9.8 billion. Conversely, bank refinancing decreased by EUR 2.5 billion.

Loans to customers were down EUR 2 billion in all despite the allocation of government-guaranteed loans (*Prêts Garantis par l'Etat*) totalling EUR 10.9 billion. Cash facilities increased EUR 7 billion, equipment loans rose EUR 2.3 billion and mortgage loans were up EUR 2.9 billion on the back of looser lending criteria and very favourable borrowing conditions. These increases were offset by lower lending to Group subsidiaries. One feature of the pandemic has been the increase in precautionary savings as consumer spending dried up and borrowing became easier with government-guaranteed loans. Customer deposits grew by EUR 33 billion.

Securities transactions declined EUR 168 billion for assets and EUR 192 billion for liabilities. This drop can be attributed to two main factors: 1) previously they were shown under trading securities on the assets side of the balance sheet; now they are shown as a deduction from debt liabilities on borrowed securities; and 2) the unprecedented impact of the pandemic on financial markets. Shares and other equity securities were down EUR 47.4 billion, Treasury notes and similar securities declined EUR 99.4 billion, Securities purchased under repurchase agreements fell EUR 20.8 billion, while debt liabilities on borrowed securities contracted by EUR 186 billion.

Other financial assets and liabilities rose EUR 55 billion and EUR 52 billion, respectively. These increases can be pinned to the acquisition of Commerzbank's businesses and the extreme volatility in market indices observed during the year.

Societe Generale boasts a diversified range of funding sources and channels:

- stable resources consisting of equity and subordinated debt (EUR 67 billion);
- customer deposits, up EUR 33 billion, which make up a significant share (32%) of total balance sheet resources;
- resources (EUR 200 billion) in the form of interbank deposits and borrowings;
- capital raised on the market through a proactive diversification policy, making use of various types of debt (secured and unsecured bonds, etc.), issuance vehicles (EMTNs, Certificates of Deposit), currencies and investor pools (EUR 119 billion);
- resources from securities sold under repurchase agreements to customers and banks (EUR 207 billion), which remained stable *vs.* 2019.

Income statement analysis

	2020			2019			Changes 2020/2019 (%)		
(In EURm)	France	Outside France	Societe Generale	France	Outside France	Societe Generale	France	Outside France	Societe Generale
Net banking income	**5,794**	**2,696**	**8,490**	**9,481**	**2,430**	**11,911**	**(39)**	**11**	**(29)**
Total operating expenses	(7,370)	(1,616)	(8,986)	(7,319)	(1,777)	(9,096)	1	(9)	(1)
Gross operating income	**(1,576)**	**1,080**	**(496)**	**2,162**	**653**	**2,815**	**(173)**	**65**	**(118)**
Cost of risk	(855)	(727)	(1,582)	(572)	(276)	(848)	49	163	87
Operating income	**(2,431)**	**353**	**(2,078)**	**1,590**	**377**	**1,967**	**(253)**	**(6)**	**(206)**
Income/(loss) on long-term investments	654	(3)	651	1,185	(38)	1,147	(45)	(92)	(43)
Operating income before tax	**(1,777)**	**350**	**(1,427)**	**2,775**	**339**	**3,114**	**(164)**	**3**	**(146)**
Income tax	(7)	(134)	(141)	661	(80)	581	(101)	68	(124)
Net income	**(1,784)**	**216**	**(1,568)**	**3,436**	**259**	**3,695**	**(152)**	**(17)**	**(142)**

Societe Generale generated a gross operating loss of EUR 0.5 billion in 2020 in a year dominated by the Covid-19 pandemic. This compares with positive EUR 2.8 billion in 2019.

Net banking income (NBI) amounted to EUR 8.5 million in 2020, down a steep EUR 3.4 billion (-29%) on 2019:

- French Retail Banking's net banking income contracted slightly (EUR -0.3 billion) compared to 2019. The core busines delivered a resilient financial performance with steady volumes helping to partially offset the impacts of the persistent low-rate environment and the public health crisis. Retail Banking pursued the drive to transform the retail networks and announced plans to merge the Crédit du Nord and Societe Generale bank networks into a new structure. The plan aims to boost the Bank's positioning in the French retail banking market, with more than 10 million customers. The net interest margin contracted 7% on lower income from financial assets. The 7% decline in fee income in 2020 is mainly attributable to the effects of the pandemic, with lower fees on customer transactions and payment methods – although these reductions were partially offset by our commercial pricing policy;
- Global Banking and Investor Solutions saw a sharp decline in activity compared with 2019. This was due to the jolt this year from coronavirus and extreme volatility in the financial markets throughout the year in response to public health measures and instability caused by geopolitical factors. However, these developments tend to obscure a more nuanced picture. The decline in revenue in Global Market activities was mitigated by the strong performance by Finance and Treasury:
  - driven down by losses in the first half, revenue generated by Equities and Securities Services fell steeply in 2020. Equity derivatives were particularly hard hit, mainly owing to the fact that many market players suspended dividend payments. Revenues rebounded in the second half, due in part to buoyant stock markets in 2020, with the major indices hitting multi-year and all-time records,
  - revenue for Fixed Income, Currencies and Commodities contracted by more than 50% over the period. Activity was brisk in the first half to meet customers' needs during the pandemic. The picture in the second half was more varied, especially in the fourth quarter dominated by fewer investor needs, which naturally weighed on performance for the year,
  - revenue for the Financing and Advisory business was up 2% year-on-year, buoyed by a strong performance in financing and transaction banking;

- the Corporate Centre, which includes management of the Group's investment portfolio, posted a EUR 1.8 billion decline in net banking income. Dividends paid by subsidiaries contracted EUR 2.4 billion on 2019. The main reason for the drop was the recommendation issued by the European Central Bank in March 2020 asking banks not to pay dividends "to boost banks' capacity to absorb losses and support lending to the economy in an environment of heightened uncertainty…";
- general operating expenses fell 1% year-on-year to EUR 0.1 billion:
  - management overheads came out at EUR 4.2 billion at 31 December 2020, up EUR 0.4 billion (+9%) relative to 2019. Underlying management overheads declined EUR -0.1 billion. The EUR 0.2 billion increase in taxes – and the higher contribution to the Single Resolution Fund (SRF) – accounts for the increase in this item during 2020. Moreover, the Bank recorded one-off positive effects in 2019 of the reversal of provisions for tax adjustments. And the asset review programme resulted in a charge of EUR 0.1 billion in 2020, including the depreciation of the technical unfavourable variance generated by the merger of Societe Generale Securities Paris,
  - payroll expense totalled EUR 4.8 billion, down EUR 0.5 billion (-9%) relative to 2019, reflecting the effects of the cost control policy implemented in recent years and the lower remuneration during the Covid-19 pandemic;
- the net cost of risk was EUR -1.6 million at end-2020, an increase of EUR 0.7 billion on 2019. The rise was mainly driven by provisions on performing loans during the pandemic. The net cost of credit risk reflects the quality of our loan portfolio.

The combination of these items pushed down operating income by EUR 4.0 billion in comparison with 2019 and totalled EUR -2.0 billion at 31 December 2020.

- In 2020, Societe Generale booked EUR 0.7 billion in gains on fixed assets, essentially arising from the upward revaluation of investments to the tune of EUR 0.5 billion (including EUR 0.3 billion for Rosbank) and the capital gain on the partial conversion of Visa Inc. securities in the amount of EUR 0.2 billion. In 2019, Societe Generale generated a EUR 1.1 billion gain on fixed assets, chiefly from the capital gain on the disposal of its interests in a network of international banks under the Strategic and Financial Plan.
- Income tax totalled a charge of EUR 0.1 billion, an increase of EUR 0.7 billion on 2019. The 2020 tax charge includes EUR 0.7 in deferred tax related to the review of unused tax losses that incorporate the consequences and uncertainties inherent in the Covid-19 crisis in projected taxable income.

The net loss after tax amounted to EUR 1.6 billion at end-2020 versus a gain of EUR 3.7 billion at the 2019 year end.

Trade payables payment schedule

	31.12.2020						31.12.2019					
	Payables not yet due						Payables not yet due					
(In EURm)	1-30 days	31-60 days	> 60 days	> 90 days	Payables due	Total	1-30 days	31-60 days	> 60 days	> 90 days	Payables due	Total
Trade Payables	18	48	-	-	-	66	35	70	-	-	-	105

The due dates are according to conditions calculated at 60 days from invoice date.

In France, Societe Generale's supplier invoices are processed centrally for the most part. The department responsible books and settles invoices for services requested by all Societe Generale France's Corporate and Business Divisions.

In accordance with the Group's internal control procedures, invoices are only paid after they have been approved by the departments that signed for the services. Once approved, invoices are paid on average between three and seven days.

In accordance with Article D. 441-4 of the French Commercial Code, as worded pursuant to French Decree No. 2021- 11 of 26 February 2021, the information on supplier payment times is as follows:

- the banking, insurance and financial services businesses (loans, financing and commissions) are excluded from the scope.

	31.12.2020					
	Payables due					
	0 day (indicative)	1-30 days	31-60 days	61-90 days	91 days and more	Total (1 day and more)
(A) Payment delay tranches						
Number of invoices concerned	9	378	310	169	3,624	4,490
Total amount of invoices (incl. tax) concerned *(In EURm)*	0	4	3	2	37	46
Percentage of total purchases (excl. tax) for the year	-	-	-	-	-	-
(B) Invoices excluded from (A) pertaining to disputed payables and receivables, not recorded						
Number of invoices excluded	-	-	-	-	-	-
Total amount (excl. tax) of invoices excluded	-	-	-	-	-	-
(C) Reference payment terms used when calculating delays (Article L. 441-6 or L. 443-1 of the French Commercial Code)						
☑ Statutory payment terms (45 days end of month or 60 days from invoice date)						
☐ Contractual payment terms						

Payment terms on accounts receivable

The payment schedules for accounts receivable are set by contract in respect of financing granted or services invoiced. The initial payment terms set for loan repayments may be amended by means of contractual options (such as prepayment options, or options to defer payments). Compliance with contractual payment terms is monitored as part of the Bank's risk management process (see Chapter 4 of this URD: "Risks and Capital Adequacy"), particularly in respect of credit risk, structural interest rate risk, and liquidity risk. The residual maturities of accounts receivable are indicated in Note 7.4 to the parent company financial statements.

The due dates are according to conditions calculated at 60 days from invoice date.

	31.12.2020					
	Receivables due					
	0 day (indicative)	1-30 days	31-60 days	61-90 days	91 days and more	Total (1 day and more)
(A) Payment delay tranches						
Number of invoices concerned	-	111	19	17	1,599	1,746
Total amount (incl. tax) of invoices concerned *(In EURm)*(1)	-	10	3	1	68	82
Percentage of total purchases (excl. tax) for the year	-	-	-	-	-	-
(B) Invoices excluded from (A) pertaining to disputed payables and receivables, not recorded						
Number of invoices excluded	-	-	-	-	-	-
Total amount (excl. tax) of invoices excluded	-	-	-	-	-	-
(C) Reference payment terms used when calculating delays (Article L. 441-6 or L. 443-1 of the French Commercial Code)						
☑ Contractual payment terms (to be specified)						
☐ Statutory payment terms						

(1) Including EUR 50 million of disputed payables.

Societe Generale financial results: five-year summary

(In EURm)	2020	2019	2018	2017	2016
Financial position at year-end					
Share capital *(In EURm)*[1]	1,067	1,067	1,010	1,010	1,010
Number of shares issued[1]	853,371,494	853,371,494	807,917,739	807,917,739	807,713,534
Total income from operations *(In EURm)*					
Revenue excluding tax[2]	27,026	34,300	30,748	27,207	27,174
Earnings before tax, depreciation, amortisation, provisions, employee profit sharing and general reserve for banking risks[4]	365	3,881	19	1,704	5,828
Employee profit sharing	6	11	11	11	13
Income tax	141	(581)	(616)	(109)	246
Earnings after tax, depreciation, amortisation and provisions	(1,568)	3,695	1,725	800	4,223
Dividends paid[3]	0	1,777	1,777	1,777	1,777
Adjusted earnings per share *(In EURm)*					
Earnings after tax but before depreciation, amortisation and provisions	0.24	5.16	0.72	2.20	6.96
Net income	(1.84)	4.33	2.14	0.99	5.23
Dividend paid per share	0.55	2.20	2.20	2.20	2.20
Employees					
Headcount	44,531	46,177	46,942	46,804	46,445
Total payroll *(In EURm)*	3,408	3,754	3,128	3,560	3,696
Employee benefits (Social Security and other) *(In EURm)*	1,475	1,554	1,525	1,475	1,468

(1) At 31 December 2020, Societe Generale SA's fully paid up capital amounted to EUR 1,066,714,367.59 and was made up of 853,371,494 shares with a nominal value of EUR 1.25.

(2) Revenue consists of interest income, dividend income, fee income, income from financial transactions and other operating income.

(3) In accordance with the European Central Bank's recommendation on paying dividends during the Covid-19 pandemic issued on 27 March 2020, Societe Generale did not pay dividends on ordinary shares in respect of the 2019 financial year.

(4) Amounts restated from Societe Generale financial results over the last five years published on 31 December 2019, following an amendment on the process of incorporating the provisions for tax adjustment in the calculation of the earnings before tax, amortisation, provisions, employee profit sharing and general reserve for banking risks.

Main changes in the investment portfolio in 2020

In 2020, Societe Generale carried out the following transactions:

Outside France	In France
Creation	**Creation**
-	-
Acquisition of interest	**Acquisition of interest**
-	Shine
Acquisition	**Acquisition**
SG Americas Operational Services	-
Increase of interest	**Increase of interest**
-	-
Subscription to capital increases	**Subscription to capital increases**
-	Boursorama SA, Société Immobilière du 29 Boulevard Haussmann, Societe Generale Ventures
Full disposal	**Full disposal**
-	-
Reduction of interest[1]	**Reduction of interest**[1]
Societe Generale North Pacific Ltd., SG Americas Inc., SG Securities Johannesburg	Descartes Trading, Societe Generale Equipment Finance SA

(1) Including capital reductions, dissolution by transfer of assets, mergers and liquidations.

The table below summarises the significant movements by the Societe Generale portfolio in 2020:

	Crossing above the threshold[1]				Crossing below the threshold[1]		
Threshold	**Companies**	**% of capital at 31.12.2020**	**% of capital at 31.12.2019**	**Threshold**	**Companies**	**% of capital at 31.12.2020**	**% of capital at 31.12.2019**
5%	Axora Ltd.	6.8%	0%	5%	CERIP – Services Banques[2]	0%	7.5%
	EPI Interim	6.3%	0%				
10%	We.Trade Innovation DAC	13.2%	8.5%	10%	Liquidshare[2]	8%	13.6%
20%				20%	Société Phocéenne de Participations[2]	14.8%	20%
					Caisse de Refinancement de l'Habitat[2]	17.9%	20.4%
33.33%				33.33%			
50%	Shine[2]	53.7%	0%	50%			
66.66%	SG Americas Operational Services	100%	0%	66.66%	Societe Generale North Pacific Ltd.	0%	100%
					SG Energy Holdings Inc	0%	100%
					SG Securities Johannesburg	0%	100%
					Newedge Representacoes Ltda	0%	100%
					Descartes Trading[2]	0%	100%

(1) Threshold crossings by percentage of direct ownership by Societe Generale SA.
(2) Interest held in accordance with Article L. 233.6 of the French Commercial Code.

6.4.1 INFORMATION REQUIRED PURSUANT TO ARTICLE L. 511-4-2 OF THE FRENCH MONETARY AND FINANCIAL CODE RELATED TO SOCIETE GENERALE SA

As part of its long-established presence in the commodities markets, Societe Generale offers agricultural commodity derivatives. These products meet a range of customer needs, including the risk management needs of business customers (producers, consumers), and provide exposure to the commodities markets for investors (asset managers, funds and insurance companies).

Societe Generale's offering covers a broad range of underlyings, including sugar, cocoa, coffee, cotton, orange juice, corn, wheat, rapeseed, soy bean, oats, cattle, lean hogs, milk and rice. Within this scope, Societe Generale offers vanilla products on organised markets and in index-based products. Exposure to agricultural commodities can be provided through a single-commodity product or through multi-commodity products. Multi-commodity products are primarily used by investor clients through index-based products.

Societe Generale manages the risks associated with these positions on organised markets, for example:

- NYSE LIFFE (including Euronext Paris) for cocoa, corn, wheat, rapeseed oil, sugar and coffee;
- ICE FUTURES US for cocoa, coffee, cotton, orange juice, sugar and wheat;
- ICE FUTURES Canada for canola;
- CME group for corn, soy bean, soy bean oil, soy bean meal, wheat, oats, cattle, lean hogs, milk and rice;
- Minneapolis Grain Exchange for wheat;
- SGX for rubber;
- TOCOM for rubber.

This list is subject to change.

A number of measures are in place to prevent or detect any material impact on the price of agricultural commodities as a result of Societe Generale's activities described above:

- trading activity is governed by the MiFID II regulatory framework in Europe, in force since 3 January 2018: it sets limits for positions on certain agricultural commodities, introduces the obligation to report on positions to the trading platform, as well as systematic reporting of all transactions to the appropriate regulatory body;
- the business also operates within internal limits, set by teams tracking risks independently of the operators;
- these teams constantly monitor compliance with these various limits;
- moreover, Societe Generale's trading activity on organised markets follows limits set by the Societe Generale clearing broker;
- to prevent any inappropriate behaviour, mandates and manuals setting out their scope are provided to Societe Generale traders. They also attend regular training on business standards and market conduct;
- daily controls are run to detect any inappropriate trading. These controls include monitoring compliance with the US Commodity Futures Trading Commission (CFTC) and market rules on position limits, designed to ensure that no operator can adopt a market position that poses a danger to market equilibrium.

6.4.2 DISCLOSURE ON DORMANT ACCOUNTS

All credit institutions are required to publish information on dormant bank accounts on an annual basis under Articles L. 312-19 and L. 312-20 of the French Monetary and Financial Code, as introduced by French Act No. 2014-617 of 13 June 2014 on dormant bank accounts and unclaimed life insurance accounts. Also known as the "Eckert Act", it entered into force on 1 January 2016.

In 2020, 24,820 dormant bank accounts were closed. The total amount deposited with the *Caisse des Dépôts et Consignations* was EUR 35,609,128.82.

At end-December 2020, 337,552 bank accounts were identified as dormant, representing an estimated total of EUR 1,830,471,952.77.

6.5 FINANCIAL STATEMENTS

6.5.1 PARENT COMPANY BALANCE SHEET

ASSETS

(In EURm)		31.12.2020	31.12.2019
Cash, due from central banks and post office accounts		133,323	77,447
Treasury notes and similar securities[(1)]	Note 2.1	53,806	153,205
Due from banks[(1)]	Note 2.3	176,309	171,231
Customer loans	Note 2.3	443,343	481,496
Bonds and other debt securities[(1)]	Note 2.1	121,389	120,679
Shares and other equity securities[(1)]	Note 2.1	93,568	140,976
Affiliates and other long-term securities	Note 2.1	992	862
Investments in related parties	Note 2.1	23,446	24,373
Tangible and intangible fixed assets	Note 7.2	2,934	2,969
Treasury stock	Note 2.1	131	151
Accruals, other accounts receivables and other assets	Note 3.2	208,801	154,306
TOTAL		**1,258,042**	**1,327,695**

(1) The amounts as at 31 December 2020 take into account the retrospective application, from the 2020 financial year, of regulation (ANC) N° 2020-10 relating to the presentation of borrowed securities and centralised regulated savings (see section 5, Note 1).

OFF-BALANCE SHEET ITEMS

(In EURm)		31.12.2020	31.12.2019
Loan commitments granted	Note 2.3	228,424	238,489
Guarantee commitments granted	Note 2.3	225,915	202,543
Commitments made on securities		19,645	23,744

LIABILITIES AND SHAREHOLDERS' EQUITY

(In EURm)		31.12.2020	31.12.2019
Due to central banks and post office accounts		1,489	3,852
Due to banks	Note 2.4	301,788	255,606
Customer deposits[(1)]	Note 2.4	513,860	495,084
Liabilities in the form of securities issued	Note 2.4	125,053	116,702
Accruals, other accounts payable and other liabilities[(1)]	Note 3.2	243,121	381,443
Provisions	Note 7.3	12,529	13,188
Long-term subordinated debt and notes	Note 6.4	23,786	23,836
Shareholders' equity			
Common stock	Note 6.1	1,067	1,067
Additional paid-in capital	Note 6.1	21,556	21,556
Retained earnings	Note 6.1	15,361	11,666
Net income	Note 6.1	(1,568)	3,695
SUB-TOTAL		**36,416**	**37,984**
TOTAL		**1,258,042**	**1,327,695**

(1) The amounts as at 31 December 2020 take into account the retrospective application, from the 2020 financial year, of regulation (ANC) N° 2020-10 relating to the presentation of borrowed securities and centralised regulated savings (see section.5, Note 1).

OFF-BALANCE SHEET ITEMS

(In EURm)		31.12.2020	31.12.2019
Loan commitments received from banks	Note 2.4	70,008	78,052
Guarantee commitments received from banks	Note 2.4	60,479	58,140
Commitments received on securities		23,886	28,304

6.5.2 INCOME STATEMENT

(In EURm)		2020	2019
Interest and similar income	Note 2.5	16,540	20,516
Interest and similar expense	Note 2.5	(16,246)	(20,234)
Dividend income	Note 2.1	1,177	3,617
Fee income	Note 3.1	4,464	4,430
Fee expense	Note 3.1	(1,920)	(1,755)
Net income from the trading portfolio	Note 2.1	4,125	5,293
Net income from short-term investment securities	Note 2.1	99	102
Income from other activities(1)		2,044	8,559
Expense from other activities(1)		(1,793)	(8,617)
Net banking income	**Note 7.1**	**8,490**	**11,911**
Personnel expenses	Note 4.1	(4,783)	(5,236)
Other operating expenses(2)		(3,577)	(3,383)
Impairment, amortisation and depreciation		(626)	(477)
Gross operating income		**(496)**	**2,815**
Cost of risk	Note 2.6	(1,582)	(848)
Operating income		**(2,078)**	**1,967**
Net income from long-term investments	Notes 2.1	651	1,147
Operating income before tax		**(1,427)**	**3,114**
Income tax	Note 5	(141)	581
Net Income		**(1,568)**	**3,695**
Earnings per ordinary share	**Note 6.3**	**(1.84)**	**4.45**
Diluted earnings per ordinary share		**(1.84)**	**4.45**

(1) As part of its market making activities on commodities derivatives, Societe Generale may hold physical commodities stocks. Related incomes and expenses are included in income and expense from other activities. For the year 2020, income amounts to EUR 1,821 million (EUR 8,345 million in 2019) and expense to EUR 1,579 million (EUR 8,502 million in 2019).

(2) o/w. EUR 377 million related to the 2020 contribution to the single resolution fund (SRF) (EUR 297 million in 2019).

Information about fees paid to Statutory Auditors is disclosed in the notes to the consolidated financial statements of the Societe Generale Group; consequently, this information is not provided in the notes to the parent company financial statements of Societe Generale.

6.6 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The parent company financial statements were approved by the Board of Directors on 9 February 2021.

NOTE 1 SIGNIFICANT ACCOUNTING PRINCIPLES

1. Introduction

The preparation and presentation of the parent company financial statements for Societe Generale comply with the provisions of Regulation 2014-07 of the French Accounting Standards Board (*Autorité des normes comptables,* ANC), relating to the annual accounts for the banking sector.

As the financial statements of foreign branches were prepared using accounting principles generally accepted in their respective countries, they have been adjusted to comply with the accounting principles applicable in France.

The disclosures provided in the notes to the parent company financial statements focus on information that is both relevant and material to the financial statements of Societe Generale, its activities and the circumstances in which it conducted its operations over the period affected particularly by the Covid-19 crisis.

2. Accounting policies and valuation methods

In accordance with the accounting principles applicable to French credit institutions, the majority of transactions are recorded using valuation methods that take account of the purpose for which they were completed.

In financial intermediation transactions, assets and liabilities are generally maintained at their historical cost and impairment is recognised where counterparty risk arises. Revenues and expenses arising from these transactions are recorded *prorata temporis* over the life of the transaction in accordance with the accounting cut-off principle. The same applies for transactions on forward financial instruments carried out for hedging purposes or to manage the Bank's overall interest rate risk.

Trading transactions are generally marked to market at year-end, except for loans, borrowings and short-term investment securities which are recorded at nominal value. When these financial instruments are not quoted in an active market, the market value used is adjusted by a prudential haircut. In addition, the valuations based on internal models are subject to a haircut (Reserve policy) determined according to the complexity of the model used and the life of the financial instrument.

3. Translation of foreign currency financial statement

The on- and off-balance sheet items of branches reporting in foreign currencies are translated at the official exchange rate prevailing at year-end. The income statement items of these branches are translated at the average quarter-end exchange rate. Translation gains and losses arising from the translation of the capital contribution, reserves, retained earnings and net income of foreign branches, which result from changes in exchange rates, are included in the balance sheet under Accruals, other accounts payable/receivable and other liabilities/assets.

Translation differences relating to branches in the Euro area (recorded on the changeover to the euro) are retained in shareholders' equity and are recognised in the income statement only upon the sale of these entities.

4. Use of estimates and judgment

In compliance with the accounting principles and methods applicable to the preparation of the financial statements and stated in the notes to the present document, the Management makes assumptions and estimates that may have an impact on the figures recorded in the income statement, the valuation of assets and liabilities on the balance sheet, and the information disclosed in the notes to the parent company financial statements.

In order to make these assumptions and estimates, the Management uses the information available as at the date of preparation of the financial statements and can exercise its own judgment. By nature, valuations based on these estimates involve risks and uncertainties about their materialization in the future. Consequently, the actual future results may differ from these estimates and may then have a significant impact on the financial statements.

The assumptions and estimates made in preparing these annual financial statements have changed compared to the ones of the previous annual closing to account for the current uncertainties regarding the consequences, duration and magnitude of the economic crisis resulting from the Covid-19 pandemic. The impacts of this crisis on the assumptions and estimates used are detailed in part 6 of the present note.

The use of estimates mainly concerns the following accounting topics:

- fair value in the balance sheet of financial instruments (securities portfolio and forward financial instruments) not quoted in an active market and held for trading activities (see Notes 2.1, 2.2 and 3.2);
- impairment of financial assets (see Note 2.6);
- provisions recognised as liabilities (see Notes 2.6, 4.2 and 7.3);
- deferred tax assets recognised in the balance sheet (see Note 5).

BREXIT

The United Kingdom organised on 23 June 2016 a referendum at which a majority of British people voted to leave the European Union (Brexit).

After having been postponed several times, the United Kingdom withdrawal agreement entered into force on 31 January 2020 with transition period which ended on 31 December 2020. The law of European Union has also ceased to apply to the United Kingdom since 1 January 2021.

Despite the unfavourable health and political context, the negotiations conducted between the United Kingdom and the European Union resulted on 24 December 2020 in a Trade and Cooperation Agreement excluding financial services. To date, there is merely a European equivalence for the use of Clearing Houses for an 18-month period from 1 January 2021.

Societe Generale had anticipated these difficulties and has thus maintained the measures already in place from 31 January 2020 to provide continuity of service to its customers (in particular, reorganisation and migration of some customer accounts between the two platforms in Paris and London). Furthermore, Societe Generale has been granted a transitional authorisation to continue its activities in London for two years, subject to compliance with local regulatory standards.

Thus, areas of uncertainties remain with regard to financial services and the terms and conditions for obtaining equivalences on one side, and to the potential increase in the divergences between local regulations and European regulations on the other side.

Societe Generale continues to follow these negotiations and has taken account of the short-/mid-/long-term consequences of the Brexit in the assumptions and estimates selected to prepare the parent company financial statements.

5. Amendments to regulation (ANC) N° 2014-07: changes to the balance sheet presentation of the securities borrowed and the receivable related to the centralisation of regulated savings

The French ANC – *Autorité des normes comptables* (French accounting standards authority) published on 22 December 2020 regulation (ANC) n° 2020-10 amending regulation (ANC) n° 2014-07. This regulation, approved on 29 December 2020, is binding and applies retroactively to the annual accounts for the year 2020; it changes the balance sheet presentation of the following operations.

SECURITIES BORROWING

Applying this amendment requires to change the balance sheet presentation of the securities borrowed. These securities, previously recorded as trading securities on the asset side of the balance sheet under “Treasury notes and similar securities”, Bonds and other debt securities, and Shares and other equity securities, are now presented as a deduction from the Amounts payable for securities borrowed on the liability side of the balance sheet under “Accruals, other accounts payable and other liabilities”. This new presentation of the securities borrowed provides more relevant information on the Bank’s risk exposure and benefits related to the holding of securities borrowed and the intrinsic obligation to return them on the maturity date of the borrowing.

CENTRALISED REGULATED SAVINGS

Applying this amendment requires to change the balance sheet presentation of the receivable on the Savings fund of the French *Caisse des dépôts et consignations* (Deposits and Consignments Fund). This receivable represents the share of savings collected on the French regulated savings accounts *(Livrets A, Livrets de développement durable et solidaire* and *Comptes sur livret d’épargne populaire)* that the Bank is required to transfer for centralisation to the French *Caisse des dépôts et consignations*. This receivable, previously presented under “Due from banks” on the asset side of the balance sheet, is now presented on the liability side of the balance sheet in deduction of the regulated savings accounts under “Customer deposits”. This new presentation of the centralised regulated savings provides more relevant information on the risks and flows involved as they result from the legislative provisions relating to the regulated savings scheme and the State guarantee that is an integral part of it.

The initial application of these amendments had no impact on either the shareholders equity of Societe Generale or its income statement.

6. Covid-19

The Covid-19 pandemic is causing a health crisis and an economic shock of historic proportions. The containment measures imposed by many governments to stop the spread of virus have led to a collapse of global activity during 2020: the crisis is affecting both the supply of goods and services through containment measures and demand through declining corporate and household incomes.

Governments and central banks have massively intervened to mitigate the effects of this shock by providing significant support in term of liquidity and credit guarantees to the economy.

High uncertainties remain about the consequences, magnitude and duration of the crisis.

To prepare its financial statements, Societe Generale uses macroeconomic scenarios in the expected credit losses measurement models including forward-looking data (see Note 2.6). These scenarios are developed by the Economic and Sector Research Division of Societe Generale. A weighting ratio is attributed to each scenario and the outputs from the models correspond to a probabilistic average of these scenarios.

As at 31 December 2020, Societe Generale used the following four macroeconomic scenarios:

- a central scenario (*SG Central*), weighted at 65%, that expects, after a significant fall in GDP over 2020, a gradual rebound from 2021 on, considering in particular that travel restrictions will be lifted at the beginning of 2022;
- a prolonged health crisis scenario (*SG Extended*), weighted at 10%, that expects that travel restrictions will be lifted at the beginning of 2023;
- lastly, two alternative scenarios, a favourable one weighted at 10% and a stressed one weighted at 15%, supplement these two central scenarios.

Societe Generale has also made some methodological adjustments and has taken account of the support measures decided by public authorities regarding the application of the principles for measuring expected credit losses.

The major developments of the year concerned:

- an update of the models used to calculate impairments and provisions for credit risk to take account of the impact of the new macroeconomic scenarios described above;
- adjustments to models to best reflect the impact of the scenarios on the impairments and provisions for credit risk;
- an update of the sectoral adjustments;
- the inclusion of support measures for customers weakened by the crisis, in conjunction with public authorities.

Societe Generale granted moratoriums regarding EUR 15.1 billion of outstanding loans to its customers. These moratoriums took the form of a six-month payment deferment on loans (until twelve months for the tourism moratoriums) granted to corporates and professionals (principal and interests), with interests on the deferral charged only on the principal. The majority has now expired, with a resumption for most customer of reimbursements without incident.

In addition to these moratoriums, Societe Generale has contributed to the implementation of support measures decided by the authorities through the study and allocation of State Guaranteed Loans (the French *Prêts garantis par l'État* – PGE) within the framework of the 2020 French Amending Finance Act and the conditions set by the decree of 23 March 2020. These are financings made at cost price and guaranteed by the government up to 90%. With a maximum amount corresponding in general case to three months of turnover before taxes, these loans come with a one-year repayment exemption. At the end of this year, the customer can either repay the loan, or amortise it over one to five more years, with the possibility of extending the capital franchise for one year.

These PGE are recognised as assets on the balance sheet under "Customer transactions". As at 31 December 2020, the corresponding outstanding amount is approximately EUR 10.9 billion (including EUR 1.44 billion in underperforming loans and EUR 0.24 billion in credit-impaired loans); new PGE will be granted before the time limit set by the Government at 30 June 2021. The amount recognised as at 31 December 2020 as impairment and provisions for credit risk with regard to PGE is approximately EUR 45 million.

Based on the scenarios presented above, and after taking account of the methodological adjustments and support measures, the cost of risk for the year 2020 represents a net charge of EUR 1,582 million, *i.e.* an increase of EUR 734 million (+87%) compared to the year 2019.

7. Project to merge the retail network of Societe Generale and Credit du Nord

Societe Generale announced on 7 December 2020 its project to merge of the retail banking network of Societe Generale and Credit du Nord to form a new one (the VISION 2025 project).

As at 31 December 2020, this project has not yet been detailed and submitted to the social partners for comment and to the relevant authorities for approval. Therefore, no provision has been recognised in the financial statements as at 31 December 2020 for this project.

NOTE 2 FINANCIAL INSTRUMENTS

NOTE 2.1 Securities portfolio

ACCOUNTING PRINCIPLES

Securities are classified according to:

- their type: government securities (Treasury notes and similar securities), bonds and other debt securities (negotiable debt instruments, interbank securities), shares and other equity securities;
- the purpose for which they were acquired: trading, short-term and long-term investment, shares intended for portfolio activity, investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments.

Purchases and sales of securities are recorded in the balance sheet at the date of settlement-delivery.

The classification and valuation rules applied for each portfolio category are as follows and the impairment rules applied are described in Note 2.6.4.

Trading securities

Trading securities are securities acquired or incurred with the intention of selling or repurchasing them in the near term or held for the purpose of market-making activities. These securities are traded in active markets, and the available market price reflects actual and regularly occurring market transactions on an arm's length basis. Trading securities also include the securities covered by a sale commitment in the context of an arbitrage on a regulated market or similar, and the securities purchased or sold as part of the specialised management of a trading portfolio containing forward financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Trading securities are recognised in the balance sheet at acquisition price, excluding acquisition expenses.

They are marked to market at the end of the financial year.

The net unrealised gains or losses thus recognised, together with the net gains or losses on disposals, are recorded on the income statement under "Net income from the trading portfolio", or, from short-term investment securities. The coupons received on the fixed-income securities in the trading portfolio are recorded on the income statement under "Net interest income from bonds", or other debt securities.

The trading securities that are no longer held with the intention of selling them in the near term, or no longer held for the purpose of market-making activities, or held as part of the specialised management of a trading portfolio for which there is no longer evidence of a recent pattern of short-term profit-taking, may be reclassified into the Short-term investment securities category or into the Long-term investment securities category if:

- exceptional market situations generate a change in holding strategy; or
- if debt securities become no longer negotiable in an active market after their acquisition, and Societe Generale has the intention and ability to hold them for the foreseeable future or until maturity.

Securities which are then reclassified are recorded in their new category at their fair market value on the date of reclassification.

Long-term investment securities

Long-term investment securities are debt securities acquired or reclassified from Trading securities and Short-term investment securities which Societe Generale intends and has the capacity to hold until maturity.

Societe Generale must therefore have, in particular, the necessary financing capacity to continue holding these securities until their expiry date. These long-term investment securities shall not be subject to any legal or other form of constraint that might call into question its intention to hold it until maturity.

Long-term investment securities also include trading and short-term investment securities which have been reclassified by Societe Generale following the particular conditions described here before (facing exceptional market situations or when debt securities are no longer negotiable in an active market). These reclassified securities are identified within the long-term investment securities portfolio.

Societe Generale may have to dispose of long-term investment securities or transfer them to another accounting category only in the specific following cases:

- the sale or transfer is made at a date close to the maturity of the security; or
- the sale or transfer is due to an isolated event independent of Societe Generale control.

These instruments may be designated as hedged items when forward financial instruments are used to hedge interest rate risk on identifiable items or groups of similar items.

Long-term investments securities are recorded in the balance sheet at their purchase cost excluding acquisition expenses.

Affiliates, investments in related parties and other long-term securities

This category of securities covers on the one hand affiliates and investments in related parties, when it is deemed useful to Societe Generale's business to hold said shares in the long term. This notably covers the investments that meet the following criteria:

- shares in fully integrated companies or issued by companies accounted for using the equity method;
- shares in companies that share Directors or senior managers with Societe Generale and where influence can be exercised over the company whose shares are held;
- shares in companies that belong to the same group controlled by individuals or legal entities, where the said persons or entities exercise control over the Group and ensure that decisions are taken in unison;
- shares representing more than 10% of the voting rights in the capital issued by a bank or a company whose business is directly linked to that of Societe Generale.

This category also includes the other long-term securities. These are equity investments made by Societe Generale with the aim of developing special professional relations with a company over the long term but without exercising any influence on its management due to the low proportion of attached voting rights.

Affiliates, investments in related parties and other long-term securities are recorded at their purchase price net of acquisition costs. Dividend income earned on these securities is recognised in the income statement under "Dividend income".

Short-term investment securities

Short-term investment securities are all the securities that are not classified as trading securities, long-term investment securities, or investments in consolidated subsidiaries and affiliates.

SHARES AND OTHER EQUITY SECURITIES

Equity securities are initially recognised on the balance sheet at cost excluding acquisition expenses, or at contribution value. At year-end, cost is compared to realisable value. Only the unrealised losses are recorded with the recognition of a depreciation of the securities portfolio. Income from these securities is recorded in Dividend income.

BONDS AND OTHER DEBT SECURITIES

These securities are initially recognised on the balance sheet at cost excluding the acquisition expenses, and excluding interest accrued not due at the date of purchase. The positive or negative differences between the cost and redemption values are recognised as premiums (if positive) or discounts (if negative) in the income statement over the life of the securities concerned and spread using the actuarial method. The accrued interest on bonds and other short-term investment securities is recorded as related receivables with a counterpart entry under "Interest and similar income" in the income statement.

Short-term investment securities may be reclassified into Long-term investment securities category provided that:

- exceptional market situations generate a change in holding strategy; or
- if after their acquisition debt securities become no longer negotiable in an active market and if Societe Generale has the intention and ability to hold them for the foreseeable future or until maturity.

NOTE 2.1.1 TREASURY NOTES, BONDS AND OTHER DEBT SECURITIES, SHARES AND OTHER EQUITY SECURITIES

	31.12.2020				31.12.2019			
(In EURm)	Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities	Total	Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities	Total
Trading securities[1]	**31,612**	**91,824**	**68,789**	**192,225**	**129,396**	**139,215**	**69,815**	**338,426**
Short-term investment securities	**22,049**	**1,659**	**10,893**	**34,601**	**23,645**	**1,674**	**14,173**	**39,492**
Gross book value	22,115	1,704	11,138	34,957	23,715	1,711	14,265	39,691
Impairment	(66)	(45)	(245)	(356)	(70)	(37)	(92)	(199)
Long-term investment securities	**53**	**-**	**41,715**	**41,768**	**58**	**-**	**36,679**	**36,737**
Gross book value	53	-	41,715	41,768	58	-	36,679	36,737
Impairment	-	-	-	-	-	-	-	-
Related receivables	**92**	**85**	**(8)**	**169**	**106**	**87**	**12**	**205**
TOTAL	**53,806**	**93,568**	**121,389**	**268,763**	**153,205**	**140,976**	**120,679**	**414,860**

(1) From financial year 2020, the borrowed securities, which were previously presented as Trading securities on the asset side of the balance sheet under "Treasury notes and similar securities", "Bonds and other debt securities", and "Shares and other equity securities", are now presented as a deduction from the Amounts payable for securities borrowed on the liability side of the balance sheet under "Accruals, other accounts payable and other liabilities" (see section 5 in Note 1 and Note 3.2).

ADDITIONAL INFORMATION ON SECURITIES

(In EURm)	31.12.2020	31.12.2019
Estimated market value of short-term investment securities		
Unrealised capital gains[1]	1,786	990
Estimated value of long-term investment securities:		
Premiums and discounts relating to short-term and long-term investment securities	97	80
Investments in mutual funds:	19,258	17,530
■ French mutual funds	6,617	5,497
■ Foreign mutual funds	12,641	12,033
of which mutual funds which reinvest all their income	*4*	*5*
Listed securities[2]	352,066	374,281
Subordinated securities	110	111
Securities lent	52,122	61,543

(1) Not including unrealised gains or losses on forward financial instruments, if any, used to hedge short-term investment securities.
(2) The listed trading securities amounted to EUR 276,149 million as at 31 December 2020 against EUR 301,015 million as at 31 December 2019.

NOTE 2.1.2 AFFILIATES, INVESTMENTS IN RELATED PARTIES AND OTHER LONG-TERM SECURITIES

AFFILIATES AND OTHER LONG TERM SECURITIES

(In EURm)	31.12.2020	31.12.2019
Banks	368	380
Others	686	521
Affiliates and other long-term securities before impairment	**1,054**	**901**
Impairment	(62)	(39)
TOTAL	**992**	**862**

The main changes are:

- the increase of the associates' certificates of the French deposit insurance and resolution fund (*Fonds de garantie des dépôts et de résolution* – FGDR): EUR +43 million;
- the acquisition of the neo-bank for entrepreneurs Shine: EUR +41 million;
- the increase of the participation in Visa Inc. following the partial conversion of preferred stock: EUR +29 million;
- the capital increase of Societe Generale Ventures: EUR +20 million.

INVESTMENTS IN RELATED PARTIES

(In EURm)	31.12.2020	31.12.2019
Banks	**21,099**	**21,714**
Listed	5,194	5,567
Unlisted	15,905	16,147
Others	**6,103**	**6,950**
Listed	1,156	1,156
Unlisted	4,947	5,794
Investments in related parties before impairment	**27,202**	**28,664**
Impairment	(3,756)	(4,291)
TOTAL	**23,446**	**24,373**

All transactions with the related parties were concluded under normal market conditions.

The main changes are:

- the capital increase of Boursorama SA: EUR +100 million;
- the capital decrease of Societe Generale Equipment Finance SA: EUR -473 million;
- the capital decrease and then the merger of Descartes Trading in SG Paris: EUR -377 million;
- the liquidation of Societe Generale North Pacific Ltd.: EUR -93 million;
- the variation in translation differences of hedged securities of EUR -606 million.

The main changes in the impairment are as follow:

- the impairment of Societe Generale China Ltd: EUR -141 million;
- the recovery of the Rosbank impairment: EUR +336 million;
- the recovery of the Societe Generale Securities Japan Ltd impairment: EUR +120 million;
- the recovery of the impairment following the liquidation of Societe Generale North Pacific Ltd: EUR +90 million.

NOTE 2.1.3 TREASURY STOCK

ACCOUNTING PRINCIPLES

Societe Generale's shares acquired for allocation to employees are recorded as Short-term investment securities and presented under "Treasury stock" on the assets side of the balance sheet.

Societe Generale's shares held with a view to underpinning the share price or as part of arbitrage transactions on the CAC 40 index are recorded as Trading securities and presented under "Treasury stock" on the assets side of the balance sheet.

	31.12.2020			31.12.2019		
(In EURm)	Quantity	Book value[2]	Market value	Quantity	Book value[2]	Market value
Trading securities[1]	307,448	6	6	352,441	11	11
Short-term investment securities	4,512,000	125	77	3,706,880	140	115
Long-term equity investments	-	-	-	-	-	-
TOTAL	**4,819,448**	**131**	**83**	**4,059,321**	**151**	**126**

Nominal value: EUR 1.25.

Market value per share: EUR 17.02 as at 31 December 2020.

(1) Societe Generale set up on 22 August 2011 a liquidity contract which was endowed with EUR 170 million for carrying out transactions on the Societe Generale share. As at 31 December 2020, there were 33,500 Societe Generale shares owned under the liquidity contract, which contained EUR 5 million for the purpose of carrying out transactions in Societe Generale shares.

(2) The accounting value is assessed according to the notice of the CNC N° 2008-17 approved on 6 November 2008 concerning stock-options and bonus issues of shares.

NOTE 2.1.4 DIVIDEND INCOME

(In EURm)	2020	2019
Dividends from shares and other equity securities	25	20
Dividends from affiliates and non-consolidated subsidiaries and other long-term securities	1,152	3,597
TOTAL	**1,177**	**3,617**

The decrease in Dividends from affiliates and non-consolidated subsidiaries and other long-term securities is due in particular to the application of European Central Bank's recommendation of 27 March 2020 relative to dividends distribution policies during the Covid-19 crisis.

NOTE 2.1.5 NET INCOME FROM THE TRADING PORTFOLIO AND SHORT-TERM INVESTMENT SECURITIES

(In EURm)	2020	2019
Net income from the trading portfolio:	**4,125**	**5,293**
Net income from operations on trading securities[1]	(16,296)	11,999
Net income from forward financial instruments	21,050	(6,423)
Net income from foreign exchange transactions	(629)	(283)
Net income from short-term investment securities:	**99**	**102**
Gains on sale	127	141
Losses on sale	(11)	(27)
Allocation of impairment	(31)	(45)
Reversal of impairment	14	33
TOTAL	**4,224**	**5,395**

(1) Of which EUR 1,468 million of received dividends on the trading portfolio.

NOTE 2.1.6 NET INCOME FROM LONG-TERM INVESTMENTS

ACCOUNTING PRINCIPLES

This item includes capital gains or losses realised on disposals, as well as the net allocation to depreciation for investments in subsidiaries and affiliates, long-term investment securities.

(In EURm)	2020	2019
Long-term investment securities:	**0**	**0**
Net capital gains (or losses) on sale	0	0
Net allocation to impairment	0	-
Investments in subsidiaries and affiliates:	**635**	**1,132**
Gains on sale[1]	250	926
Losses on sale[2]	(127)	(105)
Allocation to impairment[3]	(219)	(140)
Reversal of impairment[3]	731	451
Subsidies granted to affiliates (subsidiaries)	-	-
Net income from long term investment (see Note 7.2)	**16**	**15**
TOTAL	**651**	**1,147**

(1) o.w. EUR +246 million concerning the partial conversion of preferred stock of Visa Inc.
(2) o.w. EUR -88 million concerning the liquidation of Societe Generale North Pacific Ltd. and EUR -23 million concerning the capital decrease of Societe Generale Equipment Finance SA.
(3) Almost all of allocations and write-backs concerning subsidiaries (See Note 2.1.2 - Investments in subsidiaries).

NOTE 2.2 Operations on forward financial instruments

ACCOUNTING PRINCIPLES

Transactions on forward financial instruments on interest rates, foreign exchange rates or equities are used for trading or hedging purposes.

Nominal commitments on forward financial instruments are recorded as a separate off-balance sheet item. This amount represents the volume of current transactions and does not reflect the potential gain or loss associated with the market or counterparty risk on these transactions. Credit derivatives purchased to hedge credit risks on financial assets which are not valued at market value are classified and treated as guarantee commitments received.

The accounting treatment of income or expense on these forward financial instruments depends on the purpose of the transaction, as follows:

Hedging transactions

Income and expense on forward financial instruments used as hedge assigned from the beginning to an identifiable item or group of similar items are recognised in the income statement symmetrically to the income and expense on the hedged items. Income and expense on interest rate instruments are recorded as net interest income in the same interest income or expense account as the items hedged. Income and expense on other instruments such as equity instruments, stock market indexes or currencies are recognized under "Net income from short-term investment securities".

Income and expense on forward financial instruments used to hedge or manage an overall interest rate risk are recognized in the income statement over the life of the instrument under "Net income from the trading portfolio".

Market transactions

Market transactions include:

- the instruments traded on organised or similar markets and other instruments, such as credit derivatives and composite option products, which are included in the trading portfolio although they are traded over-the-counter on less liquid markets;
- some debt securities with a forward financial instrument component for which this classification in the accounts most appropriately reflects the results and associated risks.

These transactions are measured at their market value as at the closing date. When financial instruments are not quoted in an active market, this value is generally determined based on internal models. Where necessary, these valuations are adjusted for reasons of prudence by applying a discount (Reserve Policy). This discount is determined on the basis of the instruments concerned and the associated risks, and takes into account:

- a conservative valuation of all the instruments, regardless of the liquidity of the corresponding market;
- a reserve calculated based on the size of the exposure and intended to cover the risk that Societe Generale will be unable to liquidate the investment in one go due its size;
- an adjustment for the reduced liquidity of the instruments and for model risk in the case of complex products as well as transactions on less liquid markets (less liquid since they have been developed recently or are more specialised).

Furthermore, for over-the-counter transactions on forward interest rate instruments, these valuations also take into account counterparty risk and the present value of the future management fees.

The corresponding gains or losses are directly recognised as income or expense for the period, regardless of whether they are realised or unrealised. They are recognised in the income statement as Net income from the trading portfolio.

The gains or losses corresponding to the contracts concluded as part of the cash management activities managed by the trading room in order to benefit from any interest rate fluctuations, are recorded when these contracts are settled or *prorata temporis* over the life of the contracts, depending on the type of instrument. Any unrealised losses are provisioned at year-end and the corresponding amounts are recorded under "Net income from the trading portfolio".

NOTE 2.2.1 FORWARD FINANCIAL INSTRUMENTS COMMITMENTS

(In EURm)	Fair Value Trading transactions	Hedging transactions	Total at 31.12.2020	Total at 31.12.2019
Firm transactions	**11,477,989**	**12,443**	**11,490,432**	**13,562,667**
Transactions on organised markets	2,269,057	100	2,269,157	2,667,362
Interest rate futures	*601,776*	-	*601,776*	*788,439*
Foreign exchange futures	*1,323,058*	-	*1,323,058*	*1,395,157*
Other futures contracts	*344,223*	*100*	*344,323*	*483,766*
OTC agreements	9,208,932	12,343	9,221,275	10,895,305
Interest rate swaps	*7,701,319*	*12,205*	*7,713,524*	*9,137,894*
Currency financing swaps	*848,858*	*138*	*848,996*	*879,750*
Forward Rate Agreements (FRA)	*628,659*	-	*628,659*	*830,870*
Other	*30,096*	-	*30,096*	*46,791*
Optional transactions	**3,395,472**	**81**	**3,395,553**	**3,586,663**
Interest rate options	1,655,940	-	1,655,940	2,046,470
Foreign exchange options	259,568	81	259,649	292,030
Equity and index options	1,439,610	-	1,439,610	1,210,438
Other options	40,354	-	40,354	37,725
TOTAL	**14,873,461**	**12,524**	**14,885,985**	**17,149,330**

NOTE 2.2.2 FAIR-VALUE OF THE TRANSACTIONS QUALIFIED AS HEDGING

(In EURm)	31.12.2020	31.12.2019
Firm transactions	**4,163**	**3,814**
Transactions on organised markets	(89)	(34)
Interest rate futures	-	-
Foreign exchange futures	-	-
Other forward contracts[(1)]	*(59)*	*(34)*
OTC agreements	4,252	3,848
Interest rate swaps	*4,002*	*3,914*
Currency financing swaps	*250*	*(66)*
Forward Rate Agreements (FRA)	-	-
Other	-	-
Optional transactions	**-**	**-**
TOTAL	**4,163**	**3,814**

(1) Including amounts restated compare to the financial statements published in 2019, following the incorporation of forwards contracts related to the London branch.

NOTE 2.2.3 MATURITIES OF FINANCIAL DERIVATIVES (NOTIONAL AMOUNTS)

(In EURm)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Firm transactions	**1,677,503**	**2,478,506**	**3,802,956**	**3,531,468**	**11,490,433**
Transactions on organised markets	927,252	605,174	299,578	437,154	2,269,158
OTC agreements	750,251	1,873,332	3,503,378	3,094,314	9,221,275
Optional transactions	**639,509**	**746,312**	**1,027,490**	**982,242**	**3,395,553**
TOTAL	**2,317,012**	**3,224,818**	**4,830,446**	**4,513,710**	**14,885,986**

NOTE 2.3 Loans ad borrowings

ACCOUNTING PRINCIPLES

Amounts due from banks and customer loans are classified according to their initial duration and type: demand deposits (current accounts and overnight transactions) and term deposits for credit institutions, commercial loans, overdrafts and other loans to customers. They also include the securities purchased from banks or customers under resale agreements, and the loans secured by notes and securities.

Only the amounts due and customer loans that meet the following criteria are offset on the balance sheet: those with the same counterparty, maturity, currency and accounting entity, and those for which an agreement exists with the counterparty allowing the Bank to combine the accounts and exercise the right of offset.

The interest accrued on these receivables is recorded as Related receivables and recognised in the income statement under "Interest income and expenses".

The fees and commissions received and the incremental transaction costs related to the granting of a loan (finder's and handling fees) are comparable to interest and spread over the effective life of the loan.

The loan commitments recorded off-balance sheet reflect transactions that have not yet resulted in cash flows, such as the irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

If a commitment bears a proven credit risk that makes it probable that Societe Generale will not recover all or part of the amounts due under the counterparty's commitment in accordance with the original terms of the contract, the corresponding outstanding loan is classified as a doubtful loan, despite the existence of a guarantee. Moreover, any loan will be classified as doubtful if one or more repayments are more than three months overdue (six months for mortgage loans and nine months for loans to local authorities), or if, regardless of any missed payments, it can be assumed that there is a proven risk, or if legal proceedings have been started.

If a loan to a given debtor is classified as doubtful, all the outstanding loans and commitments to that debtor are reclassified as doubtful, regardless of whether or not they are backed by a guarantee.

Impairment for unrealised losses and for doubtful loans is recorded for the amount of probable loss (see Note 2.6)

Restructuring of loans and receivables

When an asset recorded under "Due from banks" or customer loans is restructured, contractual changes that would not have been considered in other circumstances are made to the amount, term or financial conditions of the initial transaction approved by the Group, due to the financial difficulties or insolvency of the borrower (whether this insolvency is proven or will definitely occur unless the debt is restructured). The restructured financial assets are classified as impaired and the borrowers are considered to be in default.

These classifications are maintained for at least one year and for as long as some uncertainty remains for the Group as to the borrowers' ability to meet their commitments.

At the restructuring date, the carrying amount of the restructured financial asset is decreased to the present amount of the estimated new future recoverable cash flows discounted using the initial effective interest rate. This loss is booked in the income statement under "Cost of risk".

The restructured financial assets do not include the loans and receivables subject to commercial renegotiations. Loans and receivables may be subject to commercial renegotiations provided that the borrowing customer is not experiencing financial difficulties and is not insolvent. Such transactions thus involve customers whose debt the Group is willing to renegotiate in the interest of maintaining or developing a commercial relationship, in accordance with the credit granting rules, and without relinquishing any principal or accrued interest.

These renegotiated loans and receivables are derecognised as at the renegotiation date and replaced as at the same date on the balance sheet by the new loans, contractualised under the renegotiated conditions. These new loans are subsequently measured at amortised cost, based on the effective interest rate arising from the new contractual conditions and taking into account the renegotiation fees billed to the customer.

NOTE 2.3.1 DUE FROM BANKS

(In EURm)	31.12.2020	31.12.2019
Demand deposits and loans		
Current accounts[(1)]	6,365	15,916
Overnight deposits and loans	537	374
Loans secured by notes-overnight	-	-
Term accounts and loans		
Term deposits and loans	74,859	76,534
Securities purchased under resale agreements	93,129	77,120
Subordinated and participating loans	1,157	1,209
Loans secured by notes and securities	-	-
Related receivables	282	98
Due from banks before impairment	**176,329**	**171,251**
Impairment	(20)	(20)
TOTAL[(2)(3)]	**176,309**	**171,231**

(1) From financial year 2020, the Current accounts line no longer includes the receivable representing the share of regulated savings centralised with the Savings Fund of the French Caisse des dépôts et consignations. As at 31 December 2020, this receivable, which amounts to EUR 12,382 million, is presented on the liability side of the balance sheet in deduction of the savings accounts (Livrets A, Livrets de développement durable et solidaire and Comptes sur livret d'épargne populaire) under "Customer deposits "(see Section 5, Note 1 and Note 2.4.2). As at 31 December 2019, the amount of the centralisation receivable presented under "Current accounts" due from banks amounted to EUR 9,178 million. In 2020, the amount deducted from liability accounts is EUR 12,382 million (see Note 2.4.2).

(2) As at 31 December 2020 doubtful loans amounted to EUR 57 million (of which EUR 17 million were non-performing loans) against EUR 36 million (of which EUR 17 million were non-performing loans as at 31 December 2019).

(3) Including amounts receivable from subsidiaries: EUR 75,027 million as at 31 December 2020 against EUR 75,903 million as at 31 December 2019.

NOTE 2.3.2 CUSTOMER LOANS

(In EURm)	31.12.2020	31.12.2019
Overdrafts	22,182	22,971
Discount of trade notes	1,393	1,538
Other loans[(1)(2)(3)]	297,393	297,896
Loans secured by notes and securities	83	99
Securities purchased under resale agreements	123,880	160,651
Related receivables	1,006	1,096
Customer loans before impairment	**445,937**	**484,251**
Impairment	(2,594)	(2,755)
TOTAL[(4)(5)]	**443,343**	**481,496**

(1) Including pledged loan: EUR 83,262 million of which amounts eligible for refinancing with Bank of France: EUR 5,897 million as at 31 December 2020 (EUR 10,305 million as at 31 December 2019).

(2) Of which participating loans: EUR 2,840 million as at 31 December 2020 (EUR 3,045 million as at 31 December 2019).(3) As at 31 December 2020 doubtful loans amounted to EUR 6,139 million (of which EUR 2,296 million were non-performing loans) against EUR 5,894 million (of which EUR 2,625 million were non-performing loans) as at 31 December 2019.

(4) Of which amounts receivable from subsidiaries: EUR 139,476 million as at 31 December 2020 (EUR 170,140 million as at 31 December 2019).

(5) Including restructured loans: EUR 1,437 million as at 31 December 2020 against EUR 918 million as at 31 December 2019.

The detail of other loans is composed of:

(In EURm)	31.12.2020	31.12.2019
Short-term loans	80,266	73,163
Export loans	10,227	10,845
Equipment loans	50,347	48,044
Housing loans	73,131	70,177
Lease financing agreements	-	148
Other loans	83,422	95,519
TOTAL	**297,393**	**297,896**

NOTE 2.3.3 COMMITMENTS GRANTED

(In EURm)	31.12.2020	31.12.2019
Loan commitments	**228,424**	**238,489**
To banks	42,579	49,469
To customers	185,845	189,020
Guarantee commitments	**225,915**	**202,543**
On behalf of banks	138,030	125,679
On behalf of customers	87,885	76,864

Commitments granted to subsidiaries are those granted to related parties for EUR 74,001 million as at 31 December 2020 (EUR 86,960 million as at 31 December 2019).

NOTE 2.3.4 SECURITISATION

ACCOUNTING PRINCIPLES

Loans and receivables transferred by Societe Generale to a securitisation undertaking (securitisation fund, securitisation vehicle or equivalent foreign undertaking) are derecognised and the gain or loss on sale calculated as the difference between the selling price and the carrying amount of the transferred loans or receivables is recognised in profit or loss.

If the transfer agreement contains an overcollateralisation clause, Societe Generale records on the assets side of its balance sheet, among the loans and receivables, a receivable for the part of the amount of transferred loans and receivables exceeding the selling price.

Ordinary units issued by a gaining securitisation undertaking and acquired or subscribed by Societe Generale are recorded as trading securities or as short-term investment securities according to their purpose.

Specific units, subordinated units and other financial instruments issued by the gaining securitisation undertaking and acquired or subscribed by Societe Generale as collateral for the benefit of the undertaking are recorded as short-term investment securities (see Note 2.1).

If Societe Generale makes a cash security deposit with the gaining securitisation undertaking to bear the losses resulting from the default of debtors of the loans and receivables transferred, it records such deposit on the assets side of its balance sheet under “Accruals, other accounts receivable and other assets” as a receivable from the securitisation undertaking, provided that the possible balance of the deposit will be allocated to it upon the liquidation of the securitisation undertaking.

If the guarantee granted by Societe Generale takes the form of a commitment by signature, it is recorded in the off-balance sheet as a guarantee commitment granted to customers or to banks, as the case may be.

In 2017, Societe Generale proceeded with a securitisation in order to substitute in the assets, eligible bonds as the Eurosystem refinancing guaranty for housing loans. For this purpose, Societe Generale has transferred EUR 9,242 million housing loans to a securitisation mutual fund. To capitalise the acquisition, the fund has issued bonds which were fully subscribed by Societe Generale, who bears the risks and the profits.

The bonds are presented in the assets on the balance sheet within the investment portfolio for an amount of EUR 5,346 million as at 31 December 2020 as a result of underlying housing loans amortisation (EUR 6,474 million as at 31 December 2019).

NOTE 2.4 Debts

ACCOUNTING PRINCIPLES

Amounts due to banks and customer deposits are classified according to their initial duration and type: demand debt (demand deposits, current accounts) and term deposits due to banks, regulated savings accounts and other deposits due to customers. They also include the securities sold to banks and customers under repurchase agreements.

The interest accrued on these deposits is recorded as related payables with a counterpart entry in the income statement.

NOTE 2.4.1 DUE TO BANKS

(In EURm)	31.12.2020	31.12.2019
Demand deposits	**20,082**	**20,192**
Demand deposits and current accounts	20,082	20,192
Borrowings secured by notes – overnight	-	-
Term deposits	**179,915**	**145,738**
Term deposits and borrowings	179,915	145,738
Borrowings secured by notes and securities	-	-
Related payables	**310**	**400**
Securities sold under repurchase agreements	**101,481**	**89,276**
TOTAL	**301,788**	**255,606**

Related parties payables amount to EUR 85,868 million as at 31 December 2020 (EUR 78,784 million as at 31 December 2019).

In 2019, the European Central Bank (ECB) initiated the third series of Targeted Longer-Term Refinancing Operations (TLTRO) with the objective of maintaining good credit quality in the euro area. As in the two previous programs, borrowing banks may benefit from a reduced interest rate depending on their performance with regard to credit granting to their household (excl. real-estate loans) and corporate (excl. financial institutions) customers. These TLTRO III operations have a 3-year maturity and are carried out quarterly between September 2019 and March 2021. Some of the terms and conditions have been modified in March 2020, notably the lending objectives, interest rate conditions and the drawing limit, in order to strengthen support to the granting of loans in the face of the Covid-19 crisis.

Societe Generale has subscribed to TLTRO III loans through quarterly drawings staggered between December 2019 and December 2020. As at 31 December 2020, the TLTRO III loans contracted by Societe Generale amount to 54 billion of euros.

As at this date, based on the credit performance over the past year and the estimated production for the first quarter 2021, the Group considers it has reasonable assurance of meeting the targeted stable amount of outstanding stock of eligible loans between 1 March 2020 and 31 March 2021, and, consequently, of benefiting from an incentive interest rate, more favourable than the terms and conditions attached to the main refinancing operations of the Eurosystem, equal to the average deposit facility rate over the life of each operation, with an additional bonus (reduction of 50 basis points of the average deposit facility rate with an interest rate floor set at -1%) for the period from 24 June 2020 to 23 June 2021.

Interest income received in 2020 within the framework of these transactions is presented under “Interest and similar expense”, and is calculated based on the estimated weighted interest rate over the life of the operations, taking into account a 1-year period of extra bonus.

NOTE 2.4.2 CUSTOMER DEPOSITS

(In EURm)	31.12.2020	31.12.2019
Regulated savings accounts	**55,434**	**62,912**
Demand[(1)]	37,790	45,000
Term	17,644	17,912
Other demand customer deposits	**148,391**	**128,402**
Businesses and sole proprietors	71,447	59,801
Individual customers	39,232	36,228
Financial customers	31,008	25,319
Others	6,704	7,054
Other term customer deposits	**203,945**	**183,530**
Businesses and sole proprietors	53,176	43,405
Individual customers	121	183
Financial customers	147,347	128,999
Others	3,301	10,943
Related payables	**435**	**609**
Securities sold to customers under repurchase agreements	**105,637**	**119,631**
TOTAL	**513,860**	**495,084**

(1) From financial year 2020, the receivable representing the share of regulated savings centralised with the Savings Fund of the French Caisse des dépôts et consignations, is presented in deduction of the savings accounts concerned (Livrets A, Livrets de développement durable et solidaire and Comptes sur livret d'épargne populaire) (see Section 5 Note 1). As at 31 December 2020, the outstanding amounts collected on these savings accounts amounted to EUR 24,595 million from which was deducted the amount of the centralisation receivable which then amounted to EUR 12,382 million. As at 31 December 2020, the centralisation of receivable remains presented under "Due from banks" on the asset side of the balance sheet (see Section 3 Note 2) for an amount of EUR 9,178 million; on the same date, the outstanding amounts collected from the relevant savings accounts amounted to EUR 22,206 million.

Related parties due to customers amount EUR 131,901 million as at 31 December 2020 (EUR 179,676 million as at 31 December 2020).

NOTE 2.4.3 LIABILITIES IN THE FORM OF SECURITIES ISSUED

ACCOUNTING PRINCIPLES

These liabilities are classified by type of security: loan notes, interbank market certificates and negotiable debt instruments, bonds and other debt securities, but exclude subordinated notes which are classified under "Subordinated debt".

The interest accrued is recorded as related payables with a counterpart entry in the income statement. Bond issuance and redemption premiums are amortised on a straight-line or actuarial basis over the life of the related borrowings. The resulting expense is recorded in the income statement under "Interest and similar expense".

Bond issuance costs accrued over the period are recorded as expenses for the period under "Interest and similar expense" in the income statement.

(In EURm)	31.12.2020	31.12.2019
Loan notes	-	-
Bond borrowings	1,630	2,029
Interbank market certificates and negotiable debt instruments	122,875	114,006
Related payables	548	667
TOTAL	**125,053**	**116,702**

Related parties payables amount for EUR 1,524 million as at 31 December 2020 (EUR 2,029 million as at 31 December 2019).

NOTE 2.4.4 COMMITMENTS RECEIVED

(In EURm)	31.12.2020	31.12.2019
Loan commitments received from banks	70,008	78,052
Guarantee commitments received from banks	60,479	58,140

Related parties commitments amount for EUR 9,494 million as at 31 December 2020 (EUR 16,079 million as at 31 December 2019).

NOTE 2.5 Interest income and expenses

ACCOUNTING PRINCIPLES

Interest income and expense are recognised in the income statement under “Interest and similar income” or “Interest and similar expense” for all the financial instruments measured at amortised cost using the effective interest rate method. The negative interest is deducted from the interest income and expense accounts related to these instruments.

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

When a financial asset or group of similar financial assets has been impaired following an impairment loss, the subsequent interest income is recorded based on the effective interest rate used to discount the future cash flows when measuring the impairment loss.

Moreover, except for those related to employee benefits, the provisions recognised as balance sheet liabilities generate interest expenses that are calculated using the same interest rate used to discount the expected outflow of resources.

	2020			2019		
(In EURm)	Income	Expense	Net	Income	Expense	Net
Transactions with banks	**1,534**	**(1,714)**	**(180)**	**2,981**	**(3,544)**	**(563)**
Transactions with central banks, post office accounts and banks	843	(1,087)	(244)	1,644	(2,172)	(528)
Securities sold under repurchase agreements and borrowings secured by notes and securities	691	(627)	64	1,337	(1,372)	(35)
Transactions with customers	**9,937**	**(8,068)**	**1,869**	**11,756**	**(8,555)**	**3,201**
Trade notes	24	-	24	32	-	32
Other customer loans	8,917	-	8,917	9,391	-	9,391
Overdrafts	227	-	227	310	-	310
Regulated savings accounts	-	(596)	(596)	-	(708)	(708)
Other customer deposits	-	(6,760)	(6,760)	-	(5,596)	(5,596)
Securities sold/bought under repurchase agreements and borrowings secured by notes and securities	769	(712)	57	2,023	(2,251)	(228)
Bonds and other debt securities	**2,414**	**(3,274)**	**(860)**	**3,547**	**(4,631)**	**(1,084)**
Other interest expenses and related income	**2,655**	**(3,190)**	**(535)**	**2,232**	**(3,504)**	**(1,272)**
TOTAL	**16,540**	**(16,246)**	**294**	**20,516**	**(20,234)**	**282**

The detail of other customer loans is composed of:

(In EURm)	2020	2019
Short-term loans	1,500	1,909
Export loans	220	311
Equipment loans	910	1,008
Housing loans	1,213	1,270
Other customer loans	5,074	4,893
TOTAL	**8,917**	**9,391**

NOTE 2.6 Impairment and provisions

NOTE 2.6.1 IMPAIRMENT AND PROVISIONS FOR CREDIT RISK

COVID-19 CRISIS

This section summarises the main developments relating to the Covid-19 crisis.

Over 2020, the exceptional nature of the economic crisis caused by the pandemic, combined with unprecedented government support measures, required adjustments to the models used to calculate impairments and provisions for credit risk to best reflect expected losses based on our expectations of future defaults. As at 31 December 2020, the default situations observed remain moderate as a result of the implementation of moratoria. However, an increase in defaults is expected for 2021 and 2022, which should be reflected, as early as 2020, in the provisions for performing loans and underperforming loans.

Consequently:

- the models and parameters used to estimate expected credit losses have been reviewed based on the economic scenarios described in paragraph 6 of Note 1;
- the adjustments made to supplement the models used have been updated (sectoral adjustments and adjustments when using simplified models);
- a new criterion for reclassifying loans into underperforming loans has been established.

UPDATE OF THE MODELS AND PARAMETERS USED TO ESTIMATE THE IMPAIRMENT AND PROVISIONS FOR CREDIT RISK

Societe Generale made some adjustments to its models to better reflect the impact of economic scenarios on impairment and provisions for credit risk:

- GDP adjustments: in order to take into account the growth in defaults expected in 2021 and 2022, Societe Generale has revised its models and retained for each quarter from 2020 to 2022 the (logarithmic) average variation in GDP over the past eight quarters compared to a base of 100 in 2019;
- adjustment of the margin rate of French companies: to better reflect the impact of these measures, an add-on equivalent to 2.4 points of the 2019 added value has been included in all scenarios for 2020 and the first half of 2021 regarding the margin rate of French companies. However, no add-on has been applied over the remainder of the forecast horizon for impairment and provisions for credit risk. It is worth noting that should the government stop some of the support measures put in place in the second quarter of 2020, the Group would have to scale down the margin rate add-on of French companies.

ADJUSTMENTS MADE IN ADDITION TO THE APPLICATION OF MODELS

To better reflect the deterioration of credit risk on some portfolios or sectors, Societe Generale has updated the existing adjustments made in addition to the application of models such as:

- sectoral adjustments; and
- adjustments in the context of simplified models to better reflect the deterioration of credit risk on some portfolios.

ADDITIONAL CRITERION OF TRANSFER TO UNDERPERFORMING LOANS

Societe Generale made also an additional analysis on the loan portfolios for which a significant increase in credit risk has been observed since their granting. This analysis resulted in additional transfers to underperforming loans category of loans granted to sectors particularly affected by the Covid-19 crisis.

NOTE 2.6.1.1 IMPAIRMENT OF ASSETS

ACCOUNTING PRINCIPLES

The value of impairment allowance for doubtful debt is equal to the difference between the gross carrying amount of the asset and the present value of the estimated future recoverable cash flows, taking into account any guarantees, discounted at the original effective interest rate. Furthermore, the amount of this impairment may not be less than the full amount of the interest not collected on the doubtful loan.

When the effects of financial guarantees cannot be taken into account in the calculation of impairment (example: financial guarantee aimed at compensating the first losses suffered on a given portfolio of loans), a separate asset is recorded in the balance sheet under “Accruals, other accounts receivables and 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 Societe Generale is almost certain to receive a compensation.

The impairment allowances, impairment reversals, losses on bad debts and recoveries of impaired debts are recognised under “Cost of risk”, along with write-backs of impairment linked to the passage of time.

Doubtful loans can be reclassified as performing loans once the proven credit risk has been definitively eliminated and regular payments have resumed according to the original terms of the contract. Similarly, the doubtful loans that have been restructured can be reclassified as performing loans. When a loan is restructured, any difference between the cash flows expected to be received under the initial terms of the contract and the present value of the future flows of capital and interest expected to be received under the new terms, is discounted at the original effective interest rate.

The amount deducted is recognised under “Cost of risk”. If the restructured loan is subsequently reclassified as a performing loan, this deduction is reincorporated into net interest income over the remaining term of the loan.

When a borrower’s solvency is such that after the loan has been classified as doubtful for a reasonable period, it is not foreseeable that it will be reclassified as a performing loan, this loan is identified as a non-performing loan. A loan is classified as non-performing once the Bank has formally demanded payment, or when the contract is terminated and in any case one year after it was classified as doubtful, except where the original terms of the contract have been respected or where the loan is covered by guarantees which ensure its recovery. Loans that have been restructured and for which the borrower has not respected the new conditions are also classified as non-performing.

(In EURm)	Amount as at 31.12.2019	Net cost of risk	Other income statement	Used reversals	Change in scope and reclassifying	Amount as at 31.12.2020
Banks	20	-	-	-	-	20
Customer loans	2,755	718	-	(815)	(64)	2,594
Other	100	-	48	(43)	(27)	78
TOTAL[(1)]	**2,875**	**718**	**48**	**(858)**	**(91)**	**2,692**

(1) of which impairment for non-performing loans: EUR 1,871 million.

NOTE 2.6.1.2 PROVISIONS

ACCOUNTING PRINCIPLES

Provisions for off-balance sheet commitments (provisions for commitments by signature)

Provisions for off-balance sheet commitments represent the Societe Generale's probable losses incurred by Societe Generale following the identification of a proven credit risk on an off-balance sheet financing or guarantee commitment that would not be considered as a derivative instrument or designated as financial assets at fair value through profit or loss.

Collective provisions for credit risk (linked to underperforming commitments and loans)

In a homogenous portfolio, as soon as a significant deterioration in credit risk is identified on a group of financial instruments, and without waiting for the risk to individually affect one or more receivables or commitments, a provision is recognised by Societe Generale for the amount of credit losses that it expects to incur over the life of the exposures (lifetime expected credit loss).

In order to provide better information with regard to its activity, Societe Generale has chosen, in line with the principle of prudence, to extend in 2019 the provisioning of credit risk to healthy non-degraded outstandings, up to the amount of credit losses that Société Generale expects to incur over the next year.

Lifetime expected credit losses are calculated taking into consideration past data, the present situation and reasonable forecasts of changes in economic conditions and relevant macroeconomic factors through to maturity. Accordingly, the amount of impairment is equal to the present value of the expected credit losses, taking into account the probability of a default event occurring through to maturity, and, if need be, the impact of collateral called up or liable to be called up.

12-month expected credit losses are calculated taking into consideration past data and the current situation. Accordingly, the amount of impairment equals to the present value of the expected credit losses, taking into account the probability of a default event occurring within the next twelve months and if any, the impact of collateral called up or liable to be called up.

Changes in collective provisions for credit risk are recorded under "Cost of risk".

<u>Comments related to the identification of the downgrading of credit risk:</u>

To identify the exposures covered by the collective provision, Societe Generale determines whether or not there is a significant increase in credit risk based on the available historical and prospective information (behaviour scoring, loan to value indicators, macro-economic scenarios, etc.).

The assessment of changes in credit risk takes account of the following criteria:

- 1st criterion: changes in the counterparty's credit rating (where it is the subject of an internal analysis) as well as the changes in its operating sector, in macroeconomic conditions and in the behaviours of the counterparty that may be a sign of deteriorating credit risk;
- 2nd criterion: changes in the default probability contract by contract, from origination date to closing date;
- 3rd criterion: the existence of amounts past due of more than 30 days.

As soon as one of these criteria is met, the relative contract is impaired as described before.

(In EURm)	Amount as at 31.12.2019	Net cost of risk	Change in scope and reclassifying	Amount as at 31.12.2020
Provisions for off-balance sheet commitments to banks	-	-	-	-
Provisions for off-balance sheet commitments to customers	146	6	(3)	149
Collective provisions for credit risk on performing loans	296	108	(14)	390
Collective provisions for credit risk on underperforming loans	582	635	(20)	1,197
TOTAL	**1,024**	**749**	**(37)**	**1,736**

NOTE 2.6.1.3 COST OF RISK

ACCOUNTING PRINCIPLES

Cost of risk includes allocations, net of reversals, to provisions and to impairment for credit risk, the bad debt losses and the amount of recoveries on loans written off.

(In EURm)	2020	2019
Net allocations to impairment and provisions for receivable and off-balance sheet commitments	(1,467)	(710)
Losses not covered and amounts of recoveries on loans written off	(115)	(138)
TOTAL	**(1,582)**	**(848)**
of which gain on revaluation of currency hedge of provisions	*(5)*	*(93)*

NOTE 2.6.2 COMMITMENTS LINKED TO MORTGAGE SAVINGS AGREEMENTS/PLANS (CEL/PEL)

ACCOUNTING PRINCIPLES

Comptes d'épargne-logement (CEL or mortgage savings accounts) and *plans d'épargne-logement* (PEL or mortgage savings plans) are regulated savings schemes for individual customers under French Law 65-554 of 10 July 1965. These saving schemes combine an initial phase when deposits are made in specific interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans to the depositors, on regulated terms and conditions, both phases being inseparable. Both the savings deposits collected and the loans granted are recognised at amortised cost.

These instruments create two types of commitments for Societe Generale: the obligation to subsequently lend to the customer at an interest rate established at the inception of the savings agreement and the obligation to remunerate customer savings for an indeterminate future period at an interest rate also established at the inception of the mortgage savings agreement.

As if it is clear that commitments under the PEL/CEL agreements will have negative consequences for the Company: a provision is recorded on the liabilities side of the balance sheet. Any change in these provisions is recognised as net banking income under “Net interest income”. These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between the different PEL generations, and for all mortgage saving accounts (CEL) which constitute a single generation.

During the deposits phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of deposits and the minimum expected amount. These two amounts are determined statistically on the basis of historical observed past customer behaviour.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable based on the amount of balance sheet deposits at the date of calculation on one side and on the historical observed past customer behaviour on the other.

A provision is recorded if the discounted value of the expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated based on the interest rates offered to individual customers for equivalent savings and loan instruments (with similar estimated life and date of inception).

OUTSTANDING DEPOSITS IN MORTGAGE SAVINGS AGREEMENTS (PEL/CEL)

(In EURm)	31.12.2020	31.12.2019
Mortgage savings plans (PEL)	**16,161**	**16,221**
Less than 4 years old	490	1,245
Between 4 and 10 years old	9,510	9,661
More than 10 years old	6,161	5,315
Mortgage savings accounts (CEL)	**1,106**	**1,067**
TOTAL	**17,267**	**17,288**

OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO MORTGAGE SAVINGS AGREEMENTS (PEL/CEL)

(In EURm)	31.12.2020	31.12.2019
Less than 4 years old	-	1
Between 4 and 10 years old	6	11
More than 10 years old	9	11
TOTAL	**15**	**23**

PROVISIONS FOR COMMITMENTS LINKED TO MORTGAGE SAVINGS AGREEMENTS (PEL/CEL)

(In EURm)	31.12.2019	Allocations	Reversals	31.12.2020
Mortgage savings plans (PEL)	**243**	**62**	**-**	**306**
Less than 4 years old	-	-	-	-
Between 4 and 10 years old	27	1	-	28
More than 10 years old	216	63	-	278
Mortgage savings accounts (CEL)	**8**	**-**	**(6)**	**2**
TOTAL	**251**	**63**	**(6)**	**308**

The level of provisions is sensitive to the long-term interest rates. Since the long-term rates were low during 2020, the provisions for PEL and CEL mortgage saving accounts are linked to the risks attached to the commitment to remunerate the deposits. Provisioning for PEL/CEL savings amounted to 1.78% of total outstandings as at 31 December 2020.

METHODS USED TO ESTABLISH THE PARAMETERS FOR VALUING PROVISIONS

The parameters used for estimating the future behaviour of customers are derived from historical observations of customer behaviour patterns over a long period (more than ten years). The values of these parameters can be adjusted whenever changes are made to regulations that may undermine the effectiveness of past data as an indicator of future customer behaviour.

The values of the various market parameters used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these items for the periods in question, in line with the Retail Banking Division's policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps *vs.* Euribor yield curve on valuation date, averaged over a 12-month period.

NOTE 2.6.3 PROVISIONS FOR FORWARD FINANCIAL INSTRUMENTS

ACCOUNTING PRINCIPLES

Provisions on forward financial instruments are related to the unrealised losses calculated on homogeneous sets of forward financial contracts recognised in the balance sheet as isolated open positions

They are determined as the difference between the market value estimated as at the balance sheet closing date and that determined as at the previous balance sheet closing date.

They are recognised in the balance sheet as provisions for probable risks and expenses. The changes in provisions thus calculated are recorded in net income under "Net income from the trading portfolio".

(In EURm)	Amount as at 31.12.2019	Net allocations	Reversals	Change in scope and reclassifying	Amount as at 31.12.2020
Provisions for forward financial instruments	9,194	2 764	(3 827)	(306)	7,825

NOTE 2.6.4 IMPAIRMENT ON SECURITIES

ACCOUNTING PRINCIPLES

Short-term investment securities

SHARES AND OTHER EQUITY SECURITIES

At year-end, cost is compared to realisable value. For listed securities, the realisable value is defined as the most recent market price. Unrealised capital gains are not recognised in the accounts but an impairment of portfolio securities is recorded to cover unrealised capital losses, without this impairment being offset against any unrealised capital gains.

BONDS AND OTHER DEBT SECURITIES

At year-end, cost is compared to realisable value or, in the case of listed securities, to their most recent market price. Unrealised capital gains are not recognised in the accounts but a impairment of portfolio securities is recorded to cover unrealised capital losses, after consideration of any gains made on any related hedging transactions.

Allocations to and reversals of impairment for losses on short-term investment securities together with gains and losses on sales of these securities are recorded under "Net income from short-term investment securities" in the income statement.

Long-term investment securities

At year-end, no impairment is made for unrealised losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of impairment for losses on long-term investment securities, together with gains and losses on sales of these securities, are recorded in the income statement under Net income from long-term investments.

Affiliates, other long-term securities and investments in related parties

At year-end, affiliates, other long-term securities and investments in related parties are valued at their value in use, namely the price the Company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability, and the average share price over the last three months. Unrealised capital gains are not recognised in the accounts but an impairment on portfolio securities is recorded to cover unrealised capital losses. Allocations to and reversals of impairment as well as any capital gains or losses realised on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are recognised under Net income from long-term investments.

(In EURm)	31.12.2020	31.12.2019
Short-term investment securities	(356)	(199)
Long-term investment securities	-	-
Affiliates and other long-term securities	(62)	(39)
Investments in related parties	(3,756)	(4,291)
TOTAL	**(4,174)**	**(4,529)**

NOTE 3 OTHER ACTIVITIES

NOTE 3.1 Net fees for services

ACCOUNTING PRINCIPLES

Societe Generale recognises fee income and expense for services provided and received in different ways depending on the type of service.

Fees for ongoing services, such as some payment services, custody fees, or web-service subscriptions are recorded as income over the lifetime of the service. Fees for one-off services, such as fees on movements of fund, finder's fees received, arbitrage fees, or non-payment penalties are fully recognised in income when the service is provided.

In syndication deals, the effective interest rate for the portion of the funding retained on the asset side of the Societe Generale balance sheet is comparable to that applying to the other members of the syndicate including, when needed, a share of the underwriting fees and participation fees; the balance of these fees is recorded in the income statement at the end of the syndication period. Arrangement fees are recorded in income when the placement is legally complete.

	2020			2019		
(In EURm)	Income	Expense	Net	Income	Expense	Net
Transactions with banks	95	(62)	33	84	(65)	19
Transactions with customers	1,436	(27)	1,409	1,401	(33)	1,368
Securities transactions	418	(846)	(428)	356	(805)	(449)
Primary market transactions	83	-	83	59	-	59
Foreign exchange transactions and forward financial instruments	232	(404)	(172)	162	(393)	(231)
Loan and guarantee commitments	757	(360)	397	701	(302)	399
Services	1,443	-	1,443	1,667	-	1,667
Other	-	(221)	(221)	-	(157)	(157)
TOTAL	**4,464**	**(1,920)**	**2,544**	**4,430**	**(1,755)**	**2,675**

NOTE 3.2 Accruals, other assets and liabilities

NOTE 3.2.1 ACCRUALS, OTHER ACCOUNTS RECEIVABLE AND OTHER ASSETS

(In EURm)	31.12.2020	31.12.2019
Other assets	**148,148**	**97,647**
Guarantee deposits paid(1)	42,202	36,166
Miscellaneous receivables	2,445	2,957
Premiums on options purchased	101,934	55,219
Settlement accounts on securities transactions	1,447	2,993
Other	120	312
Accruals and similar	**60,731**	**56,759**
Prepaid expenses	384	392
Deferred taxes	3,299	4,047
Accrued income	1,162	1,940
Other(2)	55,886	50,381
Accruals, other accounts receivable and other assets before impairment	**208,879**	**154,406**
Impairment	(78)	(100)
TOTAL	**208,801**	**154,306**

(1) Mainly relates to guarantee deposits paid on financial instruments.
(2) Including derivative instruments valuation for EUR 48,577 million as at 31 December 2020 (EUR 41,379 million as at 31 December 2019).

NOTE 3.2.2 ACCRUALS, OTHER ACCOUNTS PAYABLE AND OTHER LIABILITIES

(In EURm)	31.12.2020	31.12.2019
Securities transactions	**54,341**	**244,488**
Amounts payable for borrowed securities	15,542	200,412
Other amounts due for securities	38,799	44,076
Other liabilities	**146,688**	**96,577**
Guarantee deposits received(1)	38,034	34,022
Miscellaneous payables	(905)	(554)
Premiums on options sold	108,078	59,432
Settlement accounts on securities transactions	1,358	3,485
Other securities transactions	21	23
Related payables	102	169
Accruals and similar	**42,092**	**40,378**
Accrued expenses	2,716	3,606
Deferred taxes	2	11
Deferred income	1,670	1,742
Other(2)	37,704	35,019
TOTAL	**243,121**	**381,443**

(1) Mainly relates to guarantee deposits received on financial instruments.
(2) Including derivative instruments valuation for EUR 26,901 million (EUR 24,774 million as at 31 December 2019).

BREAKDOWN OF AMOUNTS PAYABLE FOR BORROWED SECURITIES

From 2020 financial year, borrowed securities which have not been unconditionally sold are presented as a deduction from Amounts payable for securities borrowed (see section 5 in Note 1).

(In EURm)	31.12.2020	31.12.2019 restated
Gross book value of amounts payable for borrowed securities	**177,208**	**200,412**
Borrowed securities from trading securities deducted from related payables(1)	**161,666**	**182,976**
Treasury notes and similar securities	97,012	100,360
Shares and other equity securities	53,743	62,181
Bonds and other debt securities	10,911	20,435
NET TOTAL	**15,542**	**17,436**

(1) Including re-lent securities for EUR 24,379 million as at 31 December 2020 (EUR 31,355 million as at 31 December 2019 restated).

NOTE 4 EXPENSES AND EMPLOYEE BENEFITS

NOTE 4.1 Personnel expenses and remuneration of members of the Board of Directors and Chief Executive Officers

ACCOUNTING PRINCIPLES

The Personnel expenses include all expenses related to the staff, notably the cost of the legal employee profit-sharing, income related to CICE (Tax Credit for Competitiveness and Employment), as well as the cost of internal restructuring plans.

Employee benefits are divided into four categories:

- short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled within twelve months of the end of the annual reporting period in which the employees render the related service, such as fixed and variable compensation, annual leave, taxes and social security contributions, mandatory employer contributions and profit-sharing;
- post-employment benefits, including defined contributions plans and defined benefit plans such as pension plans and retirement benefits;
- other long-term employee benefits are employee benefits that are not expected to be fully settled within twelve months, such as deferred variable compensation paid in cash and not indexed, long service awards and time saving accounts;
- termination benefits.

Short-term employee benefits are recorded under “Personnel expenses” during the period according to the services provided by the employee.

The accounting principles relating to post-employment benefits and other long-term benefits are described in Note 4.2; those related to share-based payments are described in Note 4.3.

NOTE 4.1.1 PERSONNEL EXPENSES

(In EURm)	2020	2019
Employee compensation	3,252	3,643
Social security benefits and payroll taxes	1,460	1,425
Employer contribution, profit sharing and incentives	71	168
TOTAL	**4,783**	**5,236**
Average staff	**44,531**	**46,177**
In France	40,266	41,339
Outside France	4,265	4,838

Analysis of employer contribution, profit sharing and incentives for the last five years:

(In EURm)	2020	2019	2018	2017	2016
Societe Generale	**71**	**168**	**223**	**191**	**161**
Profit sharing	6	11	11	11	13
Incentives	22	99	150	136	99
Employer contribution	43	58	62	44	49
Subsidiaries	-	-	-	-	-
TOTAL	**71**	**168**	**223**	**191**	**161**

NOTE 4.1.2 REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICERS

Total attendance fees paid in 2020 to the Company's Directors amounted to EUR 1.7 million. The remuneration paid in 2020 to the senior management (Chairman of the Board, the Chief Executive Officer and his deputies) amounted to EUR 9.5 million (including EUR 2.9 million of variable pay paid in cash or in shares for 2014 to 2019 fiscal years and EUR 1.1 millions of long term incentives paid in cash or in shares for 2014 and 2015 fiscal years).

NOTE 4.2 Employee benefits

Societe Generale, in France and its branches in foreign countries, may award their employees:

- post-employment benefits, such as pension plans or retirement benefits;
- other long-term benefits such as deferred variable remuneration, long service awards or the *Compte épargne temps* (CET) flexible working provisions;
- termination benefits.

DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

(In EURm)	Amount at 31 December 2019	Net allowances	Used Reversals	Change at scope	Amount at 31 December 2020
Post-employment benefits	1,197	77	(56)	(7)	1,211
Other long-term benefits	520	83	(106)	(3)	494
Termination benefits	282	111	(77)	(4)	312
PROVISIONS FOR EMPLOYEE BENEFITS	**1,999**	**271**	**(239)**	**(14)**	**2,017**

Societe Generale announced on 9 November 2020 several organisational adjustment projects to continue the in-depth adaptation of its businesses and functions and contribute to improve its operational efficiency and structural profitability.

The first project deals with the adjustments disclosed on 3 August 2020 aiming at lowering the risk profile of the activities involving structured credit and equity products and impacting market activities and related support functions.

The second project includes organisational adjustments impacting the Securities business and some Central functions to improve their operational efficiency and meet the specific challenges of their activities.

These two projects have required a restructuring provision of EUR 148 million including EUR 139 million booked under "Personnel expenses" and EUR 9 million under "Other operating expenses".

ACCOUNTING PRINCIPLES

Pension plans may be defined contribution or defined benefit plans.

Defined contribution plans

Defined contribution plans limit the liability of Societe Generale to contributions paid into the plan but do not commit the Bank to a specific level of future benefits. The contributions paid are recorded as an expense for the current year.

Defined benefit plans

Defined benefit plans commit Societe Generale, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the medium- or long-term risk. The present value of defined benefit obligations is valued by independent qualified actuaries.

Provisions are recognised on the liability side of the balance sheet under "Provisions" to cover all of these retirement obligations. They are regularly assessed by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

Societe Generale can choose to finance defined benefit plans by assets held in a long-term employee benefit fund or by qualifying insurance policies.

Funding assets are classified as plan assets if these assets are held by an entity (a fund) that is legally separate from the reporting entity and are only intended to pay employee benefits.

When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the provision to cover the benefit obligations.

When these plans are financed from funds not classified as plan assets, these funds, classified as separate assets, are displayed separately on the asset side of the balance sheet.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) or differences between actuarial assumptions and real performance (return on plan assets) are recognised as actuarial gains or losses. They are recorded immediately and in full in the income statement.

Where a new or amended plan comes into force the cost of past services is recorded immediately and in full in the income statement.

An annual expense is recorded under "Personnel expenses" for defined benefit plans, consisting of:

- the additional entitlements vested by each employee (current service cost);
- the financial expense resulting from the discount rate;
- the expected return on plan assets (gross return);
- the actuarial gains and losses and past service cost;
- the settlement or curtailment of plans.

Other long-term benefits

Other long-term employee benefits are those that are payable to employees for services rendered during their employment, but which are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Other long-term benefits are measured in the same way as post-employment benefits.

DEFINED CONTRIBUTION PLANS

Main defined contribution plans provided to employees of the Group are located in France. They include state pension plans and other national pension plan such as AGIRC-ARRCO, as well as pension schemes put in place by some branches of the Societe Generale for which the only commitment is to pay annual contributions (PERCO).

POST-EMPLOYMENT BENEFIT PLANS (DEFINED BENEFIT PLANS)

Pension plans include pension benefit as annuities and end of career payments. Pension benefit annuities are paid in addition to pensions state plans.

In France, since 4 July 2019, date of publication of the ordinance ending the so-called “random rights” defined benefit pension plans in application of the *Loi Pacte*, the supplementary pension plan for executive managers, set up in 1991, is closed to new employees and the rights of beneficiaries were frozen on 31 December 2019.

NOTE 4.2.1.1 RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

(In EURm)	**31.12.2020**	**31.12.2019**
A-Present value of defined benefit obligations	2,494	2,407
B-Fair value of plan assets	1,333	1,294
C-Fair value of separate assets	1,040	963
D-Change in assets ceiling	-	-
E- Unrecognised items	-	-
A - B - C + D - E = Net balance	**121**	**150**
On the liabilities side of the balance sheet	1,211	1,197
On the asset side of the balance sheet(1)	(1,090)	(1,047)

(1) This item includes excess in plan assets for EUR 50 million and separate assets for EUR 1,040 million as at 31 December 2020 against EUR 84 million and EUR 963 million as at 31 December 2019.

NOTE 4.2.1.2 INFORMATION REGARDING PLAN ASSETS

Funding assets include plan assets and separate assets.

The breakdown of the fair value of plan assets is as follows: 86% bonds, 7% equities and 7% other investments. Societe Generale’s own financial instruments directly held are not significant.

Excess in funding assets are EUR 164 million.

Employer contributions to be paid to post-employment defined benefit plans for 2021 are estimated at EUR 3.7 million.

NOTE 4.2.1.3 MAIN ASSUMPTIONS DETAILED BY GEOGRAPHIC AREA

(In percentage)	31.12.2020	31.12.2019
Discount rate		
France	0.35%	0.84%
United Kingdom	1.24%	2.00%
United States	2.55%	3.19%
Other	0.38%	0.72%
Long-term inflation		
France	1.23%	1.30%
United Kingdom	3.01%	2.92%
United States	N/A	N/A
Other	1.25%	1.24%
Future salary increase net of inflation		
France	1.60%	0.75%
United Kingdom	N/A	N/A
United States	N/A	N/A
Other	0.65%	0.66%
Average remaining working lifetime of employees (in years)		
France	7.50	8.36
United Kingdom	4.00	5.00
United States	7.85	7.87
Other	8.85	8.77
Duration (in years)		
France	14.03	13.95
United Kingdom	16.92	16.34
United States	16.17	15.28
Other	17.69	16.60

The assumptions by geographic area are averages weighted by the present value of the Defined Benefit Obligation (DBO) with the exception of the expected returns on plan assets, which are averages weighted by the fair value of assets.

The yield curves used to discount the liabilities are corporate AA yield curves (source: Merrill Lynch) observed in the end of October for USD, GBP and EUR, and corrected at the end of December if the variation in discount rates had a significant impact.

Inflation rates used for EUR and GBP monetary areas are market rates observed in the end of October, and corrected at the end of December if the variation had a significant impact. Inflation rates used for the other monetary areas are the long-term targets of the central banks.

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

The assumptions described above have been applied on post-employment benefit plans.

NOTE 4.3 Free share plans

ACCOUNTING PRINCIPLES

In the case of share purchase options and free shares plans granted to employees without issuance of new shares, a provision must be recorded for the loss that the entity expects to incur when it will deliver treasury shares to the employees.

This provision is recorded under "Personnel expenses" for an amount equal to the difference:

- between the closing market price of the treasury shares and the exercise price (zero in the case of free shares) if the entity has not already purchased its treasury shares in order to give them to the employees;
- between the acquisition cost of the treasury shares already held and the exercise price (zero in the case of free shares) if the entity has already purchased the treasury shares in order to be allocated to employees.

If vesting conditions such as service or performance conditions must be satisfied for Societe Generale employees to become entitled to shares, the expense shall be accounted for the services as they are rendered by the employees during the vesting period.

In the case of stock option plans, no expense shall be recorded for the treasury shares to be issued.

NOTE 4.3.1 MAIN CHARACTERISTICS OF THE FREE SHARE PLANS OF THE YEAR

The plans for employees for the year ended 31 December 2020 are briefly described below:

Issuer	Societe Generale
Year of grant	**2020**
Type of plan	**Performance shares**
Number of free shares granted	2,037,579
Shares delivered	372
Shares forfeited as at 31.12.2020	53,697
Shares outstanding as at 31.12.2020	1,983,510
Number of shares reserved as at 31.12.2020	1,983,510

The performance conditions are described in the "Corporate Governance" section of the present document.

NOTE 4.3.2 AMOUNT OF THE DEBT RECORDED IN THE BALANCE SHEET AND OF THE EXPENSE OF THE YEAR

The amount of the debt recorded in the balance sheet for on-going plans is EUR 96 million, and yearly expense is EUR 30 million.

NOTE 4.3.3 INFORMATION RELATED TO TREASURY SHARES FOR 2020 PLANS

The number of treasury shares acquired in relation to the 2020 plans is 63,098 for a cost of EUR 2,7 million. As a consequence 1,920,412 treasury shares are yet to be acquired to reach the total number of shares granted. The number of treasury shares acquired in relation to the 2019 plans is 1,521,652 for a cost of EUR 26 million.

NOTE 5 TAXES

ACCOUNTING PRINCIPLES

Current taxes

In the financial year 1989, Societe Generale opted to apply a tax consolidation regime. As at 31 December 2020, 223 subsidiaries had signed a tax consolidation agreement with Societe Generale. Each of the integrated companies shall record in its accounts the tax debt to Societe Generale, determined in accordance with the application of the tax consolidation agreement.

Deferred taxes

Societe Generale applies the option allowing it to recognise deferred taxes in its annual financial statements.

Deferred taxes are recognised whenever Societe Generale identifies a temporary difference between the book value and tax value of balance sheet assets and liabilities. They are calculated using the liability method, whereby the deferred taxes from previous years are adjusted to account for a change in tax rates. The impact of such change is recorded in the income statement under deferred taxes. Net deferred tax assets are recorded only if the entity concerned is likely to recover these assets within a set timeframe.

Deferred taxes are determined separately for each taxable entity (parent company and foreign branches) and are never discounted to present value.

NOTE 5.1 Income tax

(In EURm)	2020	2019
Current taxes	533	673
Deferred taxes	(674)	(92)
TOTAL	**(141)**	**581**

2020 income tax includes a loss of EUR 48 million related to the effect of the tax consolidation against a loss of EUR 19 million for 2019 (223 subsidiaries included in the tax group in 2020 compared to 217 in 2019). The loss of tax integration mostly relating to the tax rates applicable to the re-billings of subsidiaries increased in 2020 as a result of the higher application compared to 2019 of the rate applicable to entities whose turnover of less than EUR 250 million.

In compliance with the French tax provisions that define the ordinary corporate tax rate, the latter will be gradually lowered to reach 25% in 2022 according to the following trajectory for liable companies with a turnover equal to or greater than 250 million of euros (article 219 of the French Tax Code):

- for fiscal year opened from 1 January 2020 to 31 December 2020, an ordinary tax rate of 31%, plus the existing national contribution (CSB) of 3.3%;
- for fiscal year opened from 1 January 2021 to 31 December 2021, an ordinary tax rate of 27.5%, plus the existing national contribution (CSB) of 3.3%.

Deferred taxes on French companies are determined by applying the tax rate in effect as at the reversal of the temporary difference. Regarding the gradual reduction in French tax rate until 2022 (including CSB):

- for income taxed at the ordinary tax rate: the rate is 28.41% in 2021 and 25.83% from 2022;
- for long-term income exempted, subject to taxation of a portion of fees and expenses of 12%: the rate is 3.41% in 2021 and 3.10% from 2022.

Long-term capital gains on equity investments are exempt, subject to taxation of a portion of fees and expenses at the full statutory tax rate. This portion of fees and expenses is 12% of gross capital gain and is applicable only if the Company realises a net long-term capital gain.

Furthermore, under the parent-subsidiary regime, dividends from companies in which Societe Generale's equity interest is at least 5% are tax exempt, subject to the taxation of a portion of fees and expenses of 1% or 5% at the full statutory tax rate.

NOTE 5.2 Provisions for tax adjustments

ACCOUNTING PRINCIPLES

Provisions represent liabilities whose timing or amount cannot be determined precisely. Provisions may be recorded only:

- when, by virtue of an obligation related to the corporate income tax toward a tax authority, Societe Generale will probably or certainly incur an outflow of resources to this third-party without receiving at least the equivalent value in exchange;
- and when the amount of probable outflow of resources can be reliably estimated.

The expected outflows are then discounted to present value to determine the amount of the provision, when this discounting has a significant impact. Allocations to and reversals of provisions for tax adjustments are booked to current taxes in the income statement under "Income tax".

Information on the nature and the amount of the associated risks is not disclosed when Societe Generale considers that such disclosure could seriously undermine its position in a dispute with other parties on the subject matter of the provision.

(In EURm)	Amount as at 31.12.2019	Net allocations	Used reversals	Change in scope and reclassifying	Amount as at 31.12.2020
Provisions for tax adjustments	20	(10)	(1)	(1)	8

NOTE 5.3 Deferred taxes assets

(In EURm)	31.12.2020	31.12.2019
Tax loss carryforwards	1,809	2,613
Gains on sales of assets to companies included in the tax consolidation, in France	(160)	(173)
Other (primarily relating to other reserves)	1,650	1,607
TOTAL	**3,299**	**4,047**

Societe Generale performs an annual review of its capacity to use tax loss carryforwards, taking into account the tax system applicable to each tax entity concerned and a realistic forecast of its tax results. For this purpose, the tax results are determined on the basis of the 2021-2025 projections of the businesses performance. The tax results also include 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 the entity's tax expertise. An extrapolation is performed from the year 2026 (corresponding to a "normative" year) and over a timeframe considered reasonable and depending on the nature of the activities carried out within each tax entity.

By nature, the assessment of the macro-economic factors used, as well as the internal estimates used to determine the tax results, involve risks and uncertainties about their materialization over the estimated horizon of the absorption of losses. These risks and uncertainties are related to possible changes in applicable tax rules (computation of the tax result, as well as rules of allocation of tax loss carryforwards) or achievement of the assumptions used. These uncertainties are mitigated by sensitivity tests on the achievement of budgetary and strategic assumptions.

As at 30 June 2020, Societe Generale had carried out a specific review of tax loss carryforwards by integrating the consequences and uncertainties generated by the Covid-19 crisis in the projections of tax results. These projections had showed a risk of partial non-recovery within the French tax group over a reasonable timeframe. As a result, deferred tax assets could no longer be recognised at the end of June for EUR 650 million.

As at 31 December 2020, updated projections confirm that all activated tax loss-carry forwards may be used against future taxable income.

NOTE 5.4 Deferred tax assets recognised on tax loss carry-forwards and deferred tax assets not recognised

As at 31 December 2020, based on the tax system of each franchise and a realistic projection of their tax income or expense, the projected period for deferred tax asset recovery is indicated in the table below:

(In EURm)	31.12.2020	Statutory time limit on carryforwards	Expected recovery period
Total deferred tax assets relating to tax loss carryforwards	1,809		
o.w. French tax group	*1,505*	*Unlimited*[(1)]	*9 years*
o.w. US tax group	*285*	*20 years*[(2)]	*7 years*
others	*19*		

(1) In accordance with the 2013 Finance Law, the deduction of previous losses is limited to EUR 1 million plus 50% of the fraction of the taxable income for the fiscal year exceeding this limit. The non-deductible portion of losses may be carried forward to the following fiscal years with no time limit and under the same conditions.
(2) Tax losses generated before December 2011.

Furthermore, as at 31 December 2020, deferred tax assets and liabilities not recognised on the asset side of the balance sheet concerned in particular the French tax group for EUR 650 million (compared to a zero amount as at 31 December 2019), our franchises in the United States of America, for EUR 301 million (*versus* EUR 408 million as at 31 December 2019) and in Singapore for EUR 71 million (*versus* EUR 35 million as at 31 December 2019). These deferred tax assets may be recognised on the balance sheet depending on the probability that a future taxable income will allow their recovery.

With regard to the tax treatment of the loss caused by the actions of Jérôme Kerviel, Societe Generale considers that the judgment of the Versailles Court of Appeal of 23 September 2016 does not call into question its validity in light of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'État*) and its established case law which was recently confirmed again in this regard. Consequently, Societe Generale considers that the related tax loss remains recoverable against the future taxable income.

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 confirmed that they intended to call into question the deductibility of the loss caused by the actions of Jérôme Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by a tax adjustment notice sent by the tax authorities when Societe Generale is in a position to deduct the tax loss carryforwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the Bank's forecasts. In the event that the authorities decide, in due course, to confirm their current position, Societe Generale will not fail to assert its rights before the competent courts.

NOTE 6 SHAREHOLDER'S EQUITY

NOTE 6.1 Changes in shareholders' equity

(In EURm)	Capital Stock	Additional paid-in-capital	Retained earnings: Legal reserve	Retained earnings: Special reserves	Retained earnings: Other reserves	Retained earnings: Retained earnings	Net income of the period	Shareholders' equity
As at 31 December 2018	**1,010**	**20,602**	**101**	**2,097**	**1,435**	**8,077**	**1,725**	**35,047**
2018 Income allocation	**-**	**-**	**-**	**-**	**-**	**1,725**	**(1,725)**	**-**
Increase/Decrease in capital stock	57	954	-	-	-	-	-	1,011
Net income of the period	-	-	-	-	-	-	3,695	3,695
Dividends paid	-	-	-	-	-	(1,769)	-	(1,769)
Other movements								-
As at 31 December 2019	**1,067**	**21,556**	**101**	**2,097**	**1,435**	**8,033**	**3,695**	**37,984**
2019 Income allocation	**-**	**-**	**6**	**-**	**-**	**3,689**	**(3,695)**	**-**
Increase/Decrease in capital stock	-	-	-	-	-	-	-	-
Net income of the period	-	-	-	-	-	-	(1,568)	(1,568)
Dividends paid	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
As at 31 December 2020	**1,067**	**21,556**	**107**	**2,097**	**1,435**	**11,722**	**(1,568)**	**36,416**

As at 31 December 2020, Societe Generale's fully paid-up capital amounted to EUR 1,066,714,367.50 and comprised 853,371,494 shares with a nominal value of EUR 1.25.

In accordance with the European Central Bank's recommendation of 27 March 2020 on dividend distribution policies during the Covid-19 pandemic, Societe Generale did not distribute dividends on common shares for 2019.

NOTE 6.2 Proposed distribution of income

At the Annual General Meeting of 18 May 2021, the Board of Directors will propose an allocation of income for the year ended 31 December 2020 and dividend distribution under the following terms:

(In EURm)	
Net income	(1,568)
Unappropriated retained earnings	11,722
TOTAL INCOME TO BE APPROPRIATED	**10,154**
Dividend	469
Retained earnings	9,685
TOTAL APPROPRIATED INCOME	**10,154**

The dividend corresponds to EUR 0.55 per share with a par value of EUR 1.25.

The amount of dividend of EUR 469 million to be paid to shareholders is calculated on the basis of an existing number of shares as at 31 December 2020.

NOTE 6.3 Net earnings per share

(In EURm)	31.12.2020	31.12.2019
Net income attributable to ordinary shareholders	**(1,568)**	**3,695**
Weighted average number of ordinary shares outstanding	850,384,674	829,901,725
Earnings per ordinary share (In EUR)	**(1.84)**	**4.45**
Average number of ordinary shares used in the dilution calculation(1)	-	-
Weighted average number of ordinary shares used in the calculation of diluted net earnings per share	850,384,674	829,901,725
Diluted earnings per ordinary share *(In EUR)*	(1.84)	4.45

(1) The number of shares used in the dilution calculation is computed using the "share buy-back" method and takes into account free shares in stock-option plans.

NOTE 6.4 Subordinated debt

ACCOUNTING PRINCIPLES

This item includes all dated or undated borrowings, whether or not in the form of securitised debt, which in the event of liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Any accrued interest payable in respect of long-term subordinated debt is recorded as related payables and as an expense in the income statement.

(In million) Issuance date	Currency	Amount issued	Maturity date	31.12.2020	31.12.2019
Undated subordinated capital Notes					
1 July 1985	EUR	348	Undated	62	62
24 November 1986	USD	500	Undated	202	221
18 December 2013	USD	1,750	Undated	1,426	1,558
7 April 2014	EUR	1,000	Undated	1,000	1,000
25 June 2014	USD	1,500	Undated	0	1,335
29 September 2015	USD	1,250	Undated	1,019	1,113
13 September 2016	USD	1,500	Undated	1,222	1,335
6 April 2018	USD	1,250	Undated	1,019	1,113
4 October 2018	USD	1,250	Undated	1,019	1,113
16 April 2019	SGD	750	Undated	462	496
12 September 2019	AUD	700	Undated	440	438
18 November 2020	USD	1,500	Undated	1,222	0
SUB-TOTAL				**9,093**	**9,784**
Subordinated long-term debts and Notes					
21 July 2000	EUR	78	31 July 2030	9	11
16 August 2005	EUR	226	18 August 2025	216	216
7 April 2008	EUR	250	6 April 2023	155	155
15 April 2008	EUR	321	15 April 2023	321	321
28 April 2008	EUR	50	6 April 2023	50	50
14 May 2008	EUR	90	6 April 2023	90	90
14 May 2008	EUR	50	6 April 2023	50	50
14 May 2008	EUR	150	6 April 2023	150	150
30 May 2008	EUR	79	15 April 2023	79	79
10 June 2008	EUR	300	12 June 2023	260	260
30 June 2008	EUR	40	30 June 2023	40	40
7 June 2013	EUR	1,000	7 June 2023	1,000	1,000
17 January 2014	USD	1,000	17 January 2024	815	890
23 February 2018	EUR	1,000	23 February 2028	1,000	1,000
16 September 2014	EUR	1,000	16 September 2026	1,000	1,000
27 February 2015	EUR	1,250	27 February 2025	1,250	1,250
14 April 2015	USD	1,500	14 April 2025	1,222	1,335
15 April 2015	EUR	150	7 April 2026	150	150
2 June 2015	AUD	125	2 June 2027	79	78
3 June 2015	CNH	1,200	3 June 2025	0	153
10 June 2015	AUD	50	10 June 2025	31	31
12 June 2015	JPY	27,800	12 June 2025	221	228
12 June 2015	JPY	13,300	12 June 2025	0	109
12 June 2015	JPY	2,500	12 June 2025	20	21
22 July 2015	USD	50	23 July 2035	41	45
30 September 2015	JPY	20,000	30 September 2025	158	164

(In million) **Issuance date**	**Currency**	**Amount issued**	**Maturity date**	**31.12.2020**	**31.12.2019**
21 October 2015	EUR	70	21 October 2026	70	70
24 November 2015	USD	1,000	24 November 2025	815	890
24 November 2015	USD	500	24 November 2045	407	445
19 May 2016	SGD	425	19 May 2026	262	281
3 June 2016	JPY	15,000	3 June 2026	119	123
3 June 2016	JPY	27,700	3 June 2026	219	227
27 June 2016	USD	500	27 June 2036	407	445
20 July 2016	AUD	325	20 July 2028	204	203
19 August 2016	USD	1,000	19 August 2026	815	890
13 October 2016	AUD	150	13 October 2026	94	94
16 December 2016	JPY	10,000	16 December 2026	79	82
24 January 2017	AUD	200	24 January 2029	126	125
19 May 2017	AUD	500	19 May 2027	409	406
23 June 2017	JPY	5,000	23 June 2027	40	41
18 July 2017	JPY	5,000	27 July 2027	40	41
7 March 2018	JPY	6,500	7 March 2028	51	53
13 April 2018	JPY	6,500	13 April 2028	51	53
17 April 2018	JPY	6,500	17 April 2028	51	53
24 October 2018	JPY	13,100	24 October 2028	104	107
18 April 2019	AUD	300	18 May 2034	189	188
8 July 2020	USD	500	8 July 2035	407	0
24 November 2020	EUR	1,000	24 November 2030	1,000	0
SUB-TOTAL(1)				**14,366**	**13,693**
Related payables				**327**	**359**
TOTAL(1)(2)				**23,786**	**23,836**

(1) The Bank's global subordinated debt expense, net of tax and of the repurchase impact, amounted to EUR 1,097 million in 2020 (compared with EUR 1,230 million in 2019).

(2) Including debt related to related parties EUR 43 million as at 31 December 2020 (EUR 43 million as at 31 December 2019).

The Board of Directors may decide to defer payouts on undated subordinated notes in full or in part in case the Ordinary General Meeting called to approve the parent company financial statements has decided not to pay any dividends.

Societe Generale has issued EUR 348 million in undated subordinated notes with warrants for the acquisition of preferential investment certificates attached, all of which are eligible for dividends on income earned from 1 July 1985. These certificates shall only be redeemed in the event of the liquidation of the Company and once all unsubordinated debt has been reimbursed in full.

The other securities and borrowings have an early redemption clause as of their tenth year which may only be exercised by Societe Generale.

NOTE 7 OTHER INFORMATION

NOTE 7.1 Geographic breakdown of net banking income[1]

	France		Europe		Americas	
(In EURm)	2020	2019	2020	2019	2020	2019
Net interest and similar income[2]	805	2,878	249	680	306	286
Net fee income	2,077	2,179	259	293	145	141
Net income from financial transactions	2,728	4,531	1,123	450	69	23
Other net operating income	183	(107)	63	44	(1)	1
NET BANKING INCOME	**5,793**	**9,481**	**1,694**	**1,467**	**519**	**451**

	Asia/Oceania		Africa		Total	
(In EURm)	2020	2019	2020	2019	2020	2019
Net interest and similar income[2]	109	46	1	9	1,470	3,899
Net fee income	63	59	-	3	2,544	2,675
Net income from financial transactions	304	391	-	-	4,224	5,395
Other net operating income	6	4	1	-	252	(58)
NET BANKING INCOME	**482**	**500**	**2**	**12**	**8,490**	**11,911**

(1) Geographic regions in which companies recording income is located.
(2) Including dividend income and net income from lease financing and similar agreements.

NOTE 7.2 Tangible and intangible fixed assets

ACCOUNTING PRINCIPLES

Premises, equipment and other fixed assets are recorded at their purchase price on the asset side of the balance sheet. Borrowing costs incurred to fund fixed assets during a lengthy construction period are included in the acquisition cost, along with other directly attributable expenses.

Internally developed software is recorded on the asset side of the balance sheet for the amount of the direct cost of development, that includes external expenditure on hardware and services and personnel expenses which can be attributed directly to its production and preparation for use.

As soon as they are fit for use, the fixed assets are depreciated or amortised over their useful life. Any residual value of the asset is deducted from its depreciable amount.

Depreciation or amortisation expenses are recorded in the income statement under "Impairment depreciation and amortisation".

When one or several components of a fixed asset are used for different purposes or generate economic benefits over a different pace than that of the asset considered as a whole, these components are depreciated or amortised over their own useful life.

Societe Generale has applied this approach to its operating and investment property, breaking down its assets into the following minimum components with their corresponding depreciation periods:

Infrastructure	Major structures	50 years
	Doors and windows, roofing	20 years
	Façades	30 years
Technical installations	Lifts	
	Electrical installations	
	Electrical generators	
	Air conditioning, extractors	
	Technical wiring	10 - 30 years
	Securities and surveillance installations	
	Plumbing	
	Fire and safety equipment	
Fixtures and fittings	Finishing, surroundings	10 years

The depreciation periods for the other fixed assets depend on their useful life, usually estimated in the following ranges:

Plant and equipment	5 years
Transport	4 years
Furniture	10-20 years
Office equipment	5-10 years
IT equipment	3-5 years
Software, developed or acquired	3-5 years
Concessions, patents, licences, etc.	5-20 years

NOTE 7.2.1 CHANGES IN TANGIBLE AND INTANGIBLE FIXED ASSETS

(In EURm)	31.12.2019	Acquisition/ Allocations	Disposals/ Reversals	Scope variation and other movements	31.12.2020
Intangible assets					
Gross book value	4,291	353	(27)	42	4,659
Impairment and amortisation	(2,712)	(287)	3	19	(2,977)
Tangible operating assets					
Gross book value	3,551	187	(110)	(35)	3,593
Impairment and depreciation	(2,164)	(240)	42	18	(2,344)
Tangible non-operating assets					
Gross book value	10	-	-	-	10
Impairment and depreciation	(7)	-	-	-	(7)
TOTAL	**2,969**	**13**	**(92)**	**44**	**2,934**

Impairment of intangible assets includes the impairment of goodwill (EUR 42 million) recorded in 2016 following the merger of SG Securities (Paris).

NOTE 7.2.2 NET INCOME FROM LONG-TERM INVESTMENTS

ACCOUNTING PRINCIPLES

The Net income from long-term investments items cover the capital gains or losses realised on disposals, as well as the net allocation to impairment of operating fixed assets. Income from non-operating assets is recorded under net banking income.

(In EURm)	31.12.2020	31.12.2019
Operating fixed assets:		
Gains on sale	24	59
Losses on sale	(8)	(44)
TOTAL	**16**	**15**

NOTE 7.3 Provisions

ACCOUNTING PRINCIPLES

Under balance sheet liabilities, provisions comprise provisions for credit risk, mortgage savings accounts/plans (CEL/PEL), forward financial instruments, employee benefits, income tax adjustments and disputes.

NOTE 7.3.1 DETAILS OF THE PROVISIONS

(In EURm)	Amount as at 31.12.2019	Net allocations	Reversals	Change in scope and reclassifying	Amount as at 31.12.2020
Provisions on credit risk (See Note 2.6.1)	1,024	1,394	(645)	(37)	1,736
Provision on commitments related to mortgage saving agreements (PEL/CEL) (See Note 2.6.2)	251	63	(6)	-	308
Provisions on forward financial instruments (See Note 2.6.3)	9,194	2,764	(3,827)	(306)	7,825
Provisions on employee benefits (See Note 4.2)	1,999	371	(339)	(14)	2,017
Provisions for tax adjustments (See Note 5.2)	20	1	(12)	(1)	8
Other provisions on risks and expenses	700	122	(176)	(11)	635
TOTAL	**13,188**	**4,715**	**(5,005)**	**(369)**	**12,529**

NOTE 7.3.2 OTHER PROVISIONS FOR RISKS AND EXPENSES

ACCOUNTING PRINCIPLES

The other provisions for risks and expenses are defined as liabilities with no precisely defined amount or due date.

They are only recorded if the Company has an obligation to a third party that will probably or necessarily lead to a transfer of funds to this third party, without compensation for at least an equivalent amount being expected from it.

Net allocations to provisions are classified by type of risk in the corresponding accounts in the income statement.

A description of the contingencies and disputes is provided in the Risk Management Report.

Information on the nature and the amount of the risks involved is not disclosed if the Group estimates that such disclosure could seriously prejudice its position in a dispute with other parties on the subject matter of the provision.

Other provisions include provisions for restructuring (except staff costs), provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.

Societe Generale is subject to an extensive legal and regulatory framework in the countries where it operates. In this complex legal context, Societe Generale and some of its former and current representatives may be involved in various legal actions, including civil, administrative and criminal proceedings. The vast majority of these proceedings are part of Societe Generale's current business. In recent years, litigation with investors and the number of disputes involving financial intermediaries such as banks and investment advisors has increased, partly due to a difficult financial environment.

It is by nature difficult to foresee the outcome of disputes, regulatory proceedings and acts involving Societe Generale entities, particularly if they are initiated by various categories of complainants, if the amount of claims for damages is not specified or is indeterminate or if the proceedings have no precedent.

In preparing its financial statements, Societe Generale assesses the consequences of the legal, regulatory or arbitration proceedings in which it is involved. A provision is booked when losses from these proceedings become probable and the amount can be estimated reliably.

To assess the probability of losses and the amount of these losses, and thus to determine the amount of provisions to book, estimations are important. Management makes these estimates by exercising its judgement and taking into account all information available when financial statements are prepared. In particular, Societe Generale takes into account the nature of the dispute, the underlying facts, ongoing proceedings and court rulings already handed down, as well as its experience and the experiences of other companies dealing with similar cases (assuming that Societe Generale has knowledge thereof) and, where appropriate, the opinion and reports of experts and independent legal advisers.

Each quarter, Societe Generale carries out a detailed examination of pending disputes that present a significant risk. These disputes are described in the Note 8 "Information on risks and litigation".

NOTE 7.4 Breakdown of assets and liabilities by term to maturity

	Outstanding as at 31 December 2020					
(In EURm)	Less than 3 months	3 months to one year	1 to 5 years	More than 5 years	Intercompany eliminations: Societe Generale Paris/branches	Total
Assets	**381,674**	**158,349**	**222,677**	**147,463**	**(169,122)**	**741,041**
Due from banks	195,179	58,669	64,466	27,020	(169,025)	176,309
Customer loans	139,147	64,304	148,117	91,872	(97)	443,343
Bonds and other debt securities:	47,348	35,376	10,094	28,571	-	121,389
Trading securities	*45,870*	*21,193*	*119*	*1,606*	-	*68,788*
Short-term investment securities	*774*	*9,899*	*44*	*121*	-	*10,838*
Long-term investment securities	*704*	*4,284*	*9,931*	*26,844*	-	*41,763*
Liabilities	**595,696**	**129,730**	**256,020**	**128,368**	**(169,113)**	**940,701**
Due to banks	211,982	53,977	152,423	52,012	(168,606)	301,788
Customer deposits	358,083	42,426	65,803	48,054	(506)	513,860
Liabilities in the form of securities issued	25,631	33,327	37,794	28,302	(1)	125,053

NOTE 7.5 Transactions in foreign currencies

ACCOUNTING PRINCIPLES

Gains and losses arising from ordinary activities in foreign currencies are recognised in the income statement. Outright forward foreign exchange transactions and those used to hedge other forward foreign exchange transactions are valued on the basis of the forward foreign exchange rate of the relevant currency for the remaining maturity. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. Unrealised gains and losses are recognised in the income statement. Premiums and discounts resulting from hedged forward foreign exchange transactions are amortised to the income statement on a straight-line basis over the remaining maturity of these transactions.

	31.12.2020				31.12.2019			
(In EURm)	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered
EUR	620,409	622,164	312,707	294,432	613,314	615,161	299,729	284,788
USD	375,744	374,715	535,170	505,931	461,677	459,371	558,578	540,720
GBP	74,531	75,098	167,163	172,862	73,431	74,322	155,699	149,869
JPY	75,144	74,252	58,996	76,705	85,313	84,363	59,668	110,365
Other currencies	112,214	111,813	240,199	254,400	93,960	94,478	261,501	244,470
TOTAL	**1,258,042**	**1,258,042**	**1,314,235**	**1,304,330**	**1,327,695**	**1,327,695**	**1,335,175**	**1,330,212**

NOTE 7.6 Operations in uncooperative states or territories

Since 2003, Societe Generale has defined strict internal rules to prevent the development of operations in countries qualified as uncooperative tax havens by the OECD. Any operation, or development of new activities as part of existing operations, may only be authorised by decision of the General Management after approval by the Corporate Secretariat and the Compliance and Risk Divisions.

Since 2010, Societe Generale has decided to close (and has therefore taken the necessary steps to do so) all the Societe Generale's operations in countries and territories deemed non-cooperative by France, the list of which was updated by the Ministerial Order of 6 January 2020 (published in the Official Journal on 7 January 2020).

In accordance with its policy, Societe Generale closed its three entities in the British Virgin Islands following the designation of this State in the French list.

As at 31 December 2020, Societe Generale did not directly or indirectly own any business in the States and territories concerned.

NOTE 7.7 Table of subsidiaries and affiliates

(In thousands of euros or local currency)

Company/Head Office or Establishment	Activity/Division		2020 Registered capital *(local currency)*[(1)]	2020 Shareholders' equity other than capital *(local currency)*[(1)]	2020 Share of capital held *(%)*
I – INFORMATION ON INVESTMENTS WITH A BOOK VALUE IN EXCESS OF 1% OF SOCIETE GENERALE'S SHARE CAPITAL					
A) Subsidiaries (more than 50% owned by Societe Generale)					
SG AMERICAS SECURITIES HOLDINGS, LLC	**Brokerage**				
C/O The Corporation Trust Company 1209 Orange Street 19801 – Wilmington – Delaware – USA	Global Banking and Investor Solutions	USD	1,430,976	1,102,666	100.00
SG FINANCIAL SERVICES HOLDING	**Portfolio management**				
29, boulevard Haussmann – 75009 – Paris – France	Corporate Centre	EUR	1,641,835	212,724	100.00
SOCIETE GENERALE INTERNATIONAL LIMITED	**Brokerage and clearing**				
One Bank Street – London E14 4SG – United Kingdom	Global Banking and Investor Solutions	GBP	1,150,000	280,276	100.00
GENEFINANCE	**Portfolio management**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	1,000,000	236,802	100.00
SOCIETE GENERALE SECURITIES SERVICES SPA	**Credit institution**				
Via Benigno Crespi, 19 A – 20159 Milano – Italy	Global Banking and Investor Solutions	EUR	111,309	148,583	100.00
SOCIETE GENERALE SECURITIES JAPAN LIMITED	**Brokerage**				
1-1, Marunouchi– 1-chome – Chiyoda-ku – Tokyo – Japan	Global Banking and Investor Solutions	JPY	35,765,000	36,998,000	100.00
SG KLEINWORT HAMBROS LIMITED	**Asset management**				
8 St Jame's Square, SW1Y 4JU – London – United Kingdom	Global Banking and Investor Solutions	GBP	466,651	178	100.00
SOCIETE GENERALE REAL ESTATE	**Real estate and real estate financing**				
29, boulevard Haussmann – 75009 Paris – France	French retail Banking	EUR	327,112	39,303	100.00
SOGEMARCHE	**Real estate**				
17, cours Valmy – 92800 Puteaux – France	Corporate Centre	EUR	500,000	(23,728)	100.00
FIDITALIA SPA	**Consumer finance**				
Via Guglielmo Silva n° 34 – 20149 Milan – Italy	International retail Banking and Financial Services	EUR	130,000	228,077	100.00
SALINGER SA	**Portfolio management**				
15, avenue Émile Reuter L2420 Luxembourg – Luxembourg	Global Banking and Investor Solutions	EUR	100	317,545	100.00
BANCO SOCIETE GENERALE BRASIL S/A	**Investment banking**				
Avenida Paulista, 2300 – Cerqueira Cesar – São Paulo – SP CEP 01310-300 – Brésil	Global banking and investor solutions	BRL	2,956,929	(1,472,769)	100.00
VALMINVEST	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate centre	EUR	248,877	12,167	100.00

(1) For foreign subsidiaries and affiliates, shareholders' equity is booked in the Group consolidated financial statements in their consolidated reporting currency.
(2) For banking and finance subsidiaries, revenue refers to net banking income.
(3) Financial statements not yet audited for French companies.

2020

Book value of shares held		Unreimbursed loans and advances made by the Company	Guarantees given by the Company	Revenue excluding tax for the last financial year	Net income (gain or loss) for the last financial year	Dividends received by the Company during the year	Remarks
Gross *(In EUR)*	Net *(In EUR)*	*(In EUR)*	*(In EUR)*	*(local currency)* [1][2][3]	*(local currency)* [1][3]	*(In EUR)*	Revaluation differences
2,969,895	2,969,895	841,730	0	519,077	54,638	0	1 EUR = 1.2271 USD
2,136,144	2,136,144	719,459	0	410,053	417,765	254,284	
1,569,621	1,569,621	2,907,540	1,095,404	194,202	74,396	114,741	1 EUR = 0.89903 GBP
1,076,025	1,076,025	1,920,000	0	343,485	382,374	270,000	
745,062	618,844	0	100,000	139,743	31,120	0	
599,385	599,385	321,794	500	27,435,000	8,179,000	2,801	1 EUR = 126.49 JPY
590,352	590,352	0	0	150,422	156	0	1 EUR = 0.89903 GBP
586,505	586,505	0	0	11,042	10,505	30,462	
500,000	500,000	0	0	25,406	1,583	0	
335,169	335,169	4,430,050	0	232,298	45,487	0	
315,184	315,184	0	0	(1,416)	(1,501)	0	
888,993	273,963	0	16,766	248,767	49,406	0	1 EUR = 6.3735 BRL
249,427	249,427	0	0	15,672	10,005	2,738	

(In thousands of euros or local currency)		2020			
Company/Head Office or Establishment	**Activity/Division**		**Registered capital** *(local currency)*(1)	**Shareholders' equity other than capital** *(local currency)*(1)	**Share of capital held** *(%)*
SOCIETE GENERALE (CHINA) LIMITED	**International retail banking**				
F15, West Tower Genesis, 8 Xinyuannan Street – Chaoyang District – 100027 Beijing – China	Global Banking and Investor Solutions	CNY	4,000,000	(119,693)	100.00
SOGECAMPUS	**Real estate**				
17, cours Valmy – 92800 Puteaux – France	Corporate Centre	EUR	241,284	40,310	100.00
LYXOR ASSET MANAGEMENT	**Alternative asset management**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	161,106	16,250	100.00
GENEGIS I	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	192,900	14,403	100.00
SOCIETE GENERALE ALGERIE	**International retail banking**				
Résidence EL KERMA – 16105 Gué de Constantine – Wilaya d'Alger – Algeria	International retail Banking and Financial Services	DZD	20,000,000	27,654,511	100.00
COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	76,627	2,554	100.00
SG SECURITIES KOREA CO, LTD	**Business consulting**				
24th Floor, D1 D-Tower, 17 Jong-ro 3-gil – Jongno-gu – Seoul – South Korea	Global Banking and Investor Solutions	KRW	205,500,000	141,896,441	100.00
SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	120,030	207,876	100.00
SOCIETE GENERALE CAPITAL CANADA INC.	**Brokerage**				
1501, avenue McGill College – Suite 1800 H3A 3M8 – Montreal – Canada	Global Banking and Investor Solutions	CAD	150,000	66,281	100.00
SG SECURITIES (SINGAPORE) PTE. LTD.	**Brokerage**				
8 Marina Boulevard – #12-01 – Marina Bay financial Centre Tower 1 – 018981 – Singapore – Singapore	Global Banking and Investor Solutions	SGD	99,058	34,009	100.00
ORPAVIMOB	**Real estate and real estate financing**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	69,253	5,908	100.00
SG FACTORING SPA	**Factoring**				
Via Trivulzio, 7 – 20146 Milan – Italy	Global Banking and Investor Solutions	EUR	11,801	32,764	100.00
SG AMERICAS OPERATIONAL SERVICES LLC (SGAOS)	**Transversal services company**				
C/O The Corporation Trust Company 1209 Orange Street 19801 – Wilmington – Delaware – USA	Global Banking and Investor Solutions	USD	716	46,683	100.00
TREEZOR	**Electronic money institution**				
41, rue de Prony 75017 Paris – France	Corporate Centre	EUR	3,413	9,425	100.00
SOCIETE GENERALE SECURITIES AUSTRALIA PTY LTD	**Brokeragesur on equity markets**				
Level 25 – 400 George Street – Sydney – NSW 2000 – Australia	Global Banking and Investor Solutions	AUD	100,000	(36,160)	100.00

(1) For foreign subsidiaries and affiliates, shareholders' equity is booked in the Group consolidated financial statements in their consolidated reporting currency.
(2) For banking and finance subsidiaries, revenue refers to net banking income.
(3) Financial statements not yet audited for French companies.

2020

Book value of shares held		Unreimbursed loans and advances made by the Company	Guarantees given by the Company	Revenue excluding tax for the last financial year	Net income (gain or loss) for the last financial year	Dividends received by the Company during the year	Remarks
Gross *(In EUR)*	Net *(In EUR)*	*(In EUR)*	*(In EUR)*	*(local currency)* (1)(2)(3)	*(local currency)* (1)(3)	*(In EUR)*	Revaluation differences
407,935	245,324	478,288	0	346,134	99,374	0	1 EUR = 8.0225 CNY
241,284	241,284	122,500	0	23,827	4,036	0	
217,348	217,348	50,000	0	100,093	8,729	20,854	
196,061	196,061	28,916	0	218,932	3,061	0	
168,461	168,461	0	44,464	23,207,492	4,056,306	18,977	1 EUR = 162.11065 DZD
155,837	155,837	0	0	733	5,011	1,682	
154,541	154,541	0	0	93,677,472	34,871,463	0	1 EUR = 1,336 KRW
119,992	119,992	55,000	0	7,780	2,960	0	
95,378	95,378	0	0	45,218	8,386	0	1 EUR = 1.5633 CAD
91,110	90,690	0	0	64,372	41,690	0	1 EUR = 1.6218 SGD
69,253	69,253	0	0	19,179	4,686	3,593	
46,100	46,100	564,006	1,330,850	7,655	1,230	0	
42,365	42,365	0	0	(175)	40,226	0	1 EUR = 1.2271 USD
37,929	37,929	0	11,653	6,290	(3,714)	0	
46,100	46,100	100,654	128,963	15,388	(3,527)	3,754	1 EUR = 1.5896 AUD

2020

(In thousands of euros or local currency)

Company/Head Office or Establishment	Activity/Division		Registered capital *(local currency)*(1)	Shareholders' equity other than capital *(local currency)*(1)	Share of capital held *(%)*
SG VENTURES	**Portfolio management**				
17, cours Valmy – 92800 Puteaux – France	Corporate Centre	EUR	25,318	(26)	100.00
SG AMERICAS, INC.	**Investment banking**				
C/O The Corporation Trust Company 1209 Orange Street 19801 – Wilmington – Delaware – USA	Global Banking and Investor Solutions	USD	0	351,061	100.00
SG AUSTRALIA HOLDINGS LTD	**Portfolio management**				
Level 25, 1-7 Bligh Street – Sydney, NSW 2000 – Australia	Global Banking and Investor Solutions	AUD	19,500	1,333	100.00
SG SECURITIES ASIA INTERNATIONAL HOLDINGS LTD (HONG KONG)	**Investment banking**				
Level 38 – Three Pacific Place 1 Queen's Road – East Hong Kong – Hong Kong	Global Banking and Investor Solutions	USD	154,972	349,590	100.00
CREDIT DU NORD	**French retail banking**				
28, place Rihour – 59800 Lille – France	French retail Banking	EUR	890,263	2,147,106	100.00
SOCIETE GENERALE EQUIPMENT FINANCE SA	**Portfolio management**				
17, cours Valmy – 92800 Puteaux – France	International retail Banking and Financial Services	EUR	270,255	3,070	100.00
SOCIETE GENERALE SFH	**Credit institution**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	375,000	214,971	100.00
BOURSORAMA SA	**Online banking**				
44, rue Traversière – 92100 Boulogne-Billancourt – France	French retail Banking	EUR	41,308	528,089	100.00
SOCIETE GENERALE IMMOBEL	**Real estate**				
11, rue des Colonies – 1000 Bruxelles – Belgium	Global Banking and Investor Solutions	EUR	25,062	2,506	100.00
SOCIETE GENERALE SCF	**Mortgages**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	150,000	101,171	100.00
SOCIETE GENERALE SECURITIES SERVICES HOLDING	**Portfolio management**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	12,487	151	100.00
ROSBANK	**International retail banking**				
34, Masha Poryvaeva Street 107078 – Moscou – Russia	International retail Banking and Financial Services	RUB	17,586,914	135,470,066	99.97
SOCIETE DE LA RUE EDOUARD VII	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	11,396	883	99.91
SOCIETE GENERALE INVESTMENTS (UK) LIMITED	**Investment banking**				
One Bank Street, Canary Wharf – E14 4SG – London – United Kingdom	Global Banking and Investor Solutions	GBP	157,825	110,984	98.96
SOCIETE GENERALE MAURITANIA	**International retail banking**				
Îlot A, n° 652 Nouakchott – Mauritania	International retail Banking and Financial Services	MRU	1,000,000	407,297	95.50

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(2) For banking and finance subsidiaries, revenue refers to net banking income.
(3) Financial statements not yet audited for French companies.

2020							
Book value of shares held							**Remarks**
Gross *(In EUR)*	**Net** *(In EUR)*	**Unreimbursed loans and advances made by the Company** *(In EUR)*	**Guarantees given by the Company** *(In EUR)*	**Revenue excluding tax for the last financial year** *(local currency)* [1][2][3]	**Net income (gain or loss) for the last financial year** *(local currency)* [1][3]	**Dividends received by the Company during the year** *(In EUR)*	**Revaluation differences**
25,318	25,318	0	0	0	(95)	0	
							capital = 1 USD
1,573,453	20,455	0	0	57,526	68,086	0	1 EUR = 1.2271 USD
12,213	12,213	0	0	2,526	1,327	4,630	1 EUR = 1.5896 AUD
146,513	146,513	364,816	0	387,567	119,564	0	1 EUR = 1.2271 USD
1,410,256	1,410,256	13,360,275	80,000	762,665	145,796	0	
281,549	281,549	601,000	0	20,264	(98,476)	0	
375,000	375,000	37,540,000	42,800,021	371,369	38,391	0	
948,871	948,871	5,390,532	0	190,863	(40,182)	0	
25,061	25,061	0	0	1,096	712	1,860	
150,000	150,000	8,350,000	14,774,046	20,337	10,817	0	
237,555	12,665	0	0	0	(27)	0	
3,464,871	2,605,871	616,829	82,740	63,345,753	9,380,886	0	1 EUR = 91.4671 RUB
59,612	25,653	0	0	530	475	160	
185,054	185,054	3,524,962	0	16,432	6,615	0	1 EUR = 0.89903 GBP
20,361	20,361	0	102,820	871,089	150,051	1,957	1 EUR = 43.8699 MRU

(In thousands of euros or local currency)

		2020			
Company/Head Office or Establishment	**Activity/Division**		**Registered capital** *(local currency)*(1)	**Shareholders' equity other than capital** *(local currency)*(1)	**Share of capital held** *(%)*
ALD	**Automobile leasing and financing**				
1-3, rue Eugène et Armand Peugeot – Le Corosa – 92500 Rueil Malmaison- France	International retail Banking and Financial Services	EUR	606,155	895,668	79.82
BANQUE DE POLYNESIE	**Retail banking**				
355, bd Pomaré, BP 530, 98713 Papeete – Tahiti – French Polynesia	International retail Banking and Financial Services	XPF	1,380,000	7,237,779	72.10
SOCIETE GENERALE DE BANQUES EN CÔTE D'IVOIRE	**International retail banking**				
5 & 7, avenue J. Anoma, 01 BP 1355 – Abidjan 01 – Yvory Coast	International retail Banking and Financial Services	XOF	15,555,555	176,846,226	71.84
BANCO SOCIETE GENERALE MOZAMBIQUE SA	**International retail banking**				
Av. Julius Nyerere no. 140, 1568 – Maputo – Mozambique	International retail Banking and Financial Services	MZN	2,647,200	1,903,993	65.00
KOMERCNI BANKA A. S	**International retail banking**				
Na Prikope 33 – Building Register number 969 – 114 07 Praha 1 – Czech Republic	International retail Banking and Financial Services	CZK	19,004,926	82,069,068	60.35
BRD – GROUPE SOCIETE GENERALE	**International retail banking**				
B-dul Ion Mihalache nr. 1-7 Sector 1 – Bucarest – Romania	International retail Banking and Financial Services	RON	696,902	7,006,125	60.17
SOCIETE GENERALE CAMEROUN	**International retail banking**				
78, avenue Joss, BP 4042 – Douala – Cameroon	International retail Banking and Financial Services	XAF	12,500,000	61,614,514	58.08
GENEFIM	**Real estate lease finance**				
29, boulevard Haussmann – 75009 Paris – France	French retail Banking	EUR	72,779	29,139	57.62
SG MAROCAINE DE BANQUES	**International retail banking**				
55, boulevard Abdelmoumen – Casablanca – Morocco	International retail Banking and Financial Services	MAD	2,050,000	9,534,704	57.62
SHINE	**Online banking**				
12, rue Anselme – 93400 Saint Ouen – France	French retail Banking	EUR	2	14,569	53.71
UNION INTERNATIONALE DE BANQUES	**International retail banking**				
65, avenue Habib Bourguiba – 1000A Tunis – Tunisia	International retail Banking and Financial Services	TND	172,800	399,001	52.34
B) Affiliates (10% to 50% owned by Societe Generale)					
TRANSACTIS	**Payment**				
Tour Europe – La Défense II 33 place des Corolles – 92400 Courbevoie – France	Global Banking and Investor Solutions	EUR	23,148	49	50.00
SA SOGEPARTICIPATIONS	**Portfolio management**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	411,267	307,085	24.58
SOCIETE GENERALE CALEDONIENNE DE BANQUE	**Retail banking**				
44, rue de l'Alma BP G2 98848 Nouméa cedex – New Caledonia	International retail Banking and Financial Services	XPF	1,068,375	13,152,318	20.60

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(2) For banking and finance subsidiaries, revenue refers to net banking income.
(3) Financial statements not yet audited for French companies.

2020

Book value of shares held		Unreimbursed loans and advances made by the Company *(In EUR)*	Guarantees given by the Company *(In EUR)*	Revenue excluding tax for the last financial year *(local currency)* (1)(2)(3)	Net income (gain or loss) for the last financial year *(local currency)* (1)(3)	Dividends received by the Company during the year *(In EUR)*	Remarks
Gross *(In EUR)*	Net *(In EUR)*						Revaluation differences
1,156,422	1,156,422	150,000	0	101,213	375,667	203,202	
12,397	12,397	0	155,033	5,579,780	209,284	0	1 EUR = 119.33174 XPF
30,504	30,504	76,092	24,671	158,586,544	47,706,114	9,302	1 EUR = 655.957 XAF
31,000	19,281	0	13,927	927,421	37,634	0	1 EUR = 91.90835 MZN
1,327,247	1,327,247	1,138,017	377,900	27,923,236	7,844,915	0	1 EUR = 26.242 CZK
218,532	218,532	14,254	146,985	2,945,017	970,046	0	1 EUR = 4.8683 RON
16,940	16,940	0	54,682	81,149,500	13,764,851	0	1 EUR = 655.957 XAF
89,846	89,846	2,523,812	0	41,038	16,562	4,168	
146,714	146,714	7,439	493,638	4,615,397	622,946	0	1 EUR = 10.88855 MAD
40,949	40,949	0	0	4,115	(6,249)	0	
153,211	153,211	12,116	92,370	412,242	20,114	0	1 EUR = 3.3014 TND
11,574	11,574	50,968	0	135,683	12	0	
234,000	234,000	0	0	2,482	7,483	97,037	
16,266	16,266	130,598	70,000	9,184,679	1,685,115	0	1 EUR = 119.33174 XPF

(in thousands of euros or local currency)		2020			
Company/Head Office or Establishement	**Activity/Division**		**Registered capital** *(local currency)*[(1)]	**Shareholders' equity other than capital** *(local currency)*[(1)]	**Share of capital held** *(%)*
GENEO CAPITAL ENTREPRENEUR	**Portfolio management**				
14, boulevard du Général Leclerc – 92200 Neuilly sur Seine – France	French Retail Banking	EUR	208,700	(2,896)	19.15
CAISSE DE REFINANCEMENT DE L'HABITAT	**Housing loan refinancing**				
3 rue de la Boétie – 75008 Paris – France	Corporate Centre	EUR	539,995	22,599	17.09
CREDIT LOGEMENT	**Credit institution**				
50, boulevard Sébastopol – 75003 Paris – France	Corporate Centre	EUR	1,259,850	306,122	13.50

(1) For foreign subsidiaries and affiliates, shareholders' equity is booked in the Group consolidated financial statements in their consolidated reporting currency.
(2) For banking and finance subsidiaries, revenue refers to net banking income.
(3) Financial statements not yet audited for French companies.

2020							
Book value of shares held							Remarks
Gross (In EUR)	Net (In EUR)	Unreimbursed loans and advances made by the Company (In EUR)	Guarantees given by the Company (In EUR)	Revenue excluding tax for the last financial year (local currency) (1)(2)(3)	Net income (gain or loss) for the last financial year (local currency) (1)(3)	Dividends received by the Company during the year (In EUR)	Revaluation differences
30,000	29,445	0	0	0	(4,796)	0	
100,576	100,576	0	0	773,583	29	0	
171,037	171,037	252,424	0	270,705	99,150	0	

Table of subsidiaries and affiliates (continued)

	Book value of shares held					
(In thousands of euros)	Gross	Net	Unreimbursed loans and advances made by the Company	Guarantees given by the Company	Dividends received during the year	Remarks
II –INFORMATION CONCERNING OTHER SUBSIDIARIES AND AFFILIATES						
A) Subsidiaries not included in paragraph 1 :						
1°) French subsidiaries	67,032	56,376	12,824,563	850,727	55,622	Revaluation difference : 0
2°) Foreign subsidiaries	288,174	105,771	860,721	135,681	40,868	Revaluation difference : 1,447
B) Affiliates not included in paragraph 1 :						
1°) French companies	6,860	5,550	600	0	0	Revaluation difference : 0
2°) Foreign companies	9,794	6,687	3,533	0	366	Revaluation difference : 0

NOTE 8 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 Jérôme Kerviel guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. Jérôme Kerviel was sentenced to serve a prison sentence of five years, two years of which are suspended, and was ordered to pay EUR 4.9 billion in damages to the Bank. On 19 March 2014, the Supreme Court confirmed the criminal liability of Jérôme Kerviel. This decision puts an end to the criminal proceedings. On the civil front, on 23 September 2016, the Versailles Court of Appeal rejected Jérôme Kerviel's request for an expert determination of the damage suffered by Societe Generale, and therefore confirmed that the net accounting losses suffered by the Bank as a result of his criminal conduct amount to EUR 4.9 billion. It also declared Jérôme Kerviel partially responsible for the damage caused to Societe Generale and sentenced him to pay to Societe Generale EUR 1 million. Societe Generale and Jérôme 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 Jérôme Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by an adjustment notice sent by the tax authorities when Societe Generale is in a position to deduct the tax loss carry forwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the Bank's forecasts. In view of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'État*) and its established case law which was recently confirmed again in this regard, Societe Generale considers that there is no need to provision the corresponding deferred tax assets. In the event that the authorities decide, in due course, to confirm their current position, Societe Generale group will not fail to assert its rights before the competent courts. By a decision handed down on the 20 September 2018, the Investigation Committee of the reviewing and reassessment Criminal Court has furthermore declared inadmissible the request filed in May 2015 by Jérôme Kerviel against his criminal sentence, confirming the absence of any new element or fact that could justify the reopening of the criminal file.
- Between 2003 and 2008, Societe Generale set up gold consignment lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold stocks held by Goldas. These suspicions were rapidly confirmed following the failure by Goldas to pay or refund gold worth EUR 466.4 million. Societe Generale brought civil proceedings against its insurers and various Goldas Group entities. Goldas launched various proceedings in Turkey and in the UK against Societe Generale. In the action brought by Societe Generale against Goldas in the UK, Goldas applied to have the action of SG struck-out and applied to the UK court for damages. On 3 April 2017, the UK court granted both applications and will, after an inquiry into damages, rule on the amount due to Goldas, if any. On 15 May 2018, the Court of Appeal discharged entirely the inquiry into damages granted by the High Court to Goldas but rejected Societe Generale's arguments relating to service of the claims issued against Goldas, which are therefore time-barred. On 18 December 2018, the Supreme Court refused permission to appeal to both Societe Generale and Goldas. On 16 February 2017, the Paris Commercial Court dismissed Societe Generale's claims against its insurers. Societe Generale filed an appeal against this decision.
- In the early 2000s, the French banking industry decided to transition to a new digital system in order to streamline cheque clearing. To support this reform (known as EIC – *Échange d'images chèques*), which has contributed to the improvement of cheque payments security and to the fight against fraud, the banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities.

  On 20 September 2010, after several years of investigation, 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. Societe Generale was ordered to pay a fine of EUR 53.5 million and Crédit du Nord, its subsidiary, a fine of EUR 7 million. However, in its 23 February 2012 order, the French Court of Appeal, to which the matter was referred by all the banks involved except Banque de France, held that there was no competition law infringement, allowing the banks to recoup the fines paid. On 14 April 2015, the Supreme Court quashed and annulled the Court of Appeal decision on the grounds that the latter did not examine the arguments of two third parties who voluntarily intervened in the proceedings. The case was heard again on 3 and 4 November 2016 by the Paris Court of Appeal before which the case was remanded. On 21 December 2017, the Court of Appeal confirmed the fines imposed on Societe Generale and Crédit du Nord by the French competition authority. On 22 January 2018, Societe Generale and Crédit du Nord filed an appeal before the Supreme court against this decision. On 29 January 2020, the Supreme Court partially quashed the order the Paris Court of Appeal decision of 21 December 2017 and ordered the remand of the case to this same court of appeal but differently composed. On 13 March 2020, Societe Generale and Crédit du Nord therefore filed a new appeal before the Paris Court of Appeal against the decision of the French competition authority. The court proceeding is still pending.
- Notwithstanding the agreements reached with the US authorities regarding certain London Interbank Offered Rates and the Euro Interbank Offered Rate ("the IBOR matter"), the Bank continues to defend civil proceedings in the United States (as described below) and has responded to information requests received from other authorities, including the Attorneys General of various States of the United States and the New York Department of Financial Services.

  In the United States, Societe Generale, along with other financial institutions, has been named as a defendant in putative class actions involving the setting of US Dollar Libor, Japanese Yen Libor, and Euribor rates and trading in instruments indexed to those rates. Societe Generale has also been named in several individual (non-class) actions concerning the US Dollar Libor rate. All of these actions are pending in the US District Court in Manhattan (the "District Court").

As to US Dollar Libor, all claims against Societe Generale have been dismissed by the District Court or voluntarily dismissed by the plaintiffs, except in two putative class actions and one individual action that are effectively stayed. Certain individual plaintiffs, whose claims were dismissed, filed motions for leave to amend their complaints to add or revive claims against Societe Generale, but those applications were denied by the District Court. The class plaintiffs and a number of individual plaintiffs have appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit.

On 13 January 2020, Societe Generale entered into a settlement agreement with the putative class of plaintiffs who purchased financial products tied to US Dollar Libor on an exchange. As part of that settlement, Societe Generale has agreed to pay USD 5.125 million. This settlement was finally approved by the District Court on 17 September 2020.

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 Court of Appeals reversed the dismissal and reinstated the claims. Plaintiffs filed a second amended complaint on 24 August 2020, and defendants have again filed motions to dismiss. In the other action, brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange on 27 September 2019, plaintiff filed a motion for class certification. On 25 September 2020, the District Court granted defendants' motion for judgment on the pleadings and dismissed plaintiffs' claims. Plaintiffs have appealed.

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 United States Court of Appeals for the Second Circuit.

In Argentina, Societe Generale, along with other financial institutions, has been named as a defendant in litigation brought by a consumer association on behalf of Argentine consumers who held government bonds or other specified instruments that paid interest tied to US Dollar Libor. The allegations concern violations of Argentine consumer protection law in connection with alleged manipulation of the US Dollar Libor rate. Societe Generale has not yet been served with the complaint in this matter.

- Beginning on 15 January 2019, Societe Generale and SG Americas Securities, LLC, along with other financial institutions, have been named in three putative antitrust class actions in the US District Court in Manhattan, which have since been consolidated. Plaintiffs allege that the USD ICE Libor panel banks conspired to make artificially low submissions to that benchmark in order to profit on their trading in derivatives tied to USD ICE Libor. Plaintiffs seek to certify a class comprised of US residents (individuals and entities) that transacted with a defendant in floating rate debt instruments or interest rate swaps tied to USD ICE Libor and received a payment at any time between 1 February 2014 to the present, regardless of when the instrument was purchased. By order dated 26 March 2020, the District Court dismissed the action. Plaintiffs have appealed that ruling. Defendants have moved to dismiss the appeal because the proposed class representatives are withdrawing from the action. A new proposed class representative is seeking to intervene as a plaintiff in the appeal.
- Societe Generale, along with several other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with foreign exchange spot and derivatives trading. The action was brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. Societe Generale reached a settlement of USD 18 million, which was approved by the Court on 6 August 2018. A separate putative class action on behalf of putative classes of indirect purchasers was also filed. Societe Generale reached a settlement of USD 975,000 to resolve that proceeding. The settlement was finally approved by the Court on 19 November 2020. On 7 November 2018, a group of individual entities that elected to opt out of the main class action settlement filed a lawsuit against Societe Generale and several other financial institutions. Societe Generale was dismissed by order dated 28 May 2020. Discovery is proceeding as to Societe Generale and the other remaining defendants.
- On 10 December 2012, the French Supreme Administrative Court (*Conseil d'État*) rendered two decisions confirming that the "*précompte* tax" which used to be levied on corporations in France does not comply with EU law and defined a methodology for the reimbursement of the amounts levied by the tax authorities. However, such methodology considerably reduces the amount to be reimbursed. Societe Generale purchased in 2005 the "*précompte* tax" claims of two companies (Rhodia and Suez, now ENGIE) with a limited recourse on the selling companies. One of the above decisions of the French Supreme Administrative Court relates to Rhodia. Societe Generale has brought proceedings before the French administrative courts. The latest court decision rendered is a rejection, on 1 February 2016 by the French Administrative Supreme Court, of an appeal lodged by ENGIE and Societe Generale.

  Several French companies applied to the European Commission, who considered that the decisions handed down by the French Supreme Administrative Court on 10 December 2012, which was supposed to implement the decision rendered by the Court of Justice of the European Union C-310/09 on 15 September 2011, infringed a number of principles of European law. The European Commission subsequently brought infringement proceedings against the French Republic in November 2014, and since then confirmed its position by publishing a reasoned opinion on 28 April 2016 and by referring the matter to the Court of Justice of the European Union on 8 December 2016. The Court of Justice of European Union rendered its judgement on 4 October 2018 and sentenced France for failure by the French Supreme Administrative Court to disregard the tax on EU sub-subsidiaries in order to secure the withholding tax paid in error as well as on the absence of any preliminary question.

  With regard to the practical implementation of the decision, Societe Generale has continued to assert its rights with the competent courts and the tax authorities, which it expects to be treated diligently and in accordance with the law. On 23 June 2020, the Administrative Court of Appeal of Versailles issued a ruling in favour of Societe Generale on our 2002 and 2003 Suez claims, followed by a mid-July enforcement in our favour. The judgment of Versailles held that the advance payment was not compatible with the Parent-Subsidiary Directive: the French Supreme Administrative Court, which had also received a request for a priority question of constitutionality, also pointed out that the advance payment was incompatible with Article 4 of the Parent-Subsidiary Directive but that a question should be referred to the ECJ for a preliminary ruling in order to ascertain this. It is therefore now appropriate to await the response of the Court of Luxembourg, which should not occur before the end of 2021.
- Societe Generale, along with other financial institutions, has been 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. The action is pending in the US District Court in Manhattan. Motions to dismiss the action were denied by an order dated 4 October 2016, and discovery is now proceeding. 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.

- 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 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 indirectly from BLMIS through so-called "feeder funds" that were invested in BLMIS and from which the Societe Generale received redemptions. The suit alleges that the amounts that the Societe Generale 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. Societe Generale is 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 will now be returned to the District Court for further proceedings.
- On 10 July 2019, Societe Generale was named as a defendant in a litigation filed in the US District Court in Miami by plaintiffs seeking to recover under the Cuban Liberty and Democracy Solidarity (*Libertad*) Act of 1996 (known as the Helms-Burton Act) for alleged losses 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, and a motion to dismiss has been filed.

  On 9 November 2020, Societe Generale was named in similar Helms Burton litigation filed in the US District Court in Manhattan by the purported owners (and successors) of Banco Pujol, a Cuban bank alleged to have been confiscated by the Cuban government in 1960.
- On 5 June 2020, a shareholder of Societe Generale filed a derivative action in New York State court against 39 current and former Directors and officers of the Bank. The complaint alleges that a 2009 written agreement with US banking regulators required the Bank to implement and maintain an effective anti-money laundering compliance and transaction monitoring system. According to the complaint, the Bank failed to do so, leading to penalties and forfeitures imposed in November 2018 by a number of federal and New York state agencies and criminal authorities relating to US sanctions and anti-money laundering laws. The complaint makes claims for, among other things, breaches of duty related to these matters. This litigation is at an early procedural stage, and a motion to dismiss on a variety of grounds is expected.
- On 16 October 2020, Vestia brought proceedings against Societe Generale before the High Court of England regarding the conditions pursuant to which Vestia contracted derivative products with Societe Generale between 2008 and 2011. Vestia claims that these transactions were outside of its capacity and alleges they were induced by corruption. Vestia seeks to rescind the transactions and recover the amounts paid to Societe Generale pursuant to these transactions. On 8 January 2021, Societe Generale filed its Statement of Defence and Counterclaim.

6.7 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Société Générale

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Société Générale for the year ended December 31, 2020

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Internal Control Committee.

Basis for Opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics *(Code de déontologie)* for statutory auditors for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Emphasis of Matter

We draw attention to the matter described in Note 1 "Significant accounting principles" to the financial statements which presents the impacts of the change in accounting method relating to the presentation of securities lending and centralized regulated savings resulting from the amendment to ANC regulation no. 2014-07 by ANC regulation no. 2020-10. Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and on how audits are performed.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

IMPACT OF THE PANDEMIC-RELATED ECONOMIC CRISIS ON THE MEASUREMENT OF IMPAIRMENT AND PROVISIONS RELATING TO CUSTOMER LOANS AND COMMITMENTS

Risk identified	Our response
Customer loans and receivables carry a credit risk which exposes Société Générale to a potential loss if its client or counterparty is unable to meet its financial commitments. Société Générale recognizes impairment and provisions to cover this risk. The accounting principles used for the measurement of individual impairment, on the one hand, and collective provisions, on the other, are set out in Note 2.6 "Impairment and provisions" to the financial statements. The amount of the collective provisions for credit risk is calculated on the basis of non-downgraded performing loans and downgraded performing loans, respectively. These collective provisions are determined using statistical models requiring the exercise of judgment at the various stages in the calculation, particularly in the context of uncertainty relating to the global crisis arising from the Covid-19 pandemic. In addition, Société Générale uses judgment and makes accounting estimates to measure the level of individual impairment for doubtful loans. As at December 31, 2020, outstanding loans to clients exposed to credit risk amount to a total of M€ 321,974; total impairment amounts to M€ 2,594 and total provisions amount to M€ 1,736. We considered the impact of the economic crisis related to the Covid-19 pandemic on the assessment of the credit risk and the measurement of impairment and provisions to constitute a key audit matter as they require Management to exercise judgement and to make estimates, particularly concerning the economic sectors and geographical areas most seriously weakened by the crisis.	With the support of specialists in risk management and modelling as well as economists included in the audit team, we focused our work on the most significant loans and/or portfolios of loans to clients, as well as on the economic sectors and geographical areas most seriously weakened by the crisis. We obtained an understanding of Société Générale's governance and internal control, and tested the key manual and automated controls relating to the assessment of the credit risk and the measurement of the expected losses. Our other audit procedures notably consisted in: ■ assessing the relevance of the macro-economic projections and the weighting of scenarios used by Société Générale; ■ analyzing the main parameters used by Société Générale to evaluate the collective provisions as at December 31, 2020, including the adaptations made to assess the impact of economic support measures; ■ assessing the capacity of model and parameter adjustments as well as sectoral adjustments to adequately cover the credit risk level in the context of the economic crisis; ■ assessing, using data analysis tools, the correct calibration of the collective provisions on a sample of portfolios; ■ testing, as at December 31, 2020, in particular on a selection of the most significant loans to corporate clients, the main criteria used to classify loans as doubtful, as well as the assumptions used to estimate the related individual impairment. We also analyzed the qualitative and quantitative information on credit risk in the evolving context of the pandemic disclosed in Notes 1.4 "Use of estimates and judgement" and 2.6 "Impairment and provisions" to the financial statements.

RECOVERABILITY OF DEFERRED TAX ASSETS IN FRANCE AND IN THE UNITED STATES

Risk identified	Our response
As at December 31, 2020, deferred tax assets on loss carryforwards were recorded in the amount of M€ 1,809, including M€ 1,790 for the tax groups in France and in the United States. As at June 30, 2020, a specific review of tax loss carryforwards including the consequences and uncertainties generated by the Covid-19 crisis in the projections of tax results led Société Générale to derecognize M€ 650 of deferred tax assets of the tax group in France. As stated in Note 5 "Taxes" to the financial statements, Société Générale calculates deferred taxes at the level of each tax entity and recognizes deferred tax assets at the closing date when it is considered probable that the tax entity concerned will have future taxable profits against which temporary differences and tax loss carryforwards can be offset, within a given timeframe. As at December 31, 2020, this timeframe is nine years for the tax group in France and seven years for the tax group in the United States. In addition, as stated in Notes 5 "Taxes" and 8 "Information on risks and litigation" to the financial statements, certain tax loss carryforwards are challenged by the French tax authorities and are therefore liable to be called into question. Given the importance of the assumptions used to assess the recoverability of the deferred tax assets in France and in the United States, notably on future taxable profits, and of the judgment exercised by Management in this respect, we considered this issue to be a key audit matter.	Our audit approach consisted in assessing the probability that Société Générale will be able to use in the future its tax loss carryforwards generated to date, in particular in view of its ability to generate future taxable profits in France and in the United States. With the support of tax specialists included in our audit team, we: ■ compared the projected results of the previous years with the actual results of the corresponding fiscal years, so as to assess the reliability of the tax business plan development process; ■ obtained an understanding of the budget for 2021 drawn up by Management and approved by the Board of Directors, as well as the assumptions underlying the projected tax results over the 2021-2025 timeframe; ■ assessed the relevance of the methods used to extrapolate the tax results after the 2021-2025 timeframe, in the context of uncertainty related to the crisis; ■ obtained an understanding of the projected temporary differences over the timeframe of the projections; ■ assessed the assumptions used to analyze sensitivity in the event of adverse scenarios defined by Société Générale; ■ analyzed the sensitivity of the recovery period for tax losses under different scenarios we created; ■ analyzed the situation of Société Générale, notably by taking note of the opinions of its external tax advisers regarding its tax loss carryforwards in France, partly challenged by the tax authorities; ■ analyzed the information provided by the Company, concerning deferred tax assets, disclosed in Notes 1.4 "Use of estimates and judgement", 5 "Taxes" and 8 "Information on risks and litigation" to the financial statements.

VALUATION OF COMPLEX FINANCIAL INSTRUMENTS

Risk identified	Our response
Within the scope of its market activities, Société Générale holds financial instruments for trading purposes. As at December 31, 2020, M€ 192,225 are recorded in this respect under assets on Société Générale's balance sheet. To determine the market value of complex instruments, Société Générale uses techniques or in-house valuation models. As stated in Note 2.2 "Operations on forward financial instruments" to the financial statements, if necessary, these valuations include discounts calculated according to the relevant instruments and associated risks. In the absence of available market data or market valuation models, the models and data used to value these instruments may, for example, be based on Management's judgment and estimates. Further, the global Covid-19 crisis has disrupted the financial markets throughout the year. Indeed, the uncertainty created by the crisis is reflected notably by a deterioration of the liquidity of certain markets, which may lead Management to exercise its judgement more on the methods used to value these instruments. Given the complexity of the modelling in determining the fair value, the multiplicity of models used, and the use of Management's judgement in determining these fair values, as well as the significant uncertainty created by the crisis in the valuation methods used, we consider the valuation of complex financial instruments to be a key audit matter.	Our audit approach is based on the key internal control processes related to the valuation of complex financial instruments. With the support of experts in the valuation of financial instruments included in the audit team, we designed an approach that includes the following main stages: ■ we obtained an understanding of the procedure to authorize and validate new products and their valuation models, including the process for the entry of these models in the information systems; ■ we analyzed the governance set up by the Risk Department for the control of the valuation models; ■ we specifically analyzed the valuation formulas for certain categories of complex instruments and the related value adjustments; ■ we performed specific procedures on the correct taking into account in valuations of the uncertainties generated by the crisis, in particular concerning the method for calculating reserves; ■ we tested the key controls relating to the independent verification of the valuation parameters, and evaluated the reliability of the market parameters used to provide input for the valuation models with reference to external data; ■ as regards the process used to explain the changes in fair value, we obtained an understanding of the bank's analysis principles and performed tests of controls. In addition, we performed "analytical" IT procedures on the daily control data relating to certain activities; ■ we obtained the quarterly results of the independent price verification process performed on the valuation models; ■ we obtained the quarterly results of the valuation adjustment process based on external market data, and analyzed the differences in parameters with the market data in the event of a significant impact, and the accounting treatment of such differences. Where external data is absent, we assessed the existence of reserves or the non-materiality of the associated issues; ■ we performed counter-valuations of a selection of complex derivative financial instruments using our tools; ■ we analyzed the compliance of the methods underlying the estimates with the principles described in Note 2.2 "Operations on forward financial instruments" to the financial statements.

IT RISK ON DERIVATIVE FINANCIAL INSTRUMENTS AND STRUCTURED BOND ISSUES

Risk identified

Société Générale's derivative financial instruments and structured bond issues constitute an important activity within the bank's market activities, as illustrated by the significance of the net positions of derivative financial instruments in the transaction portfolio in Note 2.2 "Operations on forward financial instruments" to the financial statements.

This activity is highly complex given the nature of the financial instruments processed, the volume of transactions, and the use of numerous interfaced information systems.

The risk of occurrence of a significant misstatement in the accounts related to an incident in the data processing chains used or the recording of transactions until their transfer into the accounting system may result from:

- changes made to management and financial information by unauthorized persons via the information systems or underlying databases;
- a failure in processing or in the transfer of data between systems;
- a service interruption or an operating incident which may or may not be related to internal or external fraud.

Further, the Covid-19 pandemic has required all employees to work remotely to ensure business continuity. The measures taken by Société Générale in this respect have exposed it to new risks, particularly those relating to the opening up of information systems to allow remote access to transaction processing applications.

In order to ensure the reliability of the accounts, it is essential for Société Générale to master the controls relating to the management of the information systems used for financial derivatives and structured bonds. In this context, the IT risk on derivative financial instruments and structured bonds constitutes a key audit matter.

Our response

Our audit approach for this activity is based on the controls related to the management of the information systems set up by Société Générale. With the support of specialists in information systems included in the audit team, we tested the IT general controls of the applications that we considered to be key for this activity.

Our work concerned, in particular:

- the controls set up by Société Générale on access rights, notably at sensitive periods in a professional career (recruitment, transfer, resignation, end of contract) with, where applicable, extended procedures in the event of ineffective controls identified during the financial year;
- potential privileged access to applications and infrastructure;
- change management relating to applications, and more specifically the separation between development and business environments;
- security policies in general and their deployment in IT applications (for example, those related to passwords);
- handling of IT incidents during the audit period;
- governance and the control environment on a sample of applications.

For these same applications, and in order to assess the transfer of information flows, we tested the key application controls relating to the automated interfaces between the systems. In addition, our tests on the general IT and application controls were supplemented by data analysis procedures on certain applications.

We also evaluated the governance implemented by Société Générale to ensure the resilience of the information systems in the context of the Covid-19 crisis. Our work consisted in interviewing the bank's security teams and studying the reports from the cybersecurity teams as well as any incidents occurring during the period. Our work notably included analyzing the access special access authorizations granted and validated by the security team.

VALUATION OF EQUITY SECURITIES, OTHER LONG-TERM SECURITIES AND SHARES IN AFFILIATED COMPANIES

Risk identified

Equity securities, other long-term securities and shares in affiliated companies are recognized in the balance sheet for a net carrying amount value of € 24.4billion (including € 3.8billion in impairment).

As stated in Note 2.1 "Securities portfolio" to the financial statements, they are recognized at their purchase price excluding acquisition costs.

The Covid-19 pandemic has negatively impacted the results and financial projections of Société Générale. Société Générale must ascertain whether there is any indication that the securities may be impaired, and notably whether such impairment is taken into account in the forecasts made and the variables used to discount the resulting flows. The comparison of the net carrying amount of the securities with their recoverable amount is an essential factor in assessing the need for a potential impairment.

As stated in Note 2.6.4 "Impairment of securities" to the financial statements,, the recoverable value is assessed at the value in use determined, for each security, with reference to a valuation method based on available information such as the stock exchange price (for listed securities), the revalued accounting net asset or the discounting of future flows.

Given the importance of the sensitivity of the models used to data variations and the assumptions on which the estimates are based, we considered the valuation of the securities analyzed to be a key audit matter.

Our response

Our audit approach is based on gaining an understanding of the control procedures concerning (i) impairment testing of equity securities, other long-term securities and shares in affiliated companies and (ii) the drawing up of the business plans in place at the level of each entity to understand future changes in Société Générale's structure and activities, and identify any indicators of impairment of these assets.

With the support of experts in the valuation of financial instruments and in the context of the Covid-19 pandemic, our audit work on the financial statements for the year ended December 31, 2020 consisted notably in:

- assessing, on a sample basis, the justification of the valuation methods and the figures used by Management to calculate values in use;
- analyzing the consistency of the business plans drawn up by the entities' finance departments on the basis of our understanding of the activities and projected results from previous financial years, in order to assess the reliability of the drawing-up of the business plans;
- critically analyzing the main assumptions and parameters used (growth rate, capital cost, discount rate) with regard to the available internal and external information (macro-economic assumptions, financial analyst consensus, etc.);
- evaluating the sensitivity analyses of the results to the key parameters, notably via comparison with multiples;
- testing, via sampling, the arithmetic accuracy of the value-in-use calculations used by Société Générale.

Lastly, we analyzed the information concerning equity securities, other long-term securities and shares in affiliated companies published in Notes 2.1 "Securities portfolio" and 2.6.4 "Impairment of securities" to the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS PROVIDED TO THE SHAREHOLDERS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders except for the matter described below.

We have the following matter to report regarding the fair presentation and consistency with the financial statements of the information relating to payment deadlines referred to in Article D. 441-6 of the French Commercial Code (*Code de commerce*): as stated in the management report, this information does not include bank and other related operations as your Company considers that such operations fall outside the scope of disclosable information.

REPORT ON CORPORATE GOVERNANCE

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights and the cross-shareholdings has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

FORMAT OF PRESENTATION OF THE FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the Commission Delegated Regulation (EU) No. 2019/815 of December 17, 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*).

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Société Générale by your Annual General Meeting held on April 18, 2003 for DELOITTE & ASSOCIES and on May 22, 2012 for ERNST & YOUNG et Autres.

As at December 31, 2019, DELOITTE & ASSOCIES and ERNST & YOUNG et Autres were in the seventeenth year and eighth year of total uninterrupted engagement, respectively.

Previously, ERNST & YOUNG Audit had been statutory auditor of Société Générale from 2000 to 2011.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Internal Control Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements;
- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT AND INTERNAL CONTROL COMMITTEE

We submit to the Audit and Internal Control Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee and Internal Control Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Internal Control Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit and Internal Control Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 17, 2021

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
Jean-Marc Mickeler	Micha Missakian

7

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7.1 THE SOCIETE GENERALE SHARE

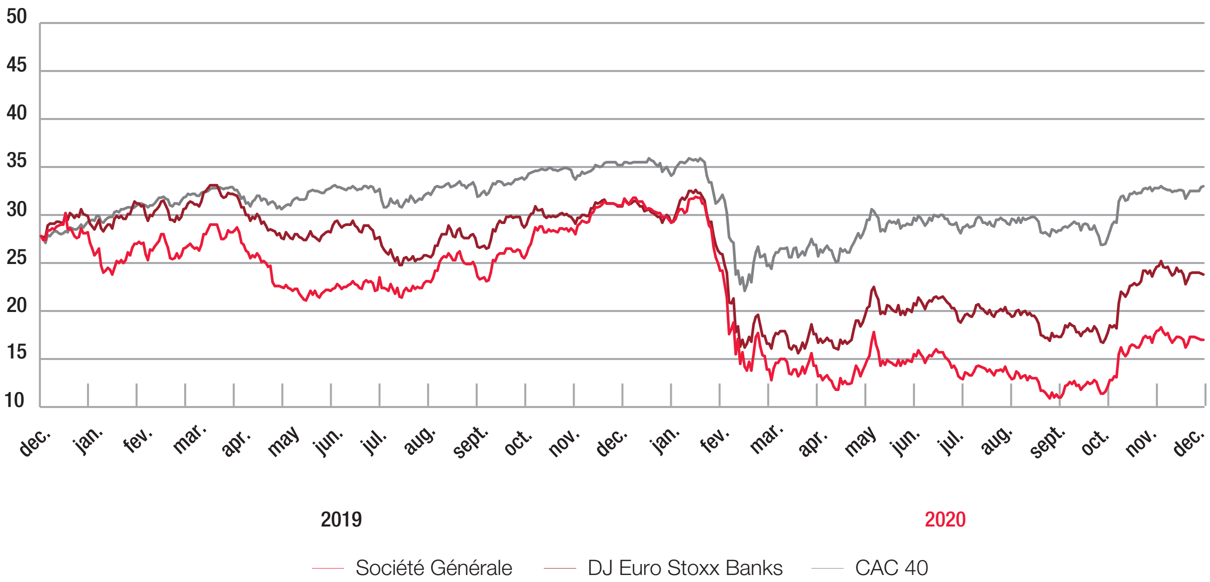
7.1.1 STOCK MARKET PERFORMANCE

Societe Generale's share price decreased by 45.1% in 2020, closing at EUR 17.02 at 31 December. Over the same period, this performance can be compared to a 23.7% decline by the Eurozone bank index (DJ EURO STOXX BANK) and to a 7.1% contraction by the CAC 40 index.

At 31 December 2020 the Societe Generale Group's market capitalisation stood at EUR 14.5 billion, ranking it 32nd among CAC 40 stocks (22nd at 31 December 2019), 32nd in terms of free float (18th at 31 December 2019) and 10th among eurozone banks (9th at 31 December 2019).

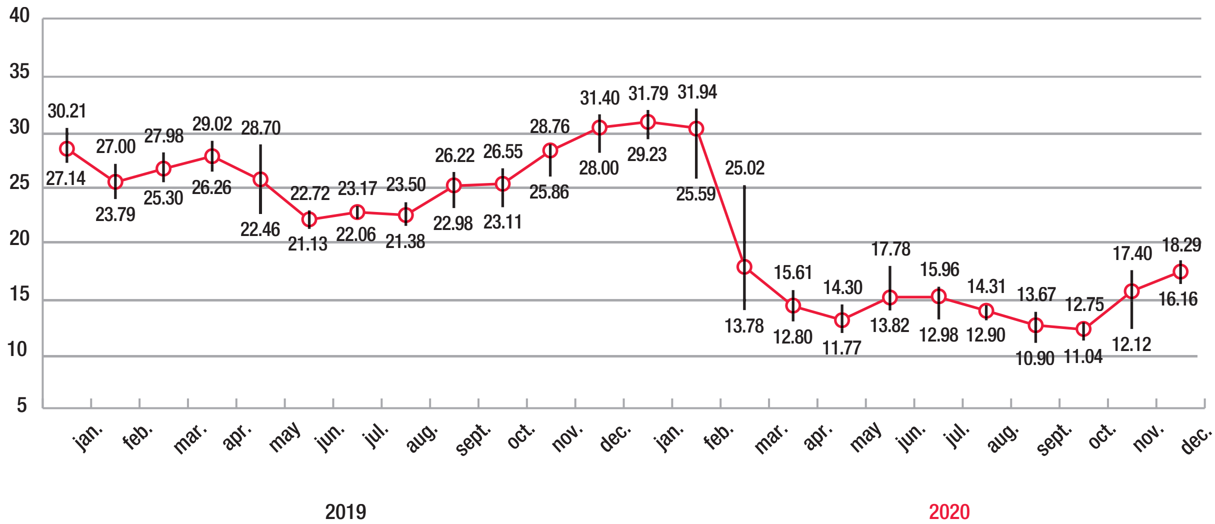
The market for the Group's shares continued to be highly liquid in 2020, with an average daily trading volume of EUR 110 million, representing a daily capital rotation ratio of 0.79% (versus 0.58% in 2019). In value terms, Societe Generale's shares were the 14th most actively traded shares on the CAC 40 index.

SHARE PERFORMANCE (BASE: SOCIETE GENERALE SHARE PRICE AS AT 31 DECEMBER 2018)



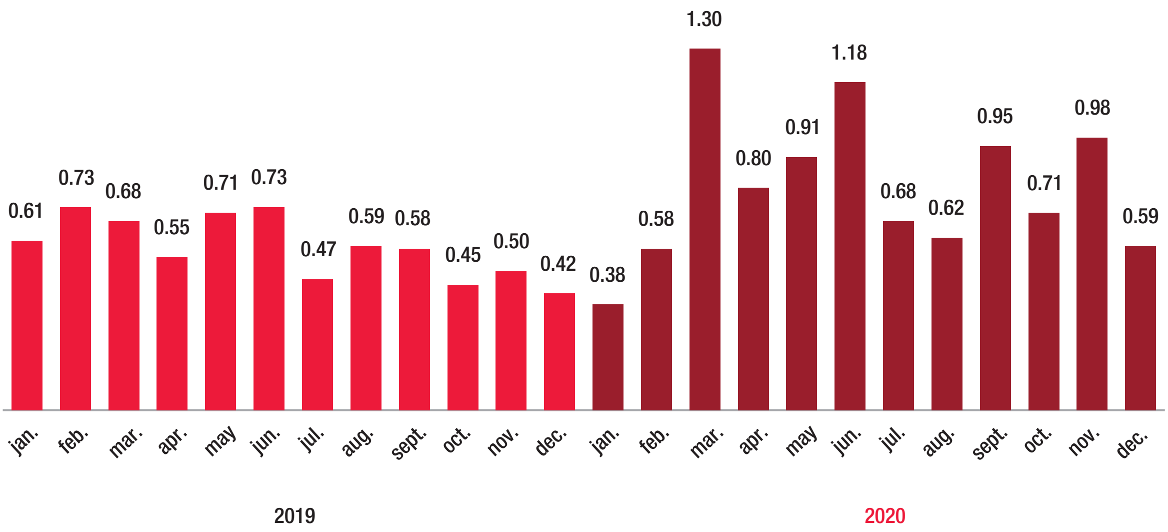
Source: Thomson Reuters Eikon

MONTHLY CHANGE IN SHARE PRICE (AVERAGE MONTHLY PRICE IN EURO)



Source: Thomson Reuters Eikon

TRADING VOLUMES (AVERAGE DAILY TRADING VOLUMES AS PERCENTAGE OF CAPITAL)



Source: Thomson Reuters Eikon.

7.1.2 TOTAL RETURN* FOR SHAREHOLDERS

The following table shows the cumulative and annualised average total return on investment for Societe Generale shareholders over different time periods ending 31 December 2020.

Duration of shareholding	Date	Cumulative total return*	Annualised average total return*
Since privatisation	8th July 1987	323.0%	4.4%
15 years	31st December 2005	-70.0%	-7.7%
10 years	31st December 2010	-39.7%	-4.9%
5 years	31st December 2015	-48.8%	-12.5%
4 years	31st December 2016	-55.8%	-18.4%
3 years	31st December 2017	-54.1%	-22.9%
2 years	31st December 2018	-33.0%	-18.1%
1 year	31st December 2019	-45.1%	-45.0%

* *Total return = capital gain + net dividend reinvested in shares.*
Source: Thomson Reuters Eikon

7.1.3 STOCK EXCHANGE LISTING

The Societe Generale share is listed on the Euronext Paris regulated market (deferred settlement market, continuous trading group A, ISIN code FR0000130809) and is also traded in the United States under an American Depository Receipt (ADR) programme.

7.1.4 STOCK MARKET INDICES

The Societe Generale share is a component stock of the CAC 40, STOXX All Europe 100, EURO STOXX 50, Euronext 100, MSCI PAN EURO, FTSE4Good Global and ASPI Eurozone indices.

7.1.5 2020 DIVIDEND

The Board of Directors of Societe Generale, which met on 9 February 2021, decided to propose the distribution of a dividend of EUR 0.55 per share to the General Meeting of 18 May 2021:

- dividend detachment will take place on 25 May 2021;
- the dividend will be paid from 27 May 2021.

The Group intends to launch a share buy-back programme in Q4 2021 for an amount equivalent to the amount assigned to the dividend payment (around EUR 470m, *i.e.* a negative impact of around 13 basis points on the Group's CET1 ratio), subject to the non-renewal of the ECB's recommendation and the authorisation for its implementation. The fully-loaded pro forma ratio would be 13% at end-December 2020 (phased-in pro-forma ratio of 13.3%).

7.1.6 DIVIDEND HISTORY

	2020*	2019	2018	2017	2016
Net dividend *(In EUR)*	0.55	0.00	2.20	2.20	2.20
Payout ratio (%)(1)	*	-	51.8	75.3	51.6
Net yield (%)(2)	*	-	7.9	5.1	4.7

* *Dividend proposed by the Board of Directors to the General Meeting to be held on 18 May 2021 . The dividend per ordinary share and the pay-out rate were fixed on the basis of the 2019 and 2020 results restated for items not affecting the CET1 ratio, pursuant to European Central Bank's recommendations. On this basis, the pay-out rate is 14.2%.*

(1) *Net dividend/diluted earnings per ordinary share (see Chapter 6, p. 420, Note 7.2 to the consolidated financial statements).*

(2) *Net dividend/closing price at end-December.*

Stock market data	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Share capital (number of outstanding shares)	853,371,494	853,371,494	807,917,739	807,917,739	807,713,534
Market capitalisation *(In EURbn)*	14.5	26.5	22.5	34.8	37.8
Earnings per share *(In EUR)*	-1.01	3.05	4.24	2.92	4.26
Book value per share at year-end *(In EUR)*	62.33	63.7	64.6	63.2	63.7
Share price *(In EUR)*					
high	31.9	31.4	47.2	51.9	47.5
low	10.9	21.1	27.2	41.4	26.4
closing	17.0	31.0	27.8	43.1	46.8

7.2 INFORMATION ON SHARE CAPITAL

7.2.1 SHARE CAPITAL

At 31 December 2020, Societe Generale paid-up share capital amounted to EUR 1,066,714,367.50 and comprised 853 371 494 shares with a nominal value of EUR 1.25 per share, all eligible for dividends paid out of income earned from 1 January 2020.

As part of the Group's capital market activities, transactions may be carried out involving indices or underlying assets with a Societe Generale share component. These transactions do not have an impact on the Group's future capital.

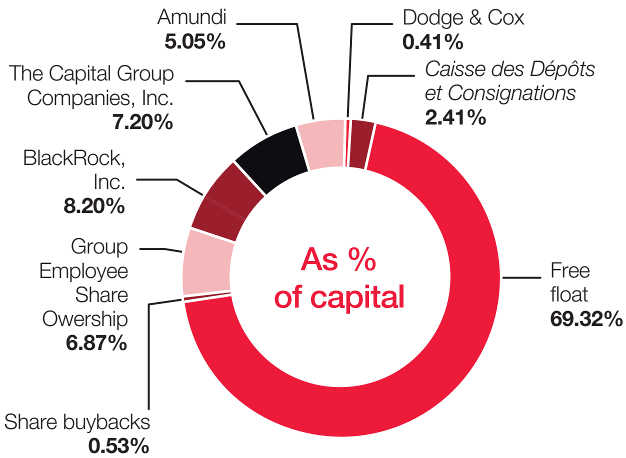
7.2.2 SHARE BUYBACKS AND TREASURY SHARES

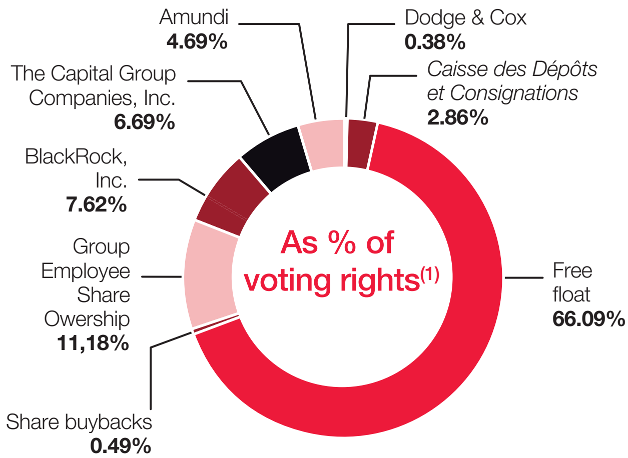
At 31 December 2020, Societe Generale held 4,545,500 shares under its share buyback programme, representing 0.53% of its capital. The Group disposed of all its treasury shares during the first half of 2015.

7.2.3 BREAKDOWN OF CAPITAL AND VOTING RIGHTS OVER 3 YEARS

	31.12.2020(1)				31.12.2019(2)			31.12.2018(3)		
	Number of shares	% of capital	% of voting rights(4)	% of voting rights exercisable at GM(4)	Number of shares	% of capital	% of voting rights(4)	Number of shares	% of capital	% of voting rights(4)
Group Employee Share Ownership Plan	58,613,941	6.87%	11.18%	11.23%	55,675,710	6.52%	10.82%	49,885,581	6.17%	10.91%
BlackRock, Inc.	70,013,241	8.20%	7.62%	7.66%	55,827,300	6.54%	6.05%	48,813,400	6.04%	5.55%
The Capital Group Companies, Inc.	61,449,710	7.20%	6.69%	6.72%	17,417,900	2.04%	1.89%	28,794,220	3.56%	3.27%
Amundi	43,075,072	5.05%	4.69%	4.71%	38,767,426	4.54%	4.20%	33,023,943	4.09%	3.75%
Caisse des Dépôts et Consignations	20,599,627	2.41%	2.86%	2.88%	20,599,627	2.41%	2.85%	20,599,627	2.55%	2.99
Dodge & Cox	3,481,360	0.41%	0.38%	0.38%	41,217,200	4.83%	4.47%	33,525,300	4.15%	3.81
Free float	591,593,043	69.32%	66.09%	66.42%	620,159,451	72.67%	69.32%	587,170,171	72.68%	69.02%
Share buybacks(5)	4,545,500	0.53%	0.49%	0.00%	3,706,880	0.43%	0.40%	6,105,497	0.76%	0.69%
TOTAL	**853,371,494**	**100%**	**100%**	**100%**	**853,371,494**	**100%**	**100%**	**807,917,739**	**100%**	**100%**
Calculation base		853,371,494	918,877,571	914,332,071		853,371,494	922,891,360		807,917,739	879,624,610

(1) At 31 December 2020, the share of European shareholders in the capital is estimated at 47 %.
(2) At 31 December 2019, the share of European shareholders in the capital is estimated at 48 %.
(3) At 31 December 2018, the share of European shareholders in the capital is estimated at 47 %.
(4) In accordance with article 223-11 of the AMF's General Regulations, the calculation of the total voting rights includes voting rights associated with share buybacks and treasury shares, these shares do not give the right to vote at annual General Meetings.
(5) Of which liquidity contract (33,500 shares held at 31 December 2020).





(1) From 2006 and in accordance with Article 223-11 of the AMF's General Regulation, the calculation of the total voting rights includes voting rights associated with share buybacks and treasury shares; however, these shares do not give the right to vote at General Meetings.

7.2.4 SHARE BUYBACKS

The General Meeting of 19 May 2020 authorised the Company to buy or sell its own shares with a view to (i) cancelling bought-back shares, (ii) granting, covering and honouring any free shares allocation plan, employee savings plan and any form of allocation for the benefit of employees and company officers of the Company or affiliated companies, (iii) granting shares when rights attached to convertible securities are exercised, (iv) holding and subsequently using shares in exchange or as payment for acquisitions, and (v) executing a liquidity contract.

Share buybacks, excluding liquidity contract

During 2020, Societe Generale acquired 2,274,065 of its own shares to meet its commitments to grant free shares to its employees. These share buybacks took place from 9 November to 16 December for an average price of EUR 16.52. Transaction fees totalled EUR 0.3 million.

The transactions, in detailed and aggregate formats, may be consulted on the Group's website, in Section 6, Regulated Information.

Liquidity contract

Under the liquidity contract introduced on 22 August 2011, Societe Generale acquired 241,001 in 2020 shares for EUR 7,453,897 and sold 207,501 shares for EUR 6,436,718.

At 31 December 2020, the liquidity contract account held 33,500 shares.

From 1 January 2020 to 31 December 2020

	Purchases			Transfers/Disposals				
	Number	Purchase price per share	Total purchase price	Number	Purchase price per share	Total purchase price	Disposal/ transfer price per share	Total disposal/ transfer price
Cancellation	0	-	0.00					
Acquisitions	0							
Allocation to employees	2,2274,065	16.52	37,571,036	1,468,945	34.64	50,882,983	0.00	0
Liquidity contract	241,001	30.93	7,453,897	207,501	31.00	6,432,849	31.02	6,436,718
TOTAL	**2,515,066**	**17.90**	**45,024,933**	**1,676,446**	**34.19**	**57,315,832**	**31.02**	**6,436,718**

VALUE OF TREASURY SHARES AND BUYBACKS AT 31 DECEMBER 2020

Percentage of capital held directly or indirectly	**0.53%**
Number of shares cancelled over the last 24 months	0
Number of shares held directly	4,545,500
Book value of shares held directly	EUR 127,673,620
Market value of shares held directly(1)	EUR 77,373,501

(1) *The current value is equal to the average share price of the last month for available-for-sale listed securities.*

As at 31.12.2020	Number of shares	Nominal value (In EUR)	Book value (In EUR)
Societe Generale*	4,545,500	5,681,875	127,673,620
TOTAL	**4,545,500**	**5,681,875**	**127,673,620**

* *Including 33,500 shares held under the liquidity contract at 31 December 2020.*

7.2.5 INFORMATION ON SHARE CAPITAL

Operation	Date of record or completion	Change	Number of shares	Share capital *(In EUR)*	Change in share capital resulting from operation (%)
Exercise of stock options from 1 January 2015 to 31 December 2015	recorded on 8 January 2016	+139,651	806,239,713	1,007,799,641.25	+0.01
Free grant of shares to employees	recorded on 31 March 2016	+1,264,296	807,504,009	1,009,380,011.25	+0.15
Exercise of stock options from 1 January 2016 to 31 December 2016	recorded on 9 January 2017	+209,525	807,713,534	1,009,641,917.50	+0.02
Exercise of stock options from 1 January 2017 to 8 March 2017	recorded on 11 December 2017	+204,205	807,917,739	1,009,897,173.75	+0.02
Increase through the exercise of the option for the payment of dividends in shares	recorded on 12 June 2019	+39,814,909	847,732,648	1,059,665,810.00	+4.93
Increase through 2019 Company Savings Plan	recorded on 1 August 2019	+5,638,846	853,371,494	1,066,714,367.50	+0.67

7.2.6 TRANSACTIONS CARRIED OUT BY CORPORATE OFFICERS ON SOCIETE GENERALE SHARES

Summary statement published in compliance with Article 223–26 of the AMF General Regulation.

(In EUR)	Type of transaction	Date	Amount
Philippe AYMERICH	Acquisition of 2,500 Societe Generale shares	10.03.20	47,121
Deputy Chief Executive Officer, performed 3 operations:	Acquisition by Ms AYMERICH of 2,100 Societe Generale shares	11.03.20	39,461
	Acquisition of 1,428 Societe Generale share s	31.03.20	-
Séverin CABANNES Deputy Chief Executive Officer, performed 1 operation:	Acquisition of 13,790 Societe Generale share s	31.03.20	-
Philippe HEIM Deputy Chief Executive Officer, performed 1 operation:	Acquisition of 1,741 Societe Generale shares	31.03.20	-
Diony LEBOT	Acquisition of 3,000 Societe Generale shares	03.03.20	75,875
Deputy Chief Executive Officer, performed 3 operations:	Acquisition of 3,000 Societe Generale shares	23.03.20	41,618
	Acquisition of 1,995 Societe Generale shares	31.03.20	-
Frédéric OUDÉA Chief Executive Officer, performed 1 operation:	Acquisition of 23,480 Societe Generale shares	31.03.20	-

7.2.7 EXISTING AGREEMENTS BETWEEN SOCIETE GENERALE AND ITS SHAREHOLDERS

On 24 July 2000, Societe Generale entered into an agreement with Santander Central Hispano (which became "Banco Santander") relating to the management of their cross-holdings. According to this agreement, Societe Generale and Santander Central Hispano each grant the other party a pre-emptive right to the shares held, directly or through a subsidiary, by each of the parties in the share capital of the other, although this right does not apply in the event of a public tender offer initiated by a third party for the shares of either party.

The agreement was concluded for an initial period of three years from the date of its signature and is subsequently renewable for two-year periods.

This pre-emptive clause was published by the French Financial Markets Council (*Conseil des Marchés Financiers*) in Decision No. 201C1417 dated 30 November 2001. This agreement was still in force on 31 December 2020. However, as at this date, Banco Santander no longer held any shares in Societe Generale and Societe Generale no longer held any shares in Banco Santander.

7.3 ADDITIONAL INFORMATION

7.3.1 GENERAL INFORMATION

Name

Societe Generale

Registered office

29 boulevard Haussmann, 75009 Paris (France)

Administrative office

17 cours Valmy, 92972 Paris-La Défense (France)

Postal address: Societe Generale, Tours Societe Generale, 75886 Paris cedex 18 (France)

Telephone number: +33 (0)1 42 14 20 00

Website: *www.societegenerale.com.* The information on the website does not form part of the universal registration document.

Legal form

Societe Generale is a public limited company (*société anonyme*) established under French law and having the status of a credit institution.

Governing law

Societe Generale is a public limited company (*société anonyme*) governed by French commercial legislation, in particular by Articles L. 210-1 *et seq.* of the French Commercial Code, as well as by its By-laws.

Société Générale is a credit institution under French law authorised and supervised by the Autorité de Contrôle Prudentiel et de Résolution ("ACPR"), under the direct prudential supervision of the European Central Bank ("ECB"). As a company whose securities are admitted to trading on a regulated market and an investment services provider, Société Générale is also subject to supervision by the Autorité des Marchés Financiers ("AMF").

Societe Generale is authorised to carry out all banking transactions and provide all investment services with the exception of the investment service of operating a multilateral trading facility (MTF) or an organised trading system (OTF). It is subject to the laws and regulations specific to the financial sector, in particular the provisions of the applicable European regulations, the articles of the Monetary and Financial Code and, where applicable, to local law provisions, in particular for its branches. It is also subject to compliance with a certain number of prudential rules and, as such, to the controls of the ECB, as well as of the ACPR in respect of the latter's sphere of competence.

Date of incorporation and duration

Societe Generale was incorporated following a deed approved by decree dated 4 May 1864. The duration of Societe Generale previously set at fifty years from 1 January 1899, was subsequently extended for ninety-nine years from 1 January 1949.

It will expire on 31 December 2047, unless extended or dissolved early.

Corporate purpose

Article 3 of the Company's By-laws describes the corporate purpose. The purpose of Societe Generale is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals or legal entities, in France and abroad:

- all banking transactions;
- all transactions related to banking operations, including in particular investment services or related services referred to in Articles L. 321-1 and L. 321-2 of the French Monetary and Financial Code;
- all acquisitions of interests in other companies.

Societe Generale may also, on a regular basis, as defined in the conditions set by the French Banking and Financial Regulation Committee (*Comité de la réglementation bancaire et financière*), engage in all transactions other than those mentioned above, in particular insurance brokerage.

Generally, Societe Generale may carry out, on its own behalf, on behalf of a third party or jointly, all financial, commercial, industrial or agricultural, security or property transactions, directly or indirectly related to the abovementioned activities or likely to facilitate their accomplishment.

Identification

552 120 222 RCS PARIS

ISIN code (International Securities Identification Number): FR 0000130809

NAF (trade sector) code: 6419Z

LEI (Legal Entity Identifier): O2RNE8IBXP4R0TD8PU41

Corporate documents

Documents relating to the Company and in particular its By-laws, its accounts, the reports submitted to its General Meetings by the Board of Directors or the Statutory Auditors, are available at Tours Société Générale, 17 cours Valmy, 92972 Paris-La Défense (France).

The By-laws of Societe Generale are posted on the website under the Board of Directors tab.

Financial year

From 1 January to 31 December of each year.

Categories of shares and attached rights

Under Article 4 of the Company's By-laws, the share capital is divided into 853,371,494 fully paid-up shares with a nominal value of EUR 1.25.

Double voting rights

In accordance with Article 14 of the Company's By-laws, double voting rights are allocated, in relation to the amount of share capital represented by the shares in question, to all shares which are fully paid-up and which have been registered in the name of the same shareholder for at least two years from 1 January 1993, as well as to any new registered shares that may be freely allocated to a shareholder, in the event of a capital increase by incorporation of reserves, profits or premiums, on the basis of shares benefiting from this right.

According to the law, double voting rights cease for shares which have been converted into bearer form or if ownership of the shares is transferred. Nevertheless, transfer through inheritance, liquidation of marital assets, donation *inter vivos* to a spouse or a direct relative entitled to inherit, does not result in the loss of rights and does not affect the minimum two-year vesting period. The same applies, unless otherwise stated in the Company's By-laws, in case of transfer following a merger or a spin-off of a shareholder company. The amendment to the regulations of Fund E as at 1 January 2021 has no effect on the calculation of the double voting rights of the shares in Fund E's assets.

Restriction on voting rights

In accordance with Article 14 of the Company's By-laws, the number of votes at General Meetings to be used by one shareholder, either personally or through a proxy, may not exceed 15% of the total voting rights existing at the date of the Meeting. This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided that each proxy complies with the 15% rule. For the purposes of applying this 15% limit, shares held by a single shareholder include shares held indirectly or jointly in accordance with the conditions described in Articles L. 233-7 *et seq.* of the French Commercial Code. This limit ceases to apply when a shareholder comes to hold, following a public tender offer, either directly or indirectly or jointly with another shareholder, more than 50.01% of the Company's voting rights.

Disclosure of statutory threshold crossings

In accordance with the provisions of Article 6.2 of the Company's By-laws, any person, acting on his own or in concert, who comes to hold directly or indirectly, in any manner whatsoever, a number of shares representing at least 1.5% or 3% of the share capital or voting rights of the Company, must inform the latter, in writing, within four trading days of the crossing of this threshold, and must also indicate in his declaration the number of securities giving access to the share capital of the Company it holds. Mutual fund management companies must provide this information based on the total number of shares held in the Company by the funds they manage.

Beyond the threshold of 3%, any additional crossing of 1% of the capital or voting rights of the Company must be notified to the Company as provided by Article 6.2 of the Company's By-laws.

Any person, acting on his own or in concert, is also required to inform the Company within four trading days if the percentage of his capital or voting rights falls below each of the thresholds described in this article.

For the purposes of the obligations to disclose the crossings of statutory thresholds provided by Article 6.2 of the Company's By-laws, the shares or voting rights listed in Article L. 233-9, I of the French Commercial Code are assimilated to the shares or voting rights held.

Failure to comply with these requirements will be penalised in accordance with applicable laws, at the request of one or more shareholders holding at least 5% of the Company's capital or voting rights. Said request will be duly recorded in the minutes of the General Meeting.

Convening and rules for attending General Meetings of Shareholders

Under Article 14 of the Company's By-laws, General Meetings are convened and deliberate in accordance with the conditions set forth by the laws and regulations in force. They meet at the registered office or in any other place in mainland France indicated in the convening notice. Such meetings are chaired by the Chairman of the Board of Directors or, failing this, by a Director appointed for this purpose by the Chairman of the Board of Directors.

Regardless of the number of shares held, any shareholder whose shares are registered under the terms and at a date set by decree, has the right, upon proof of their identity and status as a shareholder, to participate in the General Meetings. A shareholder may, in accordance with the laws and regulations in force, personally attend the General Meetings, vote remotely or appoint a proxy. The intermediary registered on behalf of shareholders may participate in the General Meetings, under the conditions set forth by the provisions of the laws and regulations in force.

In order for the ballots to be counted, they must be received by the Company at least two days before the General Meeting is held, unless a shorter period is specified in the convening notice or required by the regulations in force.

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication, when provided for in the convening notice and subject to the conditions defined therein.

The General Meeting may be publicly broadcast by means of electronic communication subject to the approval of and under the terms set by the Board of Directors. Notice will be given in the notice of meeting and/or the convening notice.

In all General Meetings, the voting right attached to shares with a right of usufruct is exercised by the usufructuary.

Identifiable bearer securities

Societe Generale may at any time, in accordance with the provisions of the laws and regulations in force, ask the organisation responsible for securities clearing to provide information relating to the securities granting the right to vote in its General Meetings, either immediately or in the future, as well as information about the holders of these securities.

Employee shareholding

Following the amendments to the by-laws voted by the extraordinary General Meeting on 19 May 2020, as from the next General Meeting on 18 May 2021, employee shareholders will be represented on the Board of Directors by a Director, in addition to the two Directors representing all employees. The level of employee shareholding, calculated for the specific need of this new director appointment represents, in accordance with the calculation methods provided in Article L. 225-102 of the French Commercial Code and with the new stipulations of Article 6.5 of the by-laws, 8,09% of the share capital on 31 December 2020.

Following the amendments of the rules of the FCPE "Société Générale actionnariat (FONDS E)" decided on 16 April 2020, which came into force on 1 January 2021, in accordance with paragraph 3 of Article L. 214-165 II of the French Monetary and Financial Code, the voting rights relating to Société Générale shares included in the assets of this fund, corresponding to 9,72% of the voting rights on 1 January 2021, will be exclusively exercised individually by the unit holders and, for the fractional units forming fractional rights, by the Supervisory Board of this fund.

7.4 BY-LAWS

NAME – TYPE OF COMPANY – DURATION - REGISTERED OFFICE – PURPOSE

Article 1

The Company, named Societe Generale, is a public limited company incorporated by deed approved by the Decree of 4 May 1864, and is approved as a bank.

The duration of Societe Generale, previously fixed at 50 years with effect from 1 January 1899, was then extended by 99 years with effect from 1 January 1949.

Under the legislative and regulatory provisions relating to credit institutions, notably the articles of the French Monetary and Financial Code that apply to them, the Company is subject to commercial laws, in particular articles L. 210-1 *et seq.* of the French Commercial Code, as well as these By-laws.

Article 2

Societe Generale's registered office is at 29, boulevard Haussmann, Paris (9th arrondissement).

In accordance with current legislative and regulatory provisions, it may be transferred to any other location.

Article 3

The purpose of Societe Generale is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals and corporate entities, in France or abroad:

- all banking transactions;
- all transactions related to banking operations, including in particular investment services or allied services as listed by articles L. 321-1 and L. 321-2 of the French Monetary and Financial Code;
- all acquisitions of interests in other entities.

Societe Generale may also, on a regular basis, as defined in the conditions set by the regulations in force, engage in all transactions other than those mentioned above, including in particular insurance brokerage.

Generally, Societe Generale may carry out, on its own behalf, on behalf of a third party or jointly, all financial, commercial, industrial, agricultural, moveable assets or real property transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate the accomplishment of such activities.

CAPITAL – SHARES

Article 4

4.1. SHARE CAPITAL

The share capital amounts to EUR 1,066,714,367.50. It is divided into 853,371,494 fully paid-up shares, each with a nominal value of EUR 1.25.

4.2. CAPITAL INCREASE AND REDUCTION

The capital may be increased or reduced on the decision of the competent General Meeting or Meetings.

Any capital reduction motivated by losses shall be divided between shareholders in proportion to their share of the capital.

Article 5

Unless otherwise provided by legislative, regulatory or statutory provisions, all shares have the same rights.

All shares which make up or which will make up the share capital will be given equal rank as regards taxes. Consequently, all taxes which, for whatever reason, may become payable on certain shares following capital reimbursement, either during the life of the Company or during its liquidation, shall be divided between all the shares making up the capital on such reimbursement(s) so that, while allowing for the nominal and non-amortized value of the shares and for their respective rights, all present or future shares shall entitle their owners to the same effective advantages and to the right to receive the same net sum.

Whenever it is necessary to possess a certain number of shares in order to exercise a right, it is incumbent on shareholders who own fewer shares than the total number required to assemble the necessary number of shares.

Article 6

6.1. FORM AND TRANSFER OF SHARES

The shares may, in accordance with the holder's wishes, be registered or bearer shares and shall be freely negotiable, unless otherwise stipulated by legislative and regulatory provisions.

6.2. STATUTORY THRESHOLDS

Any person, acting on his own or in concert, who comes to hold directly or indirectly, in any manner whatsoever, a number of shares representing at least 1.5% or 3% of the share capital or voting rights of the Company, must inform the Company, in writing, within four trading days of the crossing of this threshold, and must also indicate in his declaration the number of securities giving access to the share capital of the Company it holds. Mutual fund management companies must provide this information based on the total number of shares held in the Company by the funds they manage.

Beyond the threshold of 3%, any additional crossing of 1% of the capital or voting rights of the Company must be notified to the Company under the aforementioned conditions.

Any person, acting on his own or in concert, is also required to inform the Company within four trading days if the percentage of his capital or voting rights falls below each of the thresholds described in this article.

For the purposes of the three preceding subparagraphs, the shares or voting rights listed in Article L. 233-9, I of the French Commercial Code are assimilated to the shares or voting rights held.

Failure to comply with these requirements will be penalized in accordance with applicable laws, at the request of one or more shareholders holding at least a 5% in the Company's capital or voting rights. Said request will be duly recorded in the minutes of the General Meeting.

6.3. SHAREHOLDERS' RIGHTS

The rights of shareholders shall comply with applicable legislative and regulatory provisions, subject to the specific provisions of the current by-laws.

6.4. EMPLOYEE SHAREHOLDING

Registered shares held directly by employees and governed by Article L. 225-197-1 of the French Commercial Code are taken into account in determining the proportion of capital held by employees in accordance with the legislative and regulatory provisions in force.

BOARD OF DIRECTORS

Article 7

I – DIRECTORS

The Company is managed by a Board of Directors made up of three categories of Directors:

1. Directors appointed by the Ordinary General Meeting of Shareholders.

There are at least nine of these Directors, and thirteen at the most.

The term of office of Directors appointed by the Ordinary General Meeting is four years.

When, in application of current legislative and regulatory provisions, a Director is appointed to replace another, then his term of office shall not exceed the term of office remaining to be served by his predecessor.

Each Director must hold at least six hundred shares.

2. Directors representing the employees elected by employees.

The status and methods of electing these Directors are laid down by Articles L. 225-27 to L. 225-34 of the French Commercial Code, as well as by these By-laws.

There are two Directors, one to represent the executives and one to represent all other Company employees.

In any event, their number may not exceed one third of the Directors appointed by the General Meeting.

Their term of office is three years.

3. A Director representing employee shareholders appointed by the Ordinary General Meeting of Shareholders.

The General Meeting appoints a Director representing employee shareholders.

The term of office is four years.

Regardless of the appointment procedure, the duties of a Director cease at the end of the Ordinary General Meeting called to approve the financial statements of the previous fiscal year and held during the year in which his term of office expires.

Directors may be reelected, as long as they meet the legislative and regulatory provisions in force, particularly with regard to age.

This provision shall apply from the General Meeting convened to approve the accounts for the 2020 financial year.

II – METHODS OF ELECTING

1. Directors representing employees elected by employees.

For each seat to be filled, the voting procedure is that set forth by the legislative and regulatory provisions in force.

The first Directors elected by employees will begin their term of office during the Board of Directors' meeting held after publication of the full results of the first elections.

Subsequent Directors shall take up office upon expiry of the outgoing Directors' terms of office.

If, under any circumstances and for any reason whatsoever, there shall remain in office less than the statutory number of elected Directors before the normal end of the term of office of such Directors, vacant seats shall remain vacant until the end of the term of office and the Board shall continue to meet and take decisions validly until that date.

Elections shall be organised every three years so that a second vote may take place at the latest fifteen days before the normal end of the term of office of outgoing Directors.

For both the first and second ballot, the following deadlines should be adhered to:

- posting of the date of the election at least eight weeks before the polling date;
- posting of the lists of the electors at least six weeks before the polling date;
- registration of candidates at least five weeks before the polling date;
- posting of lists of candidates at least four weeks before the polling date;
- sending of documents required for postal voting at least three weeks before the polling date.

The candidatures or lists of candidates other than those entered by a representative trade union should be accompanied by a document including the names and signatures of the one hundred employees presenting the candidates.

Polling takes place the same day, at the work place, and during working hours. Nevertheless, the following may vote by post:

- employees not present on the day of polling;
- employees working abroad;
- employees of a department or office, or seconded to a subsidiary in France, not having a polling station, or who cannot vote in another office.

Each polling station consists of three elective members, the Chairman being the oldest one among them. The Chairman is responsible for seeing that voting operations proceed correctly.

Votes are counted in each polling station, and immediately after the closing of the polls; the minutes are drawn up as soon as the counting has been completed.

Results are immediately sent to the Head Office of Societe Generale, where a centralized results station will be set up with a view to drafting the summary report and announcing the results.

Methods of polling not specified by Articles L. 225-27 to L. 225-34 of the French Commercial Code or these By- laws are decreed by the General Management after consulting with the representative trade unions.

These methods may include electronic voting, whose organization may deviate from the practical organization and conduct of the election described herein.

2. Director representing employee shareholders appointed by the Ordinary General Meeting of Shareholders.

When the legal conditions are met, a member of the Board of Directors representing employee shareholders is appointed by the Ordinary General Meeting in accordance with the terms and conditions set by the regulations in force and by these By-laws.

The term of office is identical to the terms of the other Directors appointed by the Ordinary General Meeting. The term of office is exercised by the candidate appointed, or by his replacement in the event of definitive termination, during the term of office, of the duties as Director of the candidate with whom he was appointed. The term of office ends automatically in the event of loss of the capacity of employee of the Company or of an affiliated company within the meaning of the regulations in force.

Candidates for appointment as Director representing employee shareholders are nominated by a single election of all employee shareholders, including holders of units of mutual funds invested in Societe Generale securities. The scope of voters and eligible candidates is defined by the regulations in force and these By-laws.

Employee shareholders may be consulted by any technical means that ensures the reliability of the vote, including electronic voting or postal ballot. Each elector has a number of votes equal to the number of shares he holds directly or indirectly through a mutual fund.

Every candidate must stand for election with a replacement who meets the same legal conditions of eligibility as the candidate. The replacement is called upon to replace the candidate for the remainder of the term of office. The candidate and his replacement shall be of different sexes.

Only candidacies presented by voters (i) representing at least 0.1% of the shares held directly or indirectly by employee shareholders and (ii) benefitting from 100 sponsorships of employees who vote, are admissible.

Minutes of the consultation are drawn up: they include the number of votes received by each of the candidates as well as a list of validly nominated candidates and replacements.

Only the two candidacies having obtained the highest number of votes cast during the consultation of employee shareholders shall be submitted to the vote of the Ordinary General Meeting.

The procedures relating to the organization and conduct of the consultation of employee shareholders and the appointment of candidates not defined by the regulations in force and these Articles of Association shall be determined by the Board of Directors, on the proposal of the General Management.

The Board of Directors presents the designated candidates and their replacements to the Ordinary General Meeting by means of separate resolutions, and approves, if necessary, one of the resolutions.

The Director representing employee shareholders and his replacement are appointed by the Ordinary General Meeting from among the validly nominated candidates and replacements. Under the quorum and majority conditions applicable to any appointment of a Director, the person who has received the highest number of votes cast by the shareholders present or represented at the Ordinary General Meeting shall be elected as Director.

The Director representing employee shareholders shall hold on a continuous basis, either directly or through a mutual fund, at least one share or a number of shares of such fund equivalent to at least one share. Failing this, he shall be deemed to have resigned automatically unless he has rectified his situation within three months.

In the event of the definitive termination of the mandate of the Director representing employee shareholders, his replacement, if he still meets the eligibility conditions, shall take up office immediately for the remainder of the term of office. If he is no longer a shareholder, he must rectify his situation within three months of taking office; failing this, he is deemed to have resigned at the end of this period.

In the event of a vacancy, for any reason whatsoever, in the office of the Director representing employee shareholders, the appointment of candidates to replace the Director representing employee shareholders shall be made under the conditions provided for in this article, at the latest before the meeting of the next Ordinary General Meeting or, if such meeting is held less than four months after the vacancy occurs, before the next Ordinary General Meeting. The Director representing employee shareholders so appointed to the vacant position shall be appointed for the duration of one term of office.

Until the date of replacement of the Director representing the employee shareholders, the Board of Directors may validly meet and deliberate.

In the event that, during the term of office, the conditions provided for by the regulations in force for the appointment of a Director representing employee shareholders are no longer met, the term of office of the Director representing employee shareholders shall end at the end of the Ordinary General Meeting at which the Board of Directors' report acknowledging this fact is presented.

III – NON-VOTING DIRECTORS

On the proposal of the Chairman, the Board of Directors may appoint one or two Non-Voting Directors.

Non-Voting Directors are convened and attend Board of Directors' meetings in a consultative capacity.

They are appointed for a period not exceeding four years and the Board can renew their terms of office or terminate them at any time.

They may be selected from among shareholders or non-shareholders, and receive an annual remuneration determined by the Board of Directors.

Article 8

The Board of Directors determines the Company's strategy and ensures its implementation, in accordance with its corporate interest, taking into consideration the social and environmental stakes of its activity. Subject to the powers expressly attributed to the General Meeting and within the scope provided for in the corporate purpose, it considers all matters that affect the Company's operations and settles by its decisions matters that concern it.

It carries out all the controls and verifications it deems appropriate. The Chairman or Chief Executive Officer is required to furnish each Director with all documents and information required to carry out their function.

Article 9

The Board of Directors elects a Chairman from among its natural person members, determines his remuneration and sets the duration of his term of office, which may not exceed that of his term of office as Director.

No member of 70 years of age or more shall be appoint- ed Chairman. If the Chairman in office reaches the age of 70, his duties shall cease after the next Ordinary General Meeting called to approve the financial statements of the preceding fiscal year.

The Chairman organises and manages the work of the Board of Directors and reports on its activities to the General Meeting. He ensures that the Company's bodies operate correctly and in particular ensures that the Directors are able to fulfil their functions.

Article 10

The Board of Directors meets as often as is required by the interests of the Company, upon convocation by the Chairman, either at the registered office or in any other place indicated in the Notice of Meeting. The Board examines the items placed on the agenda.

It shall meet when at least one-third of Board members or the Chief Executive Officer submits a request for a meeting with a specific agenda to the Chairman.

If the Chairman is unable to attend, the Board of Directors can be convened either by one-third of its members, or by the Chief Executive Officer or a Deputy Chief Executive Officer, provided they are members of the Board.

Unless specifically provided for, Directors are called to meetings by letter or by any other means. In any event, the Board may always deliberate validly if all its members are present or represented.

Under the conditions provided for by the legislative and regulatory provisions in force, decisions falling within the powers of the Board of Directors as well as decisions to transfer the registered office within the same department may be taken by written consultation with the Directors.

Article 11

Board meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Director designated for this purpose at the beginning of the meeting.

Every Director may give his proxy to another Director, but a Director may act as proxy for only one other Director and a proxy can only be given for one specific meeting of the Board.

In all cases, deliberations of the Board are valid only if at least half the members are present.

The Chief Executive Officer attends meetings of the Board.

One or several delegates of the Central Social and Economic Committee attend Board meetings, under the conditions laid down by the legislative and regulatory provisions in force.

At the request of the Chairman of the Board of Directors, members of the Management, the Statutory Auditors or other persons outside the Company with specific expertise relating to the items on the agenda may attend all or part of a Board meeting.

Resolutions are adopted by a majority vote of the Directors present or represented. In the event of a tie, the Chairman holds a casting vote.

A member of the Management appointed by the Chairman serves as Secretary of the Board.

Minutes are prepared and copies or extracts certified and delivered in accordance with the legislative and regulatory provisions in force.

Article 12

Under the conditions provided for by the legislative and regulatory provisions in force, members of the Board may receive, for the term of their offices, a remuneration. the total amount of which shall be determined by the General Meeting and which shall be split among the Directors by the Board according to allocation principles submitted to the General Meeting.

GENERAL MANAGEMENT

Article 13

The General Management of the Company is the responsibility of either the Chairman of the Board of Directors, or any other individual appointed by the Board of Directors to act as Chief Executive Officer.

The Board of Directors may choose between the two general management structures, and its decision is only valid if:

- the agenda with respect to this choice is sent to members at least 15 days before the date of the Board Meeting;
- at least two-thirds of Directors are present or represented.

Shareholders and third parties shall be informed of this decision in accordance with the regulations in force.

When the Chairman of the Board of Directors assumes responsibility for the general management of the Company, the following provisions relating to the Chief Executive Officer shall be applicable to him.

The Chief Executive Officer shall be vested with the most extensive powers to act under any circumstances on behalf of the Company. He shall exercise these powers within the scope of the Company's purpose and subject to those powers expressly assigned by law to meetings of shareholders and the Board of Directors. He shall represent the company vis-à-vis third parties.

The Board of Directors sets the remuneration under the conditions provided for by the legislative and regulatory provisions in force and the duration of the Chief Executive Officer's term, which may not exceed that of the dissociation of the functions of Chairman and Chief Executive Officer nor, where applicable, the term of his Directorship.

No person aged 70 or more may be appointed Chief Executive Officer. If the Chief Executive Officer in office reaches 70 years of age, his functions shall end at the end of the next Ordinary General Meeting called to approve the financial statements of the preceding fiscal year.

On recommendation by the Chief Executive Officer, the Board of Directors can appoint up to five persons to assist the Chief Executive Officer, who shall have the title Deputy Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of Directors determines the extent and duration of the powers granted to Deputy Chief Executive Officers. The Board of Directors sets their remuneration under the conditions provided for by the legislative and regulatory provisions in force. With respect to third parties, Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

SHAREHOLDERS' MEETING

Article 14

General Meetings are comprised of all shareholders.

The General Meeting is called and deliberates as provided for by the legal and regulatory provisions in force.

It meets at the Company's Head office or in any other place in mainland France indicated in the Notice to attend the General Meeting.

Such meetings are chaired by the Chairman of the Board or, in his absence, by a Director appointed for this purpose by the Chairman of the Board.

Regardless of the number of shares held, all shareholders whose shares are registered under the terms and at a date set forth by the legislative and regulatory provisions in force, have the right, upon proof of their identity and status as a shareholder, to participate in the General Meetings. The shareholders may, as provided for by the legal and regulatory provisions in force, personally attend the General Meetings, vote remotely or appoint a proxy.

The intermediary registered on behalf of shareholders may participate in the General Meetings, as provided for by the legal and regulatory provisions in force.

In order for the ballots to be counted, they must be received by the Company at least two days before the General Meeting is held, unless otherwise specified in the Notice of Meeting or required by the regulations in force.

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication, when stipulated in the Notice of Meeting and subject to the conditions provided therein.

The General Meeting may be publicly broadcast by means of electronic communication subject to the approval and under the terms set by the Board of Directors. Notice will be given in the preliminary Notice of Meeting and/or Notice to attend the Meeting.

Double voting rights, in relation to the share of capital stock they represent, are allocated to all those shares which are fully paid up and which have been registered in the name of the same shareholder for at least two years as from 1 January 1993. Double voting rights are also allocated to new registered shares that may be allocated free of charge to a shareholder in respect of the shares with double voting rights already held by him, in the case of a capital increase by incorporation of reserves, earnings, or additional paid-in capital.

The number of votes at General Meetings to be used by one shareholder, either personally or by a proxy, may not exceed 15% of total voting rights at the date of the Meeting.

This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided each shareholder for whom they act as proxy complies with the rule stipulated in the previous paragraph.

For the purposes of applying this limit, shares held by a single shareholder include shares held indirectly or jointly in accordance with the conditions described in Articles L. 233-7 *et seq.* of the French Commercial Code.

This limit ceases to apply when a shareholder acquires – either directly or indirectly or jointly with another share-holder – more than 50.01% of the Company's voting rights following a public offering.

In all General Meetings, the voting right attached to shares that include a usufructuary right, is exercised by the usufructuary.

SPECIAL MEETINGS

Article 15

When different categories of shares exist, the Special Meetings of the Shareholders of such categories of shares deliberate as provided by applicable legislative and regulatory provisions and Article 14 herein.

STATUTORY AUDITORS

Article 16

The Statutory Auditors are appointed and carry out their duties according to the applicable legislative and regulatory provisions.

ANNUAL FINANCIAL STATEMENTS

Article 17

The financial year starts on 1 January and ends on 31 December.

The Board of Directors prepares the financial statements for the year under the conditions set by the applicable legislative and regulatory provisions.

All other documents prescribed by the applicable legislative and regulatory provisions are also drawn up.

Article 18

The results for the year are determined in accordance with the applicable legal and regulatory provisions.

At least 5% of the profits for the year, less any previous losses, must be set aside by the legislative provisions in force to form a reserve fund until said fund reaches 10% of the capital.

The net income available after this deduction, increased by any net income brought forward, constitutes the profits available for distribution, to be successively allocated to ordinary, extraordinary or special reserves or to be carried forward in those amounts which the General Meeting may deem useful, upon the recommendation of the Board of Directors.

The balance is then allocated to the Shareholders in pro- portion to their stake in the share capital.

The General Meeting may also resolve to distribute amounts from available reserves.

The General Meeting approving the annual financial statements may, with regard to the whole or part of the dividend or interim dividend, grant each shareholder the option to choose between payment of the dividend or interim dividend in cash or in shares in accordance with the conditions set by the legislative and regulatory provisions in force. A shareholder who exercises this option must do so for all of the dividends or interim dividends attached to their shares.

Except in cases of a reduction in capital, no distribution may be made to shareholders if the Shareholders' equity of the Company is or may subsequently become less than the minimum capital and reserves that may not be distributed by the legislative or statutory provisions.

FORUM SELECTION CLAUSE

Article 19

Any dispute arising during the life of the Company or during its liquidation, between the Company and its shareholders or among the shareholders themselves, related to Company matters, shall be brought before the courts under the proper jurisdiction effective at the Company's registered office.

DISSOLUTION

Article 20

In the event that Societe Generale is wound up and unless otherwise provided for by the legislative and regulatory provisions in force, the General Meeting determines the method of liquidation, appoints the liquidators on the proposal of the Board of Directors and continues to exercise its assigned powers during said liquidation until completion thereof.

The net assets remaining after repayment of the nominal value of the shares are distributed among the shareholders, in proportion to their share of the capital.

7.5 INTERNAL RULES OF THE BOARD OF DIRECTORS[1]

(Updated on 15 April 2020)

Preamble

The Board of Directors collectively represents all shareholders and acts in the Company's interest. Each Director, regardless of the manner in which he/she was appointed, must act in all circumstances in the Company's corporate interest.

Societe Generale applies the AFEP-MEDEF Corporate Governance Code for listed companies. As a credit institution, Societe Generale is subject to the provisions of the French Commercial Code, the French Monetary and Financial Code and more generally the regulatory texts applicable to the banking sector.

The purpose of these Internal Rules is to define the Board of Directors' organization and operating procedures and to specify the rights and obligations of its members.

The Board of Directors ensures that Societe Generale has a solid governance system including, in particular, a clear organization ensuring a well-defined, transparent and coherent sharing of responsibilities, effective procedures for the detection, management, monitoring and reporting of risks to which the Company is or could be exposed, an adequate internal control system, sound administrative and accounting procedures and compensation policies and practices enabling and promoting sound and effective risk management.

Article 1: Powers of the Board of Directors

1.1 The Board of Directors shall deliberate on any issue falling within its legal or regulatory powers and devote sufficient time to perform its missions.

1.2 The Board of Directors is competent, the enumeration is not to be regarded as exhaustive, in the following areas:

a) Strategic directions and operations

The Board of Directors:

- approves the Group's strategic directions, ensures their implementation and reviews them at least once a year; these directions include the values and the Code of Conduct of the Group as well as the main thrusts of the policy followed with respect to social and environmental responsibility, human resources, information systems and organization;
- approves the plans for strategic operations, in particular acquisitions or disposals, which may have a significant impact on the Group's earnings, its balance sheet structure or its risk profile.

This prior approval process concerns:

- organic growth transactions of a unit amount higher than EUR 250 million and not already approved as part of the annual budget or the strategic plan;
- external growth transactions of a unit amount higher than EUR 500 million or higher than EUR 250 million if these transactions do not fall within the development priorities approved in the strategic plan;
- disposal transactions of a unit amount higher than EUR 250 million;
- partnership transactions with a compensation (*soulte*) of an amount higher than EUR 250 million;
- transactions substantially degrading the Group's risk profile.

The Chairman shall assess, on a case-by-case basis, the appropriateness of a referral to the Board of Directors to deliberate on a transaction that does not fall under the aforementioned circumstances.

During each Board of Directors' meeting, an update is made on the transactions concluded since the previous meeting as well as on the main projects in progress and likely to be concluded before the next Board of Directors' meeting.

b) Financial statements and communication

The Board of Directors:

- ensures the accuracy and truthfulness of the annual and consolidated annual accounts and the quality of the information provided to the shareholders and the market;
- approves the Management Report;
- controls the publication and communication process, the quality and reliability of the information to be published and communicated.

c) Risk management

The Board of Directors:

- approves the global strategy and the appetite in terms of risks of any kind and controls the related implementation. To this end, it approves and regularly reviews the strategies and policies governing the taking, management, monitoring and reduction of the risks to which the Company is or could be exposed, including the risks created by the economic environment; ensures, in particular, the adequacy and effectiveness of the risk management systems, controls the risk exposure from its activities and approves the overall risk limits; ensures the effectiveness of the corrective measures taken in the event of a default.

d) Governance

The Board of Directors:

- appoints the Chairman, the Chief Executive Officer and, upon the latter's proposal, the Deputy Chief Executive Officer(s); it determines any possible limitations on the powers of the Chief Executive Officer and the Deputy Chief Executive Officer(s);
- reviews the governance system, periodically assesses its effectiveness and ensures that corrective measures to remedy potential shortcomings have been taken;
- ensures, in particular, compliance with the banking regulations with respect to internal control;
- determines the orientations and controls the implementation by the Effective Senior Managers[2] of the oversight systems in order to ensure effective and prudent management of the institution, in particular the avoidance of conflicts of interest;

(1) This document does not form part of Societe Generale's By-laws.

(2) Persons designated as such with the European Central Bank (ECB) and the French Prudential Supervisory and Resolution Authority (ACPR) pursuant to banking regulations. For Societe Generale, these are the Chief Executive Officer and the Deputy Chief Executive Officers.

- deliberates on changes to the Group's management structures prior to their implementation and is informed of the main changes to its organization;
- deliberates at least once a year, on its operation and that of its Committees, on the skills, aptitudes and availability of its members (see Articles 2 and 3) as well as on the conclusions of the periodic assessment thereof;
- reviews once a year the succession plan for the Chairman of the Board of Directors and the Chief Executive Officers (*dirigeants mandataires sociaux*);
- gives, where appropriate, its prior consent to the dismissal of the Chief Risk Officer, after the Risk Committee and the Nomination and Corporate Governance Committee have been consulted;
- prepares the Report on corporate governance submitted to the General Meeting of Shareholders.

e) Compensation and wage policy

The Board of Directors:

- distributes the overall amount of the Directors' compensation in accordance with Article 15 of these Internal Rules;
- establishes the compensation policy principles applicable in the Group, in particular regarding the categories of staff whose activities have a significant impact on the Group's risk profile, and ensures that the internal control systems enable to verify that these principles comply with the regulations and professional standards and are consistent with the objectives for risk control;
- sets the compensation of the Chairman of the Board of Directors and the Chief Executive Officers (*dirigeants mandataires sociaux*), in particular their fixed and variable compensation, including benefits in kind, allocations of performance shares or any compensation instruments, as well as post-employment benefits;
- deliberates once a year on the Company's policy regarding professional and wage equality between men and women.

f) Preventive recovery plan

The Board of Directors:

- establishes the preventive recovery plan that is communicated to the European Central Bank and deliberates on any similar plan requested by foreign supervisory authorities.

Article 2: Skills/Aptitudes of the members of the Board of Directors

2.1 The members of the Board of Directors shall have at all times the good repute, knowledge, skills and experience necessary for the performance of their duties and, collectively, the knowledge, skills and experience necessary to understand the Company's activities, including the main risks to which it is exposed.

2.2 Each Director continually ensures to improve his/her knowledge of the Company and its sector of activity.

Article 3: Availability of the members of the Board of Directors

3.1 The members of the Board of Directors shall devote sufficient time to the performance of their functions.

Under the conditions defined by the legislation in force, they may hold, within any legal entity, only one executive Directorship and two nonexecutive Directorships or only four nonexecutive Directorships. For the purpose of this rule, Directorships held within the same group are considered to be a single Directorship. The European Central Bank may authorize a member of the Board of Directors to hold an additional nonexecutive Directorship.

3.2 Any Director holding an executive Directorship in the Group must obtain the opinion of the Board of Directors before accepting a mandate in a listed company; the Director must comply with the procedure set out in Article 14 "Conflicts of interest".

3.3 The Director shall promptly inform the Chairman of any change in the number of Directorships held, including his/her participation in a Committee of a Board, as well as any change in professional responsibility.

He/she undertakes to let the Board of Directors decide whether he/she should continue to serve as a Director in the event of a significant change in his/her professional responsibilities or mandates.

He/she undertakes to resign from his/her Directorship when he/she no longer considers himself/herself able to perform his/her duties within the Board of Directors and the Committees of which he/she is a member.

3.4 The Directors, under the conditions defined by the By-laws, may participate in meetings of the Board or of the Committees by videoconference or telecommunication means enabling their identification and guaranteeing their effective participation.

3.5 The Registration Document reports on the attendance of Directors at meetings of the Board of Directors and the Committees.

3.6 The Directors shall attend the General Meetings of Shareholders.

Article 4: Ethics of the members of the Board of Directors

4.1 The Director keeps, in all circumstances, his/her independence of analysis, judgment, decision and action.

He/she undertakes not to seek or accept any benefit likely to compromise his/her independence.

4.2 Each Director must comply with the provisions of the rules on market abuse (Regulation (EU) n° 596/2014 dated 16 April 2014 and its delegated and implementing regulations supplementing it and defining technical standards; French Monetary and Financial Code; General Regulations, position-recommendation and instruction of the French Financial Markets Authority) in particular the ones relating to the communication and the use of inside information with regard to Societe Generale shares, debt securities and derivatives instruments or other financial instruments related to the Societe Generale share (hereinafter, Financial instruments). He/she must also comply with these same rules for Financial instruments of his/her subsidiaries or listed investments or companies on which he/she may hold inside information received as a result of his/her participation in the Board of Directors of Societe Generale.

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

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

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

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

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

4.5 Directors must hold in registered form all Societe Generale shares they have under the obligation provided for in Article 16 of these Internal Rules.

Article 5: The Chairman of the Board of Directors

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

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

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

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

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

5.6 He/she devotes his/her best efforts to promote in all circumstances the values and the image of the Company. In consultation with the General Management, he/she may represent the Group in its high-level relations, in particular with major clients, regulators, major shareholders and public authorities, both domestically and internationally.

5.7 He/she has the material resources necessary for the performance of his/her missions.

5.8 The Chairman has no executive responsibilities, these responsibilities being exercised by the General Management which proposes and applies the Company's strategy, within the limits defined by law and in compliance with the corporate governance rules and directions set by the Board of Directors.

Article 6: Meetings of the Board of Directors

6.1 The Board of Directors shall hold at least eight meetings per year.

6.2 The Directors who participate in the meeting of the Board of Directors by means of videoconference or telecommunication enabling their identification and guaranteeing their effective participation shall be deemed present for the calculation of the quorum and the majority. To this end, the means chosen shall transmit at least the voice of the participants and comply with technical characteristics enabling the continuous and simultaneous transmission of the deliberations.

This provision does not apply when the Board of Directors is convened to carry out the work for establishing and adopting the annual and consolidated annual accounts and the Management Report.

6.3 Convening notices, which may be transmitted by the Secretary of the Board of Directors, are sent by letter, fax, e-mail or by any other means, including verbally.

6.4 Upon decision of the Chairman, the Deputy Chief Executive Officers or other Group senior managers or, where relevant, external persons whose attendance is useful to the deliberations may attend all or part of the meetings of the Board of Directors.

Article 7: Information provided to the Board of Directors

7.1 The Chairman or the Chief Executive Officer shall provide each Director with all information and documents necessary for the performance of his/her missions; he/she is provided with computer equipment enabling easy access to them.

7.2 Effective Senior Managers shall inform the Board of Directors of all significant risks, risk management policies and changes made to them.

7.3 If necessary, in the event of changes in the risks affecting or likely to affect the Company, the Chief Risk Officer may report directly to the Board of Directors.

7.4 Meetings of the Board of Directors and the Committees are preceded by the on-line publication or availability in due course of a file on the agenda items that require special analysis and prior reflection whenever the respect of confidentiality so permits.

Moreover, between meetings, Directors shall receive all useful information, including critical information, about events or transactions significant for the Company. In particular, they shall receive press releases issued by the Company.

Article 8: Training of Directors

8.1 The Company devotes the necessary human and financial resources to the training of the Directors and, especially, the Directors representing the employees.

8.2 Training sessions on the specificities of the banking activity are organised each year.

Each Director may, on his/her appointment or throughout his/her term of office, benefit from any training that he/she deems necessary for the performance of the mandate.

8.3 These training sessions shall be organised by the Company which shall bear their costs.

Article 9: Committees of the Board of Directors

9.1 In certain areas, the Board of Directors' deliberations are prepared by specialized Committees composed of Directors appointed by the Board of Directors, which examine matters within their remit and submit their opinions and proposals to the Board of Directors.

9.2 These Committees are composed of members of the Board of Directors who do not hold any executive function within the Company and who have suitable knowledge for the performance of the missions of the Committee in which they participate.

These Committees may decide, as necessary, to involve other Directors, without the right to vote, in their meetings.

9.3 They shall have the necessary means to perform their missions and act under the responsibility of the Board of Directors.

9.4 In the performance of their respective duties, they may request the communication of any relevant information, hear the Chief Executive Officer, the Deputy Chief Executive Officers as well as the Group's senior managers and, after having informed the Chairman, request the carrying out of external technical studies, at the Company's expense. They shall report on the information obtained and the opinions collected.

9.5 There are four standing Committees:

- the Audit and Internal Control Committee,
- the Risk Committee,
- the Compensation Committee, and
- the Nomination and Corporate Governance Committee.

9.6 Upon decision of the Chairmen of the relevant Committees, joint meetings between Committees may be arranged on topics of common interest. These meetings are co-chaired by the Chairmen of the Committees.

9.7 The Board of Directors may create one or more *ad hoc* Committees.

9.8 The Risk Committee, the Compensation Committee and the Nomination and Corporate Governance Committee may perform their missions for Group companies on a consolidated or sub-consolidated basis.

9.9 Each Committee shall be chaired by a Chairman appointed by the Board of Directors based on a proposal from the Nomination and Corporate Governance Committee.

The Secretariat of each Committee is provided by a person designated by the Secretary of the Board of Directors.

9.10 The Chairman of each Committee shall report to the Board of Directors on the Committee's work. A written report of the Committees' work shall be regularly circulated to the Board of Directors.

Each Committee shall submit its annual work program to the Board of Directors.

9.11 Each Committee shall give an opinion to the Board of Directors on the part of the Registration Document dealing with the issues falling within its scope of activity and prepare an annual Activity Report, submitted to the Board of Directors' approval, to be inserted in the Registration Document.

Article 10: The Audit and Internal Control Committee

10.1 The Audit and Internal Control Committee's mission is to monitor issues concerning the preparation and control of accounting and financial information as well as the monitoring of the effectiveness of internal control, measurement, monitoring and risk control systems.

10.2 In particular, it is responsible for:

a) ensuring the monitoring of the process for the production of the financial information, particularly reviewing the quality and reliability of existing systems, making proposals for their improvement and ensuring that corrective actions have been implemented in the event of a malfunction in the process; where appropriate, it makes recommendations to ensure their integrity;

b) analyzing the draft accounts to be submitted to the Board of Directors in order to, in particular, verify the clarity of the information provided and assess the relevance and consistency of the accounting methods adopted for drawing up annual accounts and consolidated annual accounts;

c) conducting the procedure for selecting the Statutory Auditors and issuing a recommendation to the Board of Directors, developed in accordance with the provisions of Article 16 of the regulation (EU) n° 537/2014 dated 16 April 2014, concerning their appointment or renewal as well as their remuneration;

d) ensuring the independence of the Statutory Auditors in accordance with the regulations in force;

e) approving, in accordance with Article L. 823-19 of the French Commercial Code and the policy adopted by the Board of Directors, the provision of services other than the certification of accounts referred to in Article L. 822-11-2 of the said Code after analyzing the risks to the Statutory Auditor's independence and the safeguard measures applied by the latter;

f) reviewing the work program of the Statutory Auditors and, more generally, monitoring the control of the accounts by the Statutory Auditors in accordance with the regulations in force;

g) ensuring the monitoring of the effectiveness of internal control, risk management and internal audit systems, with regard to the procedures for the preparation and processing of the accounting and financial information. To this end, the Committee is responsible in particular for:

- reviewing the Group's permanent control quarterly dashboard,
- reviewing the internal control and risk control of the business segments, divisions and main subsidiaries,
- reviewing the Group's periodic monitoring program and giving its opinion on the organization and functioning of the internal control departments,
- reviewing the follow-up letters from the banking and markets supervisors and issuing an opinion on draft replies to these letters;

h) reviewing the reports prepared in order to comply with the regulations in terms of internal control.

10.3 It regularly reports to the Board of Directors on the performance of its missions, including the outcomes of the mission of certification of the accounts, how this mission contributed to the integrity of the financial information and the role it played in this process. It informs the Board of Directors without delay of any difficulty encountered.

10.4 The Statutory Auditors shall be invited to the meetings of the Audit and Internal Control Committee, unless the Committee decides otherwise. They may also be consulted outside these meetings.

10.5 The Audit and Internal Control Committee or its Chairman also hear the Heads of the internal control functions (risk, compliance, internal audit) as well as the Chief Financial Officer and, as necessary, the managers in charge of drawing up the accounts, internal control, risk control, compliance control and periodic control.

10.6 The Audit and Internal Control Committee is composed of at least three Directors appointed by the Board of Directors, who have the appropriate financial, accounting, or statutory audit skills. At least two thirds of the Committee's members are independent within the meaning of the AFEP-MEDEF Corporate Governance Code.

Article 11: The Risk Committee

11.1 The Risk Committee advises the Board of Directors on the overall strategy and the appetite regarding all kinds of risks, both current and future, and assists it when it controls the implementation of this strategy.

11.2 In particular, it is responsible for:

- **a)** preparing the debates of the Board of Directors on documents relating to risk appetite;
- **b)** reviewing the risk control procedures and is consulted for the setting of overall risk limits;
- **c)** undertaking a regular review of the strategies, policies, procedures and systems used to detect, manage and monitor the liquidity risk and communicating its conclusions to the Board of Directors;
- **d)** issuing an opinion on the Group's global provisioning policy, as well as on specific provisions for significant amounts;
- **e)** reviewing the reports prepared to comply with the banking regulations on risks;
- **f)** reviewing the policy concerning risk control and the monitoring of off-balance sheet commitments, especially in the light of the memoranda prepared to this end by the Finance Division, the Risk Division and the Statutory Auditors;
- **g)** reviewing, as part of its mission, whether the prices for the products and services mentioned in books II and III of the French Monetary and Financial Code and offered to clients are consistent with the Company's risk strategy. When these prices do not correctly reflect the risks, it informs the Board of Directors accordingly and gives its opinion on the action plan to remedy the situation;
- **h)** without prejudice to the Compensation Committee's missions, reviewing whether the incentives provided for by the compensation policy and practices are consistent with the Company's situation with regard to the risks to which it is exposed, its capital and its liquidity, as well as the probability and timing of expected benefits;
- **i)** reviewing the risks associated with the Group's implementation of the guidelines on social and environmental responsibility and the indicators relating to the Conduct as part of the "Culture and Conduct" program;
- **j)** reviewing the enterprise risk management related to the Company's operations in the United States in accordance with the requirements of the US Federal Reserve's Enhanced Prudential Standard Rules and supervisory guidelines. When acting as US Risk Committee, the Risk Committee operates under a dedicated charter, which forms part of and supplements this Section. The Chairman of the Risk Committee reports the work adopted by the US Risk Committee to the Board of Directors, which validates it.

11.3 It has all information on the Company's risk situation. It may use the services of the Chief Risk Officer or external experts.

11.4 The Statutory Auditors are invited to the meetings of the Risk Committee, unless the Committee decides otherwise. They may also be consulted outside these meetings.

The Risk Committee or its Chairman hear the Heads of the internal control functions (risk, compliance, internal audit) as well as the Chief Financial Officer and, as necessary, the managers responsible for drawing up the accounts, internal control, risk control, compliance control and periodic control.

11.5 The Risk Committee is composed of at least three Directors appointed by the Board of Directors who have knowledge, skills and expertise concerning risks. At least two thirds of the Committee's members are independent within the meaning of the AFEP-MEDEF Corporate Governance Code.

Article 12: The Compensation Committee

12.1 The Compensation Committee prepares the decisions that the Board of Directors adopts concerning compensation, especially those related to the Chairman of the Board of Directors and the Chief Executive Officers (*dirigeants mandataires sociaux*) as well as those that have an impact on the risk and the management of risks in the Company.

12.2 It conducts an annual review of:

- **a)** the principles of the Company's compensation policy;
- **b)** the compensation, allowances and benefits of any kind granted to the company officers (*mandataires sociaux*) as well as the Effective Senior Managers, if they are different;
- **c)** the compensation policy for regulated employees within the meaning of the banking regulations.

12.3 It controls the compensation of the Chief Risk Officer and the Chief Compliance Officer.

12.4 It receives all information necessary for its mission and in particular the annual report sent to the European Central Bank.

12.5 It may be assisted by the internal control services or by external experts.

12.6 In particular, the Committee:

- **a)** proposes to the Board of Directors, in compliance with the regulations applicable to credit institutions, the principles given by the AFEP-MEDEF Corporate Governance Code and professional standards, the principles of the compensation policy for the Chairman of the Board of Directors and the Chief Executive Officers (*dirigeants mandataires sociaux*), and especially the criteria for the determination, the structure and the amount of this compensation, including allowances and benefits in kind, insurance or pension benefits, and compensation of any kind received from all the Group companies; it ensures their application;
- **b)** prepares the annual performance assessment of the Chief Executive Officers (*dirigeants mandataires sociaux exécutifs*);
- **c)** proposes to the Board of Directors the policy for performance shares;
- **d)** prepares the decisions of the Board of Directors concerning the employee savings plan.

12.7 It is composed of at least three Directors and includes a Director elected by the employees. At least two thirds of the Committee's members are independent within the meaning of the AFEP-MEDEF Code[1]. Its composition enables it to exercise a competent and independent judgment on the compensation policies and practices with regard to the management of risks, the equity and the liquidities of the Company.

Article 13: The Nomination and Corporate Governance Committee

13.1 The Nomination and Corporate Governance Committee:

- **a)** is responsible for making proposals to the Board of Directors for the appointment of Directors and Committees members as well as on the succession of the company officers (*mandataires sociaux*), especially in the event of an unforeseeable vacancy, after having carried out necessary studies;
- **b)** to this end, it prepares the selection criteria to be submitted to the Board of Directors, proposes to the Board of Directors an objective to be achieved concerning the balanced representation of women and men on the Board of Directors and develops a policy designed to achieve this objective[2];
- **c)** periodically reviews the structure, size, composition and effectiveness of the Board of Directors' work and submits to the Board of Directors any recommendation relevant to the carrying out of the annual assessment of the Board of Directors and its members;
- **d)** periodically reviews the Board of Directors' policies concerning the selection and appointment of the Effective Senior Managers, the Deputy Chief Executive Officers and the Heads of risk, compliance, audit and finance functions; it makes recommendations in this area;
- **e)** is informed in advance of the appointment of the Heads of risk, compliance, audit and finance functions. It is also informed of the appointment of the Heads of Business Units or of Service Units. It is informed of the succession plan for these senior officers (*dirigeants*);
- **f)** prepares the review by the Board of Directors of corporate governance issues as well as the Board of Directors' work on matters relating to Corporate culture. It proposes to the Board of Directors the presentation of the Board of Directors in the Registration Document and in particular the list of independent Directors.

13.2 It is composed of at least three Directors. At least two thirds of the Committee's members are independent within the meaning of the AFEP-MEDEF Corporate Governance Code. The Chief Executive Officer is involved, as necessary, in the Committee's work.

Article 14: Conflicts of interest

14.1 The Director shall inform the Secretary of the Board of Directors of any conflict of interest, including potential ones, in which he/she may be directly or indirectly involved. He/she shall refrain from taking part in the debates and decision-making on related matters.

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

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

14.3 The Director shall inform the Chairman and the Chairman of the Nomination and Corporate Governance Committee of his/her intention to accept a new mandate, including his/her participation in a Committee, in a listed company that does not belong to a group of which he/she is an executive officer (*dirigeant*), in order to enable the Board of Directors, based on the Committee's proposal, to decide where appropriate that such an appointment would be inconsistent with the Directorship in Societe Generale.

14.4 The Director shall inform the Chairman of the Board of Directors of any conviction for fraud, of any incrimination and/or public sanction, and of any prohibition to manage or administer that may have been pronounced against him/her, as well as any bankruptcy, sequestration or liquidation proceedings to which he/she may have been associated.

14.5 Each Director shall make a sworn statement as to the existence or otherwise of the situations referred to in 14.1 and 14.3: i) upon taking up his/her office, ii) each year in response to the request made by the Secretary of the Board of Directors upon the preparation of the Registration Document, iii) at any time if the Secretary of the Board of Directors requests it and iv) within 10 working days following the occurrence of any event that renders the previous statement made by him/her in whole or in part inaccurate.

Article 15: Directors' compensation

15.1 The overall amount of the Directors' compensation is set by the General Meeting. The Board of Directors may decide to only partially use it. It may decide to allocate a budget for specific tasks or temporary workload increases for some members of the Board of Directors or of Committees.

15.2 The Chairman and the Chief Executive Officer, when he/she is also a Director, do not receive this compensation.

15.3 As from 1 May 2018, the amount of allocated compensation is reduced by a sum equal to EUR 200,000 to be distributed between the members of the Risk Committee and the members of the Audit and Internal Control Committee gathered as the US Risk Committee. This amount is distributed in equal portions, except for the Chairman of the Risk Committee who has two portions.

(1) For the calculation of the rate of independents within the Committees, the AFEP-MEDEF Code does not take employees into account.

(2) The objective and policy of the credit institutions, as well as the terms of implementation, are made public in accordance with paragraph 2 (c) of Article 435 of Regulation (EU) n° 575/2013 dated 26 June 2013.

The balance is then reduced by a lump sum of EUR 130,000 distributed between the Chairman of the Audit and Internal Control Committee and the Chairman of the Risk Committee.

15.4 The balance is divided into 50% fixed, 50% variable. The number of fixed portions per Director is 6. Additional fixed portions are allocated:

- Chairman of the Audit and Internal Control Committee or of the Risk Committee: 4 portions,
- Chairman of the Nomination and Corporate Governance Committee or of the Compensation Committee: 3 portions,
- Member of the Nomination and Corporate Governance Committee or of the Compensation Committee: 0.5 portion,
- Member of the Audit and Internal Control Committee or of the Risk Committee: 1 portion.

The additional fixed portions may be reduced in proportion to the actual attendance when the attendance over the year is below 80%.

15.5 The variable portion of the compensation is divided up at the end of the year, in proportion to the number of meetings or working meetings of the Board of Directors and of each of the Committees which each Director has attended.

Article 16: Shares held in a personal capacity

16.1 Each Director appointed by the General Meeting (whether in his/her own name or as a permanent representative of a legal entity) must hold the equivalent of at least 1,000 shares. Each Director has a six-month time frame to hold the 600 shares provided for by the By-laws and an additional six-month time frame to increase his/her holding to 1,000 shares.

16.2 Each Director shall refrain from hedging his/her shares.

Article 17: Reimbursement of expenses

17.1 Directors' travel, accommodation, meals and mission expenses pertaining to the meetings of the Board of Directors or of the Committees of the Board of Directors, the General Meeting of Shareholders or any other meetings related to the work of the Board of Directors or the Committees, are paid for or reimbursed by Societe Generale, upon submission of receipts.

At least once a year, the Nomination and Corporate Governance Committee considers these and, as necessary, makes proposals or recommendations.

17.2 As to the Chairman, the Company also pays the expenses necessary for the performance of his/her duties.

17.3 The Secretary of the Board of Directors receives and verifies the relevant supportive documents and ensures that the sums due are paid or reimbursed.

Article 18: Secret

18.1 Each Director is bound by a strict professional secrecy with regard to the confidential information he/she receives, the discussions in which he/she participates, the decisions taken as long as they are not made public as well as with regard to the views expressed by each of them.

18.2 He/she obliges himself/herself to a duty of care and a duty to alert.

CHARTER OF THE US RISK COMMITTEE OF THE SOCIETE GENERALE BOARD OF DIRECTORS (THE "CHARTER")

MANDATE

*The US Risk Committee ("**Committee**" or the "**USRC**") of the Societe Generale ("**SG**" or "**SG Group**") Board of Directors ("**Board**") is formed in accordance with the requirements of the Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations ("**EPS Rules**") as promulgated by the Board of Governors of the Federal Reserve System[1]. The Committee's mandate is to (a) review all kinds of risks, both current and future, relating to, booked in or arising from SG's business, activities, affairs and operations in the United States, including SG's subsidiaries, branches, agencies and representative offices in the United States (collectively, "**SGUS**"), (b) advise the Board on the overall strategy and the appetite regarding such risks, and (c) assist the Board when it oversees the implementation of this strategy; and (d) oversee the adequacy and effectiveness of the SGUS Internal Audit function.*

For avoidance of doubt, it is the responsibility of SG and SGUS senior management to identify and assess SGUS' exposure to risk and escalate those risks, and planned mitigants, to the Committee. Although the Committee is responsible for overseeing the SGUS enterprise risk management function and challenging management on SGUS risk issues, it is not the sole body responsible for ensuring that SGUS' risk management function is carried out efficiently and effectively.

CHARTER

*This charter forms part of and supplements Section 11.2(j) of the Internal Rules of the SG Board of Directors, as amended from time to time (the "**Internal Rules**"), which forms the USRC. Any topic not covered herein shall be governed by the Internal Rules.*

MEMBERSHIP

The Committee is composed of the members of the SG Board's Risk Committee (Comité des Risques), the Chair of the Board's Audit and Internal Control Committee (Comité d'Audit et de Contrôle Interne) and the other members of the Comité d'Audit et de Contrôle Interne unless the Board has provided an exception to one or more of such members. The Committee is chaired by the Chair of the Comité des Risques. If the Committee Chair cannot be present at a meeting, he or she shall delegate the role to the Chair of the Comité d'Audit et de Contrôle Interne.

The Committee shall meet the requirements for independent membership set out in the Internal Rules and shall at all times include at least one member who meets the independence requirements set forth in the EPS Rules.

QUORUM AND COMMITTEE DECISIONS

The presence of at least a majority of the members of the Committee shall constitute a quorum. If a quorum is present, the Committee may act through the vote of a majority of the Directors who are in attendance. Committee members may attend meetings in person, or by video conference or by telephone. Committee decisions may be taken absent a meeting by unanimous written consent.

AGENDA AND COMMITTEE MATERIALS

The Committee shall approve an annual agenda submitted to it by the SGUS Chief Executive Officer after consultation with the SGUS Chief Risk Officer and SGUS General Counsel. The agenda for each meeting is based off the approved annual agenda, with additions and modifications as relevant issues within the USRC's mandate arise each year, which is proposed for Committee approval by the SGUS Chief Executive Officer. Materials for each meeting of the Committee are typically circulated to Committee members no less than five business days prior to meetings.

MEETING FREQUENCY

The Committee may meet as often as it determines is appropriate to carry out its responsibilities under this charter, provided that the Committee shall meet at least once per quarter. Special meetings of the Committee may be held from time to time.

MEETING MINUTES

The SGUS General Counsel (or his or her designee) shall be the Secretary of the Committee and shall document the meetings. Minutes shall be circulated to the Committee members prior to the next meeting of the Committee and shall be approved at such subsequent meeting of the Committee. The official records of Committee meetings shall be maintained by the Secretary to the Board.

ROLES AND RESPONSIBILITIES

The mandate of the Committee, including its function of challenging management, is set forth above. The Committee's specific roles and responsibilities in fulfillment of this mandate include the following:

- *regularly receiving updates from the Heads of the internal control functions (risk, compliance, internal audit) as well as the Chief Financial Officer and, as necessary, other SGUS Managers;*
- *at least annually, reviewing and approving the SGUS enterprise risk management framework including, but not limited to, the elements of the framework relating to liquidity risk management, and any material revisions thereto;*
- *at least annually, reviewing and approving the SGUS Risk Appetite Statement, and any material revisions thereto, and reviewing any other relevant overarching policies establishing the SGUS risk management governance and risk control infrastructure as well as the processes and systems for implementing, monitoring and reporting compliance with such policies;*
- *on a quarterly basis, reviewing a quarterly report from the US Chief Risk Officer on risks affecting SGUS, which risks include, but are not limited to, liquidity risk. For avoidance of doubt, no member of the SG management has the right to demand changes to or veto the contents of the quarterly risk report;*
- *at least annually, reviewing and approving the SGUS Liquidity Risk Policy, and any material revisions thereto;*

(1) 79 Fed. Reg. 17, 240 (Mar. 27, 2014), codified at 12 CFR. Part 252.

- *at least quarerly, and more frequently if needed, conducting in camera meetings with the SGUS Chief Risk Officer with no other SG Group or SGUS personnel present. In addition, the SGUS Chief Risk Officer shall have unfettered access to the USRC should he or she need to report an issue, finding, conclusion, recommendation or analysis to the Committee;*
- *at least annually, reviewing and approving the acceptable level of liquidity risk that SG may assume in connection with the operating strategies for its combined US operations (liquidity risk tolerance), taking into account the capital structure, risk profile, complexity, activities, size and SG's enterprise-wide liquidity risk tolerance of such operations;*
- *at least semi-annually, reviewing information sufficient to determine whether SG's combined US operations are operating in accordance with its established liquidity risk tolerance and to ensure that such liquidity risk tolerance is consistent with SG's enterprise-wide liquidity risk tolerance;*
- *at least annually, reviewing SGUS significant business lines and products to determine whether each creates or has created any unanticipated liquidity risk and whether the liquidity risk of each is within the established liquidity risk tolerance;*
- *at least annually, reviewing and approving the SGUS contingency funding plan and any material revisions thereto;*
- *at least annually, reviewing the SGUS business plans, results and strategy;*
- *on a regular basis, reviewing progress on all SGUS remediation projects arising from prudential supervisory issues;*
- *at least quarterly, reviewing information about the SGUS corporate compliance framework, including metrics, updates and challenges;*
- *at least annually, reviewing and approving the SGUS Compliance Risk Management Program Framework and any material revisions thereto;*
- *serving as the ultimate oversight body over SGUS' compliance with US anti-money laundering laws, including the Bank Secrecy Act, Office of Foreign Assets Control regulations, and applicable know-your-customer requirements and, at least annually, reviewing the SGUS framework for compliance with such regulations and requirements;*
- *annually, reviewing and approving the SGUS Internal Audit function ("**SGIAA**") proposed annual audit plan, SGIAA charter and key performance indicators;*
- *on a regular basis, reviewing reports from SGIAA relating to: the conclusions of the audit work, including the adequacy of key SGUS risk management processes, areas of higher risk, the status of issues and recommendations, root-cause analysis, and information on significant industry and institution thematic trends;*
- *on a regular basis, receiving a presentation from the SGIAA Chief Audit Executive provided outside of the presence of SGUS senior management (other than the SGUS Chief Executive Officer and the SGUS General Counsel) relating to: the completion status of the annual audit plan, including any significant changes made to such plan; updates on ongoing SGIAA remediation plans, if any; and the results of SGIAA key performance indicators and internal and external quality assurance reviews;*
- *as and when requested by SGIAA, conducting in camera meetings with the SGIAA Chief Audit Executive. In addition, the SGIAA Chief Audit Executive shall have unfettered access to the USRC should he or she need to report an issue, finding, conclusion, recommendation or analysis to the Committee;*
- *at least annually: reviewing SGIAA's annual Independent and Objectivity Assertion Presentation and SGIAA's annual skills assessment; assessing the ability of SGIAA to operate independently and objectively; and raising any concerns regarding SGIAA to the Group Head of Inspection and Audit and the SGUS CEO; and*
- *at least annually, receiving information and training on a range of topics affecting SGUS. Such topics will change from time to time but will typically include anti-bribery and corruption, liquidity risk, human resources, culture & conduct, information technology risk management; cybersecurity, regulatory developments and litigation and enforcement developments.*

Additional details on the periodicity of all the foregoing topics are set forth in the annual agenda of the Committee.

For avoidance of doubt, all SGIAA presentations referenced herein shall be made to the Committee and the SGIAA Chief Audit Executive interactions described herein shall be with the Committee. The Group Audit function shall continue to report to the Comité d'Audit et de Contrôle Interne and may in its discretion include information in its reports about any matters relating to SGUS or SGIAA and its work.

Annex A contains a list of all documents scheduled for approval by the Committee on an annual basis. Other items may also be presented to the Committee for approval as needed.

AMENDMENTS TO THIS CHARTER

Material amendments to this charter shall be approved by the Committee and the SG Board after prior examination by the Nomination and Corporate Governance Committee of the Board. Non-material amendments to this charter may be approved by the Committee.

USE OF ADVISORS

The Committee may request select, retain and terminate special risk management, legal, financial, accounting, audit or other professional advisors to assist the Committee in performing its responsibilities under this charter at the corporation's expense, after informing the Chairman of the Board of Directors or the Board of Directors itself, and subject to reporting back to the Board thereon. Such retention shall be coordinated by the Committee Chair with the assistance of the Secretary to the Board.

Version #	Version date	Prepared by	Approved by
1	July 30, 2019	SGUS General Counsel	SG Board of Directors
2	March 11, 2020	SGUS General Counsel	

Annex A: List of Items Approved by the Committee Annually
SGUS Risk Appetite Statement
SGUS Liquidity Risk Tolerance
SGUS Enterprise Risk Management Framework
SGUS Contingency Funding Plan
SGUS Liquidity Risk Policy
Annual U.S. Risk Committee Agenda
Proposed USRC training program (included in the Annual U.S. Risk Committee Agenda)
SGUS Compliance Risk Management Program Framework
SGIAA Charter
SGIAA Key Performance Indicators
SGIAA Annual Audit Plan

7.6 LIST OF REGULATED INFORMATION PUBLISHED IN THE LAST 12 MONTHS(1)

Press releases under regulated information

- 17.03.2020 – Key highlights from Morgan Stanley conference of 17 March 2020
- 31.03.2020 – Board of Directors meeting of 31 March 2020
- 19.05.2020 – Annual General Meeting and Board of Directors
- 04.08.2020 – Appointment of a new Societe Generale Group Management team
- 04.12.2020 – Disclosure of regulatory capital requirements as from 1 January 2021
- 07.12.2020 – Two major strategic initiatives in French Retail Banking

Universal Registration Document and amendments – Annual Financial Report

- 12.03.2020 – Universal Registration Document 2020
- 12.03.2020 – Availability of the Universal Registration Document 2020
- 12.03.2020 – Availability of the Annual Financial Report
- 07.05.2020– Availability of the first update to the 2020 Registration Document filed on 7 May 2020
- 07.05.2020 – First update to the 2020 Universal Registration Document filed on 7 May 2020
- 05.08.2020 – Availability of the second amendment to the Universal Registration Document
- 05.08.2020 – Second amendment to the Universal Registration Document filed on 5 August 2020
- 07.09.2020 – Availability of the third amendment to the Universal Registration Document
- 07.09.2020 – Third amendment to the Universal Registration Document filed on 7 September 2020
- 06.11.2020 – Availability of the fourth amendment to the Universal Registration Document filed on 6 November 2020
- 06.11.2020 – Fourth amendment to the Universal Registration Document filed on 6 November 2020

Half-yearly financial report

- 05.08.2020 – Press release on availability of Interim financial report
- 05.08.2020 – Interim financial report

Quarterly financial information

- 30.04.2020 – 1st quarter 2020 results
- 03.08.2020 – 2nd quarter 2020 results
- 05.11.2020 – 3rd quarter 2020 results
- 10.02.2021 – Full-year 2020 and 4th quarter results

Monthly reports on total amount of voting rights and shares

- 12 report forms

Description of the buyback programmes and statement of the liqudity agreement

- 13.05.2020 – Description of share buyback program
- 02.07.2020 – Half-year statement on the liquidity agreement
- from 16.11.2020 to 17.12.2020 – Report on share buyback and information regarding executed transactions within the framework of a share buyback program (6 reports)
- 08.01.2021 – Half-year statement on the liquidity agreement

Reports on corporate governance

- 12.03.2020 – Availability of the report on corporate governance

Press releases for access to or consultation of the information relative to shareholders' general meetings

- 21.04.2020 – Availability or consultation of information relating to the Combined General Meeting of shareholders of 19 May 2020
- 10.04.2020 – Requirements and modalities for the shareholders to participate in the Combined General Meeting of 19 May 2020

(1) Full information available at https://investors.societegenerale.com/en/financial-and-non-financial-information/regulated-information.

8

PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

8.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT 628

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8.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Mr. Frédéric Oudéa

Chief Executive Officer of Societe Generale

8.2 STATEMENT OF THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

I hereby certify, after taking all reasonable measures for this purpose, that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its meaning.

I certify, to the best of my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and are a fair reflection of the assets, liabilities, financial position and profit or loss of the Company and all the undertakings included in the consolidation scope, and that the Management Report (the cross-reference table of the annual financial report in Chapter 9 indicates the contents of said report) presents a fair view of the Company's business, performance and financial position and that of all the undertakings included in the consolidation scope, as well as a description of the main risks and uncertainties to which they are exposed

Paris, 17 March 2020

Chief Executive Officer

Frédéric Oudéa

8.3 PERSONS RESPONSIBLE FOR THE AUDIT OF THE ACCOUNTS

STATUTORY AUDITORS

Name: Ernst & Young et Autres
represented by Mr. Micha Missakian

Address: 1/2 place des Saisons,
92400 Courbevoie – Paris-La Défense (France)

Date of appointment: 22 May 2012

Date of renewal: 23 May 2018

Term of office: six financial years

End of current term of office: at the close of the Ordinary General Meeting called to approve the accounts for the year ended 31 December 2023

Name: Deloitte & Associés
represented by Mr. Jean-Marc Mickeler

Address: 6, place de la Pyramide
92908 Paris-La Défense Cedex (France)

Date of first appointment: 18 April 2003

Date of last renewal: 23 May 2018

Term of office: six financial years

End of current term of office: at the close of the Ordinary General Meeting called to approve the accounts for the year ended 31 December 2023

The companies Ernst & Young et Autres and Deloitte & Associés are registered as Statutory Auditors with the Compagnie régionale des Commissaires aux comptes de Versailles.

CROSS-REFERENCE TABLES

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9.1 CROSS-REFERENCE TABLES

9.1.1 CROSS-REFERENCE TABLE OF THE UNIVERSAL REGISTRATION DOCUMENT

This cross-reference table contains the headings provided for in Annex 1 (as referred to in Annex 2) of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and repealing Commission Regulation (EC) No 809/2004, and refers to the pages of this Universal Registration Document where the information relating to each of these headings is mentioned.

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In accordance with EC Regulation No. 2019/890 dated 14 March 2019, complementary to (EU) Regulation No. 2017/1129 of the European Parliament and of the Council, the following information is included by reference in this Universal Registration Document:

- the parent company and consolidated accounts for the year ended 31 December 2018, the related Statutory Auditors' reports and the Group Management Report and presented respectively on pages 469 to 525 and 131, 149, 163 to 166, 178, 187, 189 to 194, 202 to 205, 209 to 213, 215 to 218, 228 to 223, 300 to 463, on pages 526 to 530 and 469 to 475, and on pages 25 to 65 of the Registration Document D. 18-0112 filed with the AMF on 11 March 2019;
- the parent company and consolidated accounts for the year ended 31 December 2019, the related Statutory Auditors' reports and the Group Management Report and presented respectively on pages 469 to 535 and 135 to 137, 161-162, 172, 181, 183, 185 to 192, 199 to 202, 208 to 215, 217 to 219, 231 to 235, 310 to 468, on pages 536–540 and on pages 29 to 67 of the Registration Document D. 20-0122 filed with the AMF on 12 March 2020.

The chapters of the Registration Documents D. 19-0133 and D. 20-0.112 not mentioned above do not apply to investors or are covered in another part of this Universal Registration Document.

Both of the aforementioned Registration Documents are available on the Company's website *www.societegenerale.com* and on the AMF's (French Financial Markets Authority) website *https://www.amf-france.org/en.*

9.1.2 ANNUAL FINANCIAL REPORT CROSS-REFERENCE TABLE

Pursuant to Article 222-3 of the French Financial Markets Authority's General Regulation, the Annual Financial Report referred to in section I of Article L. 451-1-2 of the French Monetary and Financial Code includes the items described in the following pages of the Universal Registration Document:

Annual Financial Report	Page No.
Statement of the person responsible for the Universal Registration Document	628
Management Report	
■ Analysis of results, financial position, risks and main characteristics of internal control and risk management procedures for the preparation and processing of accounting and financial information of the parent company and consolidated Group (Article L. 225-100-1 of the French Commercial Code)	8-26; 30-46; 53-54; 149-350; 529-535
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9.1.3 CROSS-REFERENCE TABLE FOR THE REGISTRY OF THE COURT

Pursuant to Article L. 232-23 of the French Commercial Code, it is specified that the Universal Registration Document includes the items described in the following pages and/or chapters of the Universal Registration Document:

Financial statements	Page No.
■ Annual accounts	536-592
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■ Consolidated accounts	138; 168-171; 179-180; 190; 192-196; 204-205; 211-218; 224-228; 230-231; 243-247; 352-522
■ Statutory Auditors' report on the consolidated accounts	523-528

Management Report (Article L. 225-100 of the French Commercial Code)	Chapter no. or Page no.
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■ Report on corporate governance and related Statutory Auditor's report	64-148
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9.2 DECLARATION OF THE ISSUER

This Universal Registration Document was filed on 17 March 2021 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

GLOSSARY

GLOSSARY OF MAIN TECHNICAL TERMS

ACRONYM TABLE

Acronym	Definition	Glossary
ABS	Asset-Backed Securities	See: Securitisation
CDS	Credit Default Swap	See: Securitisation
CDO	Collateralised Debt Obligation	See: Securitisation
CLO	Collateralised Loan Obligation	See: Securitisation
CMBS	Commercial Mortgage Backed Securities	See: Securitisation
CRD	Capital Requirement Directive	
CVaR	Credit Value at Risk	
EAD	Exposure at default	
EL	Expected Loss	
ESG	Environment, Social and Governance	
G-SIB	Global Systemically Important Banks	See: SIFI
LCR	Liquidity Coverage Ratio	
LGD	Loss Given Default	
NSFR	Net Stable Funding Ratio	
PD	Probability of Default	
RMBS	Residential Mortgage Backed Securities	See: Securitisation
RWA	Risk Weighted Assets	
SVaR	Stressed Value at Risk	
VaR	Value at Risk	

Asset Backed Securities (ABS): see securitisation.

Basel 1 (Accords): prudential framework established in 1988 by the Basel Committee to ensure solvency and stability in the international banking system by setting an international minimum and standardised limit on banks' capital bases. It notably establishes a minimum capital ratio – as a proportion of the total risks taken on by banks – of 8% (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Basel 2 (Accords): prudential framework used to better assess and limit banks' risks. It is focused on banks' credit, market and operational risks (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Basel 3 (Accords): changes to prudential banking standards that supplement the Basel 2 accords by improving the quality and quantity of banks' required capital. They also implement minimum requirements in terms of liquidity risk management (quantitative ratios), define measures to limit the financial system's procyclicality (capital buffers that vary according to the economic cycle) and strengthen requirements related to systemically significant banks (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012). The Basel 3 Accords are implemented in Europe under Directive 2013/36/EU ("CRD4") and Regulation 575/2013 ("CRR"), which have been in force since 1 January 2014.

Bond: a bond is a fraction of a loan, issued in the form of a security, which is tradable and – in a given issue – grants a receivable over the issuer according to the issue's nominal value (the issuer being a company, public sector entity or government).

Cash Generating Unit (CGU): the smallest identifiable set of assets which generates incoming cash flow that is generally independent from the incoming cash flow generated by other assets or sets of assets in accordance with the IAS 36 accounting standard. "In accordance with IFRS standards, a company must determine the largest number of cash generating units (CGU) which make it up; these CGU should be generally independent in terms of operations and the company must allocate assets to each of these CGU. Impairment testing must be conducted at the CGU level periodically (if there are reasons to believe that their value has dropped) or annually (if they include goodwill)." (Source: *Les Echos.fr*, quoting Vernimmen).

Collateral: transferable asset or guarantee used as a pledge for the repayment of a loan in the event that the borrower cannot meet its payment obligations (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Collateralised Debt Obligation (CDO): see securitisation.

Collateralised Loan Obligation (CLO): see securitisation.

Commercial Mortgage Backed Securities (CMBS): see securitisation.

Common Equity Tier 1 capital: includes principally share capital, associated share premiums and reserves, less prudential deductions.

Common Equity Tier 1 ratio: ratio between **Common Equity Tier 1** capital and risk-weighted assets, according to CRD4/CRR rules. Common Equity Tier 1 capital has a more restrictive definition than in the earlier CRD3 Directive (Basel 2).

Comprehensive Risk Measurement (CRM): capital charge in addition to Incremental Risk Charge (IRC) for the credit activities correlation portfolio which accounts for specific price risks (spread, correlation, collection, etc.). The CRM is a 99.9% risk factor, meaning the highest risk obtained after eliminating the 0.1% most unfavourable incidents.

Core Tier 1 ratio: ratio between Core Tier 1 capital and risk-weighted assets, according to Basel 2 rules and their changes known as Basel 2.5.

Cost-to-income ratio: ratio indicating the share of net banking income (NBI) used to cover the company's operating costs. It is determined by dividing management fees by the NBI.

Cost of risk in basis points: the cost of risk in basis points is calculated using the ratio of the net cost of commercial risk to loan outstandings at the start of the period.

Net cost of risk corresponds to the cost of risk calculated for on- and off-balance sheet exposures, *i.e.* Depreciation and reversals (used or not used) + Losses on unrecoverable receivables - Recovery of impaired debts. Provisions and reversals of provisions for litigation issues are excluded from this calculation.

CRD3: European Directive on capital requirements, incorporating the provisions known as Basel 2 and 2.5, notably in respect of market risk: improvement in the incorporation of the risk of default or rating migration for assets in the trading book (tranched and untranched assets), and reduction in the procyclicality of Value at Risk (see definition).

CRD4/CRR (Capital Requirement Regulation): Directive 2013/36/EU ("CRD4") and Regulation (EU) No. 575/2013 ("CRR") constitute the corpus of the texts transposing Basel 3 in Europe. They therefore define the European regulations relating to the solvency ratio, large exposures, leverage and liquidity ratios, and are supplemented by the European Banking Authority's ("EBA") technical standards.

Credit and counterparty risk: risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. Credit risk also includes the counterparty risk linked to market transactions, as well as that stemming from securitisation activities.

Credit Default Swaps (CDS): insurance mechanism against credit risk in the form of a bilateral financial contract, in which the protection buyer periodically pays the seller in return for a guarantee to compensate the buyer for losses on reference assets (government, bank or corporate bonds) if a credit event occurs (bankruptcy, payment default, moratorium, restructuring) (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Credit Value at Risk (CVaR): the largest loss that would be incurred after eliminating the top 1% of the most adverse occurrences, used to set the risk limits for individual counterparties.

Derivative: a financial asset or financial contract, the value of which changes based on the value of an underlying asset, which may be financial (equities, bonds, currencies, etc.) or non-financial (agricultural or other commodities, etc.). Depending on the circumstances, this change may be accompanied by a leverage effect. Derivatives can take the form of securities (warrants, certificates, structured EMTNs, etc.) or contracts (forwards, options, swaps, etc.). Listed derivative contracts are called Futures.

Doubtful loan coverage rate: ratio between portfolio provision and depreciation and doubtful outstandings (customer loans and receivables, loans and receivables with credit institutions, finance leases and basic leases).

Expected Loss (EL): losses that may occur given the quality of a transaction's structuring and all measures taken to reduce risk, such as collateral.

Exposure at default (EAD): Exposure in case of default, exposure incurred by the financial institution in the event of default of a counterparty. The EAD includes both balance sheet and off-balance sheet exposures. Off-balance sheet exposures are converted to their balance sheet equivalent using internal or regulatory conversion factors (drawdown assumption).

Fair value: the amount for which an asset could be exchanged or a liability settled, between informed and consenting parties under normal market conditions.

Gross rate of doubtful outstandings: the ratio between doubtful outstandings and gross book loan outstandings (customer loans and receivables, loans and receivables with credit institutions, finance leases and basic leases).

Haircut: percentage by which the market value of securities is reduced to reflect their value in the context of stress (counterparty or market stress risk). The extent of the reduction reflects the perceived risk.

Impairment: recording of probable loss on an asset (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Incremental Risk Charge (IRC): capital cost incurred due to rating migration risk and risk of issuers' default within a one-year horizon for trading book debt instruments (bonds and CDS). The IRC is a 99.9% risk factor, meaning the highest risk obtained after eliminating the 0.1% most unfavourable incidents.

Insurance risk: beyond asset/liability risk management (interest-rate, valuation, counterparty and currency risk), insurance risk includes underwriting risk, mortality risk and structural risk of life and non-life insurance activities, including pandemics, accidents and catastrophic events (such as earthquakes, hurricanes, industrial disasters, or acts of terrorism or war).

Internal Capital Adequacy Assessment Process (ICAAP): process outlined in Pillar 2 of the Basel Accord, by which the Group verifies its capital adequacy with regard to all risks incurred. Investment grade: long-term rating provided by an external ratings agency, ranging from AAA/Aaa to BBB-/Baa3 for a counterparty or underlying issue. A rating of BB+/Ba1 or lower indicates a Non-Investment Grade instrument.

Leverage ratio: the leverage ratio is intended to be a simple ratio developed with a view to limiting the size of banks' balance sheets. The leverage ratio compares the Tier 1 capital with the accounting balance sheet/off-balance sheet, after restatements of certain items. A new definition of leverage ratio has been implemented in accordance with the application of the CRR.

Liquidity: for a bank, the capacity to cover its short-term maturities. For an asset, this term indicates the potential to purchase or sell it quickly on the market, with a limited discount (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Liquidity Coverage Ratio (LCR): this ratio is intended to promote the short-term resilience of a bank's liquidity risk profile. The LCR requires banks to hold risk-free assets that may be easily liquidated on markets in order to meet required payments for outflows net of inflows during a thirty-day crisis period without central bank support (Source: December 2010 Basel document).

Loss Given Default (LGD): ratio between the loss incurred from exposure to default by a counterparty and the amount of the exposure at the time of default.

Market risk: risk of decline in the value of financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equity, bonds), commodities, derivatives and other assets, including real estate.

Market stress tests: to assess market risks, alongside the internal VaR and SVaR model, the Group monitors its exposure using market stress test simulations to take into account exceptional market occurrences, based on 26 historical scenarios and eight hypothetical scenarios.

Mezzanine: form of financing between equity and debt. In terms of ranking, mezzanine debt is subordinate to senior debt, but it is still above equity.

Minimum requirement of own funds and eligible liabilities (MREL): the EU Bank Recovery and Resolution Directive (BRRD) requires compliance with a minimum ratio of "bail-inable" debt (*i.e.* debt that can be used in the event of the bank's resolution). The MREL requirement is determined on a case-by-case basis for each bank.

Monoline insurer: insurance company participating in a credit enhancement transaction and which guarantees bond issues (for example, a securitisation transaction), in order to improve the issue's credit rating.

Net earnings per share: net earnings of the company (adjusted for hybrid securities recorded under equity instruments) divided by the weighted average number of shares outstanding.

Net Stable Funding Ratio (NSFR): this ratio aims to promote resilience over a longer time horizon by creating additional incentives for banks to fund their activities with more stable sources of funding. This structural ratio has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities (Source: December 2010 Basel document).

Netting agreement: a contract in which two parties to a forward financial instrument, securities lending or resale contract agree to offset reciprocal claims arising from these contracts, with the settlement of these claims based only on the net balance, especially in the event of default or termination. A master netting agreement enables this mechanism to be extended to different kinds of transactions, subject to various framework agreements under a master agreement.

Operational risk (including accounting and environmental risk): risk of losses or sanctions, notably due to failures in procedures and internal systems, human error or external events, etc.

Own shares: shares held by the company, especially as part of the Share Buyback programme. Own shares are excluded from voting rights and are not included in the calculation of earnings per share, with the exception of shares held as part of a liquidity contract.

Personal commitment: represented by a deposit, autonomous guarantee or letter of intent. Whoever makes themselves guarantor for an obligation binds themselves to the creditor to honour that obligation, if the debtor does not honour it themselves. An independent guarantee is an undertaking by which the guarantor binds himself, in consideration of a debt subscribed by a third party, to pay a sum either on first demand or subject to terms agreed upon. A letter of intent is an undertaking to do or not to do, the purpose of which is the support provided to a debtor in honouring their obligation.

Physical collateral: guarantees consisting of assets including tangible and intangible property and securities, including commodities, precious metals, cash, financial instruments and insurance contracts.

Prime Brokerage: a bundled package of services dedicated to hedge funds to facilitate and improve their activities. In addition to performing standard brokerage transactions on financial markets (buying and selling on the customer's behalf), the prime broker offers securities lending and borrowing services and financing services specifically suited to hedge funds.

Probability of Default (PD): likelihood that a counterparty of the bank will default within one year.

Rating: assessment by a ratings agency (Moody's, Fitch Ratings, Standard & Poor's) of the financial solvency risk of an issuer (company, government or other public institution) or of a given transaction (bond loan, securitisation, covered bond). The rating has a direct impact on the cost of raising capital (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Resecuritisation: securitisation of an already securitised exposure where the risk associated with underlyings is divided into tranches and, therefore, at least one of the underlying exposures is a securitised exposure.

Residential Mortgage Backed Securities (RMBS): see securitisation.

Return On Equity (ROE): ratio between the net income restated for interest on hybrid securities recorded under equity instruments and restated book equity (especially hybrid securities), which enables return on capital to be measured.

Risk appetite: level of risk, by type and by business line, that the Group is prepared to take on with regard to its strategic objectives. Risk appetite is derived using both quantitative and qualitative criteria. The Risk Appetite exercise is one of the strategic steering tools available to the Group's decision-making bodies.

Risk weight: percentage of weighting of exposures which is applied to a particular exposure in order to determine the related risk-weighted asset.

Risk-Weighted Assets (RWA): value of a bank's assets or exposures, weighted according to risk.

Securitisation: transaction that transfers a credit risk (loan outstandings) to an organisation that issues, for this purpose, tradable securities to which investors subscribe. This transaction may involve a transfer of outstandings (physical securitisation) or a transfer of risk only (credit derivatives). Securitisation transactions may, if applicable, enable securities subordination (tranches).

The following products are considered securitisations:

ABS: Asset Backed Securities.

CDO: Collateralised Debt Obligation, a debt security backed by an asset portfolio (bank loans (residential) or corporate bonds). Interest and principal payments may be subordinated (tranche creation).

CLO: Collateralised Loan Obligation, a CDO backed by an asset portfolio of bank loans.

CMBS: Commercial Mortgage Backed Securities, a debt security backed by an asset portfolio of corporate real estate loans leading to a mortgage.

RMBS: Residential Mortgage Backed Securities, a debt security backed by an asset portfolio of residential mortgage loans.

Share: equity stake issued by a company in the form of shares, representing a share of ownership and granting its holder (shareholder) the right to a proportional share in any distribution of profits or net assets as well as a right to vote in a General Meeting of Shareholders.

Stressed Value at Risk (SVaR): identical to the VaR approach, the calculation method consists of a "historical simulation" with "one-day" shocks and a 99% confidence interval. Unlike the VaR, which uses 260 scenarios of daily variation year-on-year, the stressed VaR uses a fixed one-year window that corresponds to a historical period of significant financial tensions.

Structural interest rate and currency risk: risk of loss or of write-downs in the Group's assets arising from variations in interest or exchange rates. Structural interest rate and exchange rate risks are incurred in commercial activities and proprietary transactions.

Structured issue or structured product: a financial instrument combining a bond product and an instrument (an option for example) providing exposure to all types of asset (equities, currencies, interest rates, commodities). Instruments can include a total or partial guarantee in respect of the invested capital. The term "structured product" or "structured issue" also refers to securities resulting from securitisation transactions, where holders are subject to a ranking hierarchy.

Systemically Important Financial Institution (SIFI): the Financial Stability Board (FSB) coordinates all of the measures to reduce moral hazard and risks to the global financial system posed by Globally Systemically Important Financial Institutions (G-SIFI). These banks meet criteria defined in the Basel Committee rules included in the document titled “Global Systemically Important Banks: Assessment methodology and the additional loss absorbency requirement” and published as a list in November 2011. This list is updated by the FSB each November. Banks classified as G-SIBs are subject to increasingly strict capital requirements.

Tier 1 capital: comprises Common Equity Tier 1 capital and Additional Tier 1 capital. The latter corresponds to perpetual debt instruments, with no incentive to redeem, less prudential deductions.

Tier 2 capital: supplementary capital consisting mainly of subordinated notes less prudential deductions.

Tier 1 ratio: ratio between Tier 1 capital and risk-weighted assets.

Total capital ratio or Solvency ratio: ratio between total (Tier 1 and Tier 2) capital and risk-weighted assets.

Total Loss Absorbing Capacity (TLAC): on 10 November 2014, the Financial Stability Board (FSB) published for public consultation a term sheet proposing a “Pillar 1” type requirement regarding loss-absorbing capacity in the event of resolution. This new requirement only applies to G-SIBs (Global Systemically Important Banks). It is a ratio of liabilities considered to be “bail-inable” in the event of resolution and calculated with respect to weighted risks or the leverage ratio denominator (Source: *Revue de l’ACPR*, No. 25).

Transformation risk: appears as soon as assets are financed through resources with a different maturity. Due to their traditional activity of transforming resources with a short maturity into longer-term maturities, banks are naturally faced with transformation risk which itself leads to liquidity and interest-rate risk. Transformation occurs when assets have a longer maturity than liabilities; anti-transformation occurs when assets are financed through longer-maturity resources.

Treasury shares: shares held by a company in its own equity through one or several intermediary companies in which it holds a controlling share either directly or indirectly. Treasury shares are excluded from voting rights and are not included in the calculation of earnings per share.

Value at Risk (VaR): composite indicator used to monitor the Group’s daily market risk exposure, notably for its trading activities (99% VaR in accordance with the internal regulatory model). It corresponds to the greatest risk calculated after eliminating the top 1% of most unfavourable occurrences observed over a one-year period. Within the framework described above, it corresponds to the average of the second and third largest losses computed.

WEBSITE: WWW.SOCIETEGENERALE.COM

INVESTOR RELATIONS

https://investors.societegenerale.com/en

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