UNIVERSAL REGISTRATION DOCUMENT

2022

ANNUAL FINANCIAL REPORT 2021

SOCIETE GENERALE

TABLE OF CONTENTS

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

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ANNUAL FINANCIAL REPORT 2021

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Universal Registration Document was filed on 9 March 2022 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

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

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

The Universal registration document is a copy of the official version of the Universal registration document which has been prepared in XHTML format and is available on the issuer's website.

TRANSPARENCE
LABEL OR 2021

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

The year 2021 will be historic for our Group with the achievement of a record performance.

In 2021, beyond our ability to make the most of a situation favourable to economic recovery, despite the ongoing public health crisis, our financial and extra-financial performances confirm the coherence of our model, the solidity of our risk profile and the relevance of the strategy we are pursuing in each of our business lines. Societe Generale is a group that creates value for its clients, shareholders, staff and all of its stakeholders.

Record results

Above all, 2021 was a record year in terms of commercial and financial performance. Across all our business lines, we increased our revenues and kept costs and risks under control, resulting in a record high level of net income. The dynamism of our business lines was also demonstrated by the many significant transactions entrusted to us by our major clients, by the increase in our client satisfaction as well as the optimisation of the client experience and the services we offer, thanks in particular to our approach to digital innovation. Our Group has a very solid balance sheet, with a very high-quality loan portfolio and high capital ratios.

Lorenzo Bini Smaghi
Chairman of the Board of Directors

Strategic milestones

We also made progress with the roll-out of our major strategic projects in 2021, with ambitious objectives across all of our business lines and a constant focus on rigorous execution.

In Retail Banking in France, Vision 2025 – the project to merge the Societe Generale and Crédit du Nord networks – is now well advanced and will see the creation of a new bank from 2023, one with a commercially aggressive and more efficient model serving 10 million clients. At the same time, we are accelerating the development of Boursorama, the clear leader in online banking in France, driven by its outstanding client acquisition drive, with 800,000 new clients in 2021, and the additional benefits of the agreement signed at the start of 2022 to provide an alternative solution to clients of ING France. Boursorama is on track to achieve its target of more than four million clients a year ahead of schedule.

In International Retail Banking, Insurance and Financial Services, we finalised or continued our development plans for our international retail banking subsidiaries, as well as for our consumer credit activities. In Global Banking and Investor Solutions, we presented our new strategic roadmap focused on sustainable and profitable growth, with the ambition of building on our clients' growing financing and advisory

AND CHIEF EXECUTIVE OFFICER

needs, and consolidating our market activities while continuing to manage our risk profile. Finally, in our specialist financial business lines, we are strengthening our banking and insurance model in all regions and moving forward with our plan for ALD to acquire LeasePlan, creating a world leader in sustainable mobility. We aim to close this transformative deal by the end of 2022.

Responsible banking commitments

In terms of ESG (Environment, Social, Governance), 2021 was also historic with our extra-financial performance recognised and welcomed by our stakeholders. Now equipped with a new ESG governance at Group level, we have reinforced our environmental commitments to achieve carbon neutrality in our business portfolios by 2050 and developed our positive-impact offers and solutions to support our clients' energy transition, which we are actively supporting. As a responsible employer, we have made progress in achieving our objectives in terms of diversity and gender parity, as demonstrated by the recent appointments to the Group's management bodies, and we continue to invest in our teams' training and commitment levels. The end of the year also saw the definitive dismissal of the two legal proceedings initiated by the US authorities. We have completed the corrective action programmes and will ensure that the reinforcements of our compliance systems are incorporated over the long term.

Maintaining the momentum in 2022

In an environment set to be more volatile and uncertain, we are determined to sustain this positive momentum and maintain a regularly high level of results by combining commercial performance with a disciplined approach to costs and risks. We will resolutely pursue the implementation of major strategic projects in each of our business lines and finalise our medium-term roadmap at Group level. We will move onto the next stage in the two major transformations common to all our business lines: integrating CSR objectives into the heart of both our activities and our culture of responsibility, and focusing on digital innovation to accelerate the use of new technologies for the benefit of our clients and to improve operational efficiency.

To deliver on this momentum, we can count on our Group's entrepreneurial energy and capacity for collective action, which our teams show on a daily basis. Determined, committed and responsible, we put our corporate purpose into action: to build together, with our clients, a better and sustainable future.

We will move onto the next stage in the two major transformations common to all our business lines: integrating CSR objectives into the heart of both our activities and our culture of responsibility, and focusing on digital innovation to accelerate the use of new technologies for the benefit of our clients and to improve operational efficiency.

Frédéric Oudéa
Chief Executive Officer

1

KEY FIGURES AND PROFILE OF SOCIETE GENERALE

2021: RECORD NET EARNINGS AND SOLID CAPITAL POSITION

STRONG REVENUE GROWTH

€25.8bn
+16.7%

RECORD REPORTED GROUP NET INCOME

€5.6bn

SOLID CAPITAL LEVEL

CET1* 13.7%
at the end of 2021

*Including IFRS9 phasing, 13.6% fully-loaded.

2021: EXCELLENT PERFORMANCE IN ALL OUR BUSINESSES

FRENCH RETAIL BANKING

€7.7bn
+4.8%
Revenue growth(1)

€1.49bn
Net result

(1) Excluding PEL/CEL provision.

INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

€8.1bn
+9.9%*
Revenue growth

€2.08bn
Net result

*Adjusted for changes in Group structure and at constant exchange rates.

GLOBAL BANKING & INVESTOR SOLUTIONS

€9.5bn
+25.2%
Revenue growth

€2.08bn
Net result

2022: FOCUS ON EXECUTION TO BUILD TOGETHER A BETTER AND SUSTAINABLE FUTURE

ADAPTING OUR ACTIVITIES

- New bank through the merger of the Societe Generale and Crédit du Nord networks
- Strong momentum in Financing & Advisory and reinforced Markets franchise
- Development and transformation of International Retail Banking

BRINGING OUR DIFFERENTIATING MODELS TO MATURITY

- Boursorama: leader in online banking in France, more than 4 million customers a year ahead of schedule
- ALD: world leader in sustainable mobility with the planned acquisition of LeasePlan

EXPLOITING THE STRONG POTENTIAL OF OUR NEW MODELS

- Forge
- Reezocar
- Shine
- Treezor

ACCELERATING OUR CSR APPROACH

- Carbon neutrality of portfolios by 2050
- Supporting the energy transition for our clients
- Positive impact on local communities

ACCELERATING OUR DIGITAL TRANSFORMATION

- Advanced digitalisation of our retail networks
- Spreading the use of data and AI

ACTING AS A RESPONSIBLE EMPLOYER

- Diversity (30% women in management bodies by 2023)
- Teams' engagement and development
- Youth employment

1.1 HISTORY

On 4 May 1864, Napoleon III signed Societe Generale's founding decree. Founded 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 retail banking branch network grew rapidly throughout the French territory, increasing from 46 to 1,500 branches between 1870 and 1940. During the interwar period, the Bank became the leading French credit institution in terms of deposits.

At the same time, Societe Generale began to build its 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 establishment of an international retail banking 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. The network was subsequently expanded by the opening of 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 law of 2 December, 1945 and played an active role in financing the reconstruction of France. 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 of 1966-1967. While continuing to support the businesses it partnered, the Group lost no time in focusing its business on individual clients. In this way, it supported the emergence of a consumer society by diversifying the credit and savings products it offered private households.

In June 1987, Societe Generale was privatised with a successful stock market launch and shares offered to Group staff. The Group developed a universal banking strategy, notably 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 France's leading online bank, and by acquiring Crédit du Nord in 1997. Internationally, it established itself in Central and Eastern Europe through Komerční Banka in the Czech Republic and BRD in Romania, and in Russia with Rosbank, while consolidating its growth in Africa in Morocco, Côte d'Ivoire and Cameroon, among other countries. The Group has more than 131,000 members of staff(1) active in 66 countries. It continues its process of 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 our clients bring their projects to life, Societe Generale has embraced with conviction the opportunities of the digital age to best anticipate the needs of clients and staff members, and embody the bank of the 21st century. 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

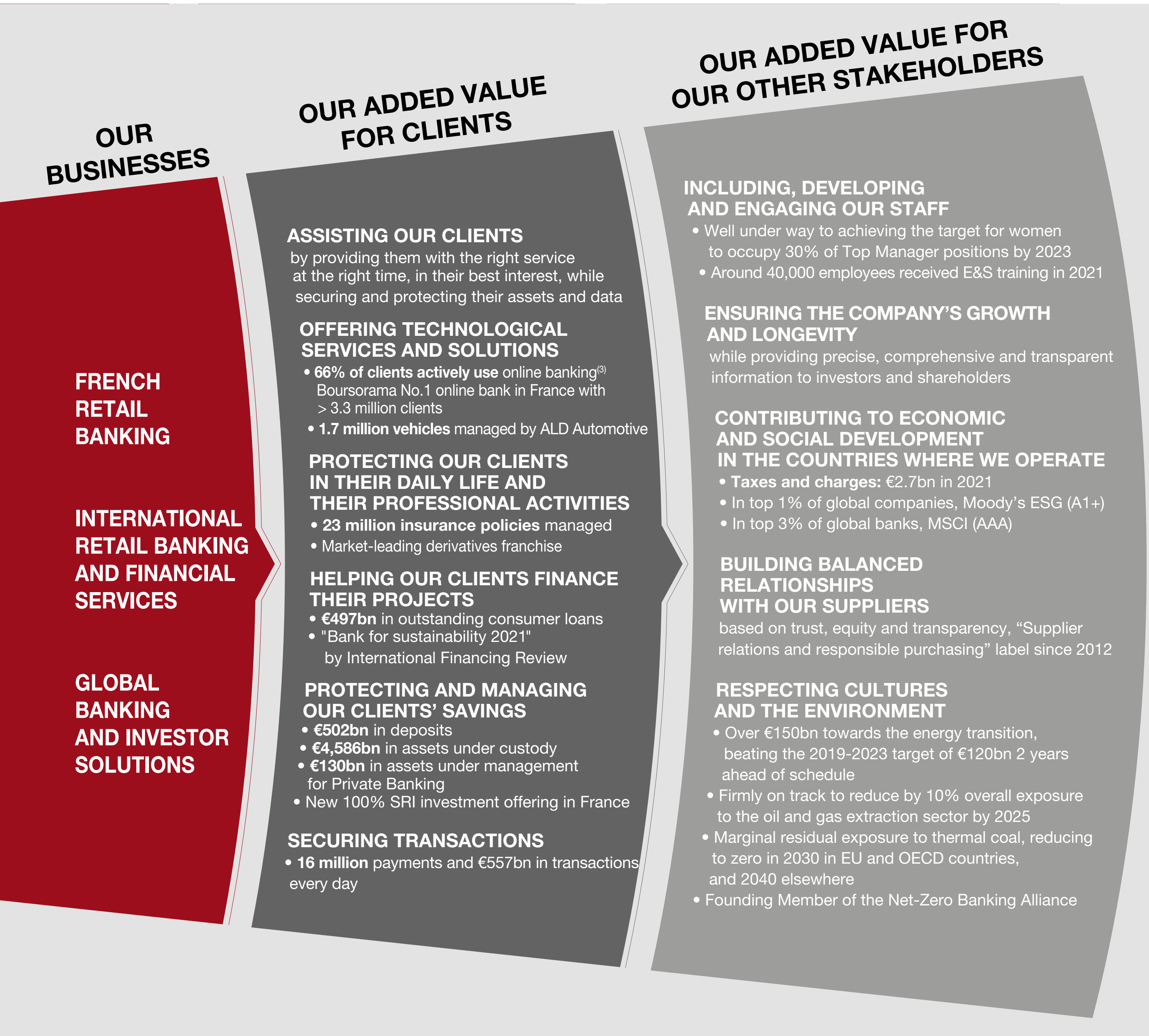
BUSINESS MODEL

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, aiming to be the trusted partner for its clients, committed to the positive transformations of the world. 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 131,000 members of staff[1] in 66 countries and supports on a daily basis 26 million individual clients, businesses and institutional investors[2] 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 everyone who wants to make a positive impact on the future and defines 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.

(2) Excluding Insurance policyholders. The methodology used to count the number of clients in the International Retail Banking network changed in 2021. However, like-for-like, this has no impact on the change in the number of clients vs. 2020.

(3) Average for Group's European and Russian entities.



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

Additional information on the Group's organisation and key figures is provided from page 10.

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

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

KEY FIGURES

Results *(In EURm)*	**2021**	**2020**	**2019**	**2018**	**2017**
Net banking income	*25,798*	22,113	24,671	25,205	23,954
o.w. French Retail Banking	*7,777*	7,315	*7,746*	*7,860*	*8,131*
o.w. International Retail Banking and Financial Services	*8,117*	7,524	*8,373*	*8,317*	*8,070*
o.w. Global Banking and Investor Solutions	*9,530*	7,613	*8,704*	*8,846*	*8,887*
o.w. Corporate Centre	*374*	*(339)*	*(152)*	*182*	*(1,134)*
Gross operating income	8,208	5,399	6,944	7,274	6,116
Cost/income ratio(1)	68.2%	75.6%	71.9%	71.1%	74.3%
Operating income	7,508	2,093	5,666	6,269	4,767
Group net income	5,641	(258)	3,248	3,864	2,806
Equity *(In EURbn)*					
Group shareholders' equity	65.1	61.7	63.5	61.0	59.4
Total consolidated equity	70.9	67.0	68.6	65.8	64.0
ROE after tax	9.6%	-1.7%	5.0%	7.1%	4.9%
Total Capital Ratio(2)	**18.7%**	**18.9%**	**18.3%**	**16.5%**	**17.0%**
Loans and deposits *(In EURbn)*					
Customer loans	458	410	400	389	374
Customer deposits	502	451	410	399	394

(1) Excluding the revaluation of own financial liabilities for 2017, before application of IFRS 9.
(2) Figures based on CRR2/CRD5 rules, excluding IFRS 9 phasing for 2021 and 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 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 26 million[(1)] corporate, institutional and individual clients. It is structured around three complementary and diversified businesses, all benefiting 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 on development in European markets selected for their growth potential (France, Czech Republic and Romania) and Africa, where it has an historic presence, a refined understanding of the markets and top-tier positions. In International Financial Services, Societe Generale relies on franchises benefiting from 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 US and Asia. Focused on Europe yet 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 clients as well as its individual clients.

The rebound witnessed in the second half of 2020 continued throughout 2021, with all the Group's businesses posting strong commercial and financial performances. As a result, the Group recorded its best results in history, enabling it to post strong profitability and offer shareholders an attractive dividend.

These financial performances reflect the Group's efforts over recent years to strengthen the inherent quality of its businesses, improve operational efficiency, preserve the excellent robustness of the credit portfolio and manage its risks.

In 2021, the Group pushed ahead with its major strategic priorities, including in particular:

- merging its two banking networks in France (Vision 2025) to create a new bank serving nearly 10 million clients and and ramping up development of its online bank Boursorama following the announcement early in 2022 of the signing of a Memorandum of Understanding with ING with a view to offering the latter's online banking clients the best alternative online banking solution;
- accelerating the growth of its long-term vehicle leasing business (ALD) with the announcement in early 2022 that ALD was to acquire LeasePlan. In the medium term, the Group's plan is for the activities of this new vehicle leasing entity to become a third pillar, alongside retail banking and insurance, and corporate and investment banking.

The Group continued to pursue its selective resource allocation strategy and its focus on achieving the optimal region/offer/client mix for both itself and its clients, and confirmed its strong resolve to keep costs firmly in check. 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 preparing its 2025 trajectory, which is built on three pillars:

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

One of the Group's priorities is to press on with its commercial development, focusing on quality of service, added value and innovation to deliver client satisfaction. Its goal is to become a trusted partner for its clients, making sound use of its digital capabilities to provide them with responsible and innovative financial solutions.

Organic growth 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, cooperation between the Insurance business and the French and International Retail Banking networks, and cooperation between regions and Global Transaction Banking's activities, among others.

The Group has made certain changes to its Corporate Social Responsibility (CSR) governance. Since 1 January 2022, the Sustainable Development Department has reported directly to General Management, underscoring the Group's decision to make CSR a core strategic concern. In keeping with its previous goals, Societe Generale has set its CSR targets for 2021 based on four development priorities, defined in light of the results from the materiality survey conducted at the end of 2020.

Two of these priorities involve being a responsible bank: fostering a culture of responsibility and being a responsible employer. The other two concern how the Group's actions as a responsible bank can drive positive change: supporting the environmental transition and contributing to growth in local communities.

To guide its actions as a responsible bank, the Group has set itself the goal of embedding a culture of responsibility and applying the strictest control and compliance framework in the banking sector. It focuses on complying with all applicable ethics obligations and regulations, as well as with its own voluntary commitments, and on ensuring robust E&S risk management, channelling its efforts into specific actions to deliver a positive impact on the environment whilst remaining attentive to and working hand in hand with the various stakeholders in its global ecosystem.

For Societe Generale, being a responsible employer means providing a sound working environment and promoting diversity and professional development. This policy is key in boosting both employee engagement and overall performance. More specifically, the Group has identified five priority areas for action in human resources: Corporate Culture and Ethics Principles, Professions and Skills, Diversity and Inclusion, Performance and Compensation, and Occupational Health and Safety.

(1) Excluding the Group's insurance companies. The methodology used to count the number of clients in the International Retail Banking network changed in 2021. However, like-for-like, this has no impact on the change in the number of clients vs. 2020.

The Group draws on its own exemplary conduct and exceptional resources to help its clients with their environmental transition and support sustainable local communities.

Conscious of the challenges its clients face when addressing global warming, Societe Generale has made the environmental transition a priority issue. Its goal is to be at the forefront of the energy transition. The core priorities of its climate change strategy, which has been approved by the Board of Directors, are as follows:

- develop a shared CSR culture in terms of risk management and commercial opportunities in connection with the energy transition;
- implement a climate risk management framework;
- manage the climate impact of the Group's activities (both its direct activities and those of its portfolios);
- support the Group's clients in their energy transition, through a tailored product and service offering.

In response, the Group's expertise in these areas has earned recognition from Dealogic, which ranked it No. 1 for financing renewable energies in EMEA at the end of June 2021. Societe Generale was also the recipient of one of the sector's most prestigious awards when it was singled out as Best Bank in Sustainability in 2021 by International Financing Review (IFR).

Last, alongside its climate and environmental actions, Societe Generale also promotes sustainable regional development and strong local economies. It supports entrepreneurs, participates in projects to build sustainable cities and infrastructures and promotes clean mobility solutions in the regions in which it operates. Its actions in this respect are particularly noticeable in France, where they constitute one of the strategic objectives for the Group's new retail banking network, and in Africa, through the Grow with Africa initiative.

Societe Generale's efforts to achieve sustainable development have not gone unnoticed by the ratings agencies. Following on from its excellent ESG ratings in 2020, the Group again rated highly in 2021 across the board with all rating agencies in the three Environmental, Social and Governance segments, reflecting the depth of its commitment and the quality of its actions to promote sustainability.

The Group's extra-financial ratings for the year were among the best in the banking sector: in the top 1% of all companies worldwide (out of 4,881 companies) in Moody's ESG Solutions' universe; in the top 3% banks worldwide (out of 190 banks) in MSCI's universe; in the top quartile in the Sustainalytics universe out of a panel of 408 banks worldwide; and in the top 7% worldwide in the S&P Global Corporate Sustainability Assessment, placing the Group 8th in Europe and 26th worldwide out of 242 banks.

Societe Generale continues to foster a group-wide culture of responsibility and to strengthen its internal control framework, especially its Compliance operations, to meet the banking industry's highest standards. It has also completed the rollout of its Culture and Conduct programme, embedding rules of conduct and strong shared values throughout the entire company.

Societe Generale announced in 2021 the end of two separate legal proceedings brought by the US Departmentof Justice, one relating to Societe Generale's IBOR submissions and certain transactions involving Libyan counterparties, and the other relating to US economic sanctions compliance. In requesting the courts to dismiss the legal proceedings, the DOJ confirmed that the Bank had fully complied with its obligations under the related deferred prosecution agreements (DPA).

Last, the Group is determined to press ahead with its stringent and disciplined approach to risk management - maintaining credit portfolio quality, continuing efforts regarding operational risk control and compliance - and to its capital allocation management.

In line with its strategy to fully address its clients' needs and in consideration of the new, more demanding regulatory environment, the Group's focus will remain on optimising its consumption of scarce capital and liquidity resources and maintaining a highly disciplined approach to costs and risk management.

Outlook

In 2022, the Group intends to build on the commercial momentum already embedded in its businesses and strengthen the resilience of its financial performance amid a more uncertain environment.

Excluding the Single Resolution Fund contribution, the underlying cost to income ratio is expected to range between 66% and 68% in 2022, and improve thereafter thanks to the cost reductions initiatives announced in 2021.

The cost of risk is expected to be below 30 basis points in 2022, i.e. slightly higher than the 2021 level. In the wake of recent developments in Ukraine and Russia, the Group announced on 3 March that it was not changing its cost of risk target and would update it, if necessary, at the time of its Q1 22 results publication.

The Group is aiming for a CET1 ratio at least between 200-250 basis points above the regulatory requirement, including after the entry into force of the regulation finalising the Basel III framework.

The Board of Directors approved an attractive shareholder distribution of the 2021 financial results equivalent to EUR 2.75 per share. A cash dividend of EUR 1.65 per share will be proposed to the General Meeting of Shareholders on 17 May 2022.

The Group is also envisaging a share buyback programme of approximately EUR 915 million, *i.e.* equivalent to EUR 1.10 per share. It has been decided to exceptionally split the pay-out as 60% in cash and 40% through a share buy-back. In future, the Group intends to maintain a dividend policy based on a 50% pay-out ratio of underlying Group net income with up to 20% of the pay-out in the form of a share buyback.

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 the back of rapid changes in client behaviours and demand for ever-increasing convenience, expertise and customised products and services. The pace of transformation accelerated in 2020, with two major strategic initiatives: the planned merger of Crédit du Nord and Societe Generale, and moves to ramp up growth at Boursorama. These initiatives are designed to cement the Group's winning combination of a fully online banking model coupled with a network banking model offering both digital and human expertise – a combination that stands out in the French market. Over the course of 2021, the Group successfully moved ahead with the first stages of its merger project, the key principles of which are as follows:

- a new model based on a full merger of the Crédit du Nord and Societe Generale retail banks, combining the strengths of each within a single bank: one branch network, one head office and one IT system, with nearly 10 million clients served by 25,000 employees in 2025;

- a bank with local roots comprising 11 regional divisions with broader responsibilities, nationwide coverage through 1,450 branches to ensure continued branch presence, and a new branding approach that reflects these regional roots;
- a bank that is more responsive, accessible and efficient, with a remodelled organisation to improve client experience and operational efficiency;
- a bank better adapted to the specific needs of each client category, with the aim of ranking among the top banks for client satisfaction by training its bankers to a high standard and offering a quality client experience, whether in a branch, over the telephone or online;
- a responsible bank that steps up its ESG commitments to enhance our positive local impact and confirming our commitment to being a responsible employer by supporting employees throughout the merger, and making no compulsory layoffs.

The ambition is to rank among the leaders for client satisfaction for our core client base and to create a banking model that increases profitability and conforms to the most stringent standards of responsibility. From a financial perspective, the merger will unlock considerable cost synergies, with a net cost-base reduction target of more than EUR 350 million by 2024 and around EUR 450 million by 2025, compared with 2019. The cost of the tie-up has been estimated at between EUR 700 million and EUR 800 million. The return on normative equity under Basel III is expected to range between 11% and 11.5% in 2025, equating to more than 10% under Basel IV.

French Retail Banking also aims to build on its existing growth drivers. Specifically, this means:

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

In Asset & Wealth Management and Private Banking, the disposal of Lyxor to Amundi forms part of Societe Generale's strategy of operating in open architecture, distributing savings solutions to clients across both of its networks. By offering its clients investment and asset management solutions through partnerships with external asset managers, Societe Generale gives its savers access to the best investment expertise in France and internationally, while at the same time responding to their growing demand for socially responsible investment. The new Wealth & Investment Solutions Division within Private Banking focuses on structuring savings, asset management and investment solutions for the Group's private banking and retail banking networks, as well as structured asset management solutions for its Global Markets clients.

Last, the Group continues to support the development of its online bank Boursorama, which has consolidated its leadership position in France with a bumper year in terms of client acquisition: more than 800,000 new clients in 2021, bringing their total number to 3.3 million. Over the next few years, Boursorama intends to press ahead with investments to win over new clients and is targeting more than 4 million clients by the end of 2022, one year ahead of schedule. Societe Generale also announced that Boursorama had signed a Memorandum of Understanding with ING with a view to offering its online banking clients in France the best possible alternative banking solution that furnishes dedicated client experience and support features. The two banks intend to sign a definitive agreement by the end of April 2022. The Group has confirmed its aim of taking Boursorama to maturity, targeting 4.5 million clients and a return on normative equity of more than 25% by 2025.

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 to fully refocus the portfolio, introduce a more optimised model and improve the underlying risk profile.

International Retail Banking activities are mainly located outside the Eurozone and benefit from positive long-term growth fundamentals, although the Covid-19 pandemic and associated economic crisis have somewhat slowed their historical trajectory of continuous growth. The Group nevertheless plans to press on with its strategy of consolidating leadership positions and pursuing responsible growth within its international banking activities in Europe and Africa. Its capacity to meet its clients' needs, coupled with its innovative, unique and efficient platforms, will serve it well in this undertaking:

- in Europe, the health crisis has sharply accentuated underlying trends, confirming the strategic vision of the Group's target retail banking model, as well as the relevance of the transformation plans undertaken, which place special emphasis on ramping up digital transformation. Accordingly, the Group intends to put the finishing touches to its omnichannel banking model in the Czech Republic with its KB Change 2025 strategic plan, consolidate its franchise's position in Romania as one of the country's three leading banks. The Group's exposure to Russia is limited - less than 2% of its overall exposure - and the Group is closely monitoring events in the region's geopolitical situation. The Group also intends to tap into the full potential of its consumer finance activities in Europe through both its own retail banking networks and its specialist subsidiaries in and outside France ;
- 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, where it enjoys leading positions in the Mediterranean Basin, as well as in Côte d'Ivoire, Guinea, Cameroon and Senegal.

As part of the Grow with Africa programme developed in partnership with a panel of international and local partners, Societe Generale has announced several sustainable growth initiatives to foster positive transformation across the continent. Accordingly, the Group is concentrating on providing multidimensional support to African SMEs, funding infrastructure, supporting the energy transition and developing innovative financing solutions.

Financial Services and Insurance enjoy competitive positions and strong profitability, in particular with ALD and Insurance, both of which have robust growth potential. These are the businesses that best withstood the economic shock of 2020. Incidentally, they are continuing to roll out their 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), as well as of its digital strategy. The aim is to enhance its product range and client experience within an integrated omnichannel framework, while diversifying its business models and growth drivers through a strategy of innovation and partnerships. This growth strategy goes hand in hand with greater commitments to responsible finance at SG Assurances.

- In Operational Vehicle Leasing and Fleet Management, the Group sees the planned acquisition of LeasePlan as an opportunity to create a global leader in sustainable mobility solutions. The new entity is poised to be No. 1 worldwide, excluding captives and financial leasing companies. With a total fleet of 3.5 million vehicles at end-December 2021 and operations in over 40 countries, it boasts highly complementary expertise and prospective synergies. The Group also intends to develop new activities and services in a mobility sector undergoing radical change. Having boosted its investment capacities and unique know-how, ALD has positioned itself at the heart of this changing world of mobility, asserting its global leadership to become a fully integrated player in sustainable mobility solutions with the rollout of its Move 2025 strategic plan and the planned acquisition of LeasePlan. It is now particularly well placed to take full advantage of the market's strong growth. To this end, ALD forged ahead with its active innovation and digitalised strategy over the year.
- Last, for Vendor and Equipment Finance, the Group plans to build on its leadership position in Europe in those top-tier markets to increase revenue and improve profitability. It plans to draw on its service quality, capacity for innovation, product expertise and dedicated teams to retain its preferred partner status with vendors and clients alike.

Societe Generale also plans to continue moving forward with its strategy of unlocking synergies between the activities of the various businesses in this division and elsewhere within 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 pursuing the development of its bancassurance model.

Global Banking and Investor Solutions

Global Banking and Investor Solutions stands on broad and diversified foundations: it has built up a solid and stable diversified client base and benefits from high value-added product franchises and recognised sector expertise backed by a global network. It serves the financing and investment needs of a broad and diversified client base spanning corporates, financial institutions and public-sector entities. Having undergone a considerable transformation in recent years - reducing its breakeven point and de-risking the Global Markets business, and adjusting the size of its businesses - GBIS is focused on delivering value to all its stakeholders through sustainable and profitable growth.

Its growth strategy is consistent with the position of current economic growth opportunities, *i.e.* in increased financing needs for infrastructure and the energy transition, greater investment in private debt and the growing demand for investment solutions. At the same time, it is gradually and coherently adjusting the size of its businesses, particularly between Global Markets and Investor Services and Financing and Advisory, making targeted capital allocations to identified growth initiatives for particular client segments, businesses and regions.

The Group has also made it a priority to develop “ESG by design” businesses, setting itself the target of doubling ESG-related revenues by 2025 in both Global Markets and Investor Services and Financing and Advisory.

Tied in with this objective is the Group’s unrelenting focus on:

- reducing costs to improve operating leverage without business attrition and in keeping with its long-term commitment to disciplined cost control;
- adopting stringent management of both market and credit risks, notably against a backdrop of weaker market risk appetite, and prudent management of its counterparty risk, aiming to maintain a healthy diversification of all risk categories across its businesses.

RECENT DEVELOPMENTS AND OUTLOOK

The latest wave of the epidemic has incurred a proportionally lower death toll compared to the very high contamination levels. The economy's greater adaptability has mitigated the impact on business, but the withdrawal of temporary support measures is only partly being offset by the economic reopening and recovery support measures.

Prevailing uncertainty over events in Ukraine and Russia is making it difficult to forecast the impact on the global economy and the Group, and has furthermore sparked a return of volatility in financial markets. We expect energy prices (notably oil and gas) to remain high in 2022 on back of supply chain disruptions and the consequences of the situation in Ukraine. These factors are likely to contribute to a slowdown in eurozone growth during 2022 and 2023.

Tensions in the job market are playing out in wage adjustments and specifically a rise in the minimum wage. We forecast that these gains, combined with rising energy prices, may trigger short-term inflation spikes in Europe and the US. Further out, new monetary policy strategies on both sides of the Atlantic should drive inflation closer to target, contrary to the past decade during which inflation undershot central bank targets.

The US Federal Reserve (Fed) could tighten its monetary policy in light of the increased risk of heightened inflation expectations and a wage-price spiral taking hold in the US. Emerging markets are expected to continue the monetary tightening started in early 2021, while China has already begun its measured easing cycle. Low to negative real interest rates should help trigger a global deleveraging process. That said, uncertainties persist over market expectations as consensus on the ability of central banks to keep inflation under control could shift suddenly and lead to sharper tightening of financial conditions. The 2021 regulatory landscape was marked by stimulus and easing measures in line with those of 2020 to enable banks to support the economy. Some of these measures will continue in 2022. Governments have lent massive support to the financing of companies. In France, support measures were implemented by way of government-backed loan schemes totalling EUR 14.3 billion at end-December 2021, and recovery loans.

These measures will most likely be maintained or even strengthened in 2022 in light of the continued health crisis and against the backdrop of the French elections.

The European Commission (EC), the European Central Bank (ECB) in its capacity as prudential supervisor, the European Banking Authority (EBA) and the High Council for Financial Stability (HCSF) have used the flexibility of prudential regulations to act on the liquidity and solvency of banks. These regulatory adjustments included:

- the easing of countercyclical capital buffer requirements with the possibility of using them subject to automatic remedial action (maximum distributable amount mechanism and submission of a capital conservation plan);
- temporary tolerance for non-compliance with minimum liquidity ratios;
- greater flexibility in applying the criteria for downgrading moratoria and a recommendation that the pro-cyclical impacts of IFRS9 application be supervised.

The trend is now towards normalisation. The ECB decided not to extend its recommendation on dividend pay-outs and share buybacks beyond 30 September 2021. This recommendation involved limiting divident payment and share buyback amounts for all banks under its direct supervision. Last, the flexibility measure taken by the ECB to allow banks to have a Liquidity Coverage Ratio (LCR) below the regulatory threshold of 100% ended on 31 December 2021.

Beyond the prevailing economic conditions, several structural regulatory projects aim to strengthen the prudential framework, support environmental and digital transitions, protect consumers and develop European capital markets.

The year 2021 put the spotlight back on finalising the implementation of the Basel III prudential agreements in the European Union. In October 2021, the European Commission published its new banking rules - the proposed CRR3 regulation and the CRD6 directive - which will enter into force on 1 January 2025. The timetable for rolling out the reforms in the main non-EU jurisdictions remains uncertain and is not expected to coincide with the Basel timetable of 1 January 2023.

In accordance with the European Green Deal proposed by the European Commission in December 2019, environmental and sustainability issues took centre stage in 2021. The financial sector is facing highly ambitious expectations, the aim being to rapidly mobilise capital flows to achieve carbon neutrality and lay the groundwork for a sustainable economy. Work on the EU taxonomy for sustainable activities is ongoing; activities are classified as "sustainable", "harmful” or "social". Accordingly, banks and large companies are poised to publish their first climate reports in 2022.

Banks are expected to better integrate their climate risk exposure when managing risks and be more transparent about disclosing ESG risks in their prudential publications. The ECB will organise climate stress testing on top of climate pilot exercises run by the French Prudential Supervision and Resolution Authority (*Autorité de contrôle prudentiel et de résolution* - ACPR) and the European Banking Authority (EBA). Debate is intensifying over the prudential treatment of assets that are harmful to the climate and will be the topic of an EBA report in 2023. The European Union was a trailblazer for ESG-related topics, so the issue of harmonising European standards with those introduced in other jurisdictions will be a key consideration in 2022.

Concomitantly, digital transformation will continue to be a priority. The Commission proposed:

- a digital finance action plan;
- plans for regulating crypto-assets (MiCA);
- the Digital Operations Resilience Act (DORA) to strengthen cybersecurity and the monitoring of outsourced services;
- initiatives centred on artificial intelligence and digital identity.

The year 2021 was also marked by in-depth work on significant topics related to payments, *i.e.* the EPI project and ECB’s study of a central bank digital currency (CBDC) and of an acceleration in the spread of instant payments. These projects will continue in 2022 and should be supplemented by Open Finance proposals for which the DSP2 Directive assessment will be an important step.

In order to finance these environmental and digital transitions, regulated savings may be reformed with the introduction of national and European financial regulations fostering the redirecting of these savings.

Consumer issues is also set to attract considerable attention in both France and Europe. In particular, plans to revise MiFID, PRIIPS and consumer credit directives are under way at European level. Many issues related to the pricing and transparency of banking products are also being debated at the national level: protection for the self-employed (pricing, assets, financing) will continue to take centre stage, and developments in insolvency procedures and the regulation of securities will affect the mechanisms at work in the financing of the economy for the smallest businesses.

Last, in a post-Brexit environment and as part of developing its strategic autonomy plan announced in January 2021, the European Commission gave new momentum to the development of the Capital Markets Union (CMU).

At the end of 2021, the Commission proposed practical steps towards a real CMU following the European action plan published in 2020 with (i) the publication of legislative proposals for the revision of MIFIR, (ii) the publication of the directive relating to alternative management and that of the regulation on long-term investment funds, and (iii) the establishment of a European single access point (ESAP) for financial and non-financial information publicly disclosed by companies.

At the same time, the Commission launched a targeted consultation to possibly amend the Listing Act, with the aim of ensuring the attractiveness of capital markets for EU companies and facilitating access to capital for small and medium-sized enterprises.

These initiatives play a part in the ongoing work related to Brexit and address the issues of equivalences, the gradual relocation of compensation for euro products within the Union, potential regulatory differences and competitive conditions.

1.4 THE GROUP'S CORE BUSINESSES

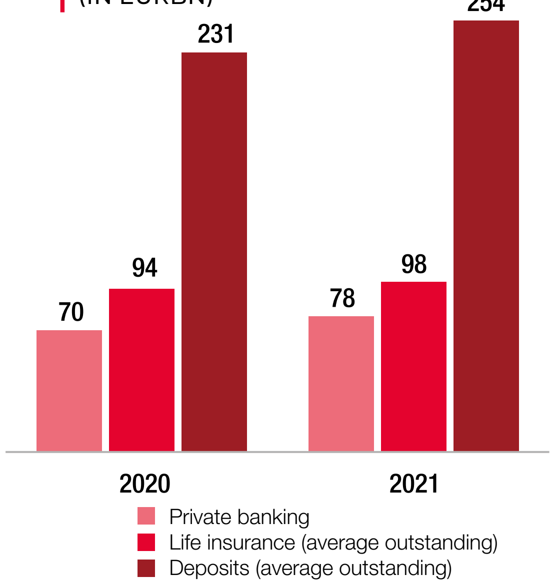
KEY FIGURES FOR THE CORE BUSINESSES

	French Retail Banking			International Retail Banking and Financial Services			Global Banking and Investor Solutions		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Number of employees *(in thousands)*[1]	33.8	34.3	35.3	57.4	59.3	62.8	19.4	20.2	21.3
Number of branches[2]	1,849	2,068	2,375	2,038	2,156	2,409	n/s	n/s	n/s
Net banking income *(in EURm)*	7,777	7,315	7,746	8,117	7,524	8,373	9,530	7,613	8,704
Group net income *(in EURm)*	1,492	666	1,131	2,082	1,304	1,955	2,076	57	958
Gross loan book outstandings[3] *(in EURbn)*	238.8	217.6	201.1	145.3	135.5	138.2	193.5	154.7	158.1
Net loan book outstandings[4] *(in EURbn)*	234.7	212.8	196.2	139.8	130.1	111.3	192.1	153.1	157.1
Segment assets[5] *(in EURbn)*	262.5	256.2	232.8	358.5	331.9	333.7	692	707.8	674.4
Average allocated capital (regulatory)[6] *(in EURm)*	11,149	11,427	11,263	10,246	10,499	11,075	14,916	14,302	15,201

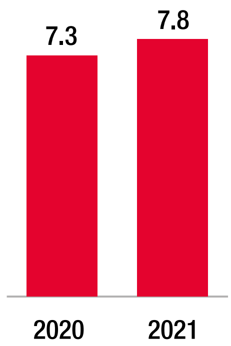
(1) Headcount at end of period excluding temporary staff.
(2) Number of main branches for French Retail Banking
(2) Customer loans, deposits and loans due from banks, lease financing and similar agreements and operating leases. Excluding repurchase agreements. Excluding entities that are reclassified under IFRS 5.
(3) Loan book outstandings net of impairments.
(4) Segment assets included in Note 8.1 of the Consolidated Financial Statements (segment reporting). 2020 amounts restated (See Note 1.7 of the Consolidated Financial Statements.
(5) Average allocated capital calculated on 11% of risk-weighted assets.

1.4.1 FRENCH RETAIL BANKING

CLIENTS' DEPOSITS AND SAVINGS
(IN EURBN)

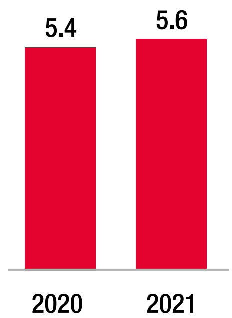


NET BANKING INCOME
(IN EURBN)



€7.8bn

OPERATING EXPENSES
(IN EURBN)



34,000
members of staff

€221bn
in loan outstandings

€1.5bn
contribution to Group Net income (€0.7bn in 2020)

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

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

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

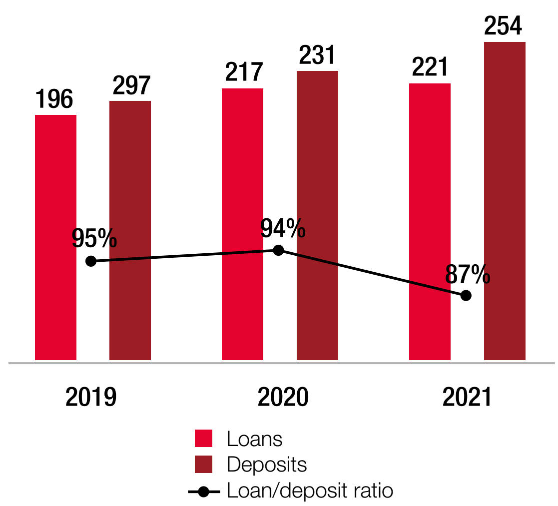
- industry-recognised customer service;
- leading position in online and mobile banking in France;
- robust sales momentum;
- constant adaptation to clients' needs and expectations.

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

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

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

LOANS AND DEPOSITS (IN EURBN)*



* *Average quarterly outstandings.*

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

France network

SOCIETE GENERALE NETWORK

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

To achieve this, the network leverages three major strengths:

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

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

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

In 2021, Societe Generale and Crédit du Nord confirmed plans to merge, combining their two networks to form a new retail bank serving 10 million clients. Four key principles have been defined for this new entity: it will be a bank with local roots, a bank that is more responsive, accessible and efficient, a bank better adapted to the specific needs of each client category, and a bank that is responsible. The two networks will officially merge on 1 January 2023, with a progressive rollout of the new organisation culminating in 2025.

CRÉDIT DU NORD NETWORK

The Crédit du Nord group consists of nine regional banks – Courtois, Kolb, Laydernier, Nuger, Rhône-Alpes, Société Marseillaise de Crédit, 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 in managing their activities, which is chiefly expressed by rapid decision-making and responsiveness to client demands.

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

Crédit du Nord serves 1.8 million individual clients[1], 213,000 professional clients and non-profit associations and 47,000 corporate and institutional clients. In 2021, its average outstanding deposits totalled EUR 57 billion, compared with EUR 52 billion in 2020, while average loan outstandings stood at EUR 52 billion, compared with EUR 50 billion in 2020.

Boursorama

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

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

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

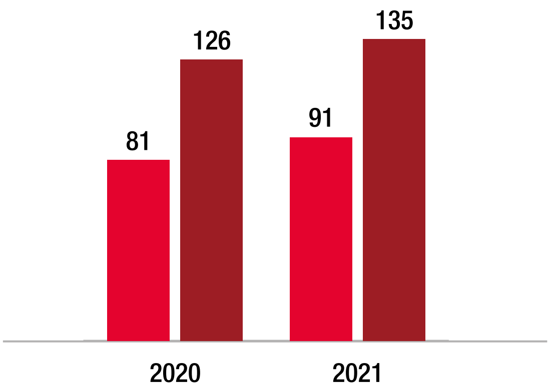
As in 2020, Boursorama was acclaimed the least expensive bank for the 14th consecutive year at the Customer Relationship Podium Awards in 2021, taking 6th position all sectors included. It continues to boast an excellent recommendation rate of 86%, coupled with a Net Promoter Score of +40. Buoyed by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

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

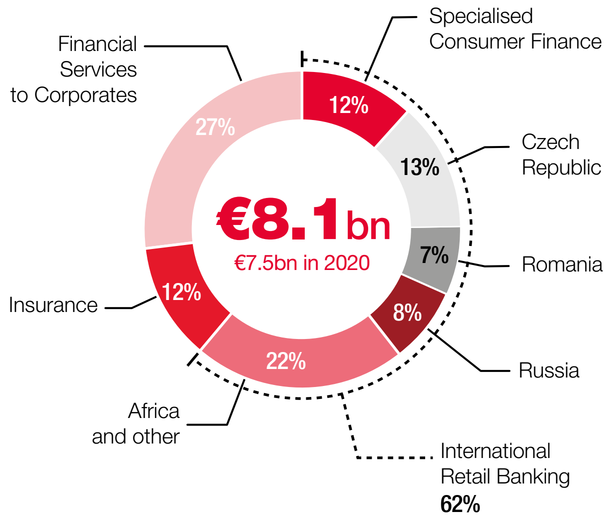
(1) Number of active clients.

1.4.2 INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES (IBFS)

OUR CUSTOMER'S DEPOSITS AND SAVINGS (IN EURBN)



BREAKDOWN OF NET BANKING INCOME IN 2021

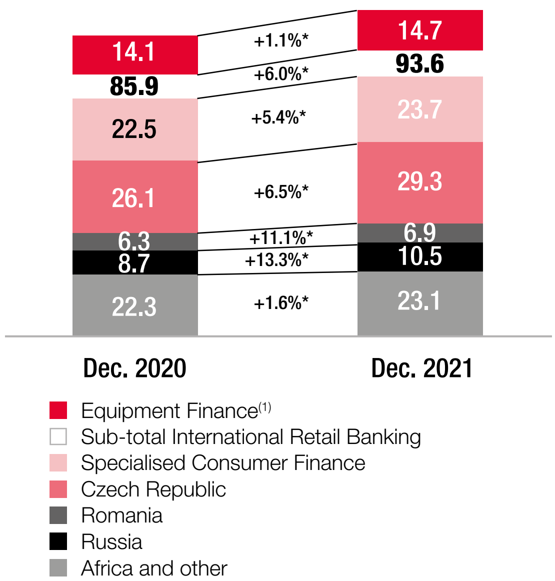


57,000 members of staff

€140bn in loan outstandings

€2.1bn contribution to Group Net income (€1.3bn in 2020)

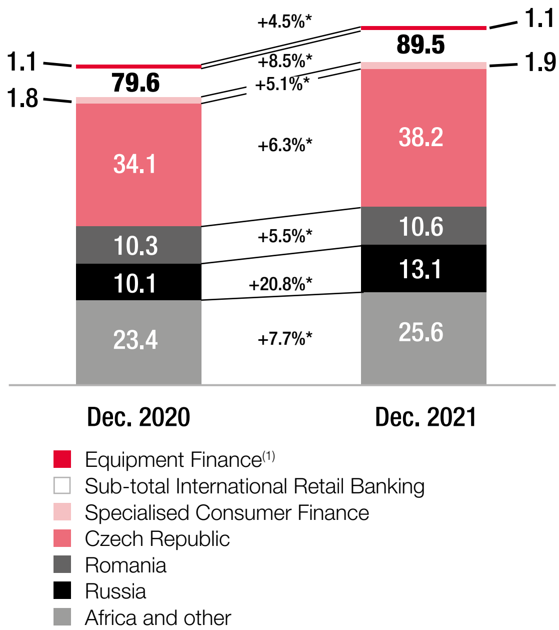
LOAN OUTSTANDING (IN EURBN)*



** 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 the allocation of scarce resources and manage risks. With around 57,000 employees[1] and commercial operations in 66 countries, IBFS is dedicated to offering a wide range of products and services to its clients (individuals, professionals and corporates). Boasting a complementary range of expertise, IBFS enjoys solid and recognised positions in its different markets.

International Retail Banking

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

EUROPE

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

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

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

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

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

RUSSIA

The Group is developing its universal banking model and has established itself as the No. 1 international banking group in terms of individual outstandings in Russia. At end-2021, loan and deposit outstandings totalled EUR 10.5 billion and EUR 13.1 billion, respectively. Societe Generale operates in Russia covering the different activities of corporate and individual client segments, and displayed brisk momentum in the mortgage loans activity in 2021.

In 2021, Rosbank ranked amongst Forbes' Top 3 Most Reliable Russian Banks, received a Gold Rating in Forbes' Best Employer Ranking and, for the second consecutive year, won Best Transactional Bank for Financial Institutions in Europe and CEE from EMEA Finance magazine.

AFRICA, MEDITERRANEAN BASIN AND OVERSEAS FRANCE

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

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

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

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

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

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

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

Insurance and Financial Services

INSURANCE (SOCIETE GENERALE ASSURANCES)

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

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

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

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

OPERATIONAL VEHICLE LEASING AND FLEET MANAGEMENT (ALD AUTOMOTIVE)

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

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

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

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

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

VENDOR AND EQUIPMENT FINANCE (SGEF)

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

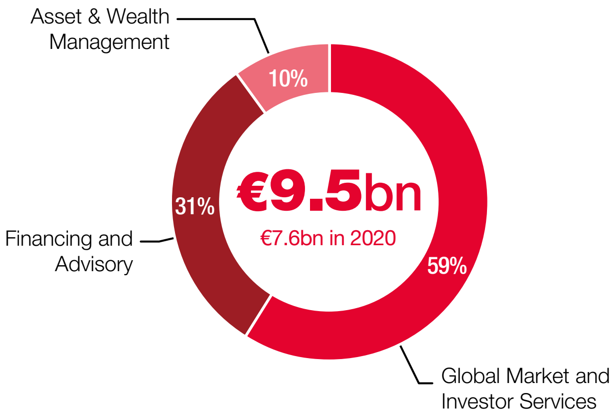
An equipment finance leader in Europe, SGEF operates in over 35 countries, employs over 1,400 people (FTE), and manages a portfolio of EUR 24.2 billion[(1)] in outstandings. It has a broadly diverse customer base, ranging from large international companies to SMEs, to which it offers an extensive array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

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

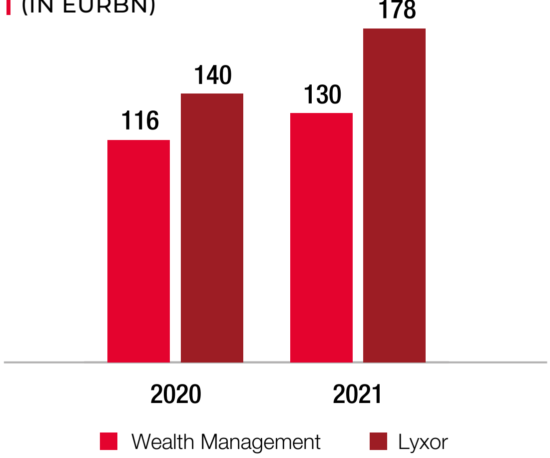
(1) At 31/12/2021 including Franfinance, Sogelease and Starlease.

1.4.3 GLOBAL BANKING AND INVESTOR SOLUTIONS (GBIS)

BREAKDOWN OF NET BANKING INCOME IN 2021



ASSETS UNDER MANAGEMENT (IN EURBN)



19,000
members of staff

€189bn
in loan outstandings

€2.1bn
contribution to Group Net income (€57m in 2020)

€4,586bn
in assets 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 global customer base of businesses, financial institutions, investors, wealth managers and family offices, as well as private clients.

GBIS employs over 19,000 people located in 39 countries and fields operations[1] in more than 60 countries. It boasts extensive European coverage and representative offices in Central and Eastern Europe, the Middle East, Africa, the Americas and the Asia-Pacific region.

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

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

A pioneer in sustainable and positive-impact finance and one of the global leaders in renewable energy financing, the Group furnishes advisory to its clients and offers concrete financing and investment solutions aimed at transitioning to a fairer and greener economy. It ranks among the leaders for the financing of renewable energies. The Group places social and environmental responsibility at the core of GBIS businesses and Societe Generale's expertise was once again recognised by The Banker and Global Finance in 2021 when it took home the Best Bank in Sustainability award. The Group was rated AAA by MSCI, placing it in the Top 3% of banks worldwide.

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

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

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

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

(1) In-country operations through partnerships in the Societe Generale Group.

Global Markets and Investor Services

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

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

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

FIXED INCOME AND CURRENCIES

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

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

The teams assist corporate clients and financial institutions with their investments and risk management, providing advisory on the most appropriate opportunities depending on each client's protection and return of capital objectives. Leveraging 15 years' experience in structured finance hedging, FIC teams are able to furnish customised solutions for each financing transaction, including risk hedging where required. Drawing on solid expertise underpinned by cutting-edge technology and algorithmic trading, clients also have access to a wide array of instruments, technologies and liquidities in fixed-income markets, credit markets *via* single broker platforms to execute spot trading and derivatives transactions.

EQUITIES

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

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

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

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

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

SECURITIES SERVICES

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

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

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

Financing and Advisory

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

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

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

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

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

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

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

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

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

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

Asset and Wealth Management

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

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

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

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

SOCIETE GENERALE PRIVATE BANKING

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

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

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

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

LYXOR ASSET MANAGEMENT

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

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

2

GROUP MANAGEMENT REPORT

2.1 SOCIETE GENERALE GROUP'S MAIN ACTIVITIES

SIMPLIFIED OWNERSHIP STRUCTURE AT 31 DECEMBER 2021

Societe Generale Group

Corporate Centre		International Retail Banking and Financial Services (IBFS)	
FRANCE			
Société Générale*		Sogessur	100%
Généfinance	100%	Sogecap	100%
SG Financial SH	100%	CGL	99.9%
Sogéparticipations	100%		
Société Générale SFH	100%	Banque Française Commerciale Ocean Indien	50%
Société Générale SCF	100%	SGEF SA	100%
Sogefim Holding	100%	ALD	80%
Galybet	100%		
Genevalmy	100%		
Valminvest	100%		
Sogemarché	100%		
Sogecampus	100%		
EUROPE			
		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			
		SG Marocaine de Banques *Morocco*	58.7%
		Société Générale *Algeria*	100%
		Société Générale *Ivory Coast*	73.2%
		Union Internationale de Banques	55.1%
AMERICAS			
ASIA - AUSTRALIA			

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

Societe Generale Group

French Retail Banking (RBDF)		Global Banking and Investor Solutions (GBIS)	
FRANCE			
Société Générale*		Société Générale*	
Crédit du Nord	100%	CALIF	100%
Boursorama	100%	SG Factoring	100%
Franfinance	100%		
Sogefinancement	100%		
Sogelease France	100%		
Sogeprom	100%		
Société Générale Capital Partenaires	100%		
EUROPE			
		Société Générale Luxembourg *Luxembourg*	100%
		SG Kleinwort Hambros Limited *United Kingdom*	100%
		SG Investments (U.K.) Ltd *United Kingdom*	100%
		Société Générale International Ltd *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%
		Societe Generale* 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%
		Societe Generale* 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%
		Societe Generale* 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.

ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

(In EURm)	2021	2020	Change	
Net banking income	**25,798**	**22,113**	**16.7%**	**17.7%***
Operating expenses	(17,590)	(16,714)	+5.2%	+5.8%*
Gross operating income	**8,208**	**5,399**	**52.0%**	**55.1%***
Net cost of risk	700	(3,306)	-78.8%	-78.6%*
Operating income	**7,508**	**2,093**	**x 3.6**	**x 3.7***
Net income from companies accounted for by the equity method	6	3	100%	100%*
Net profits or losses from other assets	635	(12)	n/s	n/s
Impairment losses on goodwill	(114)	(684)	83.3%	83.3%*
Income tax	(1,697)	(1,204)	41.0%	43.2%*
Net income	**6,338**	**196**	**x 32.3**	**x 43.8***
o.w. noncontrolling interests	*697*	*454*	*53.5%*	*53.6%**
Group net income	**5,641**	**(258)**	**n/s**	**n/s**
Cost-to-income ratio	68.2%	75.6%		
Average allocated capital[1]	52,634	52,091		
ROTE	**11.7%**	**-0.4%**		

(1) Amounts restated compared with the financial statements published in 2020 (See Note1.7 of the financial statements).

Net banking income

Net banking income was substantially higher in 2021, up +16.7% (+17.7%*) *vs.* 2020, and +16.1% (+17.2%*) *vs.* 2020 on an underlying basis, with a very strong momentum in all businesses.

French Retail Banking posted a solid performance in 2021. As a result, net banking income (excluding PEL/CEL provision) increased by +4.8% *vs.* 2020, driven by the recovery in net interest income and by buoyant fee income, particularly in respect of financial fees.

International Retail Banking & Financial Services enjoyed strong revenue growth (+9.9%* *vs.* 2020), underpinned by the excellent momentum in Financial Services (+32.0%* *vs.* 2020) and Insurance (+8.6%* *vs.* 2020). International Retail Banking benefited from a rebound in its activities (+2.8%* *vs.* 2020).

Global Banking & Investor Solutions delivered a remarkable performance, with revenues up +25.2% (+26.1%*) *vs.* 2020. Financing & Advisory posted a record performance, with growth of +14.8% (+15.8%*) *vs.* 2020, while Global Markets & Investor Services posted substantially higher revenues than in 2020, up +35.6% (+36.9%*).

Operating expenses

In 2021, operating expenses totalled EUR 17,590 million on a reported basis and EUR 17,211 million on an underlying basis (adjusted for transformation costs), i.e. an increase of +4.3% *vs.* 2020.

The increase can be explained primarily by the rise in variable costs associated with revenue growth (EUR +701 million) and the increase in the contribution to the Single Resolution Fund (EUR +116 million). The other operating expenses declined by EUR 70 million, excluding structure effect.

Driven by a very positive jaws effect, underlying gross operating income grew substantially (+51.0%) to EUR 8,470 million and the underlying cost to income ratio improved by nearly 8 points (67.0% *vs.* 74.6% in 2020).

Excluding the contribution to the Single Resolution Fund (SFR), the underlying cost to income ratio is expected to be between 66% and 68% in 2022 and improve thereafter. This aggregate, excluding the contribution to the SRF, amounts to 64.7% in 2021, bearing in mind that SFR contribution totalled EUR 586 million in 2021.

The contribution to the Fund is expected to rise until the end of 2023.

The radical transformations that were announced for the Group in 2021 have led to changes in the 2023 cost outlook. The various initiatives in progress will help push down the Group's underlying cost-to-income ratio beyond 2022, excluding the Single Resolution Fund contribution year after year.

Cost of risk

In 2021, the cost of risk declined to a low 13 basis points, which was lower than the 2020 level of 64 basis points, i.e. EUR 700 million (*vs.* EUR 3,306 million in 2020). The amount breaks down to a provision on non-performing loans of EUR 949 million and a provision write-back on performing loans of EUR 249 million.

The Group's provisions on performing loans amounted to EUR 3,355 million at end-2021.

The Group granted government-guaranteed loans ("PGE") to support its clients during the crisis. At 31 December 2021, the residual amount of government-guaranteed loans represented around EUR 17 billion. In France, this loan category totalled approximately EUR 14 billion, while net exposure stood at around EUR 1.5 billion.

The doubtful loan ratio stood at 2.9% at 31 December 2021, a decline on the end-September 2021 level of 3.1%. The gross coverage ratio on doubtful loans for the Group was 51% at 31 December 2021.

The cost of risk is expected to be below 30 basis points in 2022.

Operating income

Book operating income totalled EUR 7,508 million in 2021 compared with EUR 2,093 million in 2020. Underlying operating income came to EUR 7,770 million compared with EUR 2,323 million in 2019.

Net profits or losses from other assets

Net profits or losses from other assets totalled EUR 635 million in 2021, of which EUR 439 million from the disposal of Lyxor's asset management activities and EUR 185 million in capital gains from the disposal of real estate.

Impairment losses on goodwill

On back of the review of International Retail Banking's financial trajectory, the Group recorded an impairment loss on goodwill of EUR 114 million in 2021 relating to the acquisition of the CGU Africa, Mediterreanean Basis and Overseas.

Income tax

The Group recognised EUR 130 million in deferred tax assets in 2021.

Net income

(In EURm)	2021	2020
Reported Group net income	5,641	(258)
Underlying Group net income(1)	5,264	1,435

(In %)	2021	2020
ROTE (reported)	11.7%	-0.4%
Underlying ROTE(1)	10.2%	1.7%

(1) Adjusted for exceptional items.

2.3 ACTIVITY AND RESULTS OF THE CORE BUSINESSES

2.3.1 RESULTS BY CORE BUSINESSES

	French Retail Banking		International Retail Banking and Financial Services		Global Banking and Investor Solutions		Corporate Centre		Group	
(In EURm)	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net banking income	**7,777**	**7,315**	**8,117**	**7,524**	**9,530**	**7,613**	**374**	**(339)**	**25,798**	**22,113**
Operating expenses	(5,635)	(5,418)	(4,203)	(4,142)	(6,863)	(6,713)	(889)	(441)	(17,590)	(16,714)
Gross operating income	**2,142**	**1,897**	**3,914**	**3,382**	**2,667**	**900**	**(515)**	**(780)**	**8,208**	**5,399**
Net cost of risk	(104)	(1,097)	(504)	(1,265)	(86)	(922)	(6)	(22)	(700)	(3,306)
Operating income	**2,038**	**800**	**3,410**	**2,117**	**2,581**	**(22)**	**(521)**	**(802)**	**7,508**	**2,093**
Net income from companies accounted for by the equity method	1	(1)	0	0	4	4	1	0	6	3
Net profits or losses from other assets	24	158	18	15	(10)	0	603	(185)	635	(12)
Impairment losses on goodwill	-	-	-	-	-	-	(114)	(684)	(114)	(684)
Income tax	(575)	(291)	(840)	(531)	(469)	100	187	(482)	(1,697)	(1,204)
Net income	**1,488**	666	**2,588**	1,601	**2,106**	82	**156**	(2,153)	**6,338**	196
o.w. non-controlling interests	*(4)*	-	*506*	*297*	*30*	*25*	*165*	*132*	*697*	*454*
Group net income	**1,492**	**666**	**2,082**	**1,304**	**2,076**	**57**	**(9)**	**(2,285)**	**5,641**	**(258)**
Cost-to-income ratio	72.5%	74.1%	51.8%	55.1%	72.0%	88.2%			68.2%	75.6%
Average allocated capital*	**11,149**	**11,427**	**10,246**	**10,499**	**14,916**	**14,302**	**16,324**	**15,860**	**52,634**	**52,091**
RONE (businesses)/ROTE (Group)	**13.4%**	5.8%	**20.3%**	12.4%	**13.9%**	0.4%			11.7%	-0.4%

* *Amounts adjusted compared with the financial statements published in 2020 (See Note1.7 of the financial statements).*

2.3.2 FRENCH RETAIL BANKING

(In EURm)	2021	2020	Change
Net banking income	**7,777**	**7,315**	**6.3%**
Operating expenses	(5,635)	(5,418)	4.0%
Gross operating income	**2,142**	**1,897**	**12.9%**
Net cost of risk	(104)	(1,097)	-90.5%
Operating income	**2,038**	**800**	**x 2.5**
Net income from companies accounted for by the equity method	1	(1)	n/s
Net profits or losses from other assets	24	158	-84.8%
Impairment losses on goodwill	-	-	n/s
Income tax	(575)	(291)	97.6%
Net income	**1,488**	666	x 2.2
o.w. non-controlling interests	*(4)*	-	*n/s*
Group net income	**1,492**	**666**	**x 2.2**
Cost-to-income ratio	72.5%	74.1%	
Average allocated capital	11,149	11,427	

Activity and net banking income

French Retail Banking's commercial performance surged in 2021 after being heavily impacted by the pandemic in 2020.

The brands continued to grow their activity in core businesses.

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

In insurance activities, property and casualty premiums and protection insurance delivered sound performances, with premiums up +1.8% *vs.* 2020. The number of personal protection policies grew +6.7% *vs.* 2020.

Private Banking's net inflow was very robust at EUR 4.1 billion in 2021.

Boursorama consolidated its position as France's leading online bank, with more than 3.3 million clients at end-December 2021. Client onboarding at Boursorama reached a record level, with around 800,000 new clients added to the books in 2021.

Average loan outstandings were -1% lower than in Q4 20 at EUR 210 billion and were 9% higher than in Q4 19. Average outstanding loans to individuals were up +2%, bolstered by growth in home loan production (+33% *vs.* Q4 20). The production of medium/long-term loans to corporate and professional customers climbed +45% excluding State Guaranteed Loans *vs*. Q4 20.

Private Banking's assets under management totalled EUR 78 billion at end-December 2021.

Average outstanding balance sheet deposits[(1)] increased by +7% in Q4 21 *vs.* Q4 20 to EUR 241 billion, still driven by sight deposits. As a result, the average loan/deposit ratio stood at 87% in Q4 21 *vs*. 94% in Q4 20.

Revenues (excluding PEL/CEL) totalled EUR 7,738 million in 2021, up +4.8% *vs*. 2020. Net interest income (excluding PEL/CEL) was up +2.1% *vs.* 2020, underpinned by catch-up effects related to the TLTRO allowance and to State Guaranteed Loans. Commissions enjoyed a healthy momentum (+5.1% *vs.* 2020) against the backdrop of a recovery in activity following the lockdowns in 2020.

Operating expenses

Operating expenses were higher at EUR 5,635 million (+4.0% *vs.* 2020). The cost to income ratio (adjusted for the PEL/CEL provision) stood at 72.8%,an improvement of 0.6 points *vs.* 2020.

Cost of risk

The cost of risk amounted to EUR 104 million or 5 basis points in 2021, a substantial decline compared to 2020 (EUR 1,097 million or 52 basis points), which is broken down between -EUR 166 million of provision reversal in Stage 1/Stage 2 and EUR 270 million provision on Stage 3 (non performing outstandings).

Contribution to Group net income

The contribution to Group net income was EUR 1,492 million in 2021 (x2.2 *vs.* 2020). RONE (adjusted for the PEL/CEL provision) stood at 13.1% in 2021.

2.3.3 INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES

(In EURm)	2021	2020	Change	
Net banking income	**8,117**	**7,524**	**7.9%**	**9.9%***
Operating expenses	(4,203)	(4,142)	1.5%	3.1%*
Gross operating income	**3,914**	**3,382**	**15.7%**	**18.3%***
Net cost of risk	(504)	(1,265)	-60.2%	-59.4%*
Operating income	**3,410**	**2,117**	**61.1%**	**65.2%***
Net income from companies accounted for by the equity method	0	0	n/s	n/s
Net profits or losses from other assets	18	15	20.0%	21.2%*
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(840)	(531)	58.2%	62.7%*
Net income	2,588	1,601	61.6%	65.6%*
o.w. non-controlling interests	*506*	*297*	*70.4%*	*70.5%**
Group net income	**2,082**	**1,304**	**59.7%**	**64.4%***
Cost-to-income ratio	51.8%	55.1%		
Average allocated capital	10,246	10,499		

* *At constant structure and exchange rates.*

Revenues totalled EUR 8,117 million in 2021, up +9.9%* (+7.9%) *vs.* 2020.

Operating expenses totalled EUR 4,203 million, an increase of +3.1%* on an underlying basis (+1.5% on a reported basis) *vs.* 2020. The cost to income ratio stood at 51.8% in 2021.

The cost of risk stood at 38 basis points for a total o EUR 504 million) in 2021, compared with 96 basis points in 2020.

The contribution to Group net income totalled EUR 2,082 million in 2021 (+64.4%*, +59.7% *vs.* 2020). Underlying RONE stood at 20.3% in 2021 (*vs.* 12.4% in 2020).

International Retail Banking

(In EURm)	2021	2020	Change	
Net banking income	**5,000**	**4,902**	**2.0%**	**2.8%***
Operating expenses	(2,914)	(2,870)	1.5%	2.5%*
Gross operating income	**2,086**	**2,032**	**2.7%**	**3.3%***
Net cost of risk	(429)	(1,080)	-60.3%	-59.9%*
Operating income	**1,657**	**952**	**74.1%**	**74.4%***
Net income from companies accounted for by the equity method	0	0	n/s	n/s
Net profits or losses from other assets	18	4	x 4.5	x 4.7*
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(405)	(227)	78.4%	79.1%*
Net income	1,270	729	74.2%	74.5%*
o.w. non-controlling interests	*334*	*198*	*68.7%*	*67.3%**
Group net income	**936**	**531**	**76.3%**	**77.2%***
Cost-to-income ratio	58.3%	58.5%		
Average allocated capital	5,750	5,882		

* *At constant structure and exchange rates.*

International Retail Banking's loan and deposit production provided confirmation in Q4 21 of its rebound in all geographical regions. Outstanding loans totalled EUR 93.6 billion and rose +6.0%* *vs.* end-December 2020. Outstanding deposits were 8.5%* higher than in December 2020, at EUR 89.5 billion.

For the Europe scope, outstanding loans were up +6.6%* *vs.* December 2020 at EUR 59.9 billion, driven by all the regions: +6.5%* in the Czech Republic, +11.1%* in Romania, and +5.4%* in Western Europe. Outstanding deposits increased by +6.0%* to EUR 50.8 billion.

In Russia, outstanding loans rose +13.3%* *vs.* end-December 2020, with a robust commercial performance particularly in home loans (+15%* year-on-year) and in the corporate customers segment (+22%* year-on-year). There was a significant increase in outstanding deposits (+20.8%*).

In Africa, the Mediterranean Basin and Overseas, outstanding loans rose +1.6%* year-on-year. Outstanding deposits continued to enjoy solid momentum, up +7.7%*.

In International Retail Banking, net banking income totalled EUR 5,000 million in 2021, an increase of +2.8%* *vs.* 2020 thanks to a rise in interest rates and robust commercial momentum.

In International Retail Banking, operating expenses were slightly higher (+2.5%*, +1.5%) than in 2020.

Insurance

(In EURm)	2021	2020	Change	
Net banking income	**963**	**887**	**8.6%**	**8.6%***
Operating expenses	(373)	(356)	4.8%	4.8%*
Gross operating income	**590**	**531**	**11.1%**	**11.1%***
Net cost of risk	0	0	n/s	n/s
Operating income	**590**	**531**	**11.1%**	**11.1%***
Net income from companies accounted for by the equity method	0	0	n/s	n/s
Net profits or losses from other assets	(1)	0	n/s	n/s
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(165)	(165)	0.0%	0.0%*
Net income	424	366	15.8%	15.9%*
o.w. non-controlling interests	*3*	*3*	*0.0%*	*6.5%**
Group net income	**421**	**363**	**16.0%**	**16.0%***
Cost-to-income ratio	38.7%	40.1%		
Average allocated capital	2,032	1,865		

* *At constant structure and exchange rates.*

In the Insurance business, the life insurance savings business saw outstandings increase +7%* to EUR 135 billion at end-December 2021 *vs.* end-December 2020. The share of unit-linked products in outstandings was 37%, an increase of +4 points *vs.* December 2020.

Protection insurance registered growth of +5%* *vs.* December 2020. Property/casualty premiums rose +8%* in 2021, as did personal protection insurance (+3%* *vs.* 2020).

The Insurance business posted net banking income up +8.6%* *vs.* 2020, at EUR 963 million in 2021.

Operating expenses were in line with the planned growth trajectory and rose +4.8%* *vs.* 2020.

Financial Services

(In EURm)	2021	2020	Change	
Net banking income	**2,154**	**1,735**	**24.1%**	**32.0%***
Operating expenses	(916)	(916)	0.0%	4.4%*
Gross operating income	**1,238**	**819**	**51.2%**	**64.1%***
Net cost of risk	(75)	(185)	-59.5%	-56.3%*
Operating income	**1,163**	**634**	**83.4%**	**99.8%***
Net income from companies accounted for by the equity method	0	0	n/s	n/s
Net profits or losses from other assets	1	11	-90.9%	-90.9%*
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(270)	(139)	94.2%	x 2.2*
Net income	894	506	76.7%	90.8%*
o.w. non-controlling interests	*169*	*96*	*76.0%*	*79.3%**
Group net income	**725**	**410**	**76.8%**	**93.7%***
Cost-to-income ratio	42.5%	52.8%		
Average allocated capital	2,444	2,730		

* *At constant structure and exchange rates.*

Financial Services also posted robust growth. Operational Vehicle Leasing and Fleet Management registered 1.7 million contracts, including 1.4 million financed vehicles, i.e. an increase of +4.0% *vs.* end-December 2020. Equipment Finance’s new leasing business was up +12.1%* *vs.* 2020, while outstanding loans rose +1.1% *vs.* end-December 2020, to EUR 14.7 billion (excluding factoring).

Financial Services' net banking income grew strongly (+32.0%*) to EUR 2,154 million compared with 2020. This performance was driven primarily by ALD's activities which posted strong fleet growth and by the vehicle resale business (EUR 1,422 per vehicle in 2021).

Operating expenses in Financial Services increased by +4.4%* *vs.* 2020.

2.3.4 GLOBAL BANKING AND INVESTOR SOLUTIONS

(In EURm)	2021	2020	Change	
Net banking income	**9,530**	**7,613**	**25.2%**	**26.1%***
Operating expenses	(6,863)	(6,713)	2.2%	2.7%*
Gross operating income	**2,667**	**900**	**x 3.0**	**x 3.0***
Net cost of risk	(86)	(922)	-90.7%	-90.5%*
Operating income	**2,581**	**(22)**	**n/s**	**n/s**
Net income from companies accounted for by the equity method	4	4	0.0%	0.0%*
Net profits or losses from other assets	(10)	0	n/s	n/s
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(469)	100	n/s	n/s
Net income	2,106	82	x 25.7	x 27.8*
o.w. non-controlling interests	*30*	*25*	*20.0%*	*20.0%**
Group net income	**2,076**	**57**	**x 36.4**	**x 40.8***
Cost-to-income ratio	72.0%	88.2%		
Average allocated capital	14,916	14,302		

* *At constant structure and exchange rates.*

In 2021, Global Banking & Investor Solutions posted substantially higher revenues (+25.2%) than in 2020 at EUR 9,530 million, driven by a very strong momentum in all businesses. Revenues rose +9.5% compared to 2019. This solid financial performance reflects the successful execution of the strategic plan presented in May 2021.

Operating expenses totalled EUR 6,863 million in 2021, an increase of +2.2% *vs*. 2020 on a reported basis, and +4.7% on an underlying basis (operating expenses included a restructuring charge of EUR 157 million in Q4 20). This increase can be explained by the rise in variable costs related to the increase in earnings and IFRIC 21 charges. Thanks to a very positive jaws effect, the cost-to-income ratio improved significantly by 14 points (72% *vs.* 86% on an underlying basis in 2020).

The cost of risk was 5 basis points (or EUR 86 million) *vs.* 57 basis points in 2020, including a EUR -44 million provision for H1/H2 and another EUR 130 million provision for non-performing loans in H3.

The underlying contribution to Group net income came to EUR 2,076 million for 2021.

Global Banking & Investor Solutions registered very substantial RONE of 13.9% in 2021 (16.1% when adjusted for the impact of the Single Resolution Fund contribution).

Global Markets and Investor Services

(In EURm)	2021	2020	Change	
Net banking income	**5,648**	**4,164**	**35.6%**	**36.9%***
Operating expenses	(4,315)	(4,337)	-0.5%	0.1%*
Gross operating income	**1,333**	**(173)**	**n/s**	**n/s**
Net cost of risk	(1)	(24)	-95.8%	-95.8%*
Operating income	**1,332**	**(197)**	**n/s**	**n/s**
Net income from companies accounted for by the equity method	4	4	0.0%	0.0%*
Net profits or losses from other assets	(8)	11	n/s	n/s
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(281)	40	n/s	n/s
Net income	1,047	(142)	n/s	n/s
o.w. non-controlling interests	*27*	*23*	*17.4%*	*17.4%**
Group net income	**1,020**	**(165)**	**n/s**	**n/s**
Cost-to-income ratio	76.4%	104.2%		
Average allocated capital	7,967	7,960		

* *At constant structure and exchange rates.*

Global Markets and Investor Services turned in a very strong performance, registering EUR 5,001 million, up +40.2% on 2020 which was heavily impacted by the health crisis. Market conditions were favourable in the Equities market and more complex in the fixed income markets in 2021. The reduction in the risk profile of structured products was completed in the first half of the year, ahead of schedule.

The **Equities** activity enjoyed its best year since 2009 (EUR 3,150 million *vs.* EUR 1,275 million in 2020 and EUR 2,502 million in 2019), driven by buoyant market conditions and the successful repositioning of the Investment Solutions product offering.

Fixed Income and Currency activities posted revenues of EUR 1,851 million in 2021, down -19.2% compared to 2020 which was dominated by exceptional market conditions in the first half of the year.

Securities Services' revenues grew significantly to EUR 4,586 billion in 2021, up EUR 271 billion year-on-year. Over the same period, assets under administration increased by EUR 59 billion to EUR 697 billion in 2021.

Securities Services' revenues increased strongly over the year, with the division posting revenue growth of EUR 647 million, up +8.4% relative to the 2021 performance.

Financing and Advisory

(In EURm)	2021	2020	Change	
Net banking income	**2,924**	**2,546**	**14.8%**	**15.8%***
Operating expenses	(1,746)	(1,563)	11.7%	12.4%*
Gross operating income	**1,178**	**983**	**19.8%**	**21.2%***
Net cost of risk	(64)	(861)	-92.6%	-92.4%*
Operating income	**1,114**	**122**	**x 9.1**	**x 8.8***
Net income from companies accounted for by the equity method	0	0	n/s	n/s
Net profits or losses from other assets	(1)	(3)	66.7%	66.7%*
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(158)	69	n/s	n/s
Net income	955	188	x 5.1	x 5.0*
o.w. non-controlling interests	*1*	*0*	*n/s*	*n/s*
Group net income	**954**	**188**	**x 5.1**	**x 5.0***
Cost-to-income ratio	59.7%	61.4%		
Average allocated capital	5,983	5,445		

* *At constant structure and exchange rates.*

Financing and Advisory delivered its best historical annual performance, with revenues of EUR 2,924 million, up +14.8% *vs.* 2020. First, the business capitalised on strong market momentum, particularly in Investment Banking, by playing key roles in our clients' large-scale transactions and second, it benefited from additional capital allocation.

Asset and Wealth Management

(In EURm)	2021	2020	Change	
Net banking income	**958**	**903**	**6.1%**	**5.5%***
Operating expenses	(802)	(813)	-1.4%	-2.0%*
Gross operating income	**156**	**90**	**73.3%**	**73.3%***
Net cost of risk	(21)	(37)	-43.2%	-43.2%*
Operating income	**135**	**53**	**x 2.5**	**x 2.5***
Net income from companies accounted for by the equity method	0	0	n/s	n/s
Net profits or losses from other assets	(1)	(8)	87.5%	87.5%*
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(30)	(9)	x 3.3	x 3.3*
Net income	104	36	x 2.9	x 2.9*
o.w. non-controlling interests	*2*	*2*	*0.0%*	*0.0%**
Group net income	**102**	**34**	**x 3.0**	**x 3.0***
Cost-to-income ratio	83.7%	90.0%		
Average allocated capital	961	892		

* *At constant structure and exchange rates.*

Asset and Wealth Management's net banking income totalled EUR 958 million in 2021 (+6.1% *vs.* 2020).

In 2021, **Private Banking** posted a revenue increase of +3.1% *vs.* 2020, to EUR 699 million. Adjusted for an exceptional impact of EUR +29 million related to an insurance payout received in 2020, revenues were up +7.7%. The business benefited from strong commercial momentum in all regions. Net inflow totalled EUR +7.7 billion in 2021. Assets under management stood at EUR 130 billion, a +12% increase on 2021.

In 2021, **Lyxor**'s net banking income totalled EUR 239 million, an increase of +15.5% *vs.* 2020. Assets under management were up +27% in 2021, to EUR 178 billion.

2.3.5 CORPORATE CENTRE

(In EURm)	2021	2020	Change
Net banking income	**374**	**(339)**	**n/s**
Operating expenses	(889)	(441)	x 2.0
Gross operating income	**(515)**	**(780)**	**34.0%**
Net cost of risk	(6)	(22)	-72.7%
Operating income	**(521)**	**(802)**	**35.0%**
Net income from companies accounted for by the equity method	1	0	n/s
Net profits or losses from other assets	603	(185)	n/s
Impairment losses on goodwill	(114)	(684)	83.3%
Income tax	187	(482)	n/s
Net income	156	(2,153)	n/s
o.w. non-controlling interests	*165*	*132*	*25.0%*
Group net income	**(9)**	**(2,285)**	**99.6%**

The Corporate Centre includes:

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

The Corporate Centre's net banking income totalled EUR +374 million in 2021 *vs.* EUR -339 million in 2020.

Operating expenses totalled EUR 889 million in 2021 *vs*. EUR 441 million in 2020. They include the Group's transformation costs for a total amount of EUR 379 million relating to the activities of French Retail Banking (EUR 194 million), Global Banking & Investor Solutions (EUR 99 million) and the Corporate Centre (EUR 86 million). Underlying costs came to EUR 510 million in 2021 compared to EUR 388 million in 2020.

Gross operating income totalled EUR -515 million in 2021 *vs.* EUR -780 million in 2020. Underlying gross operating income came in at EUR -253 million in 2021, *vs.* EUR -727 million in 2020.

Net profits or losses from other assets totalled EUR +603 million in 2021 *vs*. EUR -185 million in 2020 and included proceeds from the disposal of Lyxor's asset management activities for EUR +439 million and those of the Crédit du Nord head office for EUR +185 million.

The Group recognised EUR 130 million of deferred tax assets in 2021. Furthermore, the review of International Retail Banking's financial trajectory resulted in goodwill impairment of EUR -114 million.

The Corporate Centre's contribution to Group net income was EUR -9 million in 2020 *vs.* EUR -2,285 million in 2020.

2.3.6 DEFINITIONS AND METHODOLOGY, ALTERNATIVE PERFORMANCE MEASURES

Framework

The financial information presented in respect of the financial year ended 31 December 2021 was reviewed by the Board of Directors on 9 February 2022 and was prepared in accordance with IFRS as adopted in the European Union and applicable at that date.

Capital allocation

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

Net banking income

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

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

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

Operating expenses

Operating expenses for the business divisions correspond to the information reported in Note 8.1 to the Group's consolidated financial statements at 31 December 2020 (see pages 483 to 485) and include their direct expenses, their management overheads, and a share of the head-office expenses, which are in principle almost fully redistributed between the business divisions. The Corporate Centre only books costs related to its own activity, along with certain technical adjustments.

Cost-to-income ratio

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

IFRIC 21 adjustment

The IFRIC 21 adjustment corrects the result of the charges recognised in the accounts in their entirety when they fall due (generating event) in order to recognise only the portion concerning the current quarter, *i.e.* a quarter of the total. It consists of smoothing the charge recognised over the financial year to provide a more reliable economic picture of the costs actually attributable to the activity over the period under review. By applying the IFRIC 21 adjustment, the expense – previously recognised progressively if the generating event occurs over a period of time – is instead recognised once and in its entirety. The contributions to Single Resolution Fund "SRF") are part of IFRIC21 adjusted charges; they include contributions to national resolution funds within the EU.

Underlying indicators

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

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

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

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

(In EURm)	2021	2020	Change	
Net Banking Income	**25,798**	**22,113**	16.7%	
(-) Reevaluation gain*	117	-		Corporate Centre
Underlying Net Banking Income	**25,681**	**22,113**	16.1%	
Operating Expenses[(1)]	**(17,590)**	**(16,714)**	**5.2%**	
(-) Transformation charges*	(379)	(210)		See notes (2) and (3)
Underlying operating expenses	**(17,211)**	**(16,504)**	4.3%	
Net cost of risk	**(700)**	**(3,306)**	**-78.8%**	
(-) Group refocusing plan*	-	(20)		Corporate Centre
Underlying net cost of risk	**(700)**	**(3,286)**	**-78.7%**	
Net profit or losses from other assets	**635**	**(12)**	**n/s**	
(-) Group refocusing plan*	-	(178)		Corporate Centre
(-) Capital gains on Haussmann office disposal*	185	-		Corporate Centre
(-) Lyxor disposal*	439	-		Corporate Centre
Underlying net profit or losses from other assets	**11**	**166**	**-93.4%**	
Net income from companies under equity method	**6**	**3**	**100%**	
Impairment losses on goodwill	**(114)**	**(684)**	**83.3%**	
(-) Goodwill impairment	(114)	(684)		Corporate Centre
Underlying impairment losses on goodwill	**0**	**0**	**n/s**	
Income tax	**(1,697)**	**(1,204)**	**41.0%**	
(-) Group refocusing plan*	-	(14)		Corporate Centre
(-) Reevaluation gain*	(2)			Corporate Centre
(-) Transformation charges*	104	63		See note (2) and (3)
(-) Lyxor disposal*	(50)	-		Corporate Centre
(-) DTA recognition / (impairment)*	130	(650)		Corporate Centre
(-) Capital gains on Haussmann office disposal*	(53)	-		Corporate Centre
Underlying income tax	**(1,826)**	**(603)**	**x3.0**	
Group net income	**5,641**	**(258)**	**n/s**	
Effect in Group net income of above restatements	(377)	(1,693)		
Underlying Group Net income	**5,264**	**1,435**	**x3.7**	

* *Exceptional items.*

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

(2) *2020: Global Banking and Investor Solutions (EUR -157m), Corporate Centre (EUR -53m).*

(3) *2021: All charges booked in Corporate Centre in relation to the following businesses: French Retail Banking (EUR -194m), Global Banking and Investor Solutions (EUR -99m) and Corporate Centre (EUR -86m).*

Cost of risk

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

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

		2021	2020
French Retail Banking	Net cost of risk *(EUR m)*	104	1,097
	Gross loan outstandings *(EUR m)*	218,043	212,185
	Cost of risk in bp	**5**	**52**
International Retail Banking and Financial Services	Net cost of risk *(EUR m)*	504	1,265
	Gross loan outstandings *(EUR m)*	133,321	132,082
	Cost of risk in bp	**38**	**96**
Global Banking and Investor Solutions	Net cost of risk *(EUR m)*	86	922
	Gross loan outstandings *(EUR m)*	165,603	160,918
	Cost of risk in bp	**5**	**57**
Societe Generale Group	Net cost of risk *(EUR m)*	700	3,306
	Gross loan outstandings (EUR m)	530,801	516,797
	Cost of risk in bp	**13**	**64**

Gross coverage ratio for doubtful outstandings

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

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

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

Net income/expense from other assets

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

Income tax

The Group's tax position is managed centrally.

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

ROE, ROTE

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

It excludes:

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

It deducts:

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

For the ROTE, the following items are also excluded:

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

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

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

RONE

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

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

(In EURm, end of period)	2021	2020
Shareholders' equity Group share*	**65,067**	**61,710**
Deeply subordinated notes	(8,003)	(8,830)
Undated subordinated notes		(264)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	20	19
OCI excluding conversion reserves	(489)	(942)
Dividend provision	(2,286)	(467)
ROE equity end-of-period*	**54,310**	**51,227**
Average ROE equity*	**52,634**	**52,091**
Average Goodwill	(3,890)	(4,172)
Average Intangible Assets	(2,584)	(2,432)
Average ROTE equity*	**46,160**	**45,487**
Group net Income (a)	**5,641**	**(258)**
Underlying Group net income (b)	**5,264**	**1,435**
Interest on deeply subordinated notes and undated subordinated notes (c)	(590)	(611)
Cancellation of goodwill impairment (d)	337	684
Corrected Group net Income (e) = (a) + (c) + (d)	**5,388**	**(185)**
Corrected Underlying Group net Income (f) = (b) + (c)	**4,674**	**824**
Average ROTE equity (g)*	**46,160**	**45,487**
ROTE (e/g)	11.7%	-0.4%
Average ROTE equity (underlying) (h)*	**45,783**	**47,180**
Underlying ROTE (f/h)	10.2%	1.7%

* *Amounts adjusted compared with the financial statements published in 2020 (See Note1.7 of the financial statements).*

RONE CALCULATION: AVERAGE CAPITAL ALLOCATED TO CORE BUSINESSES

(In EURm)	2021	2020
French Retail Banking	11,149	11,427
International Retail Banking and Financial Services	10,246	10,499
Global Banking and Investor Solutions	14,916	14,302

Earnings per share

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

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

a) trading shares held by the Group; and

b) shares held under the liquidity contract.

The Group also reports its underlying earnings per share, i.e. corrected for exceptional items and the IFRIC 21 adjustment.

	2021	2020
Existing shares (average number, in thousands of shares)	**853,371**	**853,371**
Deductions (in thousands of shares)		
Shares allocated to cover stock option plans and free shares awarded to staff (average, in thousands of shares)	3,861	2,987
Other own shares and treasury shares	3,249	
Number of shares used to calculate EPS[1]	**846,261**	**850,385**
Group net Income *(In EURm)*	**5,641**	**(258)**
Interest on deeply subordinated notes and undated subordinated notes *(In EURm)*	(590)	(611)
Capital gain net of tax on partial buybacks *(In EURm)*	0	0
Adjusted Group net income *(In EURm)*	**5,051**	**(869)**
EPS *(In EUR)*	**5.97**	**(1.02)**
Underlying EPS[2] *(In EUR)*	**5.52**	**0.97**

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

(2) Adjusted for exceptional items.

Net Asset, Net Tangible Asset Value

Net assets comprise Group shareholders' equity, excluding:

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

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

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

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

	2021	2020
Shareholders' equity Group share *(In EURm)**	**65,067**	**61,710**
Deeply subordinated notes *(In EURm)*	(8,003)	(8,830)
Undated subordinated notes *(In EURm)*		(264)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations *(In EURm)*	20	19
Book value of own shares in trading portfolio *(In EURm)*	37	301
Net Asset Value *(In EURm)*	**57,121**	**52,936**
Goodwill *(In EURm)*	(3,624)	(3,928)
Intangible Asset *(In EURm)*	(2,733)	(2,484)
Net Tangible Asset Value *(In EURm)*	**50,764**	**46,524**
Number of shares used to calculate NAPS(1)	**831,162**	**848,859**
Net Asset Value per Share *(In EUR)*	**68.7**	**62.4**
Net Tangible Asset Value per Share *(EUR)*	**61.1**	**54.8**

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

** Amounts adjusted compared with the financial statements published in 2020 (See Note 1.7 of the financial statements).*

Prudential capital and solvency ratios

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

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

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

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

2.4 NEW IMPORTANT PRODUCTS OR SERVICES

2.4.1 SOCIETE GENERALE ISSUES THE FIRST STRUCTURED PRODUCT ON PUBLIC BLOCKCHAIN

On 15 April 2021, Societe Generale issued the first structured product[1] as a Security Token directly registered on the Tezos public blockchain. The securities were fully subscribed by Societe Generale Assurances. The operation follows in the footsteps of a first covered bond Security Token issuance worth EUR 100 million on the Ethereum blockchain, settled in euros in April 2019, and of a second covered bond Security Token issuance worth EUR 40 million, this time settled in Central Bank Digital Currency (CBDC) and issued by Banque de France in May 2020. This latest transaction completes a new step in the development of Societe Generale – Forge, a regulated subsidiary of Societe Generale Group, which aims to offer crypto assets structuring, issuing, exchange and custody services to the Group's professional clients by 2022.

This new experimentation, performed in accordance with best market practices, demonstrates the legal, regulatory and operational feasibility of issuing more complex financial instruments (structured products) on public blockchain. It leverages this disruptive technology which enables increased efficiency and fluidity of financial transactions: unprecedented product structuration capacity, shortened time-to-market, automated corporate actions, increased transparency and transaction and settlement speeds, as well as reduced cost and fewer intermediaries.

Thanks to Societe Generale – Forge's innovative operating model, Security Tokens can be directly integrated into conventional banking systems interfaced with the SWIFT format. Innovation is key to Societe Generale Group's digital transformation. The Group has been involved for several years in numerous initiatives based on blockchain and distributed ledger technologies, using the most innovative technologies and creating disruptive business models, with the aim of better serving its clients.

2.4.2 SOCIETE GENERALE AND KYRIBA JOIN FORCES TO CREATE A CLOUD TREASURY MANAGEMENT SOLUTION

Societe Generale's clients will have access to a complete treasury management solution (monitoring, payments and fraud management) based on Kyriba's global cloud platform.

On 11 June 2021, Societe Generale, one of the leading European financial services groups particularly in the field of transaction banking, and Kyriba, a global leader of cloud-based finance and IT solutions, announced in London a strategic partnership to launch a new treasury management solution. This solution will include payment automation and fraud management functionalities, and will be dedicated to the Bank's corporate clients and their subsidiaries. Fully hosted in the cloud, this solution will be based on Kyriba's global platform and distributed by Societe Generale. The objective was to facilitate daily treasury management for corporate clients, so Kyriba and Societe Generale pooled their expertise to offer the following functionalities:

- real-time monitoring of treasury positions and provisional management of liquidity flows;
- payment automation (remittances);
- banking delegation and mandate management;
- enhanced fraud management;
- multi-bank connectivity and ERP, payment validation workflow management.

Since it is fully hosted in the cloud, the solution facilitates implementation and seamless updates. It will be available on SG Markets, the Bank's digital client portal for corporates.

Based on Kyriba's global cloud platform, the functionalities of this solution will offer the same level of quality as those offered to the world's largest companies in terms of data management, cybersecurity, business processes and innovation.

It was launched during the fourth quarter of 2021 starting with the French market.

Alexandre Maymat, Head of Global Transaction and Payment Services at Societe Generale commented: "Treasury management is a key area of focus for companies and we believe it is essential to make this easier through simple, efficient and secure tools. This is even more important as we exit the current crisis and, depending on their size, some companies are poorly equipped in this area. With our open architecture model allowing us to offer our clients the best solutions on the market, it seemed natural to partner with Kyriba, whose solutions are known for their robustness and adaptability. This partnership also inaugurates other collaborations that we will be keen to develop with Kyriba to ensure we can always better anticipate and meet the needs of our clients."

"We are very proud to join this strategic partnership with Societe Generale. The recent crisis has underlined the need for companies to manage liquidity as closely as possible and to control and secure their payments. We believe this joint solution will improve the way they leverage their cash and liquidity and become more resilient, more scalable and more competitive. The technological advance of Kyriba's Active Liquidity Management Platform in terms of Artificial Intelligence and real-time will help those businesses to better withstand and take advantage of every opportunity offered by the market. It is also an important step in Kyriba's development, which will contribute to our growth in this market," added Edi Poloniato, co-Head of Banking Solutions for Kyriba.

(1) Autocall, Euro Medium Term Notes (EMTN), EUR 5m.

2.4.3 SOCIETE GENERALE PRIVATE BANKING LAUNCHES THE FIRST SRI-LABELLED* DISCRETIONARY MANAGEMENT OFFER

- Societe Generale Private Banking is offering those clients wishing to delegate the management of their investments while integrating sustainable development issues the first SRI-labelled discretionary management service in France.
- The "29 Haussmann Signature ISR" fund covers the main asset classes, geographical areas, capitalisation segments and investment themes.
- This new offer is based on the recognised expertise of SG 29 Haussmann**, the Bank's asset management company, and renowned partners such as Mirova, DNCA Finance, La Financière de l'Échiquier, Amundi and BlackRock®.

Faced with growing environmental and social challenges, clients want to give meaning to their investments. To meet this need, Societe Generale Private Banking France offers a new discretionary management solution, "29 Haussmann Signature ISR".

With this pioneering initiative, clients have the assurance that at least 90% of their mandate will be invested in funds or ETFs with the SRI label at all times.

With the "29 Haussmann Signature SRI" mandate, clients invest in Societe Generale Group funds with SRI certification, which select companies based on both traditional financial criteria and environmental, social and governance criteria.

This approach makes it possible to better assess certain risks (climate and health risks, etc.) and to identify the sources of opportunities represented by the challenges of sustainable development in the medium and long term (renewable energies, waste treatment, new technologies, etc.).

A solution designed by the managers of SG 29 Haussmann

With "29 Haussmann Signature ISR", clients delegate the management of their investments to the SG 29 Haussmann teams, experts in the financial markets, who steer their investments with the aim of generating sustainable performance over time.

To build their portfolios, SG 29 Haussmann's managers rely on the Societe Generale group funds and SRI-labelled ETFs covering different asset classes, geographical areas, capitalisation segments and investment themes.

"We have chosen to complement the expertise of our managers by delegating the management of certain strategies to external partners to whom we have set specifications that reflect our SRI approach," explained Guillaume de Martel, Executive Chairman of SG 29 Haussmann. This new offering benefits from SG 29 Haussmann's allocation expertise and provides access to recognised SRI investment strategies through its teams, as well as through major asset management companies such as Mirova (Natixis Investment Managers), DNCA Finance, La Financière de l'Échiquier, Amundi and BlackRock®.

"By offering our clients the opportunity to contribute to a more virtuous and sustainable economy, this new SRI-labelled mandate management - a pioneer in France - is fully aligned with our strategy of being a positive-impact private bank and completes one of the most innovative and comprehensive responsible investment packages on the market," added Mathieu Vedrenne, Head of Societe Generale Private Banking France.

2.4.4 BNP PARIBAS, CRÉDIT MUTUEL AND SOCIETE GENERALE ARE STUDYING A PLAN TO POOL THEIR ATMS TO INCREASE ACCESSIBILITY FOR THEIR CLIENTS

BNP Paribas, Crédit Mutuel[(1)] and Societe Generale[(2)] are studying a plan to pool their network of ATMs in France in order to together guarantee, on a long-term basis, the best access to automated banking services and strengthen service offerings to their customers. This sharing would allow customers of the three banks to benefit from enhanced access to all the services they offer to their customers free of charge, on common ATMs, including cash deposit and withdrawal, cheque deposit, account consultation and RIB printing services.

The pooling plan comes amid rapid changes in the use of banking services, and where the use of cheques and cash is declining constantly. These trends, which accelerated with the health crisis[(3)], has led to an explosion in the number of contactless payments (+53% in 2020) and a sharp drop in cash withdrawals (-23% in 2020)[(4)]. The pooling of ATMs could help ensure access to cash across France in the long term. Currently, 99% of France's population must drive at least 15 minutes to reach an ATM machine[(5)].

The study will pay particular attention to the establishment of ATMs in rural and isolated territories, thereby reaffirming the commitment by the three banks to be local and relational banks. Project analysis will continue until the end of the year amid consultation and dialogue with key stakeholders, i.e. employee representative bodies, local authorities, etc. The plan will be subject to the required approvals from the relevant regulatory bodies.

* *The SRI-label was launched by the Ministry of Economy and Finance in August 2016. It is the result of a strict labelling process conducted by two independent bodies (Afnor Certification and EY France). The label aims to provide investors with better visibility on SRI products, while guaranteeing that their management is based on sound methodologies with a strong transparency requirement and quality information. For more information on the SRI label, visit http://www.lelabelisr.fr.*

** *SG 29 Haussmann is a management company, a subsidiary of the Societe Generale group, and is approved by the French financial markets authority (Autorité des marchés financiers) in 2007.*

(1) *Banking networks of Crédit Mutuel Alliance Fédérale (local banks in the following federations: Crédit Mutuel Centre Est Europe, Sud-Est, Île-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique et Centre Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranéen, Anjou, Massif Central, Antilles-Guyane and the CIC banking network), Crédit Mutuel Nord Europe, Crédit Mutuel Maine-Anjou, Basse-Normandie and Crédit Mutuel Océan*

(2) *Societe Generale network and banks of the Crédit du Nord group.*

(3) *Ifop study February 2021.*

(4) *Bankcard ("CB") economic interest group activity report 2020 vs. 2019.*

(5) *Banque de France (France's central bank).*

2.4.5 SOCIETE GENERALE ASSURANCES LAUNCHES "MATLA", AN INDIVIDUAL RETIREMENT SAVINGS PLAN FROM ORADEA VIE FOR BOURSORAMA BANQUE'S CLIENTS

Oradea Vie, a Societe Generale Assurances' life insurance company dedicated to partnerships, offers an accessible, modular and 100% digital individual retirement savings plan (PERin) exclusively for Boursorama Banque customers.

Oradea Vie furnishes its expertise to Boursorama Banque customers by offering them a new innovative product aligned with the Pacte Law to assist them with their retirement plan.

MATLA offers "retirement horizon management", a management style adapted to all investor profiles. Through three profiles, clients can delegate their allocation choices to experts to take advantage of financial market opportunities by accessing a selection of 100% SRI products (the Socially Responsible Investment certification was created by the Ministry of Economy and Finance). These profiles benefit from an annual reallocation between investments depending on the economic outlook and the financial environment to ensure that saving management evolves.

When choosing retirement horizon management, clients also benefit from progressive investment security as they approach retirement, gaining from all the advantages of life insurance.

MATLA includes the following differentiating factors:

- appreciable accessibility: from EUR 150 for free payments and EUR 50 for scheduled payments;
- retirement horizon steering management entrusted to Oradea Vie, which benefits from allocation advisory and the expertise of asset manager BlackRock®;
- a 100% digital subscription process;
- a range of 100% SRI BlackRock® iShares ETFs*;
- gradual securing of savings: as retirement approaches, risk exposure is gradually reduced to secure clients' savings;
- full free transparency.

Philippe Perret, Chief Executive Officer of Societe Generale Assurances stated: "MATLA represents a new key step in our partnership with Boursorama and a real innovation in the insurance market in France. This digital retirement savings plan developed by Oradea Vie illustrates the ability of Societe Generale Assurances to develop innovative offers which respond to changing customer habits by offering an exceptional customer experience."

Note that unit-linked products present a risk of capital loss.

2.4.6 ALD AUTOMOTIVE LAUNCHES LEASING OPTIONS FOR TESLAS IN EUROPE

ALD Automotive, the leading vehicle leasing company in Europe, has launched operational leasing services for corporates and small- to medium-sized companies on Tesla's electric vehicles in 16 countries** across Europe.

ALD Automotive is Tesla's preferred operational leasing partner in Europe and clients may now benefit from ALD Automotive's full-service leasing packages for Model 3, Model Y, Model S and Model X passenger cars. All models benefit from tyre change, breakdown assistance, insurance and vehicle registration, as well as maintenance provided through Tesla's locations throughout Europe, as well as mobile service. Vehicles are available with flexible durations and mileage and can be customized directly on Tesla's website. The lease is managed by ALD Automotive for the duration of the contract.

Private individuals also have access to full-service leasing services on Tesla's full range of passenger car models in France, Finland, Ireland, the Netherlands and Denmark.

"We are proud to launch this new accessible and flexible leasing offering on Tesla's range of electric vehicles to customers across Europe," confirmed John Saffrett, Deputy Chief Executive Officer of ALD. "This contributes to our sustainable growth strategy as a key player in the energy transition, as well as fully supports our commitment to providing innovative mobility solutions."

* *ETF: Exchange-Traded Funds are financial products that enable efficient and transparent investments in all listed asset classes. Each ETF aims to replicate the performance (positive or negative) of its benchmark index.*

** *Countries: Austria, Belgium, Denmark, Ireland, Italy, Finland, France, Germany, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK.*

2.5 ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

ASSETS

(In EURbn)	31.12.2021	31.12.2020
Cash, due from central banks	180.0	168.1
Financial assets at fair value through profit or loss	342.7	429.5
Hedging derivatives	13.2	20.7
Financial assets at fair value through other comprehensive income	43.5	52.1
Securities at amortised cost	19.4	15.6
Due from banks at amortised cost	56.0	53.4
Customer loans at amortised cost	497.2	448.8
Revaluation differences on portfolios hedged against interest rate risk	0.1	0.4
Investments of insurance companies	178.9	166.9
Tax assets	4.8	5.0
Other assets	92.9	67.3
Non-current assets held for sale	0.0	0
Investments accounted for using the equity method	0.1	0.1
Tangible and intangible fixed assets	32.0	30.1
Goodwill	3.7	4.0
TOTAL	**1,464.5**	**1,462.0**

LIABILITIES

(In EURbn)	31.12.2021	31.12.2020
Due to central banks	5.2	1.5
Financial liabilities at fair value through profit or loss	307.6	390.2
Hedging derivatives	10.4	12.5
Due to banks	135.3	135.6
Customer deposits	139.2	456.1
Debt securities issues	509.1	139.0
Revaluation differences on portfolios hedged against interest rate risk	2.8	7.7
Tax liabilities	1.6	1.2
Other liabilities	106.3	84.9
Non-current liabilities held for sale	0.0	-
Insurance contract related liabilities	155.3	146.1
Provisions	4.8	4.8
Subordinated debt	16.0	15.4
Shareholder's equity	65.1	61.7
Non-controlling interests	5.8	5.3
TOTAL	**1,464.5**	**1,462.0**

2.5.1 MAIN CHANGES IN THE CONSOLIDATION SCOPE

The main changes to the consolidation scope at 31 December 2021 compared with the scope applicable at the closing date of 31 December 2020 are as follows:

- Transfer of the asset management activities performed by Lyxor.

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

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

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

2.5.2 CHANGES IN MAJOR CONSOLIDATED BALANCE SHEET ITEMS

Cash, due from central banks increased by EUR 11.9 billion (+7.1%) compared to 31 December 2020, mainly resulting from the business recovery.

Due to central banks increased by EUR 3.7 billion (+246.7%) compared to 31 December 2020 mainly as a result of the growth in overnight deposits and borrowings.

Financial assets at fair value through profit or loss decreased by EUR 69.2 billion (-16.8%) compared to 31 December 2020. This change is the result of a EUR 37.9 billion decrease in repurchase agreements, a EUR 33.6 billion decrease in trading derivatives, a EUR 7.8 billion decrease in bonds and other debt securities, a EUR 3.6 billion decrease in loans, receivables and other trading assets, and a EUR 2.3 billion decrease in financial assets compulsorily measured at fair value through profit or loss, offset by a EUR 16 billion increase in shares and other equity instruments.

Financial liabilities as fair value through profit or loss decreased by EUR 65.1 billion (-17.5%) compared to 31 December 2020. This change is mainly due to a EUR 36 billion decrease in borrowings and repurchase agreements, a EUR 35 billion decrease in trading derivatives, a EUR 5.9 billion decrease in financial instruments at fair value through profit or loss on options, partially offset by a EUR 13.7 billion increase in debts on borrowed securities.

Financial assets at fair value through other comprehensive income decreased by EUR 8.6 billion (-16.8%) compared to 31 December 2020, due to a decrease in debt securities (of which EUR -5.3 billion related to public bills and EUR -3.3 billion related to bonds).

Customer loans at amortised cost increased by EUR 48.4 billion (+10.8%) compared to 31 December 2020, mainly explained by a EUR 36.6 billion increase in customer loans (of which EUR 11 billion in cash loans, EUR 9.6 billion in housing loans and EUR 8.3 billion in loans to financial customers) and a EUR 10.6 billion increase in ordinary accounts receivable.

Customer deposits increased by EUR 53 billion (+11.6%) compared to 31 December 2020, due to a EUR 39.5 billion increase in customer sight deposits, a EUR 8.9 billion increase in special savings accounts and a EUR 3.5 billion increase in customer term deposits.

Investments of insurance companies increased by EUR 12 billion (+7.2%) compared to 31 December 2020, due to a EUR 13.9 billion increase in financial assets measured at fair value through profit or loss.

Insurance contracts related liabilities increased by EUR 9.2 billion (+6.3%) compared to 31 December 2020, due to an increase in insurance companies' technical provisions in line with the market conditions.

Other assets increased by EUR 25.6 billion (+38%) compared to 31 December 2020, mainly due to an increase in guarantee deposits paid.

Other liabilities increased by EUR 21.4 billion (+25.2%) compared to 31 December 2020. This change is explained by a EUR 16.9 billion increase in guarantee deposits received, a EUR 1.2 billion increase in securities settlement accounts payable and a EUR 2.3 billion increase in other sundry creditors.

Groupe shareholders' equity amounted to EUR 65.1 billion at 31 December 2021 *vs.* EUR 61.7 billion at 31 December 2020. The variation is primarily attributable to the following factors:

- net income Group share for the financial year at 31 December 2021 of EUR 5.6 billion;
- issuance and redemption of equity instruments: EUR -1.7 billion;
- remuneration of equity instruments: EUR -0.6 billion;
- treasury stock: EUR -0.5 billion;
- distribution of dividends: EUR -0.5 billion;
- unrealised or deferred capital gains and losses: EUR +1.1 billion.

After taking into account the non-controlling interest (EUR 5.8 billion), the Group shareholders' equity totalled EUR 70.9 billion at 31 December 2021.

2.6 FINANCIAL POLICY

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

Since 2010, the Group has launched a major realignment programme, strengthening capital and focusing on the rigorous management of scarce resources (capital and liquidity) and proactive risk management to apply the regulatory changes related to the implementation of new Basel III regulations.

2.6.1 GROUP SHAREHOLDERS' EQUITY

Group shareholders' equity totalled EUR 65.1 billion at 31 December 2021. Net asset value per share was EUR 68.72 and net tangible asset value per share was EUR 61.08 using the new methodology disclosed in Chapter 2 of this Universal Registration Document, on page 46. Book capital includes EUR 8.0 billion in deeply subordinated notes.

At 31 December 2021, Societe Generale held, directly or indirectly, 22.2 million Societe Generale shares, representing 2.61% of the capital (excluding shares held for trading purposes). In 2021, no transaction was executed on purchases and sales under the liquidity contract concluded on 22 August 2011 with an external investment services provider.

The information concerning the Group's capital and shareholding structure is available in Chapter 7, on page 617 and following.

2.6.2 SOLVENCY RATIOS

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

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

The phased-in Common Equity Tier 1 (CET1) ratio stood at 13.7%(1) at 31 December 2021, compared to 13.4% at 31 December 2020.

The leverage ratio, calculated according to the CRR2 rules in force since June 2021, stood at 4.9% at 31 December 2021.

At end-2021, the Tier 1 ratio was 15.9%(2) and the Total Capital Ratio stood at 18.8%(2), i.e. above the regulatory requirements.

The TLAC (Total Loss-Absorbing Capacity) ratio of RWA was 31.1%(2) with the option of Senior Preferred Debt limited to 2.5% of RWA. Furthermore, the TLAC of the leverage ratio stood at 9.5% at end-2021. The Group also placed above its MREL requirements at 31 December 2021.

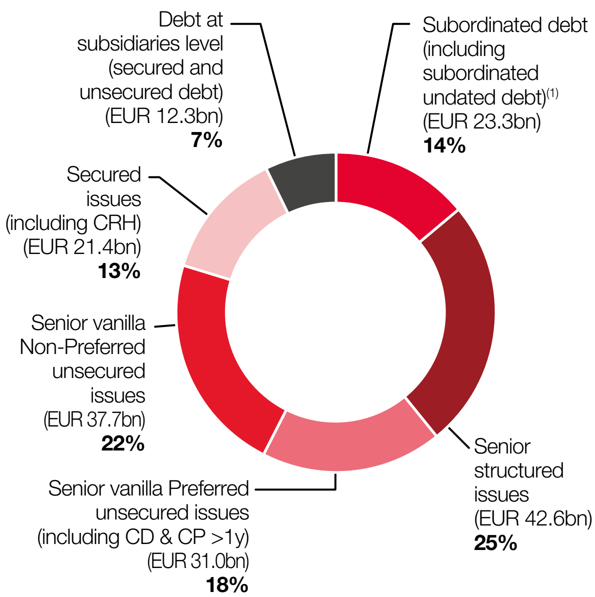
(1) Including a +16 basis-point impact in respect of the phase-in of IFRS 9. Excluding this impact, the CET1 ratio was 13.6%.
(2) Phased-in ratio.

2.6.3 GROUP DEBT POLICY

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

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

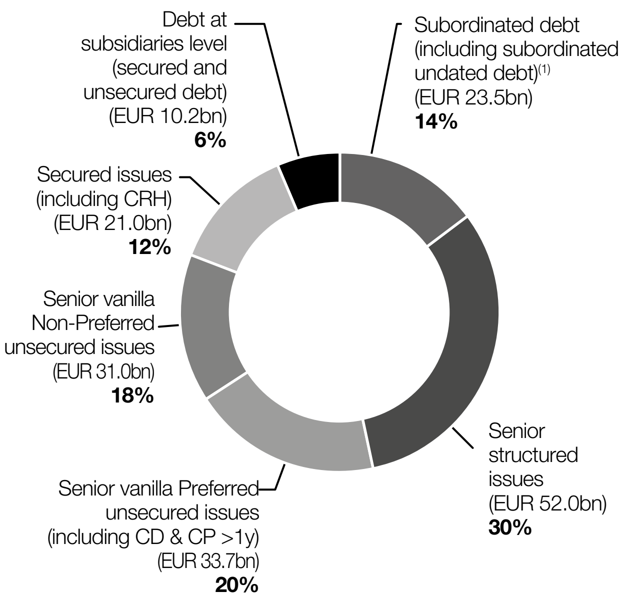
GROUP LONG-TERM DEBT AT 31 DECEMBER 2021: EUR 168.4 BN*



* *Group short-term debt totalled EUR 43.5 billion at 31 December 2021, of which EUR 12.1 billion issued by conduits.*

(1) *Of which EUR 7.5 billion accounted for as "Other equity instruments" (see consolidated financial statements, changes in shareholders' equity).*

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



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

(1) *Of which EUR 9.3 billion accounted for as "Other equity instruments" (see consolidated financial statements, changes in shareholders' equity).*

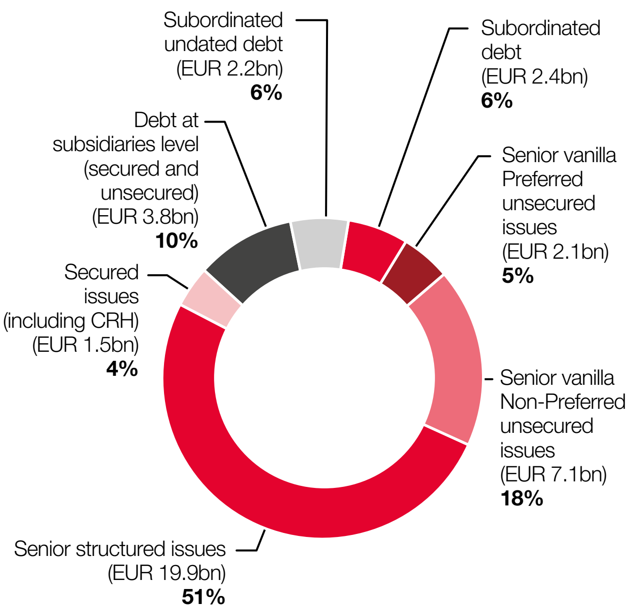
These resources also include:

- funding via securities lending and borrowing transactions and securities sold under repurchase agreements measured at fair value through P&L totalling EUR 130.6 billion at 31 December 2021, compared with EUR 152.9 billion at 31 December 2020 (see Note 3.1 to the consolidated financial statements), which are not included in this graph. Societe Generale Group's debt policy is designed not only to ensure financiing 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 ensure its future growth;
- securitisations and other securitised issues (EUR 10.5 billion at end-2021 *vs.* EUR 3.1 billion at end-2020).

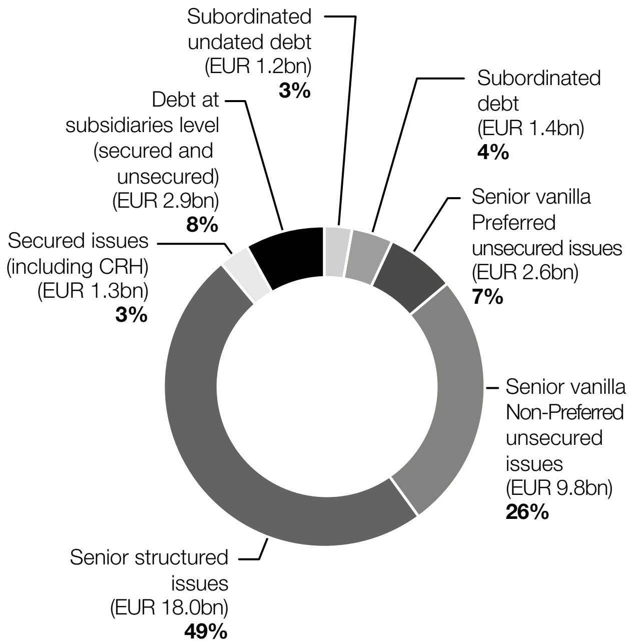
Accordingly, **the Group's long-term financing plan,** implemented gradually and in a coordinated manner during the year and based on a non-opportunistic issuance policy, is designed to maintain a surplus liquidity position over the medium to long term.

At end-2021, liquidity raised under the 2021 financing programme amounted to EUR 39.1 billion in senior and subordinated debt. Liquidity raised at parent company level amounted to EUR 35.3 billion at 31 December 2021. The breakdown of refinancing sources is as follows: EUR 7.1 billion in senior vanilla non-preferred unsecured issues, EUR 2.1 billion in senior vanilla preferred unsecured issues, EUR 19.9 billion in senior structured issues, EUR 1.5 billion in secured issues (SG SFH), EUR 2.4 billion in subordinated Tier 2 debt and EUR 2.2 billion in subordinated undated debt. At subsidiary level, a total of EUR 3.8 billion was raised at 31 December 2021.

2021 FINANCING PROGRAMME: EUR 39.1 BN



2020 FINANCING PROGRAMME: EUR 37.2 BN



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

Below is a summary of Societe Generale's counterparty ratings and senior long-term and short-term ratings at 31 December 2021:

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

During the 2021 financial year, on 24 June, Standard & Poor's revised the outlook on the Group's long-term rating to stable from negative and affirmed the ratings at A/A-1. As a result of the rating action, the outlook of SG core subsidiaries changed to "stable".

2.7 MAJOR INVESTMENTS AND DISPOSALS

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

Business division	Description of investments
2021	
International Retail Banking and Financial Services	Acquisition of Fleetpool, a leading German car subscription company.
International Retail Banking and Financial Services	Acquisition of Banco Sabadell's subsidiary (Bansabadell Renting) specialised in long-term renting and the signing of an exclusive white label distribution agreement with Banco Sabadell.
International Retail Banking and Financial Services	Acquisition by ALD of a 17% stake in Skipr, a start-up specialised in mobility as a service.
2020	
International Retail Banking and Financial Services	Acquisition of Reezocar, a French platform specialised in the online sale of used cars to individuals.
French Retail Banking	Acquisition of Shine, the neobank specialised in the professional and SME segments.
International Retail Banking and Financial Services	Acquisition of Socalfi, entity specialised in consumer credit in New 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 activities from Commerzbank.
French Retail Banking	Acquisition of Treezor, pioneering Bank-As-A-Service platform in France.

Business division	Description of disposals
2021	
Global Banking and Investor Solutions	Disposal of Lyxor, a European asset management specialist
2020	
International Retail Banking and Financial Services	Disposal of SG Finans AS, an equipment finance and factoring company in Norway, Sweden and Denmark.
International Retail Banking and Financial Services	Disposal of Société Générale de Banque aux Antilles.
International Retail Banking and Financial Services	Disposal by ALD of its entire stake in ALD Fortune (50%) in China.
Global Banking and Investor Solutions	Disposal of the custody, depository and clearing activities in South Africa.
2019	
International Retail Banking and Financial Services	Disposal of SKB Banka in Slovenia.
International Retail Banking and Financial Services	Disposal of Pema GmbH, a truck and trailer rental company in Germany.
International Retail Banking and Financial Services	Disposal of its majority stake in Ohridska Banka SG in Macedonia.
International Retail Banking and Financial Services	Disposal of SG 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.

2.8 PENDING ACQUISITIONS AND MAJOR CONTRACTS

2.8.1 FINANCING OF THE MAIN ONGOING INVESTMENTS

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

2.8.2 PENDING ACQUISITIONS AND DISPOSALS

On 6 January 2022, the Group announced the signing by Societe Generale and ALD of two Memorandums of Understanding under which ALD would acquire 100% of LeasePlan. The proposed transaction is expected to close by the end of 2022.

On 1 February 2022, Societe Generale announced that Boursorama had signed a Memorandum of Understanding (MOU) with ING to offer ING's online banking customers in France the best alternative banking solution, with a dedicated customer journey and support conditions. A final agreement should be concluded by April 2022.

2.9 PROPERTY AND EQUIPMENT

The gross book value of Societe Generale Group's tangible operating fixed assets amounted to EUR 45.7 billion at 31 December 2021. The figure comprises land and buildings (EUR 5.4 billion), the right of use (EUR 3.2 billion), assets leased by specialised financing companies (EUR 31.1 billion) and other tangible assets (EUR 6 billion).

The net book value of tangible operating assets and investment property amounted to EUR 29.2 billion, representing only 2% of the consolidated balance sheet at 31 December 2021.

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

2.10 POST-CLOSING EVENTS

On 6 January 2022, the Group announced the signing by Societe Generale and ALD of two Memorandums of Understanding under which ALD would acquire 100% of LeasePlan from a consortium led by TDR Capital. The proposed transaction is expected to close by the end of 2022.

On 1 February 2022, Societe Generale announced that Boursorama had signed a Memorandum of Understanding (MOU) with ING to offer ING's online banking customers in France the best alternative banking solution, with adedicated customer journey and support conditions. The two parties intend to reach a final agreement by April 2022.

On 3 March 2022, Societe Generale issued an update on the Group's situation in Ukraine and Russia. Societe Generale continues a detailed monitoring of the situation in Russia and Ukraine and is supporting its clients and all its employees to the highest degree possible.

Societe Generale is also rigorously complying with all applicable laws and regulations and is diligently implementing the measures necessary to strictly enforce international sanctions as soon as they are made public.

At the time of writing, the Group states that:

- its exposure[1] to Russia is limited at 1.7% of the Group's total exposure, i.e. EUR 18.6 billion at 31 December 2021, of which EUR 15.4 billion (i.e. 83%) are accounted for at its subsidiary Rosbank;
- in 2021, activities located in Russia generated 2.8% of Group net banking income and 2.7% of Group net earning[2];
- the Group is extremely prudent and selective in the conduct of its activities in Russia and its priorities are focused to reduce its risks and preserve its subsidiary's liquidity, while maintaining diversified deposit inflows;
- with a CET1 ratio of 13.7% at 31 December 2021, i.e. a buffer of around 470 basis points above the regulatory capital requirement, the Group has more than enough buffer to absorb the consequences of a potential extreme scenario, in which the Group would be stripped of property rights to its banking assets in Russia, with a capital impact estimated at around -50 basis points of the CET1 ratio and no effect on the payment of the dividend for the year 2021.

(1) "Exposure at default" on- and off-balance sheet on Russian counterparties, Russian subsidiaries or counterparties whose assets are mainly located in Russia, excluding counterparty risk on market operations whose current amount is limited.

(2) Reported Group Net Income.

The Group is following with the utmost attention the development of the situation in Ukraine and Russia, and it is committed to supporting its clients and all its employees. Societe Generale complies rigorously with legislation in force and diligently applies all necessary measures to strictly observe international sanctions as soon as they become public.

At Group level, the exposure to Russia[(1)] represents 1.7% of total exposure, i.e. EUR 18.6 billion at 31 December 2021 based on exchange rates at that date. The amount breaks down as: EUR 15.4 billion of exposure recognised in SG Russia[(2)] ("onshore exposures") and EUR 3.2 billion recognised outside Russia ("offshore exposures"), of which EUR 2.6 billion on the balance sheet.

Group activities situated in Russia (SG Russia[(2)]) represent 2.8% of Group net banking income in 2021 and 2.7% of Group net income[(3)]. They chiefly involve our banking subsidiary Rosbank, which is 99.97%-owned by the Group. Rosbank has a solid capital position, with a CET1 ratio of 10.74%, i.e. 274 basis points above the local regulatory requirement, and functions independently in terms of liquidity, with a loan-deposit ratio around 80% at 31 December 2021. These exposures are largely denominated in local currency, i.e. up to 99.7% on retail and 68% on corporate.

The exposures break down as follows:

- retail outstandings account for approximately 41% of SG Russia's[(2)] total exposure. They are 70%- secured (mortgage and auto loans), the remaining 30% of which mainly comprises loans to employees of Rosbank's corporate clients, for whom the Bank processes their salaries;
- corporate exposure represents around 31% of the total and principally involves large Corporates (80%);
- exposure to financial institutions totals EUR 0.5 billion;
- russian sovereign debt and that of assimilated entities stands at EUR 3.7 billion, including around EUR 1.2 billion in sovereign bonds.

Exposure to local counterparties subject to embargo is very low (EUR 0.2 billion[(5)]).

The Group is conducting its business in Russia with the utmost caution and selectivity, while supporting its historical clients. Its priorities are to reduce its risks and preserve the liquidity of its subsidiary by maintaining a diversified collection of deposits. The rouble clearing business is conducted entirely from Rosbank on behalf of the Group's major clients.

With a CET1 ratio of 13.7% at 31 December 2021, i.e. a buffer of around 470 basis points above the regulatory requirement, the Group has more than enough buffer to absorb the consequences of a potential extreme scenario, in which the Group would be stripped of property rights to its banking assets in Russia. The capital impact has been estimated at around -50 basis points[(4)] of the CET1 ratio, based on a Rosbank net book value equivalent to EUR 2.1 billion at 31 December 2021, EUR 0.5 billion in subordinated loans and including the cancellation of associated RWA. This would not affect the payment of the dividend for the year 2021.

Furthermore, the Group has minor exposure to Ukraine, representing less than EUR 80 million at 31 December 2021, mainly through its subsidiary ALD whose activity is concentrated on international corporate clients.

Offshore exposures to Russia[(1)], which mainly involve operations conducted by our financing activities in Global Banking and Investor Solutions, represent EUR 3.2 billion with top-tier counterparties in their sector of activity. They specifically concern the following sectors: EUR 2.2 billion for the metals and minerals sector, EUR 0.7 billion for the energy sector, EUR 0.2 billion for the transport and telecoms sector and EUR 0.1 billion for financial institutions.

Counterparties under embargo represent around EUR 0.7 billion in offshore net outstandings[(5)]. For the record, sanctions forbid new activities but do not prevent the settlement of operations or necessarily the repayment of facilities.

The Group also has around EUR 0.3 billion in net outstandings on private banking clients, the majority of which are mortgage and Lombard loans.

At this stage, the Group is not changing its cost of risk target and will update it, if necessary, at the time of its Q1 22 results publication.

2.11 STATEMENT ON POST-CLOSING EVENTS

Since the end of the last financial period, no significant change in the financial performance of the Group occurred other than those described in the present Universal Registration Document filed with the AMF on 9 March 2022.

(1) "Exposure at default" on- and off-balance sheet on Russian counterparties, Russian subsidiaries or counterparties whose assets are mainly located in Russia, excluding counterparty risk on market operations whose current amount is limited.

(2) SG Russia comprises Rosbank, Rosbank Insurance composed of SGS and SGSZh (81%-owned by Sogécop and 19%-owned by Rosbank), ALD automotive OOO Russia (100%-owned by ALD SA).

(3) Reported Group Net Income.

(4) Based on a EUR/RUB exchange rate of 120.

(5) Based on the lists of sanctions published at 27.02.2022.

2.12 INFORMATION ABOUT GEOGRAPHIC LOCATIONS AND ACTIVITIES AT 31 DECEMBER 2021

The article L. 511-45 of the Monetary and Financial Code modified by Order No. 2014-158 of 20 February 2014, require credit institutions to communicate information about the locations and activities of their entitites included in their consolidation scope, in each State or territory.

Societe Generale publishes below the information relative to staff and the financial information by countries or territories.

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

Country	Staff*	NBI*	Earnings before corporate tax*	Corporate tax*	Deferred corporate tax*	Other taxes*	Subventions*
South Africa	-	0	0	0	-	-	-
Algeria	1,593	163	69	(26)	5	(5)	-
Germany	2,781	1,161	516	(91)	(33)	(3)	-
Australia	56	43	6	(1)	(1)	(1)	-
Austria	83	18	8	(1)	(1)	(0)	-
Belarus	3	1	1	(0)	(0)	-	-
Belgium	307	97	44	(0)	(11)	(1)	-
Benin	148	21	9	0	(1)	(0)	-
Bermuda[1]	-	(5)	(5)	-	-	-	-
Brazil	340	86	45	(13)	2	(8)	-
Bulgaria	36	5	3	(0)	(0)	-	-
Burkina Faso	284	56	27	(6)	(2)	(3)	-
Cameroon	667	124	39	(10)	(1)	(4)	-
Canada	65	30	11	(2)	0	(2)	-
Chile	39	5	2	-	(2)	(0)	-
China	274	65	29	-	(1)	(0)	-
Colombia	31	3	2	(0)	0	(0)	-
Congo	141	25	8	(0)	(0)	(1)	-
South Korea	106	110	50	(16)	(2)	(2)	-
Cote d’Ivoire	1,044	269	119	(22)	1	(6)	-
Croatia	48	10	7	(2)	0	(0)	-
Curacao[2]	-	0	0	0	-	-	-
Denmark	117	44	26	(15)	10	-	-
United Arab Emirates	52	13	3	-	-	(0)	-
Spain	679	301	182	(39)	(9)	(2)	-
Estonia	13	3	2	(0)	-	(0)	-
United States	2,016	1,703	796	(21)	(158)	(8)	-
Finland	116	53	38	(6)	(1)	-	-
France	54,653	12,428	1,925	(102)	(262)	(1,240)	-
Ghana	537	81	46	(18)	1	(0)	-
Gibraltar	36	11	(1)	-	(1)	(0)	-
Greece	46	6	3	(0)	(1)	(0)	-
Guinea	327	41	4	(2)	0	(0)	-
Equatorial Guinea	239	16	2	(1)	-	(0)	-
Hong Kong	1,079	692	311	(46)	(0)	(1)	-
Hungary	90	15	10	(2)	(0)	-	-
Isle of Man	-	-	-	-	-	-	-
Guernsey	56	30	2	-	-	-	-
Cayman Islands[3]	-	-	-	-	-	-	-
India[4]	9,640	78	82	(27)	1	(1)	-
Ireland	199	95	74	(9)	0	(0)	-
Italy	2,039	835	404	(88)	(8)	(3)	-
Japan	220	179	41	(5)	(6)	(6)	-
Jersey	202	42	2	(1)	0	(0)	-
Latvia	19	4	3	(0)	-	-	-
Lithuania	13	5	3	(0)	(0)	(0)	-
Luxembourg	1,342	691	372	(32)	25	(22)	-

Country	Staff*	NBI*	Earnings before corporate tax*	Corporate tax*	Deferred corporate tax*	Other taxes*	Subventions*
Madagascar	949	63	28	(6)	0	(2)	-
Malta	-	-	-	-	-	-	-
Morocco	3,917	500	137	(64)	2	(18)	-
Mauritius	-	-	(0)	-	-	-	-
Mexico	127	24	15	(5)	(1)	-	-
Monaco	314	111	24	(5)	(0)	(0)	-
Norway	69	17	6	-	2	-	-
New Caledonia	303	75	35	(14)	(2)	(0)	-
Netherlands	280	116	69	(26)	(2)	(0)	-
Peru	27	3	1	0	(1)	-	-
Poland	452	78	18	(1)	(6)	(1)	-
French Polynesia	255	49	26	(11)	(2)	(1)	-
Portugal	124	30	21	(5)	0	-	-
Czech Republic	7,797	1,269	647	(151)	28	(40)	-
Romania	8,700	645	338	(67)	(0)	(13)	-
United Kingdom	2,730	1,526	757	(193)	46	(1)	-
Russian Federation	12,555	795	303	(37)	(21)	(20)	-
Senegal	815	105	45	(10)	(2)	(2)	-
Serbia	29	9	7	(2)	0	(0)	-
Singapore	191	116	6	(7)	0	(0)	-
Slovakia	109	28	17	(4)	(1)	(0)	-
Slovenia	20	4	2	(0)	0	(0)	-
Sweden	170	77	44	(9)	0	(0)	-
Switzerland	547	238	59	(14)	(1)	(0)	-
Taiwan	44	39	16	(4)	0	(2)	-
Chad	215	27	5	(2)	(1)	(2)	-
Thailand	4	0	(1)	-	-	-	-
Togo	34	6	0	-	-	-	-
Tunisia	1,394	138	40	(23)	4	(5)	-
Turkey	95	46	40	(2)	(14)	(0)	-
Ukraine	47	10	8	(2)	(0)	-	-
TOTAL	**124,089**	**25,798**	**8,035**	**(1,272)**	**(425)**	**(1,431)**	**-**

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

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

Earning before tax: *Earning before tax by territorial contribution to the consolidation statement, in EUR millions, before elimination of intra-group reciprocal transactions.*

Corporate taxes: *Such as presented in the consolidated statement in accordance with the IFRS standards and by distinguishing the current taxes of the deferred taxes, in EUR millions.*

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

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

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

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

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

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

3

CORPORATE GOVERNANCE

3.1 BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

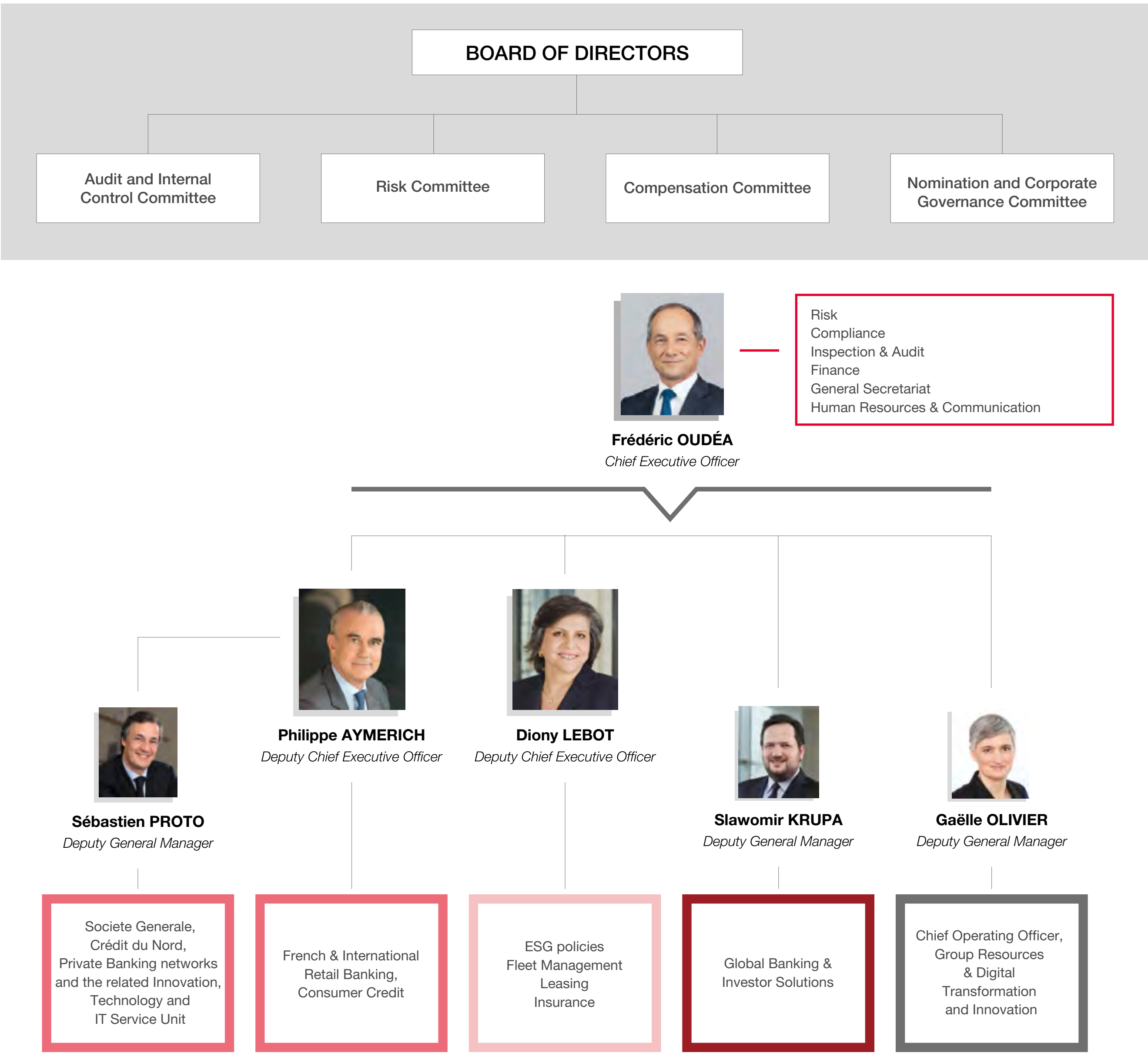
3.1.1 GOVERNANCE

Purpose

Following the introduction of French Act No. 2019-486 on 22 May 2019, known as the Pacte Law, an action plan for business growth and transformation, the Board of Directors reviewed the Bank's purpose in 2019, defining 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). In May 2021, the first sentence of the preamble of the Board of Directors' Internal Rules was also modified to mirror this position.

Presentation of the organisation

(At 17 January 2022)



The composition of the Board of Directors is presented on pages 65 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 633 and following. The Board's work is presented on pages 81 and 82.

The composition of the General Management and Management Committee is presented in the respective sections of this report (see pages 90 to 92 and page 94).

The tasks of the Supervisory Committees are described on page 93.

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 80 and following, and describe in particular:

- the role of the Chairperson and the report on his activities, page 80;
- Audit and Internal Control Committee, pages 83 and 84;
- Risk Committee, pages 85 and 86;
- Compensation Committee, pages 87 and 88;
- Nomination and Corporate Governance Committee, pages 88 and 89.

Organisation of the governance

On 15 January 2015, the Board of Directors decided that in accordance with Article L. 511-58 of the French Monetary and Financial Code (*Code monétaire et financier*), 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 after his term of office as Director was renewed at the General Meeting of 21 May 2019.

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

The Board of Directors appointed Jean-Bernard Lévy as non-voting Director for a two-year term from 18 May 2021. One of his tasks is to assist the Board of Directors in relation to its energy transition remit.

Since 17 January 2022, 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 Frédéric Oudéa's term. The Chief Executive Officer and the two Deputy Chief Executive Officers are assisted by three Deputy General Managers who are not corporate officers.

On 17 January 2022, Frédéric Oudéa, Chief Executive Officer, took direct control of supervising the Risk and Compliance functions, in addition to the Inspection and Audit, Finance, Corporate Secretary Departments, and the Human Resources and Communication Departments.

From 17 January 2022, Diony Lebot, Deputy Chief Executive Officer, will be responsible for overseeing all ESG policies and their effective incorporation into the strategic trajectories adopted by the Group's business units and functions. She will continue to supervise the specialised financial services (ALD and SGEF) and insurance activities.

Philippe Aymerich remains Deputy Chief Executive Officer in charge of all retail banking activities.

Statement of 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". The document is available on the *www.hcge.fr* website). In accordance with the comply or explain principle, Societe Generale confirms 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 18 May 2021. 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 2022)

15
Number of Directors
(including 3 Directors elected by the employees)

92%
Proportion of independent Directors

42%
Representation by women(1)

9
Number of nationalities(2)

58 years
Average age

6.5 years
Average tenure of the board

15
Number of meetings in 2021

96%
Average attendance in 2021

(1) In accordance with legislation and the AFEP-MEDEF Code, the three Directors representing the employees are excluded from the calculation.
(2) Taking into account the dual citizenship of certain Directors.

At 1 January 2022, the Board of Directors comprised fifteen members: thirteen Directors appointed at the General Meeting (including the Director representing the employee shareholders appointed at the General Meeting following the submission of the employee shareholders) and two Directors representing the employees.

The Board of Directors appointed Jean-Bernard Lévy as non-voting Director for a two-year term from 18 May 2021. One of his tasks is to assist the Board of Directors in relation to its energy transition remit.

A representative of the Social and Economic Committee attends the Board of Directors' meetings, but does hold voting rights.

The Directors appointed by the General Meeting are tenured for four years. Their tenures expire at staggered intervals. The term of office for Directors directly elected by the employees is three years.

The terms of office of three of the Board's Directors are set to end in 2022. The Board of Directors, acting on the recommendation of the Nomination and Corporate Governance Committee, will propose that they be reappointed.

Lorenzo Bini Smaghi, independent Director since 2014 and Chairman of the Board of Directors since the separation of the functions of Chairman of the Board of Directors and of Chief Executive Officer on 19 May 2015, will be proposed for a third term. An Italian national, Mr Lorenzo Bini Smaghi brings to the Board of Directors a wealth of experience in the international financial world.

If shareholders vote to renew his chairmanship, the Nomination and Corporate Governance Committee will propose to the Board of Directors that he continues to serve as chairman of the board based on the positive assessments of the operation of the Board of Directors each year since 2015. The functions of the Chairman and of the Chief Executive Officer will remain separate in accordance with Article 511-58 of the French Monetary and Financial Code.

Jérôme Contamine, independent Director, member of the Audit and Internal Control Committee since 2018 and Chairman of the Compensation Committee since 2021 (member since 2020) will be proposed for a second term. A French citizen, Jérôme Contamine brings recognised experience in the management of large companies and financial expertise to the Board. He is a Director and member of the Audit Committee of TotalEnergies.

Diane Côté, independent Director, member of the Audit and Internal Control Committee since 2018 and member of the Risk Committee since 2021, will be proposed for a second term. Diane Côté is a Canadian citizen and brings her expertise in the areas of audit, risk and finance to the Board. She is an independent Director of X-Forces Enterprises (United Kingdom).

If the General Meeting accepts these proposals, the Board of Directors will continue to comprise 42% women and over 90% independent Board members, with 50% of directors being foreign nationals, excluding the three employee members.

At 1 January 2022, eleven Directors were members of one or several of the Board of Directors' Committees.

Presentation of the Board of Directors

COMPOSITION OF THE BOARD OF DIRECTORS, CHANGES IN 2021

In May 2021, Henri Poupart-Lafarge was appointed Director, while Jean-Bernard Lévy, who did not seek a further appointment, completed his final term of office as Director. Lubomira Rochet, Alexandra Schaapveld, France Houssaye and William Connelly were reappointed Directors. Sébastien Wetter was appointed Director in the new position of Director representing employee shareholders. Johan Praud was elected Director by group employees after David Leroux decided not to run for a further term.

Director/ Non-voting Director	Gender	Age[1]	Nationality	Initial year of appoint-ment	End of term of office (GM)	Number of years on the Board[2]	Inde-pendent Director	Member of a Board Committee	Number of terms of office held in listed companies	Number of shares
Lorenzo BINI SMAGHI Chairman of the Board of Directors Director	M	65	Italian	2014	2022	8	Yes	-	1	2,174
Frédéric OUDÉA Chief Executive Officer Director	M	58	French	2009	2023	13	No	-	2	243,660 2,465[7]
William CONNELLY Director	M	63	French	2017	2025	5	Yes	Chairman of the CR[3] CONOM[4]	3	2,173
Jérôme CONTAMINE Director	M	64	French	2018	2022	4	Yes	Chairman of the COREM[6] CACI[5]	2	1,069
Diane CÔTÉ Director	F	58	Canadian	2018	2022	4	Yes	CACI[5] CR[3]	1	1,000
Kyra HAZOU Director	F	65	British/ American	2011	2023	11	Yes	CACI[5] CR[3]	1	1,086
France HOUSSAYE[8] Director	F	54	French	2009	2024	13	No	COREM[6]	1	-
Annette MESSEMER Director	F	57	German	2020	2024	2	Yes	CR[3] CACI[5]	3	1,000
Gérard MESTRALLET Director	M	72	French	2015	2023	7	Yes	Chairman of the CONOM[4] COREM[6]	1	1,200
Juan Maria NIN GÉNOVA Director	M	68	Spanish	2016	2024	6	Yes	CR[3] COREM[6]	1	1,629
Henri POUPART-LAFARGE Director	M	52	French	2021	2025	1	Yes	COREM[6]	2	1,000
Johan PRAUD[8] Director	M	36	French	2021	2024	1	No	-	1	-
Lubomira ROCHET Director	F	44	French/ Bulgarian	2017	2025	5	Yes	CONOM[4]	3	1,000
Alexandra SCHAAPVELD Director	F	63	Dutch	2013	2025	9	Yes	Chairman of the CACI[5] CR[3]	3	3,069
Sébastien WETTER Director	M	50	French	2021	2025	1	No	-	1	3,165 5,112[7]
Jean-Bernard LÉVY Non-voting Director	M	65	French	2021	2023					Inapplicable

(1) Age at 1 January 2022.
(2) At the date of the next General Meeting, to be held on 17 May 2022.
(3) Risk Committee.
(4) Nomination and Corporate Governance Committee.
(5) Audit and Internal Control Committee.
(6) Compensation Committee.
(7) Via Societe Generale Actionnariat (Fonds E).
(8) Directors representing the employees.

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

Directors	GM 2022	GM 2023	GM 2024	GM 2025
Lorenzo BINI SMAGHI	x			
Frédéric OUDÉA		x		
William CONNELLY				x
Jérôme CONTAMINE	x			
Diane CÔTÉ	x			
Kyra HAZOU		x		
Annette MESSEMER			x	
Gérard MESTRALLET		x		
Juan Maria NIN GÉNOVA			x	
Henri POUPART-LAFARGE				x
Lubomira ROCHET				x
Alexandra SCHAAPVELD				x
Sébastien WETTER				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 2024.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES IN 2021

Board of Directors

Directors	Departure	Appointment	Reappointment
William CONNELLY			18 May 2021
Jean-Bernard LÉVY	18 May 2021		
Henri POUPART-LAFARGE		18 May 2021	
Lubomira ROCHET			18 May 2021
Alexandra SCHAAPVELD			18 May 2021
Sébastien WETTER		18 May 2021	
France HOUSSAYE			18 May 2021
Johan PRAUD		18 May 2021	
Nomination and Corporate Governance Committee			
Directors	**Departure**	**Appointment**	**Reappointment**
Jean-Bernard LÉVY	18 May 2021		
Henri POUPART-LAFARGE		18 May 2021	
Compensation Committee			
Directors	**Departure**	**Appointment**	**Reappointment**
Jean-Bernard LÉVY	18 May 2021		
Risk Committee			
Directors			
Diane CÔTÉ		1 November 2021	

DIVERSITY AND COMPLEMENTARY IN THE BOARD'S COMPOSITION

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

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

In particular, it ensures that the Board is balanced age-wise as well as with regard to professional and international experience. The Nomination and Corporate Governance Committee review these objectives each year through an annual assessment, the results of which are set out on page 89 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.

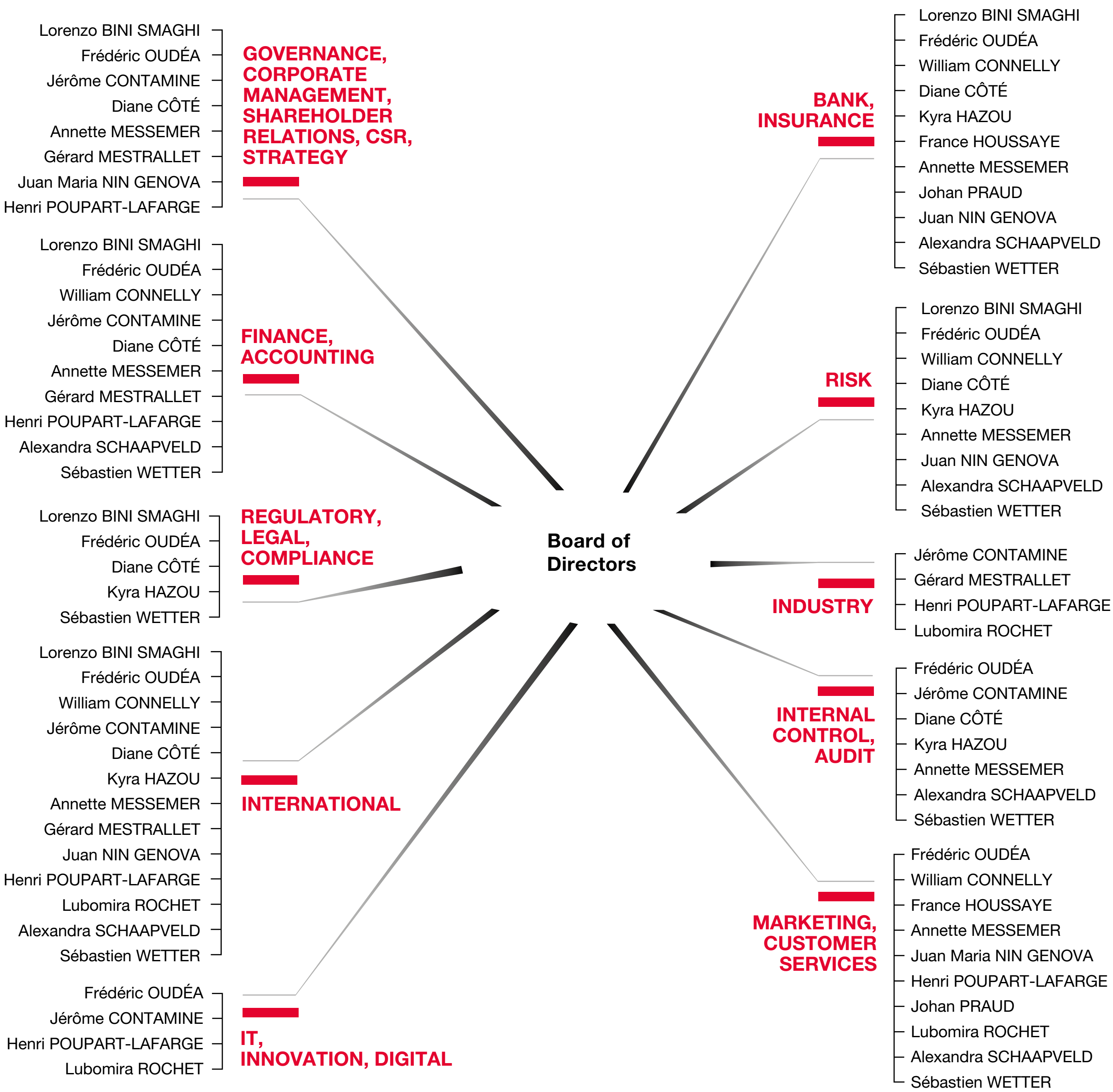
An experienced and complementary group of Directors

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 it has technological and digital transformation expertise among its ranks. Each year, the Nomination and Corporate Governance Committee and the Board of Directors reviews the balance existing in the Board of Directors' composition. Assessing the Directors' expertise highlights the complementary nature of their profiles which address the entire spectrum of the Bank's businesses and the risks associated with its activity.

Directors' expertise

The chart below illustrates the Directors' main areas of expertise and experience. Their biographies can be found on pages 71 to 79.

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



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

At 1 January 2022, the Board of Directors comprised six women and nine men, *i.e.* 40% women, or almost 42% if the two Directors representing the employees are excluded from the calculation, in accordance with the provisions of Articles L. 225-23 and L. 225-27 of the French Commercial Code.

The Board of Directors ensures a balanced representation of men and women among the thirteen members appointed by the General Meeting of Shareholders. The only change occurring between 2020 and 2021 was the appointment of Sébastien Wetter as Director in the new position of Director representing employee shareholders. It should be noted that Directors representing employees are not taken into account when calculating the Board of Directors' gender balance ratio.

The Board also makes sure that a balanced representation of men and women exists on its Committees. At 1 January 2022, each Committee comprised both men and women.

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

Sound balance in the ages and seniority of the Directors

At 1 January 2022, the average age of the Directors was 58:

- two Directors are less than 50;
- six Directors are between 50 and 60;
- five 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 the available time to devote to the Board's work. The desired objective is to preserve the balance between the different age brackets of Board members.

By the next General Meeting, average tenure on the Board of Directors will be seven years. The average should be weighed up against the Directors' four-year terms of office and the Board of Directors' practice to factor in the independence aspect, *i.e.* to not have served as a Director for more than 12 years when renewing the terms of office of the 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 citizenship.

All Board members, ruling out the Directors who are employees, possess international experience, either because they have held a position 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 that at least one-third of its members appointed at the General Meeting are non-French citizens and, furthermore, to include persons whose nationalities embody the Group's European dimension. At 1 January 2022, six out of twelve Directors were non-French nationals.

MORE THAN 90% OF DIRECTORS WERE INDEPENDENT AT 1 JANUARY 2022

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 2022 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 independence of Directors' decision-making. The assessment is based on a multi-criteria review integrating several parameters, such as 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 Gérard Mestrallet, Executive President of Al Ula, William Connelly, Chairman of the Supervisory Board of Aegon N.V. and Chairman of Amadeus IT Group SA, and Juan Maria Nin Génova, Chairman of the Board of Directors of Promociones Habitat, Itinere Infraestructuras and Mora Banc, and Henri Poupart-Lafarge, Chairman and Chief Executive Officer of Alstom.

In the four cases, the Committee ascertained 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 the findings of their independence review conducted in early 2021. Societe Generale's role in financing the debt of their groups appeared to be compatible with the Committee's assessment criteria, *i.e.* less than 5% of the banking and non-banking debt. They are therefore deemed to be independent.

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

At 1 January 2022, the number of independent Directors was therefore eleven, *i.e.* 92% of the Board's members, using the AFEP-MEDEF Code's calculation rule that excludes the two employee representatives and the employee shareholder representative.

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.

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

- the percentage of women on the Board of Directors would be 42%, while the independence rate would be 92% (11 out of 12 Directors) if the three Directors representing employees are excluded from the calculation in accordance with legislation and the AFEP-MEDEF Code;
- 6 out of 15 Directors would be non-French nationals, *i.e.* the percentage of international Board members would be 40% if the Directors representing employees are included, and six out of 12 Board members, taking the percentage of international members to 50% if the Directors representing employees are excluded from the calculation.

The Board consequently ensured that, in its present form, it has armed itself with 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' SITUATION 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 relationships	Existence of close family ties with a corporate officer	Not a Statutory Auditor for the Company during the past five years	Not a Director for the Company 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	×	✓	✓	✓	✓	✓	✓
Annette MESSEMER	✓	✓	✓	✓	✓	✓	✓
Gérard MESTRALLET	✓	✓	✓	✓	✓	✓	✓
Juan Maria NIN GÉNOVA	✓	✓	✓	✓	✓	✓	✓
Henri POUPART-LAFARGE	✓	✓	✓	✓	✓	✓	✓
Johan PRAUD	×	✓	✓	✓	✓	✓	✓
Lubomira ROCHET	✓	✓	✓	✓	✓	✓	✓
Alexandra SCHAAPVELD	✓	✓	✓	✓	✓	✓	✓
Sébastien WETTER	×	✓	✓	✓	✓	✓	✓

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.

The Nomination and Corporate Governance Committee also ensured that Jean-Bernard Lévy, the non-voting Director, also met independence criteria.

CONSCIENTIOUS DIRECTORS

In 2021, 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:

- 96% for the Board of Directors (CA) (97% in 2020);
- 98% for the Audit and Internal Control Committee (CACI) (100% in 2020);
- 98% for the Risk Committee (CR) (97% in 2020);
- 97% for the Nomination and Corporate Governance Committee (CONOM) (100% in 2020) and;
- 100% for the Compensation Committee (COREM) (98% in 2020).

	CA		CACI		CR		CONOM		COREM	
Attendance in 2021	**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	15	100%								
Frédéric OUDÉA	15	100%								
William CONNELLY	15	100%			10	100%	8	100%		
Jérôme CONTAMINE	15	100%	10	100%					6	100%
Diane CÔTÉ	15	100%	10	100%	2[1]	100%				
Kyra HAZOU	15	100%	10	100%	10	100%				
France HOUSSAYE	15	100%							6	100%
Annette MESSEMER	15	100%	10	100%	10	100%				
Gérard MESTRALLET	14	93%					8	100%	6	100%
Juan Maria NIN GÉNOVA	14	93%			10	100%			6	100%
Henri POUPART-LAFARGE	7	87.5%					4	100%		
Johan PRAUD	8	100%								
Lubomira ROCHET	12	80%					7	87.5%		
Alexandra SCHAAPVELD	13	87%	9	90%	9	90%				
Sébastien WETTER	8	100%								
Number of meetings held in 2020	15		10		10		8		6	
Average attendance rate (%)	**96%**		**98%**		**98%**		**97%**		**100%**	

(1) Appointed on 1 November 2021.

DIRECTORS AND A NON-VOTING DIRECTOR BOUND BY STRINGENT ETHICS RULES

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

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 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 Universal 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.

EXTRACT FROM "ARTICLE 19: NON-VOTING DIRECTOR" OF THE INTERNAL RULES

The non-voting Director attends the Board of Directors' meetings and can participate in the meetings of the specialised Committees, in a consultative capacity. He is subject to the same rules of ethics, confidentiality and deontology as the Directors. Articles 2, 3.2, 3.3, 4.1, 4.2, 4.3, 7.1, 7.4, 14, 17 and 18 of the Internal Rules are applicable to the non-voting Director.

In 2021, no conflict of interest situation existed that resulted in a Director being requested to refrain from attending a meeting.

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 accordance with the provisions of Article 16 of the Internal Rules. At 1 January 2022, 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, pursuant to Article L. 225-25 of the French Commercial Code.

The Chairman of the Board of Directors and Chief Executive Officers are bound by specific obligations (see page 136 – Societe Generale share ownership and holding obligations).

Presentation of the members of the Board of Directors and of the non-voting Director

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

Lorenzo BINI SMAGHI

Chairman of the Board of Directors
Independent Director

Biography

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 of 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:*
  ChiantiBanca (France) (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
First appointment: 2009
Term of office expires: 2023
Holds 243,660 shares
2,465 shares *via* Societe Generale Actionnariat (Fonds E)
Professional address:
Tours Societe Generale,
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 of Societe Generale Group 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 served as Chief Executive Officer since the separation in May 2015 of the functions of Chairman of the Board of Directors and Chief Executive Officer. He is Chairman of the Foundation of *École polytechnique* and member of Board of Directors of *École polytechnique*.

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.

William CONNELLY

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

Date of birth: 3 February 1958
Nationality: French
Year of first appointment: 2017
Term of office expires: 2025
Holds 2,173 shares
Professional address:
Tours Societe Generale,
75886 Paris Cedex 18

Biography

William Connelly is a graduate of Georgetown University in Washington D.C. 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).
- *Chairman of the Board of Directors:*
  Amadeus IT Group (Spain) (Director since 2019) and Chairman (since 2021).

In foreign unlisted companies:

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

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

None.

Jérôme CONTAMINE

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

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

Biography

Jérôme Contamine is a graduate of France's *École polytechnique*, ENSAE and *École nationale d'administration.* After spending 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 positions 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 Committee*:
  TOTALENERGIES (since 2020).

In French unlisted companies:

- *Chairman*:
  Sigatéo (since 2018)

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

- *Director:*
  Valeo (France) (from 2006 to 2017).

Diane CÔTÉ

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

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).

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

Other offices held currently

In foreign unlisted companies:

- *Director:*
  X-Forces Enterprises (United Kingdom) (since 16 April 2021).

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

- *Director:*
  Novae Syndicates Limited (United Kingdom) (from 2015 to 2018),
  LCH SA (from 2019 to 1 February 2021).

Kyra HAZOU

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

Biography

Kyra Hazou graduated with a Law degree from Georgetown University in Washington D.C. After working as a lawyer in London and New York, she was appointed 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.

Date of birth: 13 December 1956
Nationality: American/British
Year of first appointment: 2011
Term of office expires: 2023
Holds 1,086 shares
Professional address:
Tours Societe Generale,
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: 27 July 1967
Nationality: French
Year of first appointment: 2009
Term of office expires: 2024
Professional address:
Tours Societe Generale ,
75886 Paris Cedex 18

France HOUSSAYE

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

Biography

Societe Generale employee since 1989.

Other offices held currently

None.

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

None.

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

Annette MESSEMER

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

Biography

A German citizen, Annette Messemer holds 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 SciencesPo Paris. She began her career in investment banking at JP Morgan in New York in 1994 before working in Frankfurt and London. She left JP 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 was appointed to the Supervisory Board of WestLB by the German Ministry of Finance before joining Commerzbank in 2013, where she was a member of the Group's Executive Committee and Board member for corporate and institutional clients until June 2018.

Other offices held currently

In French listed companies:

- *Director:*
  Savencia S.A. (since 2020),
  Imerys S.A. (since 2020).
- *Member of the Supervisory Board*:
  Babbel AG (Germany) (since August 2021).

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),
  Essilorluxottica (from 2018 to May 2021).
- *Member of the Supervisory Board*:
  K+S AG (Germany) (from 2013 to 2018).

Date of birth: 1 April 1949
Nationality: French
Year of first appointment: 2015
Term of office expires: 2023
Holds 1,200 shares
Professional address:
Tours Societe Generale,
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 various positions in the French administration before joining the Compagnie Financière de Suez in 1984 as Special Advisor to the Chairman, following which he 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, he became Chairman and Chief Executive Officer of Compagnie de Suez, and in June 1997 took the position of Chairman of the Management Board of Suez Lyonnaise des Eaux before being appointed Suez's Chairman and Chief Executive Officer in 2001. From July 2008 to May 2016, he held the positions of Chairman and Chief Executive Officer of ENGIE (formerly GDF SUEZ). From 2016 to May 2018, he served as Chairman of the Board of Directors following the separation of the functions of Chairman and Chief Executive Officer.

Other offices held currently

In French unlisted companies:

- *Chairman:*
  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:*
  ENGIE (from 2016 to 2018), SUEZ (from 2008 to 2019).
- *Director:*
  SUEZ (from 2019 to 2020).
- *Member of the Supervisory Board:*
  Siemens AG (Germany) (from 2013 to 2018).
- *Director:*
  Saudi Electricity Company (Saudi Arabia) (from 2018 to 2020).

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

Juan Maria NIN GÉNOVA

Company Director
Independent Director
Member of the Risk Committee and of 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 (UK). He is a lawyer and economist who began his career as a Programme 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 held the positions of Deputy Chairman and Deputy Advisor of CaixaBank, which 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), Mora Banc (Andorra) (since May 2021).
- *Director:*
  Azora Capital SL (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), Grupo de Empresas Azvi SL (Spain) (from 2015 to 2019), Azora Gestion (Spain) (from 2018 to 2019).

Date of birth: 10 April 1969
Nationality: French
Year of first appointment: 2021
Term of office expires: 2025
Holds 1,000 shares
Professional address:
48, rue Albert Dhalenne
93400 Saint-Ouen-sur-Seine

Henri POUPART-LAFARGE

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

Biography

Henri Poupart-Lafarge is a graduate of France's *École Polytechnique*, *École Nationale des Ponts et Chaussées* and of Massachussetts Institute of Technology (MIT). He began his career in 1992 at the World Bank in Washington D.C. before moving to the French Ministry of the Economy and Finance in 1994. He joined Alstom in 1998 as Head of Investor Relations and was in charge of Management Control. In 2000, he was appointed Chief Financial Officer of Transmission and Distribution at Alstom, a position he held until 2004. He was Chief Financial Officer of Alstom Group from 2004 until 2010, and became President of Alstom Grid from 2010 to 2011. On 4 July 2011, he became Chairman of Alstom Transport, before being appointed Chairman and CEO. He has been Chairman and CEO of Alstom since 1 February 2016.

Other offices held currently

In French listed companies:

- *Chairman and Chief Executive Officer:* Alstom (since 2016).

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

- *Director:* Vallourec (France) (from 2014 to 2018), Transmashholding (Russia) (from 2012 to 2019).

Date of birth: 9 November 1985
Nationality: French
Professional address:
Tours Societe Generale,
75886 Paris Cedex 18

Johan PRAUD

Client Service Advisor, Client Services Centre

Biography

Societe Generale employee since 2005.

Other offices held currently

None.

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

None.

Date of birth: 8 May 1977
Nationality: French/Bulgarian
Year of first appointment: 2017
Term of office expires: 2025
Holds 1,000 shares
Professional address:
Tours Societe Generale,
75886 Paris Cedex 18

Lubomira ROCHET

Partner at JAB Holding Company
Independent Director
Member of the Nomination and Corporate Governance Committee

Biography

Lubomira Rochet is a graduate of *École normale supérieure* and SciencesPo in France, and of the College of Europe in Bruges, Belgium. From 2003 to 2007, she was Head of Strategy at Sogeti (Capgemini). In 2008 she moved to Microsoft where she was Head of Innovation and Start-ups in France until 2010. She joined Valtech in 2010 and was appointed Chief Executive Officer in 2012. Lubomira was Chief Digital Officer and member of the Executive Committee of L'Oréal from 2014 until May 2021.

Other offices held currently

In French unlisted companies:
- *Director:*
  Alan (since July 2021).

In foreign listed companies:
- *Director:*
  Keurig Dr Pepper*, Krispy Kreme Doughnuts* (since 1 June 2021).

In foreign unlisted companies:
- *Director:*
  Bally*, Espresso House*, Gardyn*, NVA Petcare*, Panera*, Prêt A Manger*, You & Mr Jones* (since 1 June 2021).

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

- *Director:*
  Founders Factory Ltd.** (UK) (from 2016 to 31 May 2021).

** Group JAB Holding company*
*** L'Oréal Group.*

Date of birth: 5 September 1958
Nationality: Dutch
Year of first appointment: 2013
Term of office expires: 2025
Holds 3,069 shares
Professional address:
Tours Societe Generale,
75886 Paris Cedex 18

Alexandra SCHAAPVELD

Company Director
Independent Director
Chair of the Audit and Internal Control Committee and member of 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. In particular, she was in charge of covering the bank's major corporate clients. In 2008, she moved to the Royal Bank of Scotland Group where she was appointed Head of Investment Banking for Western Europe.

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 2020).

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

- *Member of the Supervisory Board:*
  Vallourec SA (from 2010 to 2020),
  FMO (Netherlands) (from 2012 to 2020).

Date of birth: 10 July 1971
Nationality: French
Holds 3,165 shares
5,112 shares *via* Societe Generale Actionnariat (Fonds E)
Professional address:
Tours Societe Generale,
75886 Paris Cedex 18

Sébastien WETTER

Banker managing Societe Generale's coverage with international financial institutions
Global Chief Operating Officer for the Financial Institutions coverage teams

Biography

Sébastien Wetter holds a Master degree in Fundamental Physics and graduated from the Lyons Business School (EM Lyon). He began his career at Societe Generale in 1997 in the Strategy and Marketing Division of Societe Generale's retail bank. From 2002, working in the Group's Organisation Consulting Department, he performed a range of assignments in the Corporate & Investment Banking arm and helped roll out the Group-wide participatory Innovation programme. At the end of 2005, he joined the Commodities Market Department as Chief Operating Officer holding a global remit, before becoming Head of Business Development in 2008. From 2010 until 2014, he served as General Secretary of the Group's General Inspection and Audit Division. In 2014, he joined the Coverage Division of the Corporate & Investment Bank where he held a number of positions: Head of the Client Management Unit for major French and international clients, then in 2016, Global Chief Operating Officer for the Financial Institutions coverage teams. Since the beginning of 2020, he has been a banker managing Societe Generale's Financial Institutions coverage teams.

Other offices held currently	Other offices and positions held in other companies in the past five years
None.	None.

Date of birth: 18 March 1955
Nationality: French
Year of first appointment: 2021
Term of office expires: 2023
Professional address:
22-30, avenue de Wagram,
75008 Paris

Jean-Bernard LÉVY (Non-voting Director)

Chairman and Chief Executive Officer of EDF
Non-voting Director

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. In 1988, he joined Matra Marconi Space as Head of Telecommunication Satellites, a position he held until 1993. From 1993 to 1994, he was appointed 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. He chaired Vivendi's Management Board from 2005 to 2012. He was both Chairman and Chief Executive Officer of Thalès from December 2012 until 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).
- *Director:*
  Faurecia SA (since February 2021).

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* (UK)
  (since 2017).

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

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

** EDF Group.*

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. Following the Joint General Meeting of 23 May 2018 when Lorenzo Bini Smaghi's appointment as Director was renewed, the Board of Directors unanimously voted to reappoint him as Chairman of the Board of Directors. At the General Meeting on 17 May 2022, the Board of Directors will submit to shareholders that his directorship be renewed for a further term. At the end of the meeting, the Board of Directors plans to reappoint him to the position of Chairman of the Board.

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 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.

DISTINCTION BETWEEN THE ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE POWERS OF THE CHIEF EXECUTIVE OFFICER

The Chairman is asked to perform specific, limited assignments which are unlikely to encroach on the Chief Executive Officer's powers provided for by law. To this end, the Chairman and the Chief Executive Officer consult with each other in accordance with Article 5.6 of the Internal Rules.

REPORT ON THE ACTIVITIES OF THE CHAIRMAN OF THE BOARD OF DIRECTORS FOR 2021

In 2021, the Chairman of the Board devoted at least three days a week to Group business. He chaired all Board meetings and executive sessions. He also attended nearly every Committee meeting. Alongside the Chairman of the Nomination and Corporate Governance Committee, he oversaw procedures to recruit new Directors. He met Directors individually, in particular with regard to the assessment of the Board's performances, including individual Director appraisals. The Chairman held several meetings with the ECB. He also participated in keynote speeches on finance and the macro-economy. He met with the authorities during his trip to Luxembourg. The Chairman also gave media interviews on several occasions and met with clients, investors and shareholders. In order to prepare the General Meeting, he organised meetings with the main shareholders and proxies. Last, the Chairman took part in a roadshow to showcase the Group's governance system to investors. Given the circumstances, he performs a substantial part of his work using videoconference facilities.

The Board of Directors' expertise

The Internal Rules of Societe Generale's Board of Directors define its organisation and operating procedures. The rules were amended on 18 May 2021.

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 633 and 634, pursuant to Article 1 of the Internal Rules):

- **strategic focus and operations:** the Board 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:** the Board 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 oversees the publication and communication process, and the quality and reliability of the information to be published and communicated;

- **risk management:** the Board approves the global strategy and risk appetite of any nature, and supervises 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. It ensures the effectiveness of the corrective measures taken in the event of a default;
- **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 specifically ensures compliance with banking regulations in respect of internal control. It also fixes guidelines and controls the implementation by the Effective Senior Managers of the oversight systems to ensure effective and prudent management of the Group, in particular the avoidance of conflicts of interest. It deliberates on changes to the Group's management structure prior to their implementation and is kept informed of the main changes to its organisation. At least once a year it reviews its own functioning and that of board committees, the skills, aptitudes and availability of its members, as well as on the conclusions of the periodic assessment thereof. It examines once a year the succession plan for the Chairman and the Chief Executive Officers. Where appropriate, its gives prior consent to the dismissal of the Chief Risk Officer, after the Risk Committee and the Nomination and Corporate Governance Committee have been consulted. It prepares the report on corporate governance;
- **compensation and wage policy:** the Board distributes the total amount of compensation awarded to Directors and drafts the compensation policy principles applicable in the Group, in particular with regard to regulated persons. It sets the compensation of the Chief Executive Officers and decides on the allocation of performance shares in accordance with the authorisations given at the General Meeting. Once a year it discusses the Company's policy regarding professional and wage equality between men and women;
- **preventive recovery plan:** the Board 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, page 635. A meeting of the board 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, notably to approve the annual and consolidated financial statements.

Each Director receives the information required to carry out their duties, in particular to prepare each Board meeting. The Directors are also given useful information, including critical information, on significant events for the Company. Each Director attends training sessions to enable them to perform their duties.

The Board of Directors' work

In 2021, the Board held 15 meetings *(vs.* 18 in 2021), the average length of which was three hours. The average attendance rate of Directors was 96% per meeting, compared with 97% in 2020. In addition to these meetings, the Board of Directors also held several conference calls to discuss current events.

Three executive sessions were also held in the absence of Chief Executive Officers to assess the General Management team, the succession plans, the Company's organisation, compensation of chief executives and the strategic focus.

The Board of Directors reviewed the Group's strategy and its main businesses, and examined the competitive landscape during two strategic seminars organised in March and September.

Further to the work already carried out, the Board of Directors devoted several work sessions on the link-up between the Societe Generale and Crédit du Nord networks, and the merger of ALD and LeasePlan which was announced to the market on 6 January 2022. It also approved the Lyxor disposal.

As is the case every year, the Board of Directors approved the annual, interim and quarterly financial statements, and reviewed the budget.

During 2021, the Board continued to monitor the Group's liquidity profile and its capital trajectory in light of regulatory requirements.

Similarly, at each meeting, it monitored the remediation programmes put in place following the settlement agreements concluded with US authorities.

These agreements resulted in two decisions which were handed down by US federal courts on 30 November 2021 and 2 December 2021, resulting in the permanent dismissal of legal action brought by the US Department of Justice (DOJ) relating first to Societe Generale's IBOR submissions and certain transactions involving Libyan counterparties and, second, compliance with US economic sanctions. In requesting the courts to dismiss the legal proceedings, the DOJ acknowledged that the Bank had fully complied with its obligations under the related deferred prosecution agreements (DPA). The DPA of June 2018 was entered into contemporaneously between Societe Generale and the French Director of Prosecutions (*Parquet national financier,* "PNF") regarding a settlement (*convention judiciaire d'intérêt public*, "CJIP") focusing on the Libyan matter. In this matter, the PNF issued a termination of legal proceedings order on the public proceedings against Societe Generale in December 2020 following its acknowledgment that Societe Generale had fulfilled its obligations under the CJIP.

The Board of Directors will continue to strengthen the compliance programme and to ensure that respect for rules and integrity are the cornerstones of the Group's corporate culture.

The Board of Directors during its meeting of 15 December 2021 reviewed the implementation of the diversity objectives for governance bodies that it had laid down at its Board meeting of 4 November 2020. This diversity policy is described in Chapter 3.1.5, "Diversity Policy within Societe Generale".

The Board addressed the following main topics in 2021:

Topics addressed by the Board of Directors

Corporate and social responsibility (CSR) strategy	Budget	ASIA
Information systems and IT security, particularly cybersecurity	ICAAP/ILAAP	KB, Africa, Asia, Russia, International Retail
Innovation	Resolution and recovery plans	Global Transaction & Payment Services (GTPS)
Human Resources	Registration of Societe Generale as a Securities Based Swap Dealer with the SEC	Transformation of the France networks (BDDF, Crédit du Nord)
Review of the Group-wide Culture & Conduct programme	Risk mapping and risk appetite	ALD
Compliance	Universal Registration and extra-financial performance statement	Lyxor
Remediation plans, particularly anti-corruption initiatives, sanctions and embargoes	Modern Slavery Act adopted in the UK and Australia	Boursorama
Risk appetite	General Meeting	SGSS strategic plan

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 assessed the performances of 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 90) and the non-voting Director.

The Board of Directors prepared and approved the resolutions to be submitted to the Annual General Meeting and in particular those relating to the reappointment of Directors whose terms are 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. As was the case last year (2020), the assessment was again performed internally. In 2019, the assessment was carried out by an external firm, which will be repeated in 2022. The conclusions of the 2021 review are set out in the assessment section of this report (see page 89).

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

Meeting on 9 February 2022, the Board of Directors approved the propositions presented by the Compensation Committee regarding the Chief Executive Officers' quantitative and qualitative targets. The general principles of the overall structure of their remuneration remain unchanged on the whole (see 3.1.6).

In 2021, the working method employed by 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. This process enhanced the substance of the work performed and added weight to each individual Director's involvement. Furthermore, the Board of Directors has the benefit of Jean-Bernard Lévy's insight in his role of non-voting Director for a two-year term from 18 May 2021. One of his tasks is to assist the Board of Directors in relation to its energy transition remit.

No new agreement was concluded during the year ended 31 December 2021, 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 2021:

- 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.

If required, 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

10 Number of meetings in 2021

98% Average attendance in 2021

RISK

6 Number of Directors

100% Proportion of independent Directors

67% Representation by women

10 Number of meetings in 2021

98% Average attendance in 2021

COMPENSATION COMMITTEE

4 Number of Directors

100% Proportion of independent Directors(1)

25% Representation of women

6 Number of meetings in 2021

100% Average attendance in 2021

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

4 Number of Directors

100% Proportion of independent Directors

25% Representation of women

8 Number of meetings in 2021

97% Average attendance in 2021

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

Each Committee comprises at least four members. None of the Directors is a member of more than two Committees. 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 following Directors sit on the Risk Committee: William Connelly (Chairman), Kyra Hazou, Annette Messemer, Alexandra Schaapveld, Jérôme Contamine and Juan Maria Nin Génova, and Diane Côté since November 2021.

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.

In December 2021, the US Risk Committee met in New York.

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 2022, the Audit and Internal Control Committee comprised five 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 the internal control of financial statements.

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 programme 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 specifically 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 programme and issuing its opinion on the organisation 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 2021

The Committee met ten times in 2021, compared with 12 times in 2020. The attendance rate was 98%, compared with 100% in 2020.

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) and the Chief Financial Officer Report to the Committee at each meeting.

The heads of the internal control functions (the Audit, Risk and Compliance Departments) and the Chief Financial Officer report to the board 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 quarterly reviews of the work dedicated to bringing permanent control to the required level and regularly assessed the work performed by the General Inspection and Audit Department. It was informed of significant compliance-related incidents.

Committee members (with the exception of Diane Côté until August 2021) 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 2021;
- review of GDPR risks;
- ESEF reporting;
- registration of Societe Generale as a Securities-Based Swap Dealer with the SEC;
- control of outsourced activities;
- overview of services other than the certification of financial statements;
- review of 2021 fees and of the 2022 budget provided by the joint statutory auditors;
- Universal Registration Document and Extra-Financial Performance Statement;
- governance and internal control of anti-money laundering/combating the financing of terrorism (AML/CFT);
- MARK (Global Markets) controls;
- presentation of the results of the Internal Control Certification (I2C);
- Company and consolidated reports on the Group's financial security system;
- 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/handling of complaints).

The Committee travelled to New York and met the heads of control functions and the heads of the various business lines.

It discussed the audit programme and the budget for statutory auditors' fees for 2022.

RISK COMMITTEE

At 1 January 2022, the Risk Committee comprised six independent Directors: Diane Côté, 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 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" programme;

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;

k) reviewing the policy to fight money laundering and the financing of terrorism referred to in Article L. 561-4-1 of the Monetary and Financial Code, the systems and procedures put in place to comply with the provisions of II of Article L. 561-36-1 and the corrective measures necessary to remedy significant incidents and shortcomings in the fight against money laundering and terrorist financing and the freezing of assets and the prohibition of provision or use of funds or economic resources and to ensure their effectiveness.

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 Audit and Internal Control 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.

Activity Report of the Risk Committee for 2021

The Risk Committee met ten times during the year, as opposed to 11 times in 2020. The members' attendance rate was 98%, compared with 97% in 2020.

At each meeting the Committee performed an in-depth review of the risks and their consequences in both prudential and accounting terms.

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

- risk limits (including market risks);
- Group recovery plan;
- Group resolution plan;
- Group cost recovery mechanism;
- registration of Societe Generale as a Securities-Based Swap Dealer with the SEC;
- climate- and environment-related risks;
- liquidity risk;
- interest rate risk;
- exchange rate risk;
- credit risk;
- market risk;
- operational risk;
- litigation risk;
- incorporation of risk into the pricing of products and services;
- incorporation of risk into the compensation policy;
- new products;
- Brexit;
- cyber resilience;
- data aggregation resources;
- transformation of the France networks (BDDF, Crédit du Nord);
- correspondent banking within the Group;
- MARK (Global Markets);
- performance and assessment of compliance, audit and risk functions.

The Committee devoted several agenda items in 2021 to the transformation of the France networks (BDDF, Crédit du Nord) and to climate- and environment-related risks. 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 submitted an opinion to the Compensation Committee on the risks involved in the compensation of regulated employees (market professionals and others).

The Committee travelled to New York and met the heads of control functions and the heads of the various business lines.

The Risk Committee held eight meetings in its capacity as the US Risk Committee, including one in New York. It validated the risk appetite of US operations. It also performed other tasks required by US regulations such as the supervision of liquidity risk and the approval of risk strategies. It reviewed the remediation risk management plan requested by the US Federal Reserve. The Committee received training on business developments in the United States and on regulatory changes impacting the US Risk Committee's activity. The US Risk Committee Charter is appended to the Board's Internal Rules (see page 640).

COMPENSATION COMMITTEE

At 1 January 2022, the Compensation Committee comprised four Directors, including three independent Directors (Gérard Mestrallet, Jérôme Contamine and Juan Maria Nin Génova) and a Director representing employees (France Houssaye). The Compensation Committee is chaired by Jérôme Contamine, 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)** he 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 within the meaning of the AFEP-MEDEF Corporate Governance 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 2021

The Compensation Committee met six times during the year. The members' attendance rate was 100%, compared with 98% in 2020.

The Chief Executive Officer was involved in the Compensation Committee's work, except when he was directly concerned. The Chairman also participated in the Committee's deliberations.

The Committee dealt with the following issues throughout the year:

- guidance on the compensation policy;
- gender equality in the workplace;
- compensation of corporate officers;
- compensation policy of CIB and GBIS (Global Banking & Investor Solutions);
- compensation policy applied to the regulated population;
- public report on the compensation policies and practices of regulated persons;
- impact of the introduction of the Capital Requirements Directive (CRD V);
- supplementary incentive payments;
- compliance with the compensation policy;
- quantitative and qualitative objectives for 2021 of the Chairman of the Board of Directors and the Chief Executive Officers;
- compensation chapter of the present report on corporate governance and Annual Report on compensation policies;
- review of the compensation of the Group's Chief Risk Officer and Chief Compliance Officer;
- allocation of performance shares;
- monitoring of share ownership and holding obligations of members of General Management.

It approved the General Meeting's resolutions concerning compensation.

The committee assessed the balance sheet's equity ratio and a benchmark of corporate officers' compensation compared with those of CAC 40 groups and with a panel of eleven European banks with comparable characteristics to Societe Generale, *i.e.* Barclays, BBVA, BNP Paribas, Crédit Agricole SA, Credit Suisse, Deutsche Bank, Intesa, Nordea, Santander, UBS and UniCredit.

(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 its recommendations on the Chief Executive Officers' annual targets to the Board.

In accordance with the CRD V 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 Group's 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 submitted for regulated employees complies with new applicable rules. 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 the members, Juan Maria Nin Génova, sits on both Committees. The Committee also relied on work performed by external and internal control bodies. It reviewed the Annual Report on compensation. The compensation policy is described in detail on pages 97 and following.

The Committee submitted the share allocation plans to the Board.

It also reviewed the non-voting Director's compensation.

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

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

At 1 January 2022, the Nomination and Corporate Government Committee comprised four independent Directors:

Lubomira Rochet, William Connelly, Gérard Mestrallet and Henri Poupart-Lafarge. 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, non-voting Directors (*censeurs*) 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. 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[(1)]. The objective and the policy thus set are decided by the Board of Directors;
- **b)** periodically reviews, and at least once a year the structure, size, composition and effectiveness of the Board of Directors' work with regard to the missions assigned to it 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. This assessment is prepared by the Committee, its Chairman reporting to the Board of Directors. Every three years, when the assessment is carried out by an external firm, the Committee makes any proposal for the selection of the firm and the smooth running of the assessment;
- **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 makes recommendations in this area;
- **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 Universal 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.

Activity Report of the Audit and Internal Control Committee for 2021

The Nomination and Corporate Governance Committee met eight times in 2021. The members' attendance rate was 97%, compared with 100% in 2020.

During the year, the Chief Executive Officer participated in the work performed by the Nomination and Corporate Governance Committee. The Chief Executive Officer also attended every committee meeting.

The Committee was briefed on the work performed on the governance of subsidiaries.

It reviewed documentation on the follow-up of agreements concluded under normal conditions.

The Committee handled the specific situation in which the name of a Board member was cited in the publication of the Pandora papers. Following in-depth debate and in light of information at its disposal, it was decided that nothing in the Committee's possession was of such a nature to adversely reflect on the good character and integrity of the person named. The banking regulator was informed of its decision.

(1) 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) no. 575/2013 dated 26 June 2013.

It examined the budget for Directors' compensation and proposed that it remain unchanged despite the fact that an extra member had joined the Board of Directors.

The Committee discussed the reappointment of Lorenzo Bini Smaghi as Chairman in 2022 and the organisation of General Management.

It ensured that procedures recommended by the European Central Bank on the appointment of the Chief Risk Officer and the Chief Compliance Officer were complied with.

The Committee prepared the resolutions for the General Meeting. It examined the drafts to update the Board of Directors' Internal Rules. It ensured that the Board's composition remained balanced in light of the forthcoming renewal of directorships in 2022. As is the case each year, it ensured that the AFEP-MEDEF Code provisions on Director independence was being complied with. It decided to launch two requests for proposals to recruit Directors in 2023 and for the 2022 external Board of Directors' appraisal.

It reviewed the composition of the Committees.

As part of its preparation of 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 succession plans distinguish between unexpected successions and successions prepared ahead for the medium and long term.

The Chairman of the Committee, in conjunction with the Chairman of the Board, oversaw the Board's internal assessment procedure (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.

It prepared the Board's decision on the Group's diversity targets for the governing bodies, which were approved by the Board.

It also took note of the smooth running of the 2021 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 own functioning based on an appraisal performed by a specialised external consultant every three years, 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 submitted in a document that serves as a basis for the Board's discussions.

In 2021, 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 performance 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 2021 and January 2022.

Individual performances were not discussed by the Board of Directors. The Chairperson informs each member of their appraisal results.

The opinions of Board members' performances are very positive and showed improvement on the previous year.

Areas for improvement were expressed on the organisation of Board work, namely the need for more summaries and more streamlined files.

The Board finds the seminars and executive sessions that are organised to be of great value.

Strategies such as presentations by a Director in the role as lead speaker were very effective when preparing discussions. Remote meetings (by videoconference) did not impinge on the Board's efficiency.

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

- CSR;
- sales and marketing activity;
- customer satisfaction;
- internal/HR organisation.

The Committees operate in a very satisfactory manner. The question was raised about creating a CSR Committee. The Board of Directors has chosen to directly handle CSR strategy at Board level. In future, once the applicable CSR legislation has been passed and once an evaluation of the decision to tap the expertise of a non-voting Director, has been performed, the issue of creating a dedicated committee will be tabled again, bearing in mind that environment and climate risks are dealt with by the Risk Committee. The Board also discussed the possible creation of a Strategy Committee and a Technology Committee. In the past, the option of creating a Strategy Committee was discarded so that strategy questions could be handled at Board level. The question of creating a Technology Committee is a more recent one. Rather than creating a committee, the preferred option is to increase training and presentations on the topic. The Board generally prefers not to create committees to deal with strategic topics, which, by their very nature, are debated by the Directors at Board meetings.

Board members greatly appreciated their training sessions. The Directors identified the following topics as some of the areas which should be dealt with in greater depth, *i.e.* Asset Liability Management (ALM) matters and Environmental, Social and Governance (ESG) issues given the current legislative trends taking place.

Training

Twelve training sessions were held in 2021. A customised training programme is systematically organised for each incoming Director.

Board members received additional training on the following matters in 2021:

- liquidity, ALM;
- CSR;
- retail and investment banking products;
- accounting issues;
- artificial intelligence;
- security.

The training programme will be further broadened in 2022, in accordance with the findings of the Board of Director's appraisal.

As a result of work performed at the annual seminar and debate over certain topics at Board meetings, additional training on the regulatory and competitive landscape will also be provided.

Compensation of Company Directors

The annual amount allocated to attendance fees was set at EUR 1,700,000 at the General Meeting of 18 May 2021. The full amount was used in 2021.

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, shared 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 remaining balance is divided into a 50% fixed, 50% variable portion. 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 Chairman of the Risk Committee: four portions;
- Chairman of the Nomination and Corporate Governance Committee or the Chairman of the Compensation Committee: three portions;
- Member of the Nomination and Corporate Governance Committee or 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 actual attendance when the attendance rate for the year falls below 80%.

The variable portion of compensation is divided up and distributed 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.

Neither the Chairman of the Board of Directors nor the Chief Executive Officer receives any compensation as Directors.

Compensation awarded to the non-voting Director falls under another category and is paid from a separate budget. The rules governing this type of compensation are determined by Article 19 of the Board's Internal Rules (see Chapter 7). It is equal to the average remuneration paid to Directors, with the exception of compensation paid to Committee Chairpersons and to Directors who are members of the US Risk Committee. This compensation takes account of the person's attendance and is determined following a review by the Compensation Committee.

3.1.3 GENERAL MANAGEMENT

(At 17 January 2022)

Organisation of General Management

General Management supervises 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, who has been in office since 14 May 2018, is responsible for supervising the Group's financial services (ALD and SGEF) and insurance activities; She is also in charge of supervising all Environmental, Social and Governance (ESG) and their effective incorporation into the strategic trajectories adopted by the Group's business units and functions;
- Philippe Aymerich, who has also been in office since 14 May 2018, is in charge of all Retail Banking activities in France 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.

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

The Company 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 said 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 633) 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 the General Management

Date of birth: 3 July 1963
Nationality: French
Holds* 243,660 shares
2,465 shares *via* Societe Generale Actionnariat (Fonds E)

Frédéric OUDÉA

Chief Executive Officer

Biography

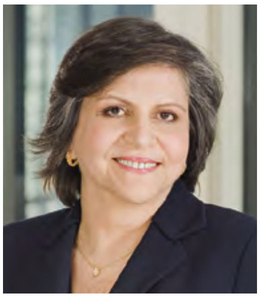
See page 71.

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* 36,036 shares
2,436 shares *via* Societe Generale 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, she held a range of positions within the Structured Finance businesses, the Financial Engineering Department before being appointed Head of Asset Finance. In 2004, she moved to the Corporate Coverage Department as Head of Corporate Coverage in Europe for the Corporates & Institutions Division. She was named 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 of Societe Generale since May 2018.

Other offices held currently

In French listed companies:
- *Chairman of the Board of Directors:*
  ALD* (since 2020).

In French unlisted companies:
- *Chairman of the Board of Directors:*
  Sogécap* (since 2020).

In foreign listed companies:
- *Director*:
  EQT AB (Sweden) (since 2020).

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

- *Director:*
  Sogécap* (France) (from 2016 to 2018).

** 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 136 of the 2022 URD.*

Date of birth: 12 August 1965
Nationality: French
Holds* 25,279 shares
8,679 shares via Societe Generale Actionnariat (Fonds E)

Philippe AYMERICH

Deputy Chief Executive Officer

Biography

Philippe Aymerich is a graduate of France's *École des hautes études commerciales* (HEC). He first joined Societe Generale's Inspection Division in 1987 where he performed audit and advisory work in a range of areas until 1994, at which time he was appointed Chief Inspector. In 1997, he joined Societe Generale Corporate & Investment Banking 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 later, from 2000, as Chief Operating Officer for SG Americas' Corporate & Investment Banking arm. 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).

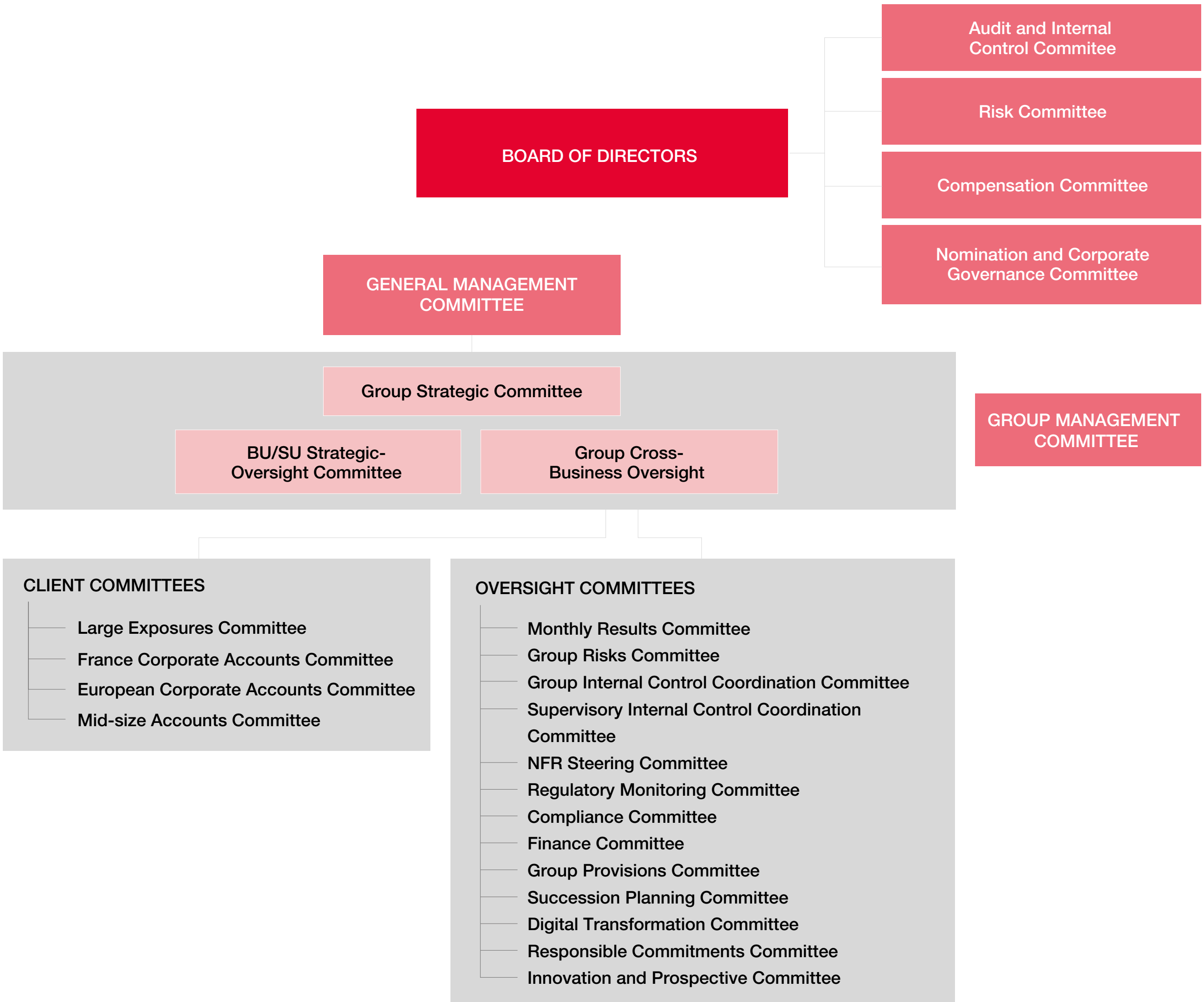
Other offices and positions held in other companies in the past five years

- *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), Brokerage firm Gilbert Dupont* (France) (from 2016 to 2018), Brokerage firm 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 2020).
- *Director:* *Antarius* (France) (from 2016 to 2018).
- *Member of the Supervisory Board:* Banque Tarneaud* (France) (from 2012 to 2018).
- *Chief Executive Officer:* Crédit du Nord* (from 2012 to 2018).
- *Member of the Board of Directors:* EPI Intérim (permanent representative of Societe Generale) (from October 2020 to 12 April 2021).

** 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 136 of the 2022 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.

General Management Committee

(At 17 January 2022)

The Group Management Committee comprises 61 executives appointed by the Chief Executive Officer. Management Committee members belong to the Service Units and Business Units and meet at least once every quarter.

The 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
Philippe AYMERICH	Deputy Chief Executive Officer
Diony LEBOT	Deputy Chief Executive Officer
Slawomir KRUPA[1]	Deputy General Manager and Head of Global Banking and Investor Solutions.Chief Operating Officer
Gaëlle OLIVIER[1]	Chief Operating Officer; Deputy General Manager in charge of Resources & Digital Transformation (RESG) and responsible for coordinating the IT, digital transformation and Innovation function
Sébastien PROTO[1]	Deputy General Manager in charge of the Societe Generale, Crédit du Nord and Private Banking networks and their Innovation, Technologies & IT Department
Group Strategy Committee (excluding General Management)	
David ABITBOL[2]	Global Head of Securities Services
Stéphane ABOUT[2]	Chief Executive Officer, Societe Generale Americas
Tim ALBERTSEN[2]	Chief Executive Officer of ALD Automotive
Pascal AUGÉ[2]	Head of the Inspection and Audit Division
Cécile BARTENIEFF[2]	Chief Executive Officer for Societe Generale Asia Pacific
Gilles BRIATTA[2]	Group General Secretary
Sylvain CARTIER[2]	Co-Head of Global Markets
Bruno DELAS[2]	Head of Innovation, Technologies & IT (ITIM)
Marie-Christine DUCHOLET[2]	Head of Societe Generale Retail Banking in France
Claire DUMAS[2]	Group Chief Financial Officer
Alexandre FLEURY[2]	Co-Head of Global Markets
Patrick FOLLÉA[2]	Head of Societe Generale Private Banking
Laurent GOUTARD[2]	Head of International Retail Banking for Africa, the Mediterranean Basin & Overseas
Benoît GRISONI[2]	Chief Executive Officer of Boursorama
Caroline GUILLAUMIN[2]	Group Head of Human Resources and Group Head of Communication
Jochen JEHMLICH[2]	Head of the Equipment Finance businesses and CEO of GEFA Bank
Jean-Louis KLEIN[2]	Group Chief Executive Officer of Crédit du Nord
Christophe LEBLANC[2]	Group Head of Corporate Resources and Digital Transformation
Alexandre MAYMAT[2]	Head of Global Transaction and Payment Services
Pierre PALMIERI[2]	Head of Global Banking and Advisory
Philippe PERRET[2]	Head of the Insurance businesses
Sadia RICKE[2]	Group Chief Risk Officer
Grégoire SIMON-BARBOUX[2]	Group Head of Compliance
Giovanni-Luca SOMA[2]	Head of International Retail Banking for Europe and Group Country Head for Russia
Members of the Group Management Committee (excluding the Group Strategy Committee)	
Philippe AMESTOY	Deputy Head of International Retail Banking for Africa, the Mediterranean Basin & Overseas
Thierry D'ARGENT	Deputy Head of Global Banking and Advisory
Hervé AUDREN de KERDREL	Deputy Group Head of Compliance
François BLOCH	Chief Executive Officer of BRD
Claire CALMEJANE	Group Chief Innovation Officer
Bertrand COZZAROLO	Head of Sales and Marketing of the French Network
Antoine CREUX	Chief Security Officer

Name	Main function within the Societe Generale Group
Geoffroy DALLEMAGNE	Global Head of Permanent Control and Internal Control Coordination
Jean-François DESPOUX	Deputy Head of Risk
Delphine GARCIN-MEUNIER	Head of Group Strategy
Aurore GASPAR COLSON	Deputy Head of Societe Generale Retail Banking in France
Carlos GONCALVES	Head of Global Technology Services
Donato GONZALEZ-SANCHEZ	Head of Corporate & Investment Banking, Private Banking, Asset Management, Securities Services and Group Country Head for Spain and Portugal
Éric GROVEN	Head of the Real Estate Division of Retail Banking activities in France
Alvaro HUETE	Deputy Head of Global Banking and Advisory
Arnaud JACQUEMIN	CEO of Societe Generale Luxembourg and Group Country Head for Luxembourg
Jan JUCHELKA	Chairman of the Board and CEO of Komerční banka and Group Country Head for the Czech Republic and Slovakia
Stéphane LANDON	Deputy Head of Risk
Véronique LOCTIN	Co-Head of Coverage France
Xavier LOFFICIAL	Deputy Chief Financial Officer of the Group
Michala MARCUSSEN	Group Chief Economist and Head of Economic and Sectorial Research
Anne MARION-BOUCHACOURT	Group Country Head for Switzerland and Chief Executive Officer of Societe Generale Zurich
Laetitia MAUREL	Group Deputy-Head of Communication
Yann DE NANTEUIL	Deputy Chief Executive Officer of Crédit du Nord
Ilya POLYAKOV	Chief Executive Officer of Rosbank
Hacina PY	Group Chief Sustainability Officer
John SAFFRETT	Deputy Chief Executive Officer of ALD Automotive
Odile de SAIVRE	Deputy Chief Executive Officer of Societe Generale Equipment Finance
Mathieu VEDRENNE	Head of Societe Generale Private Banking France
Georges WEGA	Deputy Head of International Retail Banking for Africa, the Mediterranean Basin & Overseas
Guido ZOELLER	Group Country Head for Germany and Austria and Head of Societe Generale Corporate & Investment Banking activities in Germany

(1) Deputy General Managers are not executive officers.
(2) Manager of a Business Unit or a Service Unit.

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 all talents and to combat all forms of discrimination involving beliefs, age, disability, parenthood status, ethnic origin, nationality, sexual or gender identity, sexual orientation, membership in a political, religious, trade union or minority organisation. The Group has signed various non-discrimination charters, notably with regard to men and women. Each year, the Board of Directors examines a progress report on these issues in and outside France, which can be found 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 17 January 2022, General Management has been comprised of six members, including two women and two non-French nationals.

The diversity policy stipulates that the Group's management bodies must include at least 30% women by 2023, a target that must be achieved in business lines and functions alike. The target will be applied to the Group's management bodies and senior employees at two levels. First, at Group Strategy Committee level, which includes General Management and the Heads of the Business and Service Units (around 30 managers), and second, it will also apply 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 and, more broadly, to make the entire organisation an inclusive environment at all levels.

At 31 December 2021, 23% of Group Strategy Committee positions and 25% of Group Key Person positions were held by women. An action plan was 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 are available to all employees and were made compulsory for managers and future managers in 2021. From 2022 onwards, the Group intends to also involve HR teams and managers in charge of recruiting and managing employees in these sessions;
- a more collective approach when making management appointments with a view to enhancing diversity in management bodies;
- an assessment of each member of the Management Board based on diversity targets as of 2021.

General Management will inform the Board of Directors of the results obtained for each year. The review will cover the proportion of women and international profiles in the high-potential and future-manager pools, "Group Key Person" positions and in defined succession plans, as well as their involvement in specific development programs, the monitoring of their career paths and any potential pay gaps, and initiatives to draw the attention of the Bank's management bodies to these people.

Where appropriate, the assessment report will also address the reasons why the targets were not met and what measures have been taken to rectify the situation. The results are 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 2022 following the recommendations of the Compensation Committee.

The general principles defined for the 2021 financial year were renewed.

The main changes concern the process for determining annual variable remuneration:

- the structure of non-financial criteria is simplified, with a special focus on CSR criteria. The transparency, clarity and measurability of the chosen criteria are improved to meet stakeholders' expectations;
- given the change in governance announced at end-2021 and in force since 17 January 2022, the financial criteria for the Chief Executive Officer will be based solely on Group performance.

In accordance with Article L. 22-10-8 of the French Commercial Code (*Code de commerce*), 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 18 May 2021 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 multi-stage approval procedure:

- **composition and functioning 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 (Barclays, BBVA, BNP Paribas, Crédit Agricole SA, Credit Suisse, Deutsche Bank, Intesa, Nordea, Santander, UBS and UniCredit). 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;
- **multi-stage 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.

It monitors the remuneration of the Chief Risk Officer, the Chief Compliance Officer and the Head of the Inspection and Audit Division. 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 2021 appear on page 87.

(1) The AFEP-MEDEF Code does not take employees into account when calculating the proportion of independent Committee members.

POSITION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICERS

Lorenzo Bini Smaghi was appointed Chairman of the Board of Directors 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.

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 136. The benefits and conditions applicable to the Chairman of the Board and Chief Executive Officers once they leave the Group are detailed on pages 103-104.

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, while 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 (CRDV), the aim of which is to ensure that remuneration policies and practices are compatible with effective risk management. CRDV 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 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.

The Board has made sure that this level of compensation is the median value for the following panel of European banks: Barclays, BBVA, BNP Paribas, Crédit Agricole, Credit Suisse, Deutsche Bank, Intesa Sanpaolo, Nordea, Santander, UBS and UniCredit.

He does not receive remuneration 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 breaks 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 CRDV, 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].

(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.*

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 18 May 2021.

As recommended by the Compensation Committee, the Board of Directors decided on 9 February 2022 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 takes 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.

The general principles defined for the 2021 financial year were renewed.

The main changes that were approved by the Board of Directors on 9 February 2022 following recommendations of the Compensation Committee concern the process for determining annual variable remuneration:

- the structure of non-financial criteria is simplified, with a special focus on CSR criteria. The transparency, clarity and measurability of the chosen criteria are improved to meet stakeholders' expectations;
- given the change in governance announced at end-2021 and applicable since 17 January 2022, the financial criteria for the Chief Executive Officer will be based solely on Group performance.

Annual variable remuneration is 60% based on financial criteria and 40% on non-financial 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.

Financial criteria: 60%	Non-financial criteria: 40%
Financial 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.	**Non-financial criteria** based essentially on the achievement of key targets in relation to the Group's strategy, and namely the CSR targets, operational efficiency, risk management and regulatory compliance.

Financial portion

The financial portion is calculated according to the Group's or the business's financial performance targets being achieved.

In light of the changes to Group governance announced at the end of 2021 and in force since 17 January 2022, the Board of Directors on 9 February 2022, following the recommendations of the Compensation Committee, decided that the financial criteria for the Chief Executive Officer will be based solely on Group performance (in 2021, these criteria were split between Group targets and targets for his individual remit).

The financial criteria for the annual variable remuneration of the Deputy Chief Executive Officers will remain split between Group targets and targets for their individual remits:

- 60% for Group performance indicators; and
- 40% for indicators concerning each Deputy Chief Executive Officer's individual remit.

The financial indicators used remain unchanged:

- the financial 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 financial criteria for remits involving specific responsibilities are gross operating income, Return on Normative Equity (RONE) and the cost-to-income ratio of the individual supervisory remit, 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 from its calculations any components it deems exceptional.

- Compliance with the budgetary target equates to an achievement rate of 80%.
- The budgetary target is guided by:
  - a high point defined *ex ante* by the Board of Directors and allowing for an achievement rate of 100%,
  - a low point defined *ex ante* by the Board of Directors corresponding to an achievement rate of 40% and below which the achievement rate is considered zero.

The achievement rate of each target is defined on a straight-line basis between these limits.

The financial portion 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.

Non-financial portion

Each year, the Board of Directors sets non-financial targets for the following financial year. They include collective targets, reflecting the team spirit that is essential to General Management; however, the Board also sets targets specific to each Chief Executive Officer based on their respective remits.

Following the recommendations of the Compensation Committee, the Board of Directors on 9 February 2022 decided to simplify the structure of non-financial criteria for Chief Executive Officers in order to place special emphasis on CSR criteria and improve the transparency, clarity and measurability of the criteria used.

Of the targets set, 20% will be CSR targets shared between all three Chief Executive Officers, and 20% will be specific to their individual remits.

The CSR targets are divided into four themes, all of which include quantifiable targets:

- improving the customer experience: measured based on the change in NPS for the main activities;
- developing the Group's priorities as a responsible employer, measured through compliance with commitments to promote women to seats on management bodies and an improved employee engagement rate;
- positioning in terms of extra-financial ratings;
- incorporating CSR considerations into the strategy of all Group businesses and implementing trajectories compatible with the Group's commitment to the energy and environmental transition.

In 2022, the Chief Executive Officer's specific targets will cover:

- continuing to deploy the strategic plans and improving the markets' perception;
- securing the implementation of the Group's IT and digital transformation strategy;
- overseeing operation of the Group's new governance and relationships with supervisors.

The targets relevant to the Deputy Chief Executive Officer responsible for financial services and the Group's Sustainable Development department will cover:

- meeting milestones and securing the ALD/LeasePlan transaction;
- fully incorporating CSR considerations into the Group's business.

The targets relevant to the Deputy Chief Executive Officer responsible for the French and international networks will cover:

- continued growth and development of Boursorama and the international networks;
- successful implementation and compliance with the milestones of the Vision 2025 project by the French networks ahead of the 2023 merger.

Attainment of the non-financial targets is assessed based on key indicators that may be quantified either based on meeting milestones or based on a qualitative evaluation by the Board of Directors. These indicators are defined in advance by the Board of Directors. The achievement rate can be anywhere between 0 and 100%. In the event of exceptional performance, the achievement rate of some quantifiable non-financial targets can be increased to 120% by the Board of Directors, bearing in mind that the overall non-financial target achievement rate may not exceed 100%.

The non-financial portion 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 financial and non-financial performance criteria each year.

SUMMARY OF THE CRITERIA FOR ANNUAL VARIABLE REMUNERATION

The financial and non-financial targets and their respective weightings are set out in the below table.

		F. Oudéa	P. Aymerich and D. Lebot
		Weight	**Weight**
Financial targets – 60%	**Indicators**		
For the Group	ROTE	20.0%	12.0%
	CET1 ratio	20.0%	12.0%
	C/I ratio	20.0%	12.0%
Individual remits	GOI		8.0%
	C/I ratio		8.0%
	RONE		8.0%
TOTAL FINANCIAL TARGETS		**60.0%**	**60.0%**
Non-financial targets – 40%			
CSR		20.0%	20.0%
Specific to each individual remit		20.0%	20.0%
TOTAL NON-FINANCIAL TARGETS		**40.0%**	**40.0%**

The non-financial targets incorporate both quantifiable targets set *ex ante* by the Board of Directors and more qualitative targets, such as meeting milestones in the execution of certain strategic projects.

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 Chairman of the Board of Directors and 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 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.

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

Chief Executive Officers are awarded long-term incentives consisting of shares or share equivalents in order to involve them in the Company's long-term progress and to align their interests with those of the shareholders.

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 2022, 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 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, Sustainalytics and MSCI).

In 2022, the Board of Directors will set a target for the 2023 energy transition financing criterion in respect of the Group's CSR policy and commitments regarding the financed energy mix.

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.* for awards made in 2023 in respect of 2022, the ratings for 2024, 2025 and 2026);
- 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.

The criterion is examined if the ratings performances required by the following three extra-financial rating agencies are met:

- S&P Global CSA: positioning in the first quartile;
- Sustainalytics: positioning in the first quartile;
- MSCI: rating ≥ BBB.

(1) The panel is selected on the date of the Board Meeting at which the award is decided. For example, the panel for the 2021 LTI plan awarded in 2022 comprised: Barclays, BBVA, BNP Paribas, Crédit Agricole SA, Credit Suisse, Deutsche Bank, Intesa, Nordea, Santander, UBS and UniCredit.

For ratings that 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.

Vesting is subject to a condition of continued presence throughout all 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 shares will be retained and full payments made;
- in the event of retirement or a departure due to a change in control, the shares will be retained and full payments made, on the condition that performance is assessed and taken into account by the Board of Directors;
- 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 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.*

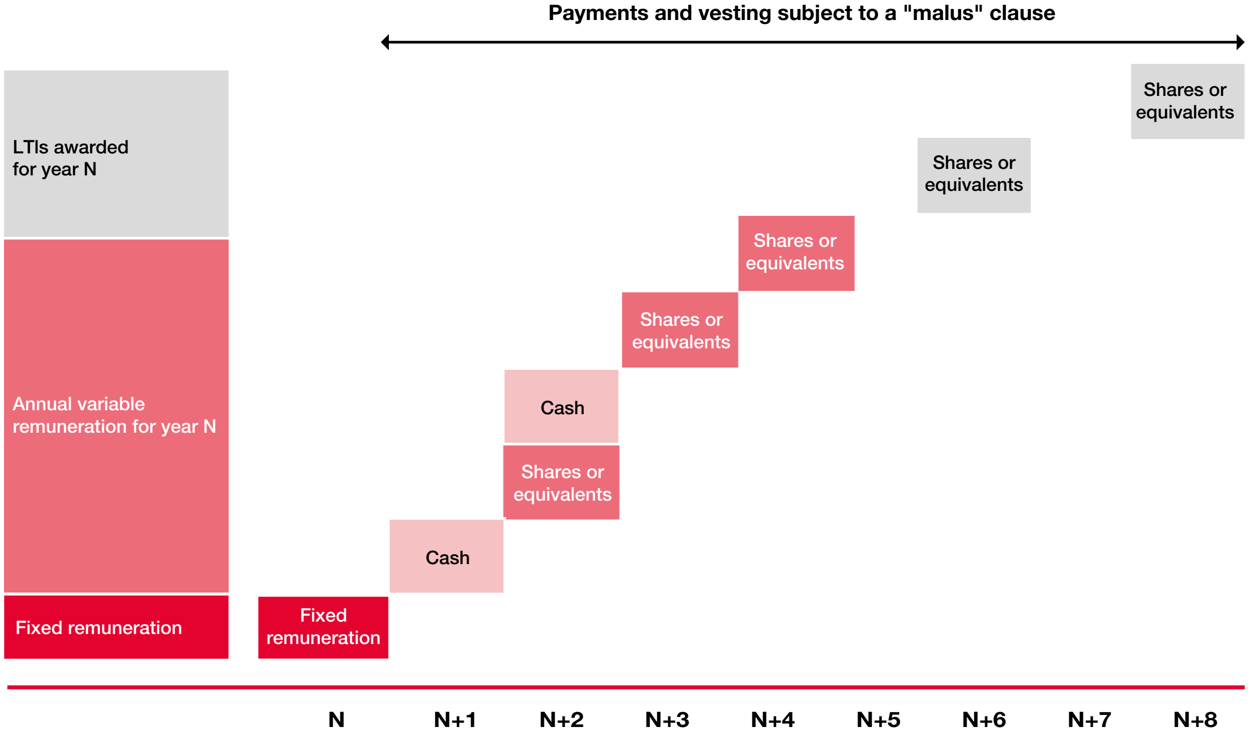
CAP

In accordance with the AFEP-MEDEF Code, the Board of Directors decided on 9 February 2022 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 all events capped at 200% of the fixed component.

TOTAL REMUNERATION – TIMING OF PAYMENTS



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.

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 2021 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[1], which was revised 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 constituted 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 an 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 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.

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 Phlippe Aymerich and Diony Lebot approved and renewed with amendments by the General Meeting of 21 May 2019.

(3) Related-party agreement 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 (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 has increased from 12 to 13 since the new Director representing the employees was elected.

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 90.

Total remuneration and benefits for the Chairman of the Board of Directors and Chief Executive Officers paid in or awarded in respect of 2021

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 2021 complies with the remuneration policy approved by the General Meeting of 18 May 2021.

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 2021 comply with this policy framework.

RESOLUTIONS PASSED AT THE GENERAL MEETING OF 18 MAY 2021

At the General Meeting of 18 May 2021, 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 94.95% (for the resolution regarding the Chairman of the Board) and 96.55% (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 2020 were adopted by majorities of 94.79% (for the resolution regarding the Chairman of the Board) and between 85.05% and 85.42% (for the resolution regarding the Chief Executive Officers). Lastly, Resolution 8 regarding the application of the remuneration policy for 2020, including in particular the regulatory pay ratios, was approved by a majority of 97.96%.

The approval rates of the *ex post* 2020 resolutions regarding the Chief Executive Officers differed compared to those previously observed. In order to meet the expectations of stakeholders, the structure of non-financial criteria was simplified, with a special focus on CSR criteria. The transparency, clarity and measurability of the selected criteria were improved as part of the *ex ante* policy presented at the beginning of the present chapter (see page 99).

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, remuneration as a Director, 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 2021 are shown in the table on page 117.

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 2021

The Chief Executive Officers' fixed remuneration remained unchanged in 2021. 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 2021

PERFORMANCE CRITERIA AND ASSESSMENT FOR 2021

At its meetings of 9 February 2021 and 11 March 2021, the Board of Directors defined the evaluation criteria for the Chairman of the Board of Directors' and Chief Executive Officers' annual variable remuneration for 2021, 60% of which is contingent on the achievement of financial targets, and 40% on the achievement of non-financial targets.

In accordance with the remuneration policy approved by the General Meeting of 18 May 2021, these criteria include the following:

Financial portion

The weightings of the financial criteria for both the Chief Executive Officer and the Deputy Chief Executive Officers are broken down as follows:

- 60% for Group performance indicators; and
- 40% for indicators concerning the Chief Executive Officer's and each Deputy Chief Executive Officer's individual remit.

The individual remits are described in the Governance section, on page 62.

The financial 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 financial 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.

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%.
- For each performance target, the budgetary target is guided by:
  - a high point pre-defined by the Board of Directors allowing for an achievement rate of 100%,
  - a low point pre-defined by the Board of Directors reflecting an achievement rate of 40%, below which the achievement rate is deemed null.

The achievement rate of each target is defined on a straight-line basis between these limits.

The financial portion 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 financial targets in 2021

The financial results for 2021 are the highest in the Group's history. They far exceed the 2021 budget, established towards the end of the pandemic crisis, while also out-performing the results for 2019 and 2020.

Accordingly, the underlying cost-to-income ratio recorded in 2021 was 5.8% lower than the budgeted amount (580 bp), the Group's underlying ROTE was more than two times higher than the budgeted amount, and the phased-in Core Equity Tier 1 ratio of 13.7% at year-end was much higher than the budget forecast (a difference of more than 100 bp).

Against a backdrop of strong economic rebound and buoyant market performance, these exceptional results are due to the perfect execution of strategic decisions made in 2020, very stringent cost discipline, and a very low cost of risk reflecting the quality of the credit portfolio and the continuation of a very cautious provisioning policy. They are driven mainly by the Group's business, and especially by market activities and fleet management activities.

More specifically, budget targets have been significantly exceeded for RBDF, financial services and GBIS, leading to amaximum achievement rate of 100% financial targets. For the international retail networks, the level of achievement is slightly below budget in terms of GOI, leading to an achievement rate of 76% and in line with the budget for the cost/income ratio, leading to an achievement rate of 80%. The RONE of financial services is significantly above budget, leading to a maximum achievement rate of 100%. These results are summarised in the table on page 110.

Non-financial portion

At its meeting on 9 February 2021, the Board of Directors set the non-financial targets for 2021.

Of the targets set, 55% are shared between all three Chief Executive Officers, with the remaining 45% 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 and backed by figures where possible. The achievement rate can be anywhere between 0 and 100% of the maximum non-financial portion. The respective weightings for each target are likewise defined in advance. The non-financial portion 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 non-financial targets in 2021

Having received the Compensation Committee's recommendations, the Board of Directors took into account the following achievements when assessing the non-financial targets.

- **The Board's assessment of the Chief Executive Officers' collective targets**

The weightings applicable to each of the collective targets were as follows:

Collective Targets	55%
Markets' perception	15%
Customer centricity	10%
CSR	10%
Digital technology and operational efficiency	10%
Regulatory	10%

Markets' perception – 15%

The Board of Directors considered that the **markets' perception of the Societe Generale Group** had greatly improved. This performance was assessed using the following quantifiable factors:

- the relative performance of the Societe Generale share, which showed the strongest growth of the Euro Stoxx Banks index in 2021 (+77.4% in 2021 *versus* 36% for the Euro Stoxx Banks index);
- the improved ratio of stock market price to net tangible asset value per share, which recorded a 31.1% increase at 31 December 2020 and a 49.5% increase at 31 December 2021.

Strategic presentations to the market on International Retail Banking, GBIS, French Retail Banking and ALD were well received by investors.

Customer centricity – 10%

The Board of Directors observed the **continued progress in terms of customer experience**, as reflected in the improved Net Promoter Score and in customer satisfaction surveys. The NPS showed positive results overall in 2021, with an increase in 12 of the 25 observable scorers and more than half of the scores above the average market NPS.

Overall, the Societe Generale and Crédit du Nord networks successfully maintained their customer satisfaction level against a backdrop of profound change and network mergers. With respect to individual customers, the Board of Directors noted leadership positions in terms of NPS (first or second in their respective markets) for Boursorama, SG Morocco, SG Côte d'Ivoire, BRD, SG Cameroon and SG Senegal.

The Board also noted the year-on-year improvement in Private Banking customer satisfaction.

CSR – 10%

In terms of **Corporate Social Responsibility (CSR)**, the Board of Directors noted that the Group **improved all its extra-financial ratings** and was ranked among the top banks under assessment. This year, the Group's ranking was as follows:

- in the first decile of S&P Global CSA (formerly RobecoSAM), up from the 90th percentile to the 93rd percentile;
- in the 14th percentile of the 408 panel banks, improving its score from 25.9 to 22.4 (score from 0 to 100, with 0 being the highest score) for Sustainalytics;
- in the top 3% of banks with an improvement from AA to AAA for MSCI.

Regarding **compliance with CO_2 reduction commitments**, the alignment targets have been set to longer time horizons. There was no target for 2021 as this is a longer-term process. Societe Generale joined the Net-Zero Banking Alliance initiative in April 2021 and has undertaken to set alignment targets within 36 months of joining. Accordingly, alignment targets to reach carbon neutrality by 2050 were defined, sector by sector, starting with the most carbon-intensive sectors.

Regarding the **Group's own CO_2 emissions target**, namely a 50% reduction by 2030, the Board of Directors noted that the Group was ahead of schedule, pointing to the efforts made and the positive impact of the health situation in this respect.

From a more qualitative perspective, the Board of Directors' assessment considered **the systematic integration of CSR aspects in the strategic business presentations** made to it. This year, they concerned International Retail Banking, GBIS, SGSS, French Retail Banking and ALD, in particular.

The overall trends shown in the **2021 Employee Satisfaction Survey** were also very positive, with progress made across all key aspects. More specifically, the engagement index rose by nearly 3 points in 2021. The rebound was particularly strong among the Group's 4,000 main managers, with an increase of 12 points compared with 2020.

Digital technology and operational efficiency – 10%

The Board of Directors noted a strong improvement in the Group's **digital footprint**.

All the Business Units launched projects to assess the financial impact of digital technology on their strategy. All the retail entities in France and Europe achieved their targets in respect of customers' adoption of digital channels. BDDF, KB, BRD, Rosbank and SGMA are either very close to or have met their digital sales targets.

Value management in digital investments has been greatly strengthened, in particular for retail entities and specialised services, which have begun to produce financial measures of the impact of digital technology: Digital NBI, costs of online/offline services.

Several key milestones in the IT programme were achieved in 2021 (accelerating the data roadmap, developing and approving the Go to Cloud strategy, etc.). The organisation of digital capabilities was streamlined by merging the GBIS teams with the Corporate Divisions.

Regulatory – 10%

Legal proceedings instigated by the US Department of Justice in connection with the deferred prosecution agreements (market regulations, anti-corruption, sanctions and embargoes) were brought to an end without further timetable extensions, reflecting the quality of the Bank's work. All the remedial measures scheduled for 2021 in respect of the deferred prosecution agreements were undertaken.

The Group's KYC remediation programme, which covered 17.4 million customers, was largely completed in a timely manner by 31 March 2021.

All the recommendations set out in the remediation programme developed by the Internal Control Department were carried out. The checks were implemented in line with the targets and all the dashboards are being developed.

- **The Board's assessment of the targets for each Chief Executive Officer's specific remit**

The individual extra-financial targets of the Chief Executive Officers were as follows:

Individual extra-financial targets	45%
■ **CEO**	
Strategy - Equity Story 21-25	10%
GBIS	20%
Management/HR	15%
■ **Deputy CEO** *RISQ, CPLE, ASSU, SGEF, ALD*	
ALD	10%
ASSU	10%
Control functions	25%
■ **Deputy CEO** *BOURSO, AFMO, EURO, RUSS, CDN, BDDF, ITIM*	
French Retail Banking	15%
International Retail Banking and Consumer Finance	20%
Resource-pooling/Synergies	10%

- **Regarding the Chief Executive Officer**

The Board of Directors considered that the target of **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, had been achieved. A number of key strategic milestones were achieved, communicated and well received by investors in the course of 2021, such as the Vision 2025 projects (aimed at the merger between the Societe Generale and Crédit du Nord networks), plans for ALD to acquire LeasePlan (thereby creating a leader in the mobility sector and a third pillar to rebalance the Group's business model), and the Global Banking and Investor Solutions medium-term strategic plan.

The Board of Directors considered that the target of **finalising the strategic trajectory for the GBIS businesses** had been largely achieved. The GBIS strategy and financial trajectory approved by the Board of Directors on 11 March 2021 and disclosed on 10 May 2021 was well received by the market.

The main projects set out in the GBIS strategy have been launched, in particular the Euclide project on digitalisation and the wholesale customer experience, as well as CSR development.

Global market activities were successfully transformed: all targets were achieved in 2021, notably in terms of risk reduction, while maintaining strong revenue. Excluding the sum allocated to variable remuneration, GBIS' directs costs were down.

In terms of **Human Resources management**, the Board of Directors observed that the process of renewing the General Management team was conducted smoothly, thanks to prior work on succession plans, and noted its successful implementation.

Regarding **diversity** in management bodies, the appointments made in key Group positions in 2021 showed significant progress, placing the Group slightly ahead of its trajectory regarding the proportion of women and international profiles in these positions:

- from 21% to 25% for women;
- from 20% to 26% for non-French/international profiles.

The proportion of international profiles in the Strategy Committee was also up slightly, from 17% to 19%. Women's representation on the Strategy Committee was virtually stable (from 24% to 23%) and remains an area for improvement for the Group. The diversity achieved in the General Management team, of which 33% are women, bears a special mention.

- **Regarding the Deputy Chief Executive Officer (RISQ, CPLE, ASSU, SGEF, ALD)**

The Board of Directors considered that **the ALD strategy** was successfully implemented and contributed to developing intra-group synergies, in particular with the retail banking, consumer finance and insurance networks. Several external acquisitions and investments were finalised in 2021. The Move 2025 strategic plan was continued with several key advances across all major components of the plan.

The roll-out of the **bancassurance model in France** showed positive momentum in 2021, in synergy with the retail banking business lines: customer product and service uptake in the networks continued to increase, mainly due to digital sales growth. The life insurance savings business was very buoyant in 2021. In France specifically, gross inflows rose by nearly 50% in a market that recorded 32% growth. In terms of net inflows, ASSU's market share was 12.5%, far exceeding Societe Generale's natural market share of around 7%. ASSU's outstandings also have an excellent structure: with UL funds standing at 35%, ASSU is outperforming the market average of 27%.

Last, the Board of Directors considered that the Group had met its **control functions** target. Progress in the Group's major strategic initiatives and remediation plans met targets. In the area of developing data usage tools and initiatives surrounding the use of data and artificial intelligence, the Nextgen project (compliance) was launched in 2021. The Data Visa programme came to an end. The programme helped to legally secure the transfer of data from legal entities to SGSA for all the Group's central administrative uses, which will save considerable time for future projects of this type.

In 2021, the RISQ and CPLE Divisions were restructured to better clarify roles and responsibilities, strengthen the pooling of expertise and improve oversight.

- **Regarding the Deputy Chief Executive Officer (BOURSO, AFMO, EURO, RUSS, CDN, BDDF, ITIM)**

The Board of Directors noted that the deployment of the **French Retail Banking strategy** has continued successfully. Plans to merge the Societe Generale (BDDF) and Crédit du Nord networks were launched in January 2021 with 12 projects led by a two-person BDDF/Crédit du Nord team. The project roadmap has been defined for 2021, 2022 and 2023. The milestones planned for 2021 have been achieved (target organisation, submission of the ACPR regulator file, launch of social dialogue and submission of the file on the new bank's target model and organisation).

Boursorama not only met the targets under its development plan, but exceeded some of the indicators, in particular the number of clients. Financial performance is in line with the targets. The start of exclusive discussions with ING for the transfer of individual customers is also an important step in boosting Boursorama's development in France.

In terms of bancassurance, nearly all of the measures provided for in the 2021 action plan were implemented (product offers, training and coordination of networks, deployment of digital tools).

In **Europe**, the strategic plans of Rosbank, KB and BRD were defined and presented.

The digital footprint has expanded across all international retail banks, in particular Rosbank.

Several initiatives were launched in the Retail Banking core business and Group-wide to strengthen **synergies and resource-pooling** with the Bank-as-a-service project and many initiatives with ASSU and ALD.

These results are summarised in the below table.

Indicator	Description	Weight in the Total	Weighted achievement rate[1]
Shared targets - 22%			
▪ **Markets' perception**	▪ Improving the markets' perception of the Societe Generale Group	6.0%	
▪ **Customer centricity**	▪ Making continued progress in terms of customer experience, as reflected in the Net Promoter Score and in customer satisfaction surveys	4.0%	
▪ **CSR**	▪ Achieving the Group's corporate social responsibility (CSR) goals and its positioning in extra-financial ratings	4.0%	
▪ **Digital technology and operational efficiency**	▪ Improving operational efficiency and accelerating digital transformation, strengthening value management in digital investments	4.0%	
▪ **Regulatory**	▪ Ensuring regulatory compliance (Know Your Customer, internal control, remediation plans, proper integration of recommendations from the supervisory authorities)	4.0%	
		22.0%	**21.2%**
Targets specific to each individual remit - 18%			
Frédéric Oudéa			
▪ **Strategy - Equity Story 21-25**	▪ Implementation of the Group Strategy	4.0%	
▪ **GBIS**	▪ Finalising the strategic trajectory for the GBIS businesses	8.0%	
▪ **Management/HR**	▪ Sound Human Resources management	6.0%	
		18.0%	**18.0%**
Philippe Aymerich			
▪ **French Retail Banking**	▪ Deploying the strategy for French Retail Banking, in particular ensuring the successful first year of Vision 2025, and implementing Boursorama's new strategy	6.0%	
▪ **International Retail Banking and Consumer Finance**	▪ Implementing the strategic guidelines for International Retail Banking and Consumer Finance	8.0%	
▪ **Resource-pooling/Synergies**	▪ Building on opportunities for synergies and resource-pooling in the Retail Banking core business	4.0%	
		18.0%	**16.6%**
Diony Lebot			
▪ **ALD**	▪ Successfully implementing the ALDA strategy	4.0%	
▪ **ASSU**	▪ Working with the Retail Banking network to ensure dynamic growth in the bancassurance model	4.0%	
▪ **Control functions**	▪ Developing data usage tools and accelerating initiatives surrounding use of data and artificial intelligence in the Group's control functions	10.0%	
		18.0%	**17.8%**

(1) Weighted by the respective weight of each criterion.

Based on the above, the achievement rates for each target, as approved by the Board of Directors at its meeting on 9 February 2022, are set out in the table below.

As a result, the annual remuneration awarded for 2021 was as follows:

- EUR 1,740,258 for Frédéric Oudéa, corresponding to financial performance of 100.0% and non-financial performance assessed by the Board of Directors at 97.9%;
- EUR 883,384 for Phillipe Aymerich, corresponding to financial performance of 97.1% and non-financial performance assessed by the Board of Directors at 94.4%;
- EUR 910,432 for Diony Lebot, corresponding to financial performance of 100.0% and non-financial performance assessed by the Board of Directors at 97.4%.

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.

2021 ANNUAL VARIABLE REMUNERATION TARGETS ACHIEVEMENT

		F. Oudéa		P. Aymerich		D. Lebot	
		Weight	**Achievement rate**	**Weight**	**Achievement rate**	**Weight**	**Achievement rate**
Financial targets – 60%							
For the Group	ROTE	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
	CET1 ratio	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
	C/I ratio	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Individual remits[(1)]	GOI	8.0%	8.0%	8.0%	7.0%	8.0%	8.0%
	C/I ratio	8.0%	8.0%	8.0%	7.2%	8.0%	8.0%
	RONE	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
TOTAL FINANCIAL TARGETS		**60.0%**	**60.0%**	**60.0%**	**58.2%**	**60.0%**	**60.0%**
% achievement of financial targets		*100.0%*		*97.1%*		*100.0%*	
Non-financial targets – 40%							
Collective		22.0%	21.2%	22.0%	21.2%	22.0%	21.2%
Individual remits		18.0%	18.0%	18.0%	16.6%	18.0%	17.8%
TOTAL NON-FINANCIAL TARGETS		**40.0%**	**39.2%**	**40.0%**	**37.8%**	**40.0%**	**39.0%**
% achievement of non-financial targets		*97.9%*		*94.4%*		*97.4%*	
OVERALL 2021 TARGET ACHIEVEMENT RATE		**99.2%**		**96.0%**		**99.0%**	

Note: In this table, rates have been rounded for presentation purposes.
ROTE: Return on tangible equity.
CET 1: Core Equity Tier 1 ratio.
C/I: Cost-to-income ratio.
GOI: Gross operating income.
RONE: Return on normative equity.
(1) The individual remits of the Chairman of the Board of Directors and the Chief Executive Officers are described in the Governance section, page 62.

ANNUAL VARIABLE REMUNERATION FOR 2021 AND RECORD OF FIXED AND ANNUAL VARIABLE REMUNERATION AWARDED TO CHIEF EXECUTIVE OFFICERS IN PREVIOUS YEARS

	Reminder of 2019 fixed + annual variable remuneration			Reminder of 2020(1) fixed + annual variable remuneration			2021 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	1,387,152	2,687,152	1,300,000	961,390	2,261,390	1,300,000	1,740,258	134%	3,040,258
P. Aymerich	800,000	755,136	1,555,136	800,000	458,896	1,258,896	800,000	883,384	110%	1,683,384
D. Lebot	800,000	727,904	1,527,904	800,000	507,656	1,307,656	800,000	910,432	114%	1,710,432

Note: Gross remuneration in EUR, as calculated upon award.

(1) The amounts of annual variable remuneration for 2020 are presented herein before the Chief Executive Officers decided to forego 50% of their annual variable remuneration for 2020 based on the Board of Directors' evaluation.

VESTING AND PAYMENT OF VARIABLE REMUNERATION FOR 2021

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 2022 (provided it is approved by the General Meeting of 17 May 2022); half of this, converted into share equivalents, is subject to a one-year holding period;
- 60% of the total amount awarded remains unvested and breaks 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 Chairman of the Board of Directors and 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).

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 the Board concludes that a decision a Chief Executive Officer took during their term of office has had 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 – DEFERRED PORTION PERFORMANCE CONDITIONS

Cumulative terms	Proportion of the unvested award	Trigger level/Cap 100% achievement rate
Group profitability	100%	Group profitability for the year preceding vesting > 0
Equity levels (CET 1 ratio)	100%	CET1 ratio for the year preceding vesting > minimum threshold set

ANNUAL VARIABLE REMUNERATION PAID IN FINANCIAL YEAR 2021

In 2021, the Chief Executive Officers received annual variable remuneration in respect of financial years 2017, 2018, 2019 and 2020, as previously approved by the General Meetings of 23 May 2018 (Resolution 8), 21 May 2019 (Resolutions 17 to 21), 19 May 2020 (Resolutions 10 to 14) and 18 May 2021 (Resolutions 10 to 14) respectively. For deferred payments subject to performance conditions, the Board of Directors reviewed the conditions at its meeting of 9 February 2021 and was satisfied that they had been met. Details of the overall sums and individual amounts paid are given in the tables on pages 118-125 and in Table 2 on page 127.

Long-term incentives for financial year 2021

LONG-TERM INCENTIVES FOR FINANCIAL YEAR 2021

In accordance with the remuneration policy approved by the General Meeting of 18 May 2021, 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 any event 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 2022 (subject to the approval of the General Meeting on 17 May 2022, in accordance with Article L. 22-10-34 (II) of the French Commercial Code), to implement an incentives plan for financial year 2021 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 2022;
- 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, 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 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, Sustainalytics and MSCI).

In terms of the energy transition financing criterion in respect of the financed energy mix, the target under the LTI plan for 2021 will be related to the Group's commitment to raising EUR 250 billion for the energy and environmental transition between 1 January 2021 and 31 December 2025 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 at least EUR 200 billion is reached, the vesting rate will be 75%. Below EUR 200 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 rankings/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.

The criterion is examined if the ratings performances required by the following three extra-financial rating agencies are met:

- S&P Global CSA: positioning in the first quartile;
- Sustainalytics: positioning in the first quartile;
- MSCI: rating ≥ BBB.

For ratings that 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.

(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.

LONG-TERM INCENTIVES FOR FINANCIAL YEAR 2021 – PERFORMANCE CONDITIONS

Criteria	Proportion of the unvested award	Trigger level – Performance	Trigger level – % of vesting of the initial award	Cap – Performance	Cap – % of vesting of the initial award
Relative performance of the Societe Generale share	80%	Positioning Ranked 6th in Panel	50%(1)	Positioning Ranked 1st-3rd in Panel	100%(1)
Energy transition financing	10%	EUR 200 billion raised for the energy and environmental transition	75%(2)	EUR 250 billion raised for the energy and environmental transition	100%(2)
Positioning in the extra-financial ratings	10%	Two positioning criteria are checked	66.7%(2)	Three positioning criteria are checked	100%(2)

(1) The complete vesting chart is shown below.
(2) See breakdown above.

Subject to Group profitability in the year preceding the definitive vesting of the long-term incentives

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 2022 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 82 per share, *i.e.* approximately 1.2 times the net asset value per Societe Generale Group share at 31 December 2021.

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 from the Group, 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 organisation, and in the event of death, disability or incapacity:

- in the event of death, disability or incapacity, the shares will be retained and full payments made;
- 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.

In compliance with current regulations, the total variable component (*i.e.* annual variable remuneration plus long-term incentives) is capped at the regulatory limit of 200% of the fixed component(1).

Insofar as the ratio between the total variable component and the fixed remuneration for 2021 exceeds the regulatory ratio for the Chief Executive Officer and the Deputy Chief Executive Officers, the Board of Directors on 9 February 2022 capped the variable component at 200% of the fixed remuneration by reducing the number of shares awarded under the long-term incentive plan in order to comply with this ratio.

(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.

The table below indicates the book value of the long-term incentives and the maximum corresponding number of shares for each of the Chief Executive Officers in respect of 2021, after adjustments were made by the Board of Directors:

			Long-term incentives awarded in 2021 (as adjusted by the Board of Directors)	
	Amount attributable in book value (IFRS)[(1)]	Maximum number of shares attributable[(2)]	Amount awarded in book value (IFRS)[(1)]	Maximum number of shares awarded[(2)]
Frédéric Oudéa	EUR 850,000	41,913	EUR 712,026	35,110
Philippe Aymerich	EUR 570,000	28,107	EUR 549,335	27,088
Diony Lebot	EUR 570,000	28,107	EUR 528,989	26,084

(1) Based on the share price on the day preceding the Board of Directors' meeting of 9 February 2022, 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 share value based on the share price on the day preceding the Board of Directors' meeting of 9 February 2022.

The Board of Directors will decide on the allocation of performance shares at its meeting on 10 March 2022, pursuant to the powers conferred upon it by the AGM of 19 May 2020 (Resolution 24). The award represents 0.01% of the share capital.

LONG-TERM INCENTIVES PAID IN 2021

In financial year 2021, Frédéric Oudéa received the second payment under the long-term incentive plan awarded in 2014, which was approved by the General Meeting of 19 May 2015 (Resolution 5). The Board of Directors reviewed the performance conditions at its meeting of 5 February 2020 and was satisfied that they had been met. The amount received is shown in Table 7 on page 132 and the tables on pages 118-125.

No shares were acquired under the long-term incentive plan awarded in 2017 for 2016. The above remuneration was approved by the General Meeting of 23 May 2017 (Resolution 11). The Board of Directors reviewed the performance conditions at its meeting of 9 February 2021 and was not satisfied that they had been met.

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 supplied on page 103[(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 2021 annual variable remuneration, as recognised by the Board of Directors on 9 February 2022:

	Overall 2021 target achievement rate	% vesting of Art. 82 pension plan contributions
Philippe Aymerich	96.0%	100%
Diony Lebot	99.0%	100%

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 118-125.

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 104.

For Frédéric Oudéa, Philippe Aymerich and Diony Lebot, no payments were made in respect of such benefits in 2021.

(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).

(2) Related-party commitments for Frédéric Oudéa, 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 (Resolution 9). Related-party commitments for Philippe Aymerich 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).

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 115-125.

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 the 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.

This scope includes all the Bank's businesses, taking a balanced approach.

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 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) awarded in 2021 in respect of 2020. Note that, in the Universal Registration Document 2021, these components were estimated on the basis of the total amounts awarded in the previous financial year.

The calculation of employee remuneration for 2021 included the basic salary, bonuses and benefits for 2021, 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)	2017	2018	2019	2020	2021	Change 2017-2021
Mean employee remuneration	**74.2**	**75.3**	**76.0**	**76.3**	**82.7**	
Change	+0.9%	+1.5%	+1.0%	+0.4%	+8.3%	+11.5%
Median employee remuneration	**52.3**	**54.4**	**54.4**	**55.7**	**59.2**	
Change	+3.6%	+3.9%	+0.0%	+2.5%	+6.3%	+13.2%

(1) The full details of their remuneration are given on pages 126-127 and in the tables on pages 118 to 125.

CHANGES IN REMUNERATION FOR THE CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICERS AND PAY RATIOS FOR THE PAST FIVE YEARS

(In EUR thousands)	2017	2018	2019	2020[3]	2021	Change 2017-2021
Lorenzo Bini Smaghi Chairman of the Board of Directors						
Remuneration	**903.4**	**948.7**	**979.4**	**979.5**	**979.5**	
Change	+0.1%	+5.0%	+3.2%	+0.0%	+0.0%	+8.4%
Ratio to mean employee remuneration	**12:1**	**13:1**	**13:1**	**13:1**	**12:1**	
Change	-0.8%	+3.5%	+2.2%	-0.4%	-7.7%	-2.8%
Ratio to median employee remuneration	**17:1**	**17:1**	**18:1**	**18:1**	**17:1**	
Change	-3.4%	+1.1%	+3.2%	-2.4%	-6.0%	-4.2%
Frédéric Oudéa[1] Chief Executive Officer						
Remuneration	**3,461.6**	**3,193.2**	**3,542.3**	**2,635.9**	**3,757.4**	
Change	-4.0%	-7.8%	+10.9%	-25.6%	+42.6%	+8.5%
Ratio to mean employee remuneration	**47:1**	**42:1**	**47:1**	**35:1**	**45:1**	
Change	-4.9%	-9.1%	+9.9%	-25.9%	+31.6%	-4.3%
Ratio to median employee remuneration	**66:1**	**59:1**	**65:1**	**47:1**	**63:1**	
Change	-7.3%	-11.2%	+10.9%	-27.4%	+34.1%	-4.5%
Philippe Aymerich[2] Deputy Chief Executive Officer						
Remuneration	**-**	**1,903.0**	**2,125.1**	**1,599.4**	**2,232.7**	
Change			+11.7%	-24.7%	+39.6%	+17.3%
Ratio to mean employee remuneration	**-**	**25:1**	**28:1**	**21:1**	**27:1**	
Change			+10.6%	-25.0%	+28.8%	+8.3%
Ratio to median employee remuneration	**-**	**35:1**	**39:1**	**29:1**	**38:1**	
Change			+11.7%	-26.5%	+31.3%	+8.6%
Diony Lebot[2] Deputy Chief Executive Officer						
Remuneration	**-**	**1,872.6**	**2,103.8**	**1,629.8**	**2,245.4**	
Change			+12.4%	-22.5%	+37.8%	+19.9%
Ratio to mean employee remuneration	**-**	**25:1**	**28:1**	**21:1**	**27:1**	
Change			+11.3%	-22.8%	+27.2%	+8.0%
Ratio to median employee remuneration	**-**	**34:1**	**39:1**	**29:1**	**38:1**	
Change			+12.3%	-24.4%	+29.6%	+11.8%

(1) With regard to Frédéric Oudéa, the calculation for 2018 includes the amount of his 2018 annual variable remuneration before he decided to waive part of it following agreements with the US authorities.

(2) Philippe Aymerich and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018. Their remuneration for 2018 has been annualised for the purposes of comparability.

(3) The Chief Executive Officers waived 50% of their annual variable remuneration for 2020 based on the Board of Directors' evaluation. The waivers were included in the remunerations for 2020 presented in the table.

GROUP PERFORMANCE OVER THE PAST FIVE YEARS[1]

	2017	2018	2019	2020	2021	Change 2017-2021
Fully-loaded CET1	**11.4%**	**10.9%**	**12.7%**	**13.2%**	**13.6%**	
Change	*-0.1 pt*	*-0.5 pt*	*+1.8 pt*	*+0.5 pt*	*+0.4 pt*	*+2.2 pt*
Underlying C/I	**68.8%**	**69.8%**	**70.6%**	**74.6%**	**67.0%**	
Change	*+0.7 pt*	*+1.0 pt*	*+0.8 pt*	*+4.0 pt*	*-7.6 pt*	*-1.8 pt*
Underlying ROTE	**9.2%**	**9.7%**	**7.6%**	**1.7%**	**10.2%**	
Change	*+0.2 pt*	*+0.5 pt*	*-2.1 pt*	*-5.9 pt*	*+8.5 pt*	*+1.0 pt*
Net tangible asset value per share	**€54.4**	**€55.8**	**€55.6**	**€54.8**	**€61.1**	
Change	*-2.2%*	*+2.6%*	*-0.4%*	*-1.5%*	*+11.5%*	*+12.3%*

(1) On a consolidated basis.

CET 1: Core Equity Tier 1 ratio.

C/I ratio: Cost-to-income ratio.

ROTE: Return on tangible equity.

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 90.

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 2021.

The breakdown of the total amount paid in respect of 2020 is shown in the table on page 129.

TOTAL REMUNERATION AND BENEFITS PAID IN OR AWARDED IN RESPECT OF 2021 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 2021 remuneration can be paid until they have been approved by the General Meeting to be held on 17 May 2022.

TABLE 1

Lorenzo Bini Smaghi, Chairman of the Board of Directors
Remuneration compliant with the policy approved by the General Meeting of 18 May 2021

Remuneration components put to the vote	Amounts awarded in respect of 2021	Description	Amounts paid in 2021
Fixed remuneration	EUR 925,000	Gross fixed remuneration paid in the financial year. Lorenzo Bini Smaghi's annual gross remuneration was set at EUR 925,000 in May 2018 and will remain unchanged for the duration of his term of office.	EUR 925,000
Annual variable remuneration	N/A	Lorenzo Bini Smaghi does not receive any variable remuneration.	N/A
Remuneration as a Director	N/A	Lorenzo Bini Smaghi does not receive any Remuneration as a Director.	N/A
Value of benefits in kind	EUR 54,508	He is provided with accommodation for the performance of his duties in Paris.	EUR 54,508

TABLE 2

Frédéric Oudéa, Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 18 May 2021

Remuneration components put to the vote	Amounts awarded in respect of 2021	Description	Amounts paid in 2021
Fixed remuneration	EUR 1,300,000	Gross fixed remuneration paid during the financial year, 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 non-financial targets. These components are detailed on page 105. His annual variable remuneration is capped at 135% of his fixed remuneration.	
o.w. annual variable remuneration payable in 2022	EUR 348,051 (nominal amount)	**Evaluation of 2021 performance** – In light of the financial and non-financial criteria defined by the Board of Directors on 9 February and 11 March 2021 and the achievement rates observed in financial year 2021, Frédéric Oudéa was awarded annual variable remuneration of EUR 1,740,258[1]. This corresponds to an overall target achievement rate of 99.2% and is calculated based on his maximum annual variable remuneration (see page 110).	▪ Annual variable remuneration in respect of 2020, as approved by the General Meeting of 18 May 2021 (Resolution 10): EUR 96,139. 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 1,392,207 (nominal amount)	▪ payment of all annual variable remuneration in respect of 2021 is subject to approval by the General Meeting to be held on 17 May 2022; ▪ 40% of this annual variable remuneration will vest upon approval by the General Meeting of 17 May 2022. 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 2022, 2023 and 2024. Two-thirds of this portion will be converted into Societe Generale shares, half of which become transferable after two years and six months and half after three years and six 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, page 127): - in respect of 2017: EUR 126,412, - in respect of 2018: EUR 184,253, - in respect of 2019: EUR 277,430 and EUR 182,448. ▪ The above variable remuneration was approved by the General Meetings of: - 23 May 2018 (Resolution 8), - 21 May 2019 (Resolution 17), and - 19 May 2020 (Resolution 10), respectively. ▪ For deferred payments subject to performance conditions, the Board of Directors reviewed the conditions at its meeting of 9 February 2021 and was satisfied that they had been met.
Multi-annual variable remuneration	N/A	Frédéric Oudéa did 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 18 May 2021

Remuneration components put to the vote	Amounts awarded in respect of 2021	Description	Amounts paid in 2021
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year	EUR 712,026 (value according to IFRS 2 at 8 February 2022). This amount corresponds to an award of 35,110 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 2021 approved by the Board of Directors at its meeting of 9 February 2022 are as follows: ▪ awards capped at the same level as the annual variable remuneration; ▪ 35,110 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 incentive in respect of 2021 is conditional upon approval by the General Meeting to be held on 17 May 2022; ▪ definitive vesting of the long-term incentive is subject to presence and performance conditions as detailed on page 112; ▪ the award was approved under Resolution 24 of the General Meeting of 19 May 2020 (Board of Directors' decision of 10 March 2022 on the award of performance shares); it represents 0.004% of the share capital.	Share equivalents paid as part of the long-term incentives awarded in 2014: EUR 323,660. This award was approved by the General Meeting of 19 May 2015 (Resolution 5). The Board of Directors reviewed the performance conditions at its meeting of 5 February 2020 and was satisfied that they had been met (see Table 7, page 132). ▪ Shares vested in 2017 as part of the long-term incentives in respect of 2016: 0 shares. This award was approved by the General Meeting of 23 May 2017 (Resolution 11). The Board of Directors reviewed the performance condition at its meeting of 9 February 2021 and was not satisfied that this condition had been met.
Remuneration as a Director	N/A	N/A	N/A
Value of benefits in kind	EUR 5,134	Frédéric Oudéa is provided with a company car.	EUR 5,134
Severance pay	No amount due in respect of the financial year	The features of severance pay for Chief Executive Officers are detailed on page 104.	No amount paid in respect of the financial year
Non-compete consideration	No amount due in respect of the financial year	The characteristics of non-compete consideration for Chief Executive Officers are detailed on page 104.	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 10,144

(1) Nominal amount decided by the Board of Directors on 9 February 2022.

TABLE 3

Philippe Aymerich, Deputy Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 18 May 2021

Remuneration components put to the vote	Amounts awarded in respect of 2021	Description	Amounts paid in 2021
Fixed remuneration	EUR 800,000	Philippe Aymerich's gross fixed remuneration paid during the financial year, as set by the Board of Directors on 3 May 2018 upon his appointment as Deputy Chief Executive Officer, effective from 14 May 2018 and which has remained unchanged since.	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 non-financial targets. These components are detailed on page 105. His annual variable remuneration is capped at 115% of his fixed remuneration.	▪ Annual variable remuneration in respect of 2020, as approved by the General Meeting of 18 May 2021 (Resolution 11): EUR 45,889. The criteria used to calculate and pay annual variable remuneration are detailed in the chapter on remuneration of the Chairman of the Board of Directors and the Chief Executive Officers. Payment of 50% of the annual variable remuneration vested is deferred. ▪ Deferred annual variable remuneration (see Table 2, page 127): - in respect of 2018: EUR 73,286, - in respect of 2019: EUR 151,027 and EUR 99,323. ▪ The above variable remuneration was approved by the General Meetings of: - 21 May 2019 (Resolution 18), and - 19 May 2020 (Resolution 11), respectively. ▪ For deferred payments subject to performance conditions, the Board of Directors reviewed the conditions at its meeting of 9 February 2021 and was satisfied that they had been met.
o.w. annual variable remuneration payable in 2022	EUR 176,677 (nominal amount)	**Evaluation of 2021 performance** – In light of the financial and non-financial criteria defined by the Board of Directors on 9 February 2021 and 11 March 2021 and the achievement rates observed in financial year 2021, Philippe Aymerich was awarded annual variable remuneration of EUR 883,384[1]. This corresponds to an overall target achievement rate of 96.0% and is calculated based on his maximum annual variable remuneration (see page 110).	
o.w. annual variable remuneration payable in subsequent years	EUR 706,707 (nominal amount)	▪ payment of all annual variable remuneration in respect of 2021 is subject to approval by the General Meeting to be held on 17 May 2022; ▪ 40% of this annual variable remuneration will vest upon approval by the General Meeting of 17 May 2022. 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 2022, 2023 and 2024. Two-thirds of this portion will be converted into Societe Generale shares, half of which become transferable after two years and six months and half after three years and six 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 did 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 18 May 2021

Remuneration components put to the vote	Amounts awarded in respect of 2021	Description	Amounts paid in 2021
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year	EUR 549,335 (value according to IFRS 2 at 8 February 2022) This amount corresponds to an award of 27,088 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 2021 approved by the Board of Directors at its meeting of 9 February 2022 are as follows: ■ awards capped at the same level as the annual variable remuneration; ■ 27,088 shares awarded in two instalments, with vesting periods of four and six years followed by a one-year holding period after vesting, thereby increasing the indexing periods to five and seven years; ■ award of the long-term incentive in respect of 2021 is conditional upon approval by the General Meeting to be held on 17 May 2022; ■ definitive vesting of the long-term incentive is subject to presence and performance conditions as detailed on page 112; ■ the award was approved under Resolution 24 of the General Meeting of 19 May 2020 (Board of Directors' decision of 10 March 2022 on the award of performance shares); it represents less than 0.003% of the share capital.	N/A
Remuneration as a Director	N/A	Philippe Aymerich did not receive any remuneration as a Director over the financial year.	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 104.	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 104.	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 18 May 2021

Remuneration components put to the vote	Amounts awarded in respect of 2021	Description	Amounts paid in 2021
Supplementary pension scheme	Contributions into supplementary Art. 82 pension scheme: EUR 50,836	A detailed description of the Deputy Chief Executive Officers' pension schemes is given on page 103. ■ 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.* 8.3% 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 96.0% for 2021, contributions to this scheme amounted to EUR 50,836 (contribution vesting rate: 100%). ■ Valmy pension savings scheme. Annual contribution paid by the Company: EUR 2,879.	Contributions into the supplementary Art. 82 pension scheme for financial year 2020: EUR 0 Contributions into the Valmy pension savings scheme: EUR 2,879
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 5,696.

(1) Nominal amount decided by the Board of Directors on 9 February 2022.

TABLE 4

Diony Lebot, Deputy Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 18 May 2021

Remuneration components put to the vote	Amounts awarded in respect of 2021	Description	Amounts paid in 2021
Fixed remuneration	EUR 800,000	Diony Lebot's gross fixed remuneration paid during the financial year, as set by the Board of Directors on 3 May 2018 upon her appointment as Deputy Chief Executive Officer, effective from 14 May 2018 and which has remained unchanged since.	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 non-financial targets. These components are detailed on page 105. Her annual variable remuneration is capped at 115% of her fixed remuneration.	■ Annual variable remuneration in respect of 2020, as approved by the General Meeting of 18 May 2021 (Resolution 14): EUR 50,765. 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, page 127): - in respect of 2018: EUR 68,078, - in respect of 2019: EUR 145,580 and EUR 95,741. ■ The above variable remuneration was approved by the General Meetings of: - 21 May 2019 (Resolution 21), and - 19 May 2020 (Resolution 14), respectively. ■ For deferred payments subject to performance conditions, the Board of Directors reviewed the conditions at its meeting of 9 February 2021 and was satisfied that they had been met.
o.w. annual variable remuneration payable in 2022	EUR 182,086 (nominal amount)	**Evaluation of 2021 performance** – In light of the financial and non-financial criteria defined by the Board of Directors on 9 February 2021 and 11 March 2021 and the achievement rates observed in financial year 2021, Diony Lebot was awarded annual variable remuneration of EUR 910,432[1]. This corresponds to an overall target achievement rate of 99.0% and is calculated based on his maximum annual variable remuneration (see page 110).	
o.w. annual variable remuneration payable in subsequent years	EUR 728,346 (nominal amount)	■ payment of all annual variable remuneration in respect of 2021 is subject to approval by the General Meeting to be held on 17 May 2022; ■ 40% of this annual variable remuneration will vest upon approval by the General Meeting of 17 May 2022. 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 2022, 2023 and 2024. Two-thirds of this portion will be converted into Societe Generale shares, half of which become transferable after two years and six months and half after three years and six 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 18 May 2021

Remuneration components put to the vote	Amounts awarded in respect of 2021	Description	Amounts paid in 2021
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year	EUR 528,989 (value according to IFRS 2 at 8 February 2022) This amount corresponds to an award of 26,084 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 2021 approved by the Board of Directors at its meeting of 9 February 2022 are as follows: ■ awards capped at the same level as the annual variable remuneration; ■ 26,084 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 2021 is conditional upon approval by the General Meeting to be held on 17 May 2022; ■ definitive vesting of the long-term incentives is subject to presence and performance conditions as detailed on page 112; ■ the award was approved under Resolution 24 of the General Meeting of 19 May 2020 (Board of Directors' decision of 10 March 2022 on the award of performance shares); it represents less than 0.003% of the share capital.	N/A
Remuneration as a Director	N/A	Diony Lebot did not receive any remuneration as a Director over the financial year.	N/A
Value of benefits in kind	EUR 5,932	Diony Lebot is provided with a company car.	EUR 5,932
Severance pay	No amount due in respect of the financial year	The features of severance pay for Chief Executive Officers are detailed on page 104.	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 104.	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 18 May 2021

Remuneration components put to the vote	Amounts awarded in respect of 2021	Description	Amounts paid in 2021
Supplementary pension scheme	Contributions into supplementary Art. 82 pension scheme: EUR 50,836	A detailed description of the Deputy Chief Executive Officers' pension schemes is given on page 103. ■ 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 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.* 9.8% 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 99.0% for financial year 2021, contributions to this scheme amounted to EUR 50,836 (contribution vesting rate: 100%). ■ Valmy pension savings scheme. Annual contribution paid by the Company: EUR 2,879.	Contributions into the supplementary Art. 82 pension scheme in respect of 2020, as approved by the General Meeting of 18 May 2021 (Resolution 14): EUR 8,812. Contributions into the Valmy pension savings scheme: EUR 2,879.
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 5,786.

(1) Nominal amount decided by the Board of Directors on 9 February 2022.

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 2020	Financial year 2021
Lorenzo Bini Smaghi, Chairman of the Board of Directors		
Remuneration due for the financial year (detailed in Table 2)	979,488	979,508
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	**979,488**	**979,508**
Frédéric Oudéa, Chief Executive Officer		
Remuneration due for the financial year (detailed in Table 2)	1,785,856	3,045,392
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	712,026
TOTAL	**2,635,856**	**3,757,418**
Philippe Aymerich, Deputy Chief Executive Officer		
Remuneration due for the financial year (detailed in Table 2)	1,029,448	1,683,384
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	549,335
TOTAL	**1,599,448**	**2,232,719**
Diony Lebot, Deputy Chief Executive Officer		
Remuneration due for the financial year (detailed in Table 2)	1,059,773	1,716,364
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	528,989
TOTAL	**1,629,773**	**2,245,353**

(1) Remuneration expressed in EUR, gross, before tax.
(2) This plan is detailed in the chapter on remuneration of the Chairman of the Board of Directors and Chief Executive Officers, from page 112.

TABLE 2

SUMMARY OF THE REMUNERATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND EACH OF THE CHIEF EXECUTIVE OFFICERS[1]

	Financial year 2020		Financial year 2021	
(In EUR)	**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]	54,488	54,488	54,508	54,508
TOTAL	**979,488**	**979,488**	**979,508**	**979,508**
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]	277,430	96,139	96,139	348,051
■ deferred annual variable remuneration[3]	675,986	384,556	770,543[5]	1,392,207
■ exceptional remuneration	0	0	0	0
■ attendance fees	0	0	0	0
■ benefits in kind[4]	5,161	5,161	5,134	5,134
TOTAL	**2,258,577**	**1,785,856**	**2,171,816**	**3,045,392**
Philippe Aymerich, Deputy Chief Executive Officer				
■ fixed remuneration	800,000	800,000	800,000	800,000
■ non-deferred annual variable remuneration[3]	151,027	45,889	45,889	176,677
■ deferred annual variable remuneration[3]	191,539	183,559	323,636[5]	706,707
■ other remuneration paid[6]	124,621	0	81,192	0
■ exceptional remuneration	0	0	0	0
■ attendance fees	0	0	0	0
■ benefits in kind	0	0	0	0
TOTAL	**1,267,187**	**1,029,448**	**1,250,717**	**1,683,384**
Diony Lebot, Deputy Chief Executive Officer				
■ fixed remuneration	800,000	800,000	800,000	800,000
■ non-deferred annual variable remuneration[3]	145,581	50,765	50,765	182,086
■ deferred annual variable remuneration[3]	177,927	203,063	309,399[5]	728,346
■ other remuneration paid[6]	215,754	0	143,470	0
■ exceptional remuneration	0	0	0	0
■ attendance fees	0	0	0	0
■ benefits in kind[4]	5,945	5,945	5,932	5,932
TOTAL	**1,345,207**	**1,059,773**	**1,309,566**	**1,716,364**

(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) Use of a company car.
(5) See table below for a detailed breakdown of the amounts paid.
(6) Philippe Aymerich and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018. The amounts recorded under "other remuneration paid" correspond to variable remuneration awarded for their previous positions.

BREAKDOWN OF DEFERRED ANNUAL VARIABLE REMUNERATION PAID IN 2021 TO THE CHIEF EXECUTIVE OFFICERS

(In EUR)	2017[1]	2018[2]	2019[3]	2019[4]		
Performance condition applicable and status of condition	**Group profitability and CET1 ratio Condition met**	**Group profitability and CET1 ratio Condition met**	**Group profitability and CET1 ratio Condition met**	**N/A**	**Other deferred annual variable remuneration[5]**	**Total paid in 2021**
Frédéric OUDÉA	126,412	184,253	277,430	182,448	N/A	770,543
Philippe AYMERICH	N/A	73,286	151,027	99,323	81,192	404,828
Diony LEBOT	N/A	68,078	145,580	95,741	143,470	452,869

(1) Value of shares vested in March 2021 corresponding to the third 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 CET 1 targets for 2020.

(2) Value of shares vested in March 2021 corresponding to the second instalment of the unvested portion of the annual variable remuneration for financial year 2018, the vesting of which was subject to meeting Group net income and CET1 targets for 2020.

(3) First instalment of the unvested portion of the annual variable remuneration for financial year 2019, granted in cash and not indexed, the vesting of which was subject to meeting Group net income and CET1 targets for 2020.

(4) Vested portion of the annual variable remuneration for 2019 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 2021 in respect of their previous positions.

TABLE 3

REMUNERATION PAID TO NON-EXECUTIVE CORPORATE OFFICERS

(In EUR) **Corporate officers (excl. Chief Executive Offier)**	Remuneration paid in 2020 Balance for financial year 2019	Remuneration paid in 2020 Interim payment for financial year 2020	Remuneration paid in 2021 Balance for financial year 2020	Remuneration paid in 2021 Interim payment for financial year 2021	Attendance fees In respect of financial year 2020	Attendance fees In respect of financial year 2021*
Lorenzo BINI SMAGHI						
Attendance fees	-	-	-	-	-	-
Other remuneration	-	-	-	-	-	-
William CONNELLY						
Attendance fees	89,670	55,904	161,429	99,410	217,333	255,991
Other remuneration						
Jérôme CONTAMINE						
Attendance fees	81,896	53,175	86,733	56,053	139,908	150,077
Other remuneration						
Diane COTE						
Attendance fees	65,182	42,217	61,688	37,967	103,905	111,297
Other remuneration						
Kyra HAZOU						
Attendance fees	101,221	63,994	96,556	60,360	160,550	151,151
Other remuneration						
France HOUSSAYE						
Attendance fees(1)	58,256	36,807	56,555	33,661	93,363	85,625
Societe Generale salary					54,032	54,100
David LEROUX						
Attendance fees(1)	45,038	28,717	45,366	26,377	74,083	29,218
Societe Generale salary					40,133	40,092
Jean-Bernard LÉVY						
Attendance fees	80,910	49,155	77,754	47,593	126,909	54,177
Other remuneration						
Annette MESSEMER						
Attendance fees	-	-	87,599	60,360	87,599	151,151
Other remuneration						
Gérard MESTRALLET						
Attendance fees	82,389	49,155	76,007	47,593	125,162	119,704
Other remuneration						
Juan Maria NIN GENOVA						
Attendance fees	87,534	58,585	91,423	56,053	150,008	151,015
Other remuneration						
Henri POUPART-LAFARGE						
Attendance fees	-	-	-	-	-	49,089
Other remuneration						
Johan PRAUD						
Attendance fees(2)	-	-	-	-	-	40,960
Societe Generale salary						27,843
Nathalie RACHOU						
Attendance fees	162,555	89,718	4,829	-	94,547	-
Other remuneration						
Lubomira ROCHET						
Attendance fees	43,559	27,377	52,391	28,863	79,768	81,584
Other remuneration						
Alexandra SCHAAPVELD						
Attendance fees	145,078	97,252	149,613	88,449	246,865	228,003
Other remuneration						
Sébastien WETTER						
Attendance fees	-	-	-	-	-	40,960
Societe Generale salary						164,544
TOTAL (ATTENDANCE FEES)					**1,700,000**	**1,700,000**

* *Board members received the balance of their attendance fees for 2021 at the end of January 2022.*

(1) *Paid to Societe Generale trade union SNB.*

(2) *Paid to Societe Generale trade union CGT.*

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 2021.

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 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	Vesting date	Performance conditions[2]
L. BINI SMAGHI	N/A	N/A	N/A	N/A	N/A	N/A	N/A
F. OUDÉA	11.03.2021	Payment of the annual variable remuneration due in respect of financial year 2020	4,756	90,697	31.03.2023	01.10.2023	yes
			4,757	85,959	31.03.2024	01.10.2024	yes
		Long-term incentives due in respect of financial year 2020	42,183	615,872	31.03.2025	01.04.2026	yes
			42,184	561,047	31.03.2027	01.04.2028	yes
P. AYMERICH	11.03.2021	Payment of the annual variable remuneration due in respect of financial year 2020	2,270	43,289	31.03.2023	01.10.2023	yes
			2,271	41,037	31.03.2024	01.10.2024	yes
		Long-term incentives due in respect of financial year 2020	28,288	413,005	31.03.2025	01.04.2026	yes
			28,288	376,230	31.03.2027	01.04.2028	yes
D. LEBOT	11.03.2021	Payment of the annual variable remuneration due in respect of financial year 2020	2,511	47,885	31.03.2023	01.10.2023	yes
			2,512	45,392	31.03.2024	01.10.2024	yes
		Long-term incentives due in respect of financial year 2020	28,288	413,005	31.03.2025	01.04.2026	yes
			28,288	376,230	31.03.2027	01.04.2028	yes

(1) The amounts of variable remuneration and long-term incentives were set at the Board Meeting of 9 February 2021. The corresponding performance shares were awarded at the Board Meeting of 11 March 2021.

(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 111-112 of the 2021 Universal Registration Document.

TABLE 7

SHARES RECEIVED OVER THE FINANCIAL YEAR BY 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)
	13.03.2019	8,244(2)
P. AYMERICH	18.05.2016	1,560(3)
	14.03.2018	1,407(1)
	13.03.2019	3,279(2)
D. LEBOT	18.05.2016	2,090(3)
	14.03.2018	2,425(1)
	13.03.2019	3,046(2)

(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 2020.

(2) As deferred annual variable remuneration granted in 2019 in respect of financial year 2018 (presented in Table 2), the vesting of which was subject to meeting Group net income and CET 1 targets for 2020.

(3) 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.

Note: shares from the share buyback programme.

SHARE EQUIVALENTS RECEIVED OVER THE FINANCIAL YEAR BY 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	31.03.2020	10,340(1)	182,448
	31.07.2014	18,343(2)	323,660
P. AYMERICH	31.03.2020	5,629(1)	99,323
D. LEBOT	31.03.2020	5,426(1)	95,741

(1) Share equivalents received as deferred annual variable remuneration awarded in 2020 in respect of financial year 2019 (presented in Table 2).

(2) Share equivalents received after one year of the holding period for the second instalment of the long-term incentive plan awarded in 2014; vesting in March 2020 was subject to targets in terms of Group profitability and the Societe Generale share's performance compared to a panel of peers. The share performance assessed in early 2020 placed Societe Generale in fifth place in the panel (corresponding to vesting of 66.7% of the maximum number of share equivalents awarded).

TABLE 8

RECORD OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED

Information on subscription or purchase options.

The last option plan expired in 2017.

TABLE 9

SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED TO THE TOP TEN EMPLOYEES (OTHER THAN CORPORATE OFFICERS) AND OPTIONS EXERCISED BY THESE EMPLOYEES

Societe Generale did not implement any option plan during 2021.

The last option plan expired in 2017.

AUDITED I TABLE 10

Record of performance shares awarded

INFORMATION ON PERFORMANCE SHARES AWARDED

Date of General Meeting	**19.05.2020**	**23.05.2018**	**23.05.2018**	**18.05.2016**	**18.05.2016**	**18.05.2016**
Date of Board Meeting	11.03.2021	12.03.2020	13.03.2019	14.03.2018	15.03.2017	18.05.2016
Total number of shares awarded	3,495,064	2,545,414	2,834,045	1,677,279	1,796,759	2,478,926
o.w. number awarded to corporate officers[(1)]	*216,596*	*164,205*	*166,389*	*46,472*	*45,871*	*62,900*
Frédéric OUDÉA	93,880	72,541	86,705	46,472	45,871	62,900
Philippe AYMERICH	61,117	46,035	37,889	2,815	2,857	3,626
Diony LEBOT	61,599	45,629	41,795	7,277	5,986	4,860
Total number of beneficiaries	6,452	4,652	5,747	6,016	6,710	6,495
Vesting date	see table below	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	see table below
Performance conditions	yes	yes	yes	yes	yes	yes
Fair value *(in EUR)*[(2)]	see table below	see table below	see table below	see table below	see table below	see table below
Number of shares vested at 31.12.2021	989	744	449,752	1,335,110	1,480,174	2,174,068
Total number of cancelled or lapsed shares	90,739	150,165	247,223	201,913	206,624	252,372
Performance shares outstanding at year-end	3,403,336	2,394,505	2,137,070	140,256	109,961	52,486

(1) For the Chief Executive Officers, see also Tables 6 and 7 above.
(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2016 PERFORMANCE SHARE PLAN(1)

Date of General Meeting				**18.05.2016**
Date of Board Meeting				18.05.2016
Total number of shares awarded				2,478,926
Vesting date	29.03.2018 (1st instalment)	29.03.2019	31.03.2020 (1st instalment)	31.03.2021
	29.03.2019 (2nd instalment)		31.03.2022 (2nd instalment)	
Holding period end date	30.09.2018	N/A	01.04.2021	02.10.2021
	30.09.2019		01.04.2023	
Fair value *(in EUR)*(2)	30.18 (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	31.03.2021 (1st instalment)	31.03.2022
	31.03.2020 (2nd instalment)		31.03.2023 (2nd instalment)	
Holding period end date	30.09.2019	N/A	01.04.2022	02.10.2022
	02.10.2020		01.04.2024	
Fair value *(in EUR)*(2)	42.17 (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	31.03.2022 (1st instalment)	31.03.2023
	31.03.2021 (2nd instalment)		29.03.2024 (2nd instalment)	
Holding period end date	01.10.2020	N/A	01.04.2023	01.10.2023
	01.10.2021		31.03.2025	
Fair value *(in EUR)*(2)	40.39 (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) 20.93 (2nd instalment)	21.4	8.53 (1st instalment) 9.45 (2nd instalment)	10.86 (1st 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) 10.76 (2nd instalment)	11.26	6.3 (1st instalment) 5.9 (2nd instalment)	9.2 (1st 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.

SUMMARY OF THE 2021 PERFORMANCE SHARE PLAN(1)

Date of General Meeting				**19.05.2020**
Date of Board Meeting				11.03.2021
Total number of shares awarded				3,495,064
Vesting date	31.03.2023	28.03.2024	31.03.2025	31.03.2025
	(1st instalment)		(1st instalment)	(1st instalment)
Holding period end date	01.10.2023	N/A	01.04.2026	01.10.2025
	01.10.2024		01.04.2028	01.10.2026
Fair value *(in EUR)*(2)	19.07 (1st instalment) 18.07 (2nd instalment)	18.74	14.6 (1st instalment) 13.3 (2nd instalment)	20.14(1st instalment) 19.36 (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
L. BINI SMAGHI, Chairman of the Board of Directors	2015(6)	2022		X		X		X		X
F. OUDÉA, Chief Executive Officer	2008(7)	2023		X		X	X		X	
P. AYMERICH, Deputy Chief Executive Officer	2018(8)	2023	X		X		X		X	
D. LEBOT, Deputy Chief Executive Officer	2018(8)	2023	X		X		X		X	

(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 103.

(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.

(4) Details of non-compete consideration for the Chairman of the Board of Directors and the Chief Executive Officers are provided on page 104.

(5) The employment contracts held by Philippe Aymerich 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) Philippe Aymerich and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018. Their appointments were renewed on 21 May 2019.

Societe Generale share ownership and holding obligations

Pursuant to the AMF's recommendations and in order to align the interests of 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;
- Deputy Chief Executive Officers Philippe Aymerich and Diony Lebot must each 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 already holds 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 shares 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 compulsory 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 Societe Generale Actionnariat (Fonds E) shares, and undertook not to do so in the future.

Remuneration of the other Management Committee members (excluding 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 complies with CRDV. It is set by General Management and breaks down into two components:

- fixed remuneration, which is set according to each member's responsibilities, 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 dispositions relating to shareholders at the General Meeting

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 for 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, upon proof of their identity and status as a shareholder, to participate in General Meetings. 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 matters 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 insofar 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", and 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 management representatives, 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", and 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, under "Section 3.1", under the present heading, in the subsection "List of outstanding delegations and their use in 2021 and early 2022 (until 9 February 2022)" 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, under "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 2021 AND EARLY 2022 (UNTIL 9 FEBRUARY 2022)

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:** AGM 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:** AGM 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 which may be incorporated in the share capital	**Granted by:** AGM 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:** AGM 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:** AGM 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:** AGM of 19 May 2020, 22nd resolution **For a period of:** 26 months **Expiry date:** 19 July 2022
Capital increase in favor 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:** AGM 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 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 2021	Use in 2022 (until 9 February)
5% of the share capital at the completion date of the purchases	Excluding the liquidity agreement: Societe Generale purchased 16,247,062 shares in order to cancel them. Societé Generale also purchased 3,020,815 shares in order to cover and honor the free share allocation plan for the benefit of employees and General management of the Group. At 31 December 2021, 33,500 shares were recorded in the liquidity agreement's account.	Excluding the liquidity agreement: Societe Generale purchased 2,513,500 shares from 3 to 14 January in order to cover and honor the free share allocation plan for the benefit of employees and General management of the Group. At 9 February 2022, no share was recorded in the liquidity agreement 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 AGM of 19 May 2020* Nominal EUR 6 billion shares for debt securities giving access to the share capital *Note: this limit counts towards those set forth in resolutions 20 to 23 of the AGM 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 shares 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, count towards those set forth in resolutions 19 and 20 of the AGM of 19 May 2020*	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 to be issued through conversion of contingent convertible super subordinated bonds shall at the Board of Directors' discretion not be lower than (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 super subordinated 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, count 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, count towards that set forth in resolution 19 of the AGM of 19 May 2020*	None	The Board approved the principle of the operation on 9 February 2022 for a nominal amount of EUR EUR 16 m, and for which the Chief Executive Officer received authorisation.
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 two-year vesting period for the payment of deferred variable compensation *Note: this limit counts towards that set forth in resolution 19 of the AGM of 19 May 2020* 0.1% of the share capital for the Chief Executive Officers *Note: this 0.1% limit counts towards those of 1.2% and 0.5% set forth in resolution 24 of the AGM of 19 May 2020*	At 11 March 2021, 1,320,000 shares were attributed, *i.e.* 0.15% of the share capital on the day of the allocation.	None
0.5% of the share capital on the authorisation date *Note: this limit counts towards that set forth in resolution 19 of the AGM of 19 May 2020*	At 11 March 2021, 2,210,000 shares were attributed, *i.e.* 0.26% of the share capital on the day of the allocation.	None
5% of the total number of shares per 24-month period	None	Reduction of share capital on 1 February 2022 *via* the cancellation of 16,247,062 shares.

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;
- no family relationship exists 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

Following 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 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 implementing 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 assistance from the Secretary of the Board of Directors or from General Management regarding their legal status as ordinary agreements concluded under normal conditions. Those persons having a direct or indirect interest in one of these agreements do not take part in assessing the agreements in which they have an interest. The Assessment Report for FY 2021 does not mention any such agreement. The Nomination and Corporate Governance Committee reviewed the report on 10 January 2022. At its meeting of 13 January 2022, the Board of Directors subsequently ensured that the assessment procedure in place was followed correctly and that it was effective, based on the Assessment Report previously reviewed 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 when said agreements are signed, and may be consulted 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 December 31, 2021.

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 (Code de commerce) 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 (*Code de commerce*) relating to the implementation during the year ended December 31, 2021 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 authorized and entered into during the year ended December 31, 2021 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 December 31, 2021.

Paris-La Défense, March 9, 2022

The Statutory Auditors

ERNST & YOUNG et Autres

Micha MISSAKIAN

DELOITTE & ASSOCIÉS

Jean-Marc MICKELER

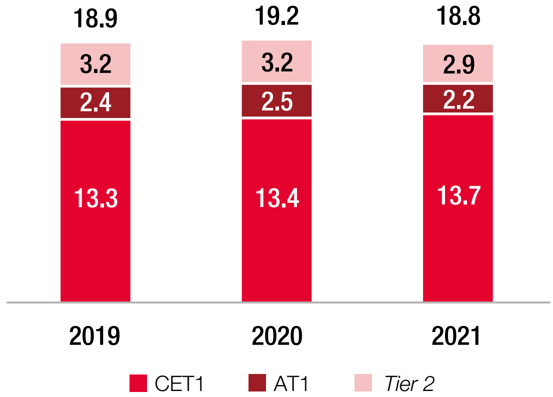
4

RISK AND CAPITAL ADEQUACY

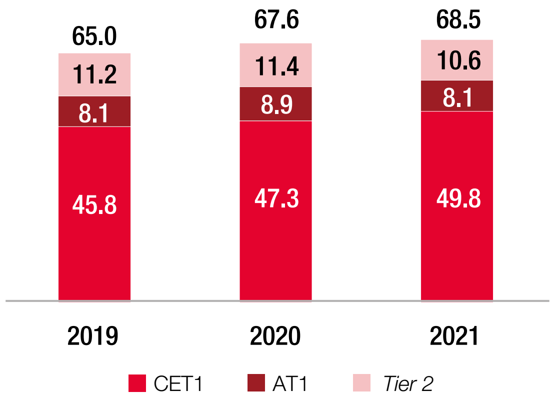
KEY FIGURES

The solvency and leverage prudential ratios, as well as the amounts of regulatory capital and RWA featured here take into account the IFRS 9 phasing (fully-loaded CET1 ratio of 13.55% at end 2021, the phasing effect being +16 bps).

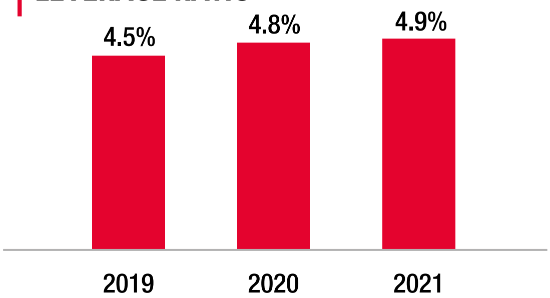
SOLVENCY RATIOS
(IN %)



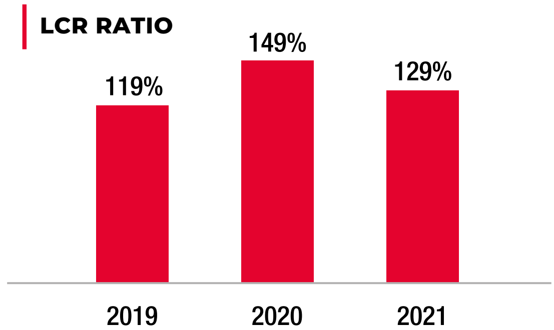
REGULATORY CAPITAL
(IN EURBN)



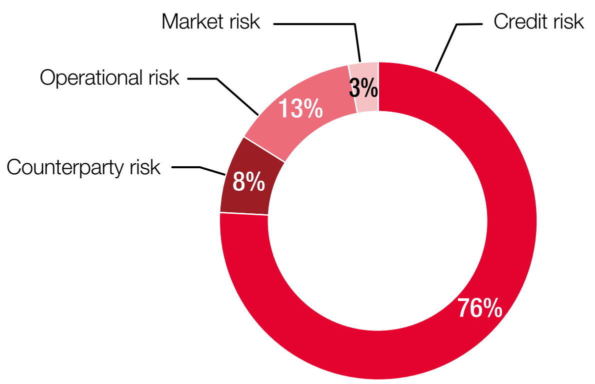
LEVERAGE RATIO



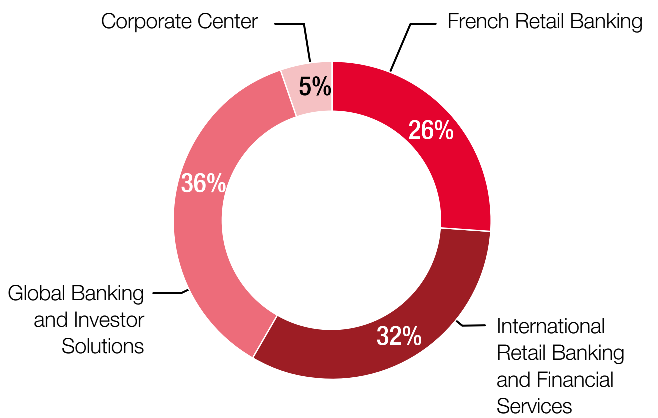
LCR RATIO



DISTRIBUTION OF RWA BY RISK TYPE
(TOTAL RWA AT END 2021: EUR 363BN VS EUR 352BN AT END 2020)



DISTRIBUTION OF RWA BY CORE BUSINESS
(TOTAL RWA AT END 2021: EUR 363BN VS EUR 352BN AT END 2020)



This chapter includes information on risk management related to financial instruments, and information on capital management and compliance with regulatory ratios, required by IFRS as adopted by the European Union.

Some of this information forms an integral part of the notes to the consolidated financial statements and is covered by the opinion of the Statutory Auditors on the consolidated financial statements. This information is indicated with the note "**Audited I** " (the symbol ▲ indicates the end of the audited part).

The Societe Generale Group is subject to oversight by supervisory authorities and to regulations on capital requirements applicable to credit institutions and investment firms (Regulation (EU) No. 575/2013 of 26 June 2013).

As part of the Third Pillar of the Basel Accord, a detailed and standardized statement is included in the "Risk Report for the purposes of improving published financial disclosures" (Pillar 3 Report and cross-reference table).

All information regarding the Pillar 3 Report and the prudential disclosures is available on the *www.societegenerale.com* website, under "Investors", Universal Registration Document and Pillar 3.

TYPES OF RISKS

The Group's risk management framework involves the following main categories:

- **credit risk:** risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. This risk includes the risk linked to market transactions and securitisation activities and may be further amplified by individual, country and sector concentration risk;
- **counterparty credit risk:** Credit risk of a counterparty on a market transaction, combined with the risk of changes in exposure;
- **market risk:** risk of a loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include, but are not limited to, exchange rates, interest rates, the price of securities (equity, bonds), commodities, derivatives and other assets;
- **operational risk:** risk of losses resulting from inadequacies or failures in processes, personnel or information systems, or from external events. It includes:
  - **non-compliance risk:** risk of court-ordered, administrative or disciplinary sanctions, financial loss or reputational damage due to failure to comply with legal and regulatory requirements or professional/ethical standards and practices applicable to banking,
  - **reputational risk:** risk arising from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Group's ability to maintain or engage in business relationships and to sustain access to sources of financing,
  - **misconduct risk:** risk resulting from actions (or inactions) or behavior of the Bank or its employees inconsistent with the Group's Code of Conduct, which may lead to adverse consequences for our stakeholders, or place the Bank's sustainability or reputation at risk,
  - **IT and Information Systems Security risk** (cybercrime, IT systems failures, etc.);
- **structural risk:** risk of losses in interest margin or banking book value if interest rates, exchange rates, or credit spreads change. This risk is related to the Bank's commercial and proprietary activities, it includes the distortion of the structural difference between assets and liabilities related to pension obligations, as well as the risk related to longer terms of future payments;
- **liquidity and funding risk:** liquidity risk is defined as the inability of the Group to meet its financial obligations: debt repayments, collateral supply, etc. Funding risk is defined as the risk that the Group will not be able to finance its business growth on a scale consistent with its commercial objectives and at a cost that is competitive compared to its competitors;
- **model risk:** Risk of losses due to decisions reached based on results of internal modeling due to errors in development, implementation or use of these models;
- **risk related to insurance activities:** through its insurance subsidiaries, the Group is also exposed to a variety of risks linked to this business. In addition to balance sheet management risks (interest rate, valuation, counterparty and exchange rate risk), these risks include premium pricing risk, mortality risk and the risk of an increase in claims;
- **strategic/business risk:** risks resulting from the Group's inability to execute its strategy and to implement its business plan for reasons that are not attributable to the other risks in this list; for instance, the non-occurrence of the macroeconomic scenarios that were used to construct the business plan or sales performance that was below expectations;
- **private equity risk:** risk of reduction in the value of our equity ownership interests;
- **residual value risk:** through its specialized financing activities, mainly in its long-term vehicle leasing subsidiary, the Group is exposed to residual value risk (where the net resale value of an asset at the end of the leasing contract is less than expected);
- **settlement/delivery risk:** risk arising on market transactions in the case of transactions (commodities spot, OTC securities spot, Forex spot, OTC derivatives, Securities Financing Transactions, etc.) whose payment type is FoP (Free of Payment), inducing an asynchronous settlement/delivery of the flows to be paid and received.

In addition, **risks associated with climate change**, both physical (increase in the frequency of extreme climatic events) and transition-related (New Carbon Regulation), have been identified as factors that could aggravate the Group's existing risks.

4.1 RISK FACTORS

This section identifies the main risk factors that the Group estimates could have a significant effect on its business, profitability, solvency or access to financing.

The risks inherent to the Group's business are presented below under six main categories, in accordance with Article 16 of the Regulation (EU) 2017/1129, also known as "Prospectus 3" regulation of 14 June 2017:

- risks related to the macroeconomic, geopolitical, market and regulatory environments;
- credit and counterparty risks;
- market and structural risks;
- operational risks (including risk of inappropriate conduct) and model risks;
- liquidity and funding risks;
- risks related to insurance activities.

Risk factors are presented based on an evaluation of their materiality, with the most material risks indicated first within each category. The risk exposure or measurement figures included in the risk factors provide information on the Group's exposure level but are not necessarily representative of any future evolution of these risks.

4.1.1 RISKS RELATED TO THE MACROECONOMIC, GEOPOLITICAL, MARKET AND REGULATORY ENVIRONMENTS

4.1.1.1 The global economic and financial context, geopolitical tensions, as well as the market environment in which the Group operates, may adversely affect its activities, financial position and results of operations.

As a global financial institution, the Group's activities are sensitive to changes in financial markets and economic conditions generally in Europe, the United States and elsewhere around the world. The Group generates 49% of its business in France (in terms of net banking income for the financial year ended 31 December 2021), 32% in Europe, 7% in the Americas and 12% in the rest of the world. The Group could face significant deteriorations in market and economic conditions resulting from, in particular, crises affecting capital or credit markets, liquidity constraints, regional or global recessions, sharp fluctuations in commodity prices (notably oil), currency exchange rates or interest rates, inflation or deflation, rating downgrades, restructuring or defaults of sovereign or private debt, or adverse geopolitical events (including acts of terrorism and military conflicts). Such events, which can develop quickly and thus may not have been anticipated and hedged, could affect the Group's operating environment for short or extended periods and have a material adverse effect on its financial position, cost of risk and results of operations.

The economic environment remains very uncertain despite the good performance of industry and world trade. Although initially rapid, the economic recovery was severely disrupted in 2021 by the effect of, firstly, production delays due to occasional factory closures, absenteeism due to illness, and shortages of labor, components (especially electronic components) and electricity in certain regions, and secondly, delays in transport deliveries due to, among other things, congestion in ports. In addition, the Russian-Ukrainian conflict starting in the beginning of 2022 has generated historically high tensions with Western countries, with significant potential impacts on global growth and energy prices and a humanitarian impact. These disruptions could persist in 2022 and have a significant impact on the activity and profitability of certain Group counterparties in 2022.

Disruptions in global supply chains, accompanied by tensions in the labour market, and rising energy prices are also leading to higher inflation, particularly in the United States, where a massive fiscal stimulus package has provided a strong boost to demand. Europe and emerging countries are also facing inflationary pressures. The longer the pandemic lasts, the more persistent these disruptions will be, with a potentially lasting impact on inflation, consumer purchasing power and ultimately on economic activity. The Russian-Ukrainian conflict is likely to accentuate some of these disruptions, particularly in Europe where, for example, natural gas prices have risen sharply and remain highly volatile.

The economic and financial environment remains exposed to intensifying geopolitical risks. Tensions between Russia and Western countries over the situation in Ukraine have increased significantly since mid-February 2022. The exceptional economic and financial sanctions put in place by a large number of countries, particularly in Europe and the United States, against Russia and Belarus could significantly affect operators with links to Russia, with a material impact on the Group's risks (credit and counterparty, market, reputation, compliance, legal, operational, etc.). Based on the sanctions published on 27 February 2022, the Group's local exposure to corporate and financial institution counterparties subject to sanctions is low at EUR 0.2 billion and counterparties under sanctions account for approximately EUR 0.7 billion of the Group's net off-shore exposure. Any new international sanction or Russian countermeasure could have an impact on the global economy and consequently on the Group's risks. The Group will continue to analyse in real time the developments in the global impact of this crisis and, together, will enforce the necessary measures to comply with legislation in force and protect the Group's franchise.

Uncertainty about the consequences of the situation in Ukraine makes it difficult to predict the impact on the global economy and the Group. Several scenarios remain conceivable for the Group. The estimated impact on the property rights on its banking assets in Russia would be of approximately -50 basis points of CET1 capital ratio based on Rosbank's net book assets equivalent to EUR 2.1 billion at 31 December 2021, with EUR 0.5 billion of subordinated debt and taking into account the cancellation of the associated weighted assets.

This crisis could also exacerbate the already visible increase in prices and availability of hydrocarbons, as well as the price of certain foodstuffs and metals. It could also generate strong volatility on the financial markets and a significant drop in the price of certain financial assets. In addition, the Russian government and certain Russian financial institutions could experience payment defaults, with consequences that are difficult to anticipate for the Group.

As of 31 December 2021, EAD exposures on Russia represented 1.7% of the Group's exposure to credit and counterparty risks, i.e. EUR 18.6 billion (of which EUR 15.4 billion on its subsidiary Rosbank) and EUR 3.2 billion of off-shore exposures, mainly consisting of transactions set up as part of the financing activities of the Corporate and Investment Banking division). In 2021, activities located in Russia represented 2.8% of the Group's net banking income and 2.7% of its net income. In addition, Société Générale has a minor exposure in Ukraine (less than EUR 80 million at 31 December 2021), mainly through its subsidiary ALD. See also section 2.10 "*Post-closing events*" of the 2022 Universal Registration Document.

Furthermore, the U.S.-China confrontation brings with it trade tensions and the risk of a technological fragmentation. In Africa, a series of political coups in the Sahel region has heightened awareness of the fragility of the institutional frameworks of countries exposed to terrorism.

Continued high geopolitical risks are an additional source of instability that could also weigh on economic activity and credit demand, while increasing volatility in financial markets. In the context of Brexit, the topic of non-equivalence of clearing houses (central counterparties, or CCPs) remains a point of vigilance, with possible impacts on financial stability, notably in Europe, and therefore on the Group's business.

Over the last decade, the financial markets have thus experienced significant disruptions resulting notably from concerns over the evolution of central bank interest rate policies, the trajectory of the sovereign debt of several Eurozone countries, Brexit, the persistence of commercial and political tensions (namely between the United States and China) or fears of a major slowdown of growth in China, fostered again recently by the financial difficulties of Chinese real estate development companies, the disruption of value and supply chains caused by the Covid-19 crisis or more recently by the tensions linked to the crisis in Ukraine. Given the magnitude of external financing needs, several emerging countries would face increasing difficulties if U.S. interest rates were to rise, and their financial conditions were to tighten.

The long period of low interest rates in the Eurozone and the United States, driven by accommodating monetary policies, has affected the Group's net interest margin for several years. Growth in the volume of loans made to non-financial companies, already high before the pandemic, significantly increased in 2020 with the implementation of government-guaranteed loan programmes (such as the *Prêts Garantis par l'Etat* programme in France). In 2021, this growth slowed with the repayment of a part of the credit lines drawn in 2020. Should an overly fragile economic recovery materialise, it may provoke a rise in the volume of non-performing loans and create a weak investment dynamic in a context where companies' balance sheets are already fragile. The environment of low interest rates tends to lead to an increased risk appetite of some participants in the banking and financial system, lower risk premiums compared to their historical average and high valuation levels of certain assets. These market conditions could change rapidly in the event of a more rapid increase in key interest rates by the major central banks, which could cause a marked correction in asset prices.

Furthermore, the environment of abundant liquidity that has been at the origin of the upturn in credit growth in the Eurozone and particularly in France, amplified by the implementation of the French government-guaranteed loan programme, could lead in the future to additional regulatory measures by supervisory authorities in order to limit the extension of credit or to further protect banks against a financial cycle downturn.

The Group's results are thus significantly exposed to economic, financial, political and geopolitical conditions in the principal markets in which it operates.

Furthermore, the situation related to the Covid-19 crisis is a further aggravating factor in the various risks faced by the Group. See also section 4.1.1.2 "*The coronavirus (Covid-19) pandemic and its economic consequences could adversely affect the Group's business and financial performance*".

At 31 December 2021, the Group's EAD to credit and counterparty risks were concentrated in Europe and the United States (together accounting for 90%), with a predominant exposure to France (46% of EAD). The other exposures concern Western Europe excluding France (accounting for 21%), North America (accounting for 14%), Eastern European members of the European Union (accounting for 7%) and Eastern Europe excluding the European Union (accounting for 2%).

In France, the Group's principal market, the good growth performance during the 2016-2019 period and low interest rates have fostered an upturn in the housing market. A reversal of activity in this area could have a material adverse effect on the Group's asset value and business, by decreasing demand for loans and resulting in higher rates of non-performing loans.

The Group also operates in emerging markets, such as Russia, or Africa and the Middle East (5% of the Group's credit exposure). A significant adverse change in the macroeconomic, health, political or financial environment in these markets could have a material adverse effect on the Group's business, results and financial position. These markets may be adversely affected by uncertainty factors and specific risks, such as a new increase in oil and natural gas prices, which would weigh on the financial position of importing countries as well as their growth and exchange rates. The correction of macroeconomic or budgetary imbalances that would result could be imposed by the markets with an impact on growth and on exchange rates. A major source of uncertainty currently comes from the ongoing conflict in Ukraine and its humanitarian, economic and financial consequences. In the longer term, the energy transition to a "low-carbon economy" could adversely affect fossil energy producers, energy-intensive sectors of activity and the countries that depend on them. In addition, capital markets (including foreign exchange activity) and securities trading activities in emerging markets may be more volatile than those in developed markets and may also be vulnerable to certain specific risks, such as political instability and currency volatility. These elements could negatively impact the Group's activity and results of operations.

4.1.1.2 The coronavirus pandemic (Covid-19) and its economic consequences could adversely affect the Group's business and financial performance.

In December 2019, a new strain of coronavirus (Covid-19) emerged in China. The virus has since spread to numerous countries around the world, with a high concentration of cases in certain countries where the Group operates. The World Health Organization declared the outbreak of a pandemic in March 2020. The Covid-19 pandemic and the health measures taken in response to it (border closures, lockdown measures, restrictions on certain economic activities, etc.) have had and may continue to have a significant impact, both direct and indirect, on the global economic situation and financial markets.

The deployment of vaccination programmes has reduced the risk of severe illness from Covid-19 infections among the vaccinated population and the need for strict lockdowns in the event of high virus circulation in countries where vaccines have been deployed on a large scale. The persistence of the pandemic and the emergence of new variants (such as the highly transmissible Omicron variant) have led, and may again lead, to new targeted restrictive measures or an increase in absenteeism and work stoppages, exacerbating the disruptions already present in global supply chains, and thus adversely affecting the Group's business, financial performance and results.

The impact of the crisis related to the Covid-19 will also have lasting consequences that remain difficult to be assessed, notably through the loss of human capital (loss of skills due to long periods of inactivity, lower quality of training, etc.) and increasing public and corporate debts.

The different restrictive measures had also led, especially in the beginning of the sanitary crisis, to a decline in the Group's commercial activity and results due to the reduced opening of its retail network and lower demand from its customers, despite a rapid adaptation. New phases of lockdown measures or curfews in the countries where the Group operates could again impact the Group's financial results.

In many jurisdictions in which the Group operates, national governments and central banks have taken or announced exceptional measures to support the economy and its actors (government-guaranteed loan facilities programmes, tax deferrals, facilitated recourses to part-time working, compensation, etc.) or to improve liquidity in financial markets (asset purchases, etc.). While these support measures have been effective in addressing the immediate effects of the crisis, the mechanisms put in place may not be sufficient to sustain the recovery over the long term.

The various restrictive measures implemented since the beginning of the pandemic in several of the main countries where the Group operates (with Western Europe representing 67% of the Group's EAD (Exposure at Default) at 31 December 2021, of which 46% was in France) have had a significant impact on economic activity. The risk of new restrictive measures (especially in the event of new pandemic waves) as well as a slower-than-expected recovery of demand (particularly in certain economic sectors) could increase the economic difficulties resulting from the health crisis. This, combined with a high level of public and corporate indebtedness, may constitute a brake on economic growth and lead to significant adverse repercussions on the credit quality of the Group's counterparties (affected in particular by the gradual cessation of government support measures or by difficulties in extending these measures) and the level of non-performing loans for both businesses and individuals.

2020 was characterised by a significant increase in the cost of risk, mainly due to the provisioning for Stages 1 and 2 in anticipation of future defaults. In 2021, the net cost of risk was low in the absence of default, while the Group continued to maintain a provisioning policy for Stages 1 and 2 in the event that defaults begin to materialise. The Group’s cost of risk could be affected in future years by its participation in the French government-guaranteed loan programmes (in respect of the unguaranteed residual exposure) on which the observed defaults remain to be quantified.

Within the Corporate portfolio, at 31 December 2021, the most impacted sectors were the automotive sector (0.9% of the Group's total exposure), hotels, catering and leisure (0.6% of the Group's total exposure), non-food retail distribution (the entirety of the retail distribution sector represents 1.6% of the Group's total exposure) and air transport (less than 0.5% of the Group's total exposure).

The Group's results and financial position were affected by unfavourable developments in global financial markets due to the Covid-19 crisis, especially in March and April 2020 (extreme volatility and dislocation of term structure, alternate sharp declines and rapid rebounds in the equity markets, widening of credit spreads, unprecedented declines in, or cancellation of, dividend distributions, etc.). These exceptional conditions particularly affected the management of structured equity-linked products. Since then, these activities have been thoroughly reconsidered to improve and reduce the risk profile. Although monetary and fiscal stimuli — as well as medical advances — have supported economies and financial markets, the Group remains attentive to the risk of correction that could occur in particular in the event of new epidemic waves.

For information purposes, risk-weighted assets (RWA) related to market risks were thus down 24% at the end of December 2021 compared to the situation at the end of December 2020, to EUR 11.6 billion. The Global Markets and Investor Services sector, which mainly concentrates the Group's market risks, represented a net banking income of EUR 5.6 billion, or 22% of the Group's total revenues in 2021.

Restrictive measures have led the Group to massively implement remote working arrangements, particularly for a significant part of its market activities. This organisation, which was deployed in immediate response to the crisis, increases the risk of operational incidents and the risk of cyber-attacks. Even though the Group has put in place adaptation and support measures, these risks remain higher in periods of widespread recourse to remote working. All employees remain subject to health risks at the individual level. Prolonged remote working also increases psychosocial risk, with potential impacts in terms of organisation and business continuity in the event of prolonged absences.

The unprecedented environment resulting from the Covid-19 crisis could alter the performance of the models used within the Group (particularly in terms of asset valuation and assessment of own funds requirements for credit risk), due in particular to calibration carried out over periods that are not comparable to the current crisis or to assumptions that are no longer valid, taking the models beyond their area of validity. The temporary decline in performance and the recalibration of these models could have an adverse impact on the Group's results.

The ECB recommendation to restrict dividend distribution and share buybacks for all banks placed under its direct supervision expired on 30 September 2021. As from this date, dividend distribution and share buybacks policies will be determined in accordance with the provisions of the applicable prudential regulation.

Uncertainty as to the duration and impact of the Covid-19 pandemic makes it difficult to predict its impact on the global economy. Consequences for the Group will depend on the duration of the pandemic, the measures taken by national governments and central banks and developments in the health, economic, financial and social context.

4.1.1.3 The Group’s failure to achieve its strategic and financial objectives disclosed to the market could have an adverse effect on its business, results of operations and the value of its financial instruments.

At the time of the publication of its annual results on 10 February 2022, the Group communicated new guidance on its operating expenses, cost of risk and solvency. The Group targets an underlying cost/income ratio (excluding the Single Resolution Fund - SRF) between 66% and 68% in 2022 and with further improvement thereafter. Over 2022, the Group’s cost of risk should not exceed 30 basis points. In consideration of the situation in Ukraine, the Group communicated on 3 March 2022 that it was not changing its cost of risk target and that it would update it, if necessary, at the time of its Q1 2022 results publication. The Group manages its CET1 ratio with a margin of flexibility of between 200 and 250 basis points higher than regulatory requirements, defined as the Maximum Distributable Amount (MDA), including under Basel IV.

These expectations are based on a number of assumptions related to the macroeconomic, geopolitical and health context. The non-occurrence of these assumptions (including in the event of the occurrence of one or more of the risks described in this section) or the occurrence of unanticipated events could compromise the achievement of Group’s strategic and financial objectives and negatively affect its activity, results and financial situation.

More precisely, the Group's "Vision 2025" project anticipates the merger between the Retail Banking network of Société Générale in France and Crédit du Nord. Although this project has been designed to enable a controlled deployment, the merger could have a short-term material adverse effect on the Group's business, financial position and costs. System reconciliations could face delays, delaying part of the expected merger benefits. The project could lead to the departure of a number of employees, requiring replacements and efforts related to new employee training, thus potentially generating additional costs. The merger could also lead to the departure of a portion of the Group's customers, resulting in loss of revenue. The legal and regulatory aspects of the transaction could result in delays or additional costs. In October 2021, the Group presented the detailed Vision 2025 project, specifying that the timetable and ambitions remained aligned with the initial presentation of the project. In addition, the effective sale of Lyxor was finalised on 31 December 2021. The Group also announced the signature by Société Générale and ALD of two memoranda of understanding providing for the acquisition by ALD of 100% of LeasePlan, with a view to creating a global leader in sustainable mobility solutions. The Group also announced on 1 February 2022 that Boursorama had signed a memorandum of understanding with ING. Under this agreement, exclusive new customer offers and a simplified subscription process (depending on the product) are expected to be proposed to ING customers who wish to become Boursorama customers.

The Group may however face an execution risk on these strategic projects, which are to be carried out simultaneously. Any difficulty encountered during the process of integrating activities (particularly from a human resource standpoint) is likely to result in higher integration costs and lower-than-anticipated savings, synergies or benefits. Moreover, the process of integrating the acquired operational businesses into the Group could disrupt the operations of one or more of its subsidiaries and divert management's attention, which could have a negative impact on its business and results. These acquisitions may not materialise, in whole or in part, resulting in a reduced level of expected earnings.

Furthermore, the Group is committed to becoming a leading bank in the field of responsible finance through, among others:

- more than EUR 150 billion in financing granted to support the energy transition, above the 2019-2023 target of EUR 120 billion, two years ahead of schedule;
- strong targets for decarbonizing the Group's portfolios, including a planned total exit from thermal coal and a 10% reduction in the Group's overall exposure to the oil and gas extraction sector (upstream) by 2025;
- the signing as co-founder of the Principles for a Responsible Banking Sector, through which the Group undertakes to strategically align its business with the Sustainable Development Objectives set by the United Nations and the Paris Agreement on Climate Change;
- a key role as a founding member of the Net-Zero Banking Alliance initiative, with a commitment to align its portfolios on trajectories aimed at global carbon neutrality by 2050 in order to reach the objective of limiting global warming to 1.5°C.

These measures (and additional measures that may be taken in the future) could in some cases affect decrease the Group's results in the sectors concerned.

4.1.1.4 The Group is subject to an extended regulatory framework in each of the countries in which it operates and changes to this regulatory framework could have a negative effect on the Group's businesses, financial position and costs, as well as on the financial and economic environment in which it operates.

The Group is subject to the regulations of the jurisdictions in which it operates. French, European and U.S. regulations as well as other local regulations are concerned, given the cross-border activities of the Group, among other factors. The application of existing regulations and the implementation of future regulations requires significant resources that could affect the Group's performance. In addition, possible non-compliance with regulations could lead to fines, damage to the Group's reputation, forced suspension of its operations or the withdrawal of operating licences. By way of illustration, exposures to credit and counterparty risks (EAD) in France, the 27-member European Union (including France) and the United States represented 46%, 67% and 14%, respectively as of 31 December 2021.

Among the regulations that could have a significant influence on the Group:

- several regulatory changes are still likely to degrade the environment for market activities: (i) the possible strengthening of transparency constraints and investor protection measures (review of MiFID II / MiFIR, IDD, ELTIF (European Long-Term Investment Fund Regulation)), (ii) the implementation of the fundamental review of the trading book, or FRTB, which may significantly increase requirements applicable to European banks and (iii) despite the European Commission's decision of 8 February 2022 to extend the equivalence granted to UK central counterparties until 30 June 2025, possible relocations could be requested;
- in the United States, the implementation of the Dodd-Frank Act has been almost finalised. The new Securities and Exchange Commission (SEC) regulations related to security-based swap dealers have been applicable since 2021 and requires Société Générale's registration with the SEC as a Securities Based Swap Dealer and compliance with related regulations. Further, once the SEC has issued a final order on substituted compliance for France, a portion of the SEC's rules could be satisfied by demonstrating compliance with home country laws;
- European measures aimed at restoring banks' balance sheets, especially through active management of non-performing loans ("NPLs"), which are leading to a rise of prudential requirements and an adaptation of the Group's strategy for managing NPLs. More generally, additional measures to define a framework of good practices for granting (e.g., loan origination orientations published by the European Banking Authority) and monitoring loans could also impact the Group;
- the strengthening of data quality and protection requirements and a potential strengthening of cyber-resilience requirements in relation to the publication on 24 September 2020 of the proposed European regulation on digital operational resilience for the financial sector;
- the implementation of the European sustainable finance regulatory framework, with an increase in non-financial reporting obligations, enhanced inclusion of environmental, social and governance issues in risk management activities and the potential inclusion of such risks in the supervisory review and assessment process (Supervisory Review and Evaluation Process, or SREP);
- the strengthening of the crisis prevention and resolution regime set out in the Bank Recovery and Resolution Directive of 15 May 2014 ("BRRD"), as revised, gives the Single Resolution Board ("SRB") the power to initiate a resolution procedure towards a credit institution when the point of non-viability is considered reached. In this context, the SRB could, in order to limit the cost to the taxpayer, force some creditors and the shareholders of the Group to incur losses in priority. Should the resolution mechanism be triggered, the Group could, in particular, be forced to sell certain of its activities, modify the terms and conditions of the remuneration of its debt

instruments, issue new debt instruments, or be subjected to a depreciation of its debt instruments or their conversion into equity securities. Furthermore, the Group's contribution to the annual financing of the Single Resolution Fund ("SRF") is significant and will grow steadily until 2023, with 2024 being the year of the full endowment of the fund. The contribution to the banking resolution mechanisms is described in Note 7.3.2 *"Other provisions for risks and expenses"* of the 2022 Universal Registration Document.

New legal and regulatory obligations could also be imposed on the Group in the future, such as:

- the ongoing implementation in France of consumer- and social-oriented measures affecting retail banking: limitation of banks' fees for individuals and extension of such measures to small and medium-sized businesses, and protection measures for vulnerable customers;
- the potential requirement at the European level to open more access to banking data (savings books, investments) to third-party service providers and/or to pool customer data;
- new obligations arising from a package of proposed measures announced by the European Commission on 20 July 2021 aiming to strengthen the European supervisory framework around the fight against money laundering and terrorist financing, as well as the creation of a new European agency to fight money laundering;
- new measures arising from changes to bankruptcy laws relating to the management of the health crisis caused by the Covid-19 pandemic, including those facilitating recourse to accelerated safeguard procedures;
- new requirements resulting from the EU banking regulation reform proposal presented on 27 October 2021 by the European Commission. The reform consists of several legislative instruments to amend the directive on capital requirements (European Parliament and EU Council, directive 2013/36/EU, 26 June 2013) as well as the regulation on capital requirements (CRR) (European Parliament and EU Council, regulation (EU) No. 575/2013, 26 June 2013).

The Group is also subject to complex tax rules in the countries where it operates. Changes in applicable tax rules, uncertainty regarding the interpretation of certain evolutions or their effects may have a negative impact on the Group's business, financial position and costs.

Moreover, as an international bank that handles transactions with US persons, denominated in US dollars, or involving US financial institutions, the Group is subject to US regulations relating in particular to compliance with economic sanctions, the fight against corruption and market abuse. More generally, in the context of agreements with US and French authorities, the Group has undertaken to implement, through a dedicated programme and a specific organisation, corrective actions to address identified deficiencies and strengthen its compliance programme. In the event of a failure to comply with relevant US regulations, or a breach of the Group's commitments under these agreements, the Group could be exposed to the risk of (i) administrative sanctions, including fines, suspension of access to US markets, and even withdrawals of banking licences, (ii) criminal proceedings, and (iii) damage to its reputation.

4.1.1.5 Increased competition from banking and non-banking operators could have an adverse effect on the Group's business and results, both in its French domestic market and internationally.

Due to its international activity, the Group faces intense competition in the international and local markets in which it operates, whether from banking or non-banking actors. As such, the Group is exposed to the risk of not being able to maintain or develop its market share in its various activities. This competition may also lead to pressure on margins, which would be detrimental to the profitability of the Group's activities.

Consolidation in the financial services industry could result in the competitors benefiting from greater capital, resources and an ability to offer a broader range of financial services. In France and in the other main markets where the Group operates, the presence of major domestic banking and financial actors, as well as new market participants (notably neo-banks and online financial services providers), has increased competition for virtually all products and services offered by the Group. New market participants such as "fintechs" and new services that are automated, scalable and based on new technologies (such as blockchain) are developing rapidly and are fundamentally changing the relationship between consumers and financial services providers, as well as the function of traditional retail bank networks. Competition with these new actors could be exacerbated by the emergence of substitutes for central bank currency (crypto-currencies, digital central bank currency, etc.).

Moreover, competition is also enhanced by the emergence of non-banking actors that, in some cases, may benefit from a regulatory framework that is more flexible and in particular less demanding in terms of equity capital requirements.

To address these challenges, the Group has implemented a strategy, in particular with regard to the development of digital technologies and the establishment of commercial or equity partnerships with these new actors (such as Lumo, the platform offering green investments, or Shine, the neobank for professionals). In this context, additional investments may be necessary for the Group to be able to offer new innovative services and to be competitive with these new actors. This intensification of competition could, however, adversely affect the Group's business and results, both on the French market and internationally.

4.1.1.6 Environmental, social and governance (ESG) risks, in particular related to climate change, could have an impact on the Group's activities, results and financial situation in the short-, medium-and long-term.

Environmental, social and governance (ESG) risks are defined as risks stemming from the current or prospective impacts of ESG factors on counterparties or invested assets of financial institutions. ESG risks are seen as aggravating factors to the traditional categories of risks (credit and counterparty risk, market and structural risk, operational risk, reputational risk, compliance risk, liquidity and funding risk, risks related to insurance activities) and are likely to impact the Group's activities, results and financial position in the short-, medium- and long-term.

The Group is thus exposed to environmental risks, and in particular climate change risks through its financing, investment and service activities. Concerning climate risks, a distinction is made between (i) physical risk, with a direct impact on entities, people and property stemming from climate change and the multiplication of extreme weather events; and (ii) transition risk, which results from the process of transitioning to a low-carbon economy, such as regulatory or technological disruptions or changes in consumer preferences.

The Group could be exposed to physical risk resulting from a deterioration in the credit quality of its counterparties whose activity could be negatively impacted by extreme climatic events or long-term gradual changes in climate, and through a decrease in the value of collateral received (particularly in the context of real estate financing). The Group's insurance activities could also be impacted with exposure in regions and countries that are particularly vulnerable to climate change.

The Group may also be exposed to transition risk through its credit portfolio in a limited number of sensitive sectors that are subject to more stringent regulations or due to technological disruptions, and may be exposed to reputation risk in the event it does not comply with its commitments in favor of environmental transition or if these commitments are considered insufficient by its stakeholders.

Beyond the risks related to climate change, risks more generally related to environmental degradation (such as the risk of loss of biodiversity) are also aggravating factors to the Group's risks. The Group could notably be exposed to credit risk on a portion of its portfolio, linked to lower profitability of some of its counterparties due, for example, to a significant decline in revenues following changes in customer behavior or to increasing legal and operating costs (for instance due to the implementation of new environmental standards).

In addition, the Group is exposed to social risks, related for example to non-compliance by some of its counterparties with labor rights or workplace health and safety issues, which may trigger or aggravate non-compliance, reputational and credit risks for the Group.

Similarly, risks relating to governance of the Group's counterparties and stakeholders (suppliers, service providers, etc.), such as an inadequate management of environmental and social issues or non-compliance with corporate governance codes related to, among others, anti-money laundering issues, could generate credit and reputational risks for the Group.

Beyond the risks related to its counterparties or invested assets, the Group could also be exposed to risks related to its own activities. Therefore, the Group is exposed to physical climate risk with respect to its ability to maintain its services in geographical areas impacted by extreme events (floods, etc.).

The Group also remains exposed to specific social and governance risks, relating for example to compliance with labor laws, the management of its human resources and ethical issues, transparency or the composition (such as in terms of diversity) of its Board of Directors or staff.

All these risks could have an impact on the Group's business, results and reputation in the short, medium and long term.

4.1.1.7 The Group is subject to regulations relating to resolution procedures, which could have an adverse effect on its business and the value of its financial instruments.

The BRRD and Regulation (EU) No. 806/2014 of the European Parliament and of the Council of the European Union of 15 July 2014 (the Single Resolution Mechanism, or "SRM") define an European Union-wide framework for the recovery and resolution of credit institutions and investment firms. The BRRD provides the authorities with a set of tools to intervene early and quickly enough in an institution considered to be failing so as to ensure the continuity of the institution's essential financial and economic functions while reducing the impact of the failure of an institution on the economy and the financial system (including the exposure of taxpayers to the consequences of the failure). Under the SRM Regulation, a centralised resolution authority is established and entrusted to the SRB and national resolution authorities.

The powers granted to the resolution authority under the BRRD and the SRM Regulations include write-down/conversion powers to ensure that capital instruments and eligible liabilities absorb the Group's losses and recapitalise it in accordance with an established order of priority (the "bail-in tool"). Subject to certain exceptions, losses are borne first by the shareholders and then by the holders of additional Tier 1 and Tier 2 capital instruments, then by the non-preferred senior debt holders and finally by the senior preferred debt holders, all in the order of their claims in a normal insolvency proceeding. The conditions for resolution provided by the French Monetary and Financial Code implementing the BRRD are deemed to be met if: (i) the resolution authority or the competent supervisory authority determines that the institution is failing or likely to fail; (ii) there is no reasonable perspective that any measure other than a resolution measure could prevent the failure within a reasonable timeframe; and (iii) a resolution measure is necessary to achieve the resolutions' objectives (in particular, ensuring the continuity of critical functions, avoiding a significant negative effect on the financial system, protecting public funds by minimizing the recourse to extraordinary public financial support, and protecting customers' funds and assets) and the winding up of the institution under normal insolvency proceedings would not meet these objectives to the same extent.

The resolution authority could also, independently of a resolution measure or in combination with a resolution measure, proceed with the write-down or conversion of all or part of the Group's capital instruments (including subordinated debt instruments) into equity if it determines that the Group will no longer be viable unless it exercises this write-down or conversion power or if the Group requires extraordinary public financial support (except where the extraordinary public financial support is provided in the form defined in Article L. 613-48 III, 3° of the French Monetary and Financial Code).

The bail-in tool could result in the write-down or conversion of capital instruments in whole or in part into ordinary shares or other ownership instruments.

In addition to the bail-in tool, the BRRD provides the resolution authority with broader powers to implement other resolution measures with respect to institutions that meet the resolution requirements, which may include (without limitation) the sale of the institution's business segments, the establishment of a bridge institution, the split of assets, the replacement or substitution of the institution as debtor of debt securities, changing the terms of the debt securities (including changing the maturity and/or amount of interest payable and/or the imposition of a temporary suspension of payments), the dismissal of management, the appointment of a provisional administrator and the suspension of the listing and admission to trading of financial instruments.

Before taking any resolution action, including the implementation of the bail-in tool, or exercising the power to write down or convert relevant capital instruments, the resolution authority must ensure that a fair, prudent and realistic valuation of the institution's assets and liabilities is made by a third party independent of any public authority.

The application of any measure under the French implementing provisions of the BRRD or any suggestion of such application to the Group could have a material adverse effect on the Group's ability to meet its obligations under its financial instrument and, as a result, holders of these securities could lose their entire investment.

In addition, if the Group's financial condition deteriorates, the existence of the bail-in tool or the exercise of write-down or conversion powers or any other resolution tool by the resolution authority (independently of or in combination with a resolution) if it determines that Société Générale or the Group will no longer be viable could result in a more rapid decline in the value of the Group's financial instruments than in the absence of such powers.

4.1.2 CREDIT AND COUNTERPARTY CREDIT RISKS

Risk weighted assets (RWA) in relation to credit and counterparty risks amounted to EUR 305 billion at 31 December 2021.

4.1.2.1 The Group is exposed to credit, counterparty and concentration risks, which may have a material adverse effect on the Group's business, results of operations and financial position.

Due to its financing and market activities, the Group is exposed to credit and counterparty risk. The Group may therefore incur losses in the event of default by one or more counterparties, particularly if the Group encounters legal or other difficulties in enforcing the collateral allocated to its exposures or if the value of this collateral is not sufficient to fully recover the exposure in the event of default. Despite the Group's efforts to limit the concentration effects of its credit portfolio exposure, it is possible that counterparty defaults could be amplified within the same economic sector or region of the world due to the interdependence of these counterparties.

Consequently, the default of one or more significant counterparties of the Group could have a material adverse effect on the Group's cost of risk, results of operations and financial position.

For information, as of 31 December 2021, the Group's exposure at default (EAD, excluding counterparty risk) was EUR 934 billion, with the following breakdown by type of counterparty: 30% on sovereigns, 30% on corporates, 23% on retail customers and 6% on credit institutions and similar. Risk-weighted assets (RWA) for credit risk totalled EUR 277 billion.

Regarding counterparty risks resulting from market transactions (excluding CVA), at the end of December 2021, the exposure value (EAD) was EUR 145 billion, mainly to corporates (42%) and credit institutions and similar entities (38%) and to a lesser extent to sovereign entities (17%). Risk-weighted assets (RWA) for counterparty risk amounted to EUR 25 billion.

At 31 December 2021, the main sectors to which the Group is exposed in its corporate portfolio included financial activities (accounting for 20.2% of exposure), real estate (9.7%), commercial services (9.6%), wholesale trade (8.0%), the transport, postal services and logistics sector (7.1%), collective services (7.0%) and the oil and gas sector (5.4%).

In terms of geographical concentration, the five main countries to which the Group is exposed as of 31 December 2021 were France (46% of the Group's total EAD, mainly related to retail customers and sovereigns), the United States (13% of EAD, mainly related to corporates and sovereigns), the Czech Republic (5% of the Group's total EAD, mainly related to retail clients, corporates and sovereigns), the United Kingdom (4% of EAD, mainly related to corporates and sovereigns) and Germany (4% of the Group's total EAD, mainly related to corporates and credit institutions). Furthermore, the financial situation of certain counterparties could be affected by the geopolitical tensions mentioned in section 4.1.1.1 "*The global economic and financial context, geopolitical tensions, as well as the market environment in which the Group operates, may adversely affect its activities, financial position and results of operations*".

For more detail on credit and counterparty risk, see sections 4.5.6 *"Quantitative information"* and 4.6.3 *"Counterparty credit risk measures"* of the 2022 Universal Registration Document.

4.1.2.2 The financial soundness and conduct of other financial institutions and market participants could have an adverse effect on the Group's business.

Financial institutions and other market players (commercial or investment banks, mutual funds, alternative funds, institutional clients, clearing houses, investment service providers, etc.) are important counterparties for the Group in capital or inter-bank markets. Financial services institutions and financial players are closely interrelated as a result of trading, clearing and funding relationships. In addition, there is a growing involvement in the financial markets of players with little or no regulation (hedge funds, for example). As a result, defaults by one or several actors in the sector or a crisis of confidence affecting one or more actors could result in market-wide liquidity scarcity or chain defaults, which would have an adverse effect on the Group's activity. The situation in Ukraine and the consequences of international sanctions, among other things, and the evolution of the financial markets could also weaken, or even cause the default, of a certain number of financial players. In addition, certain financial players could experience operational or legal difficulties in the unwinding or settlement of certain financial transactions.

The Group is exposed to clearing institutions and their members because of the increase in transactions traded through these institutions, induced in part by regulatory changes that require mandatory clearing for over-the-counter derivative instruments standardised by these clearing counterparties. The Group's exposure to clearing houses amounted to EUR 39 billion of EAD on 31 December 2021. The default of a clearing institution or one of its members could generate losses for the Group and have an adverse effect on the business and results of the Group.

The Group is also exposed on assets held as collateral for credit or derivatives instruments, with the risk that, in the event of failure of the counterparty, some of these assets may not be sold or that their disposal price may not cover the entire exposure in credit and counterparty risks. These assets are subject to periodic monitoring and a specific management framework.

At 31 December 2021, the Group's exposure (EAD) to credit and counterparty risks on financial institutions amounted to EUR 116 billion, representing 11% of the Group's EAD in respect of credit risk.

4.1.2.3 The Group's results of operations and financial position could be adversely affected by a late or insufficient provisioning of credit exposures.

The Group regularly records provisions for doubtful loans in connection with its lending activities in order to anticipate the occurrence of losses. The amount of provisions is based on the most accurate assessment at the time of the recoverability of the debts in question. This assessment, based notably on multi-scenario approaches, relies on an analysis of the current and prospective situation of the borrower as well as an analysis of the value and recovery prospects of the debt, taking into account any security interests. In some cases (loans to individual customers), the provisioning method may call for the use of statistical models based on the analysis of historical losses and recovery data. Since 1 January 2018, the Group has also been recording provisions on performing loans under the IFRS9 accounting standard. This assessment is based on statistical models for assessing probabilities of default and potential losses in the event of default, which take into account a prospective analysis based on regularly updated macroeconomic scenarios.

IFRS 9 accounting standard principles and provisioning models could be pro-cyclical in the event of a sharp and sudden deterioration in the environment. A deterioration of the geopolitical and macroeconomic environment could lead to a significant and/or not-fully-anticipated variation in the cost of risk and therefore in the Group's results of operations.

At 31 December 2021, the stock of provisions relating to outstanding amounts (on- and off-balance sheet) amounted to EUR 3.6 billion on performing assets and EUR 8.9 billion on assets in default. Outstanding loans in default (stage 3 under IFRS 9) represented EUR 17.8 billion, including 47% in France, 23% in Africa and Middle East and 14% in Western Europe (excluding France). The gross ratio of doubtful loans on the balance sheet was 2.9% and the gross coverage ratio of these loans was approximately 51%. The cost of risk stood at 13 basis points during 2021, against a cost of risk of 64 basis points in 2020.

4.1.3 MARKET AND STRUCTURAL RISKS

Market risk corresponds to the risk of impairment of financial instruments resulting from changes in market parameters, the volatility of these parameters and the correlations between these parameters. The concerned parameters include exchange rates, interest rates, as well as the prices of securities (shares, bonds) and commodities, derivatives and any other assets.

4.1.3.1 Changes and volatility in the financial markets may have a material adverse effect on the Group's business and the results of market activities.

In the course of its activities, the Group takes trading positions in the debt, currency, raw material and stock markets, as well as in unlisted shares, real estate assets and other types of assets including derivatives. The Group is thus exposed to "market risk". Volatility in the financial markets can have a material adverse effect on the Group's market activities. In particular:

- significant volatility over a long period of time could lead to corrections on risky financial assets (and especially on the riskiest assets) and generate losses for the Group;
- a sudden change in the levels of volatility and its structure, or alternative short-term sharp declines and fast rebounds in markets, could make it difficult or more costly to hedge certain structured products and thus increase the risk of loss for the Group.

Severe market disruptions and high market volatility have occurred in recent years and may occur again in the future, which could result in significant losses for the Group's markets activities. Such losses may extend to a broad range of trading and hedging products, notably on derivative instruments, both vanilla and structured.

In the event that a much lower-volatility environment emerges, reflecting a generally optimistic sentiment in the markets and/or the presence of systematic volatility sellers, increased risks of correction may also develop, particularly if the main market participants have similar positions (market positions) on certain products. Such corrections could result in significant losses for the Group's market activities. The volatility of the financial markets makes it difficult to predict trends and implement effective trading strategies; it also increases risk of losses from net long positions when prices decline and, conversely, from net short positions when prices rise. The realisation of any such losses could have a material adverse effect on the Group's results of operations and financial position.

Similarly, the sudden decrease in, or even the cancellation of, dividends, as experienced during the Covid-19 pandemic, and changes in the correlations of different assets of the same class, could affect the Group's performance, with many activities being sensitive to these risks.

A prolonged slowdown in financial markets or reduced liquidity in financial markets could make asset disposals or position manoeuvrability more difficult, leading to significant losses. In many of the Group's activity segments, a prolonged decline in financial markets, particularly asset prices, could reduce the level of activity in these markets or their liquidity. These variations could lead to significant losses if the Group were unable to quickly unwind the positions concerned, adjust the coverage of its positions, or if the assets held in collateral could not be divested, or if their selling prices did not cover the Group's entire exposure on defaulting loans or derivatives.

The assessment and management of the Group's market risks are based on a set of risk indicators that make it possible to evaluate the potential losses incurred at various time horizons and given probability levels, by defining various scenarios for changes in market parameters impacting the Group's positions. These scenarios are based on historical observations or are hypothetically defined. However, these risk management approaches are based on a set of assumptions and reasoning that could turn out to be inadequate in certain configurations or in the case of unexpected events, resulting in a potential underestimation of risks and a significant negative effect on the results of the Group's market activities.

Furthermore, in the event of a deterioration of the market situation, the Group could experience a decline in the volume of transactions carried out on behalf of its customers, leading to a decrease in the revenues generated from this activity and in particular in commissions received.

Finally, the prospect of a faster-than-expected monetary tightening led to tensions and volatility in rates at the end of 2021, reflected notably by a flattening of the main curves. More generally, the reduction in accommodating monetary policies could lead to significant corrections in the markets due to higher interest rates and less liquidity. In addition, certain players who have benefited from a prolonged environment of low interest rates and high liquidity may encounter difficulties, with a risk of propagation to all financial markets, which could have a significant negative impact on the Group's market activities and results.

For information purposes, Global Markets & Investor Services activities, which account for most of the Group's market risks, represented EUR 5.6 billion of net banking income in 2021, or 22% of the Group's total revenues. At 31 December 2021, risk-weighted assets (RWA) subject to market risk represented EUR 11.6 billion (representing 3% of the Group's total RWA).

4.1.3.2 Sharp changes in interest rates may adversely affect retail banking activities in France in the short term.

The Group generates a significant part of its income through net interest margin and as such remains exposed to interest rate fluctuations as well as to changes in the yield curve, particularly in its Retail banking activities in France. The Group's results are influenced by changes in interest rates in Europe and in the other markets where it operates. In Europe in particular, a protracted environment of low or even negative interest rates has affected and could continue to adversely affect the Group's retail banking income, notably in France.

In addition, a sequence of very rapid rate hikes also presents a risk to the Group's revenues. Such a scenario may in particular be the consequence of the end of accommodating policies in reaction to an economic recovery or to high inflation rates. The rise in key rates or the reduction or even the end of central bank asset purchase programmes could then induce a rise in the yield curve which would have the effect of reducing the value of fixed rate assets measured at fair value. and a change in customer behavior that could affect the bank's income and lead the bank to readjust its hedges in an unfavorable context.

For information purposes, the Net banking income (NBI) of French retail banking amounted to EUR 7.8 billion in 2021.

For more information on structural interest rate risks, see chapter 4.9 *"Structural interest rate and exchange rate risks"* and Note 8.1 *"Segment reporting"* in Chapter 6 of the 2022 Universal Registration Document.

4.1.3.3 Fluctuations in exchange rates could adversely affect the Group's results.

As a result of its international activities and its geographical presence in many countries, the Group's revenues and expenses as well as its assets and liabilities are recorded in different currencies, which exposes it to the risk of exchange-rate fluctuations.

Because the Group publishes its consolidated financial statements in euros, which is the currency of most of its liabilities, it is also subject to translation risk for items recorded in other currencies, in the preparation of its consolidated financial statements. Exchange rate fluctuations of these currencies against the euro may adversely affect the Group's consolidated results, financial position and cash flows. Exchange rate fluctuations may also negatively affect the value (denominated in euros) of the Group's investments in its subsidiaries outside the Eurozone.

For more information of structural exchange rate risk, see chapter 4.7.5 *"Market Risk Capital Requirements and Risk-Weighted Assets"* and chapter 4.9.3 *"Structural exchange rate risk"* in the 2022 Universal Registration Document.

4.1.4 OPERATIONAL RISKS (INCLUDING RISK OF INAPPROPRIATE CONDUCT) AND MODEL RISKS

At 31 December 2021, risk-weighted assets in relation to operational risk amounted to EUR 47 billion, or 13% of the Group's total RWA. These risk-weighted assets relate mainly to Global Markets & Investor Services (65% of total operational risk).

Between 2017 and 2021, the Group's operational risks were primarily concentrated in five risk categories, representing 93% of the Group's total operating losses observed over the period: fraud (mainly external frauds) and other criminal activities (32%), execution errors (20%), disputes with authorities (17%), errors in pricing or risk assessment, including model risk (13%) and commercial disputes (11%). The Group's other categories of operational risk (unauthorised activities in the markets, failure of information systems and loss of operating resources) remain minor, representing on average 7% of the Group's losses between 2017 and 2021.

See chapter 4.8.3 *"Operational risk measurement"* of the 2022 Universal Registration Document for more information on the allocation of operating losses.

4.1.4.1 A breach of information systems, notably in the event of cyber-attack, could have an adverse effect on the Group's business and results in losses and damage the Group's reputation.

The Group relies heavily on communication and information systems to conduct its business and this is reinforced by the widespread use of remote banking and the digitalisation of processes. Any breach of its systems or the systems of its external partners could materially disrupt the Group's business. Such incidents could result in significant costs related to the recovery and verification of information, loss of revenues, customer attrition, disputes with counterparties or customers, difficulties in managing market operations and short-term refinancing operations, and ultimately damage the Group's reputation. Difficulties experienced by the Group's counterparties could also indirectly generate credit and/or reputational risks for the Group. The situation stemming from the conflict in Ukraine mentioned in section 4.1.1.1 "*The global economic and financial context, geopolitical tensions, as well as the market environment in which the Group operates, may adversely affect its activities, financial position and results of operations*" increases the risk of cyber-attacks for the Group and its external partners.

Each year, the Group is subject to several cyber attacks on its systems or those of its customers, partners and suppliers. The Group could be subject to targeted and sophisticated attacks on its computer network, resulting in embezzlement, loss, theft or disclosure of confidential data or customer data (which could constitute violations of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("GDPR"). Such actions could result in operational losses and have an adverse effect on the Group's business, results and reputation with its customers.

4.1.4.2 The Group is exposed to legal risks that could have a material adverse effect on its financial position or results of operations.

In the case of non-compliance with applicable laws and regulations, the Group and certain of its former and current representatives may be involved in various types of litigation, including civil, administrative, tax, criminal and arbitration proceedings. The large majority of such proceedings arise from transactions or events that occur in the Group's ordinary course of business. There has been an increase in client, depositor, creditor and investor litigation and regulatory proceedings against intermediaries such as banks and investment advisors in recent years, in part due to the challenging market environment. This has increased the risk for the Group of losses or reputational harm arising from litigation and other proceedings. Such proceedings or regulatory enforcement actions could also lead to civil, administrative, tax or criminal penalties that could adversely affect the Group's business, financial position and results of operations. The situation generated by the conflict in Ukraine mentioned in section 4.1.1.1 "*The global economic and financial context, geopolitical tensions, as well as the market environment in which the Group operates, may adversely affect its activities, financial position and results of operations*" could increase the legal risk.

In preparing its financial statements, the Group makes estimates regarding the financial outcome of civil, administrative, tax, criminal and arbitration proceedings in which it is involved, and records a provision when losses with respect to such matters are probable and can be reasonably estimated. It is inherently difficult to predict the outcome of litigation and proceedings involving the Group's businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, cases where claims for damages are of unspecified or indeterminate amounts, or cases involving unprecedented legal claims. Should such estimates prove inaccurate or should the provisions set aside by the Group to cover such risks prove inadequate, the Group's financial position or results of operations could be adversely affected.

The provision recorded in the Group's financial statements for public rights disputes amounted to EUR 338 million on 31 December 2021.

For a description of the most significant ongoing proceedings, see the section 4.11 *"Compliance risk, Litigation"*, Note 8.3.2 *"Other provisions"* and Note 9 *"Information on risks and litigation"* of chapter 6 of the 2022 Universal Registration Document.

4.1.4.3 Operational failure, termination or capacity constraints affecting institutions the Group does business with, or failure of information technology systems could have an adverse effect on the Group's business and result in losses and damage to its reputation.

Any dysfunction, failure or interruption of service of the Group's communication and information systems or the systems of its external partners, even brief and temporary, could result in significant disruptions to the Group's business. Such incidents could result in significant costs related to information retrieval and verification, loss of revenue, loss of customers, litigation with counterparties or customers, difficulties in managing market operations and short-term refinancing, and ultimately damage to the Group's reputation.

The Group is exposed to the risk of operational failure or capacity constraints in its own systems and in the systems of third parties, including those of financial intermediaries that it uses to facilitate cash settlement or securities transactions (such as clearing agents and houses and stock exchanges), as well as those of clients and other market participants. The international tensions linked to the situation in Ukraine and the sanctions that have been put in place and those that may be put in place in the future could also lead to operational difficulties within the Rosbank subsidiary.

The interconnections between various financial institutions, clearing houses, stock exchanges and service providers, including external cloud services, increase the risk that the operational failure of any one of them could lead to an operational failure of the entire sector, which could have an adverse impact on the Group's ability to conduct its business and could therefore result in losses. This risk is likely to be increased by industry concentration, whether among market participants or financial intermediaries, as complex and disparate systems need to be integrated, often on an accelerated basis.

The Group is also subject to various regulatory reforms and major internal strategic projects that may lead to operational disruptions and have an impact on the Group's operations, the accounting of transactions and their tax or prudential treatment, and on the Group's results in the event of poor project management and understanding of operational risks. Examples include the IBOR interbank rate reform, which aims to ensure the continuity of contracts indexed on interbank rates, or the internal project to merge the Société Générale and Crédit du Nord retail networks, with the transfer of Crédit du Nord's information system to the Société Générale information system.

See *"Risks related to information security and information and communication technologies"* of section 4.8.1 *"Organisation of operational risk management"*, and *"quantitative data"* of section 4.8.3 *"Operational risk measurement"* for a breakdown of operational risk losses, and section 4.8.4 *"Risk-weighted assets and capital requirements"* of the 2022 Universal Registration Document for a breakdown of risk-weighted exposure to operational risks by division.

The operational risks specific related to the Covid-19 pandemic are also described in the section 4.1.1.2 *"The coronavirus (Covid-19) pandemic and its economic consequences could negatively affect the Group's business and financial performance"*.

4.1.4.4 The Group is exposed to fraud risk, which could result in losses and damage its reputation.

Fraud risk is defined as the intentional non-compliance with existing laws, regulations or procedures, which in most cases results in harm to the bank or its customers, and provides the fraudster or his or her relatives with a direct or indirect material or moral benefit.

The risk of fraud increases intrinsically in a crisis context (financial pressure among clients, third parties or our employees) and in a remote working environment that may limit the capacity for monitoring and exchanges by or with the manager or other employees contributing to the prevention or detection of fraud risk. This risk mainly involves external fraud related to the bank's credit activities and to the means of payment (electronic banking, transfers and checks) made available to customers. Fraud schemes are changing rapidly in terms of volume and approach, in line with the security measures and countermeasures developed in the market and within the Group. Internal fraud is carried out through the misappropriation of funds and the granting of undue facilities and can be carried out with or without external collusion. Finally, unauthorised rogue trading, with or without circumvention of controls, could impact results and have a very significant negative impact on the Group's reputation.

Between 2017 and 2021, the risk of fraud represented 32% of the Group's total operating losses.

4.1.4.5 Reputational damage could harm the Group's competitive position, its activity and financial condition.

An organisation benefits from a good reputation when its activities and services meet or exceed the expectations of its stakeholders, both external (customers, investors, shareholders, regulators, supervisors, suppliers, opinion leaders such as NGOs, etc.) and internal (employees).

The Group's reputation for financial strength and integrity is critical to its ability to foster loyalty and develop its relationships with customers and other counterparties in a highly competitive environment. Any reputational damage could result in loss of activity with its customers or a loss of confidence on the part of its investors, which could affect the Group's competitive position, its business and its financial condition.

Financing extended by the bank that does not comply with regulations or its commitments, notably in terms of environmental and social responsibility, could affect the Group's reputation. Methods of distribution of products and services that do not provide sufficient information to customers, a lack of transparency in its communication (particularly financial communication) or internal management rules (including human resources management or relations with suppliers and service providers) that do not comply with regulatory obligations or the bank's commitments could affect the Group's reputation. In addition, the situation in Ukraine and the international sanctions put in place create an environment that is likely to sharply increase the Group's reputational risk.

A corporate social responsibility strategy (in particular with regard to environmental issues) deemed insufficiently ambitious in relation to the expectations of external stakeholders or difficulties in implementing this strategy could also impact the Group's reputation.

As a result, negative comments regarding the Group, whether or not legitimate, and concerning events that may or may not be attributable to the Group, could deteriorate the Group's reputation and affect its competitive position.

The Group's reputation could also be adversely affected by a weakness in its internal control measures aimed at monitoring and preventing operational, compliance, credit and market risks, particularly with respect to monitoring inappropriate conduct of its employees (such as corruption, fraud, market abuse and tax evasion). This risk may arise from the conduct itself as well as from administrative or criminal sanctions penalising an insufficiently effective control environment, such as the sanctions issued by the US and French authorities in 2018 relating to the Group's failure to comply with economic embargo measures.

As a result, a perceived lack of commitment to the Group's Code of Conduct, which aims to anchor the Group's values in terms of ethics and responsibility, could be detrimental to the Group's good reputation.

These various issues could also have a non-negligible impact on the Group's ability to attract and recruit younger talent or to retain talent within the Group.

The consequences of these events, which could potentially result in legal proceedings, may vary according to the extent of media coverage and the overall context and remain difficult to estimate.

For more information about reputation risk please see section 4.11 *"Compliance risks, Litigation"* and section 5.3.2 *"Applying the highest standards in client relationship management"* of Chapter 5 *"Corporate Social Responsibility"* of the 2022 Universal Registration Document.

4.1.4.6 The Group's inability to attract and retain qualified employees may adversely affect its performance.

The Group employs 131,000 people in 64 countries. Human resources are key assets of the Group, its business model and value proposition. Inadequate career or skills management (integration, career prospects and training, or in terms of compensation levels in line with market practice, etc.) could affect the performance of the Group's banking and financial activities. The Group's inability to attract and retain employees, a high rate of turnover or the departure of strategic employees could expose the Group to a loss in its know-how as well as a deterioration in the quality of service, at the expense of client satisfaction.

Furthermore, the increased oversight of compensation policies to which the banking sector is subject, including rules on certain types of compensation (fixed, variable, performance conditions, deferred payments, etc.), may limit the Group's ability to attract and retain talent. This is notably the case for the CRD IV directive, which has applied since 2014 to banks in the European Economic Area (EEA) and therefore to the Group, and for the CRD V directive, applicable since January 2021. These directives include a cap on the variable component of compensation compared to its fixed component for the relevant personnel, which could reduce the Group's ability to attract and retain employees, in particular against competitors located outside of the EEA.

In addition, the context of the Covid-19 health crisis has reinforced the aspirations of some of the Group's employees to access new ways of working, with the lasting introduction of a "hybrid" form of work (involving an organisation based on both on-site presence of employees and remote working). However, hindsight on this hybrid working method is still limited to date and has yet to be evaluated in terms of the level of satisfaction and commitment of the Group's employees.

For more information, see section 5.4.1.3.4 *"Guaranteeing health and safety at work and continuous improvement of working conditions"* of the 2022 Universal Registration Document.

4.1.4.7 The models, in particular the Group's internal models, used in strategic decision-making and in risk management systems could fail, face delays in deployment or prove to be inadequate and result in financial losses for the Group.

Internal models used within the Group could prove to be deficient in terms of their conception, calibration, use or monitoring of performance over time in relation to operational risk and therefore could produce erroneous results, notably with financial consequences. The faulty use of so-called artificial intelligence techniques in the conception of these models could also lead to the production of erroneous results.

In particular:

- the valuation of certain financial instruments that are not traded on regulated markets or other trading platforms, such as OTC derivative contracts between banks, uses internal models that incorporate unobservable parameters. The unobservable nature of these parameters results in an additional degree of uncertainty as to the adequacy of the valuation of the positions. In the event that the relevant internal models prove unsuitable for changing market conditions, some of the instruments held by the Group could be misvalued and could generate losses for the Group. For illustrative purposes, financial assets and liabilities measured at fair value on the balance sheet categorised within level 3 (for which the valuation is not based on observed data) represented EUR 13.4 billion and EUR 43.7 billion, respectively, as of 31 December 2021 (see Note 3.4.1 and Note 3.4.2 of chapter 6 of the consolidated financial statements included in the 2022 Universal Registration Document on financial assets and liabilities measured at fair value);
- the assessment of customer solvency and the Bank's exposure to credit and counterparty risk is generally based on historical assumptions and observations that may prove to be inappropriate in light of new economic conditions. It is based on economic scenarios and projections that may not adequately anticipate unfavourable economic conditions or the occurrence of unprecedented events. This miscalculation could, among other things, result in an under-provisioning of risks and an incorrect assessment of capital requirements;
- hedging strategies used in market activities rely on models that include assumptions about the evolution of market parameters and their correlation, partly inferred from historical data. These models could be inappropriate in certain market environments (in the event of a large-scale armed conflict, strong movements in volatility resulting, for example, from a pandemic, or tensions between the United States and China, in the Middle East or in Africa), leading to an ineffective hedging strategy, thus causing unanticipated losses that could have a material adverse effect on the Group's results and financial position;

- management of the interest rate risk of the investment portfolio and of the liquidity risk of all balance sheet and off-balance sheet items uses behavioural models that depend on market conditions. These models, based in particular on historical observations, could have an impact on the hedging of these risks when unprecedented events occur.

In addition, the Group has initiated an evolution of its system of internal credit risk models (project "Haussmann"). This evolution could have a significant impact on the calculation of its RWA credit and counterparty risk in the event of delay in the schedule for submitting its models to the supervisor or in the event of late validation by the supervisor.

Finally, the unprecedented environment resulting from the Covid-19 crisis could alter the results of the models used within the Group (particularly in terms of asset valuation and the assessment of capital requirements for credit risk), due in particular to a calibration carried out over periods that are not comparable to the current crisis, or to assumptions that are no longer valid, leading the models to exceed their validity zone. The temporary decline in performance and the recalibration of these models could have a negative impact on the Group's results.

4.1.4.8 The Group may incur losses as a result of unforeseen or catastrophic events, including health crises, large-scale armed conflicts, terrorist attacks or natural disasters.

The Group remains dependent on its natural and social environment. The occurrence of a new epidemic or pandemic crisis (such as the Covid-19 pandemic) or a health crisis related to the pollution of the natural environment could have a significant impact on the Group's activities. Also, large-scale armed conflicts, terrorist attacks, natural disasters (including earthquakes, such as in Romania, and floods, such as the exceptional flooding of the Seine in Paris), extreme weather conditions (such as heatwaves) or major social unrest (such as the *gilets jaunes* movement in France) could affect the Group's activities.

Such events could create economic and financial disruptions or lead to operational difficulties (including travel limitations or relocation of affected employees) for the Group.

These events could impair the Group's ability to manage its businesses and also expose its insurance activities to significant losses and increased costs (such as higher re-insurance premiums). Upon the occurrence of such events, the Group could incur losses.

4.1.5 LIQUIDITY AND FUNDING RISKS

4.1.5.1 The Group's access to financing and the cost of this financing could be negatively affected in the event of a resurgence of financial crises or deteriorating economic conditions.

In past crises (such as the 2008 financial crisis, the Eurozone sovereign debt crisis, the tensions on the financial markets linked to the Covid-19 pandemic before the intervention of the central banks or more recently the tensions linked to the crisis in Ukraine), access to financing from European banks was intermittently restricted or subject to less favourable conditions.

If unfavourable debt market conditions were to reappear following a new systemic or Group-specific crisis, the effect on the liquidity of the European financial sector in general and on the Group in particular could be very significantly unfavourable and could have an adverse impact on the Group's operating results as well as its financial position.

For several years, central banks have taken measures to facilitate financial institutions' access to liquidity, in particular by lowering interest rates to historical lows and by setting up TLTRO (Targeted Longer-Term Refinancing Operations) type facilities and by implementing asset purchase policies to keep long-term interest rates at very low levels. In a context of higher inflation, central banks (notably the ECB and the U.S. Federal Reserve) have begun to phase out these accommodating policies. For example, the ECB indicated in December 2021 that it will cease the Emergency Pandemic Purchase programme (EPPP) in March 2022 and its Targeted Long-Term Refinancing Operations (TLTRO 3) in June 2022. In this context, the Group could face an unfavourable evolution of its financing cost and access to liquidity.

In addition, if the Group were unable to maintain a satisfactory level of deposits from its customers, it could be forced to resort to more expensive financing, which would reduce its net interest margin as well as its results.

The Group's regulatory short-term liquidity coverage ratio (LCR) stood at 129% at 31 December 2021 and liquidity reserves amounted to EUR 229 billion at 31 December 2021.

4.1.5.2 A downgrade in the Group's external rating or in the sovereign rating of the French state could have an adverse effect on the Group's cost of financing and its access to liquidity.

For the proper conduct of its activities, the Group depends on access to financing and other sources of liquidity. In the event of difficulties in accessing the secured or unsecured debt markets on terms it considers acceptable, due to market conditions or factors specific to the Group, or if it experiences unforeseen outflows of cash or collateral, including material decreases in customer deposits, its liquidity could be impaired. In addition, if the Group is unable to maintain a satisfactory level of customer deposits collection, it may be forced to turn to more expensive funding sources, which would reduce the Group's net interest margin and results.

The Group is exposed to the risk of an increase in credit spreads. The Group's medium- and long-term financing cost is directly linked to the level of credit spreads which can fluctuate depending on general market conditions. These spreads can also be affected by an adverse change in France's sovereign debt rating or the Group's external ratings by rating agencies.

The Group is currently monitored by four financial rating agencies: Fitch Ratings, Moody's, R&I and Standard & Poor's. The downgrading of the Group's credit ratings, by these or other agencies, could have a significant impact on the Group's access to funding, increase its cost of financing or reduce its ability to carry out certain types of transactions or activities with customers. This could also require the Group to provide additional collateral to certain counterparties, which could have an adverse effect on its business, financial position and results of operations.

The deterioration of the economic environment following the health crisis or more recently as a result of the crisis in Ukraine and its impact on the Group, particularly in terms of profitability and cost of risk, could increase the risk of external rating downgrades (due notably to its exposure on Russia). The Group's ratings could be placed under negative watch or be subject to a downgrade. In addition, France's sovereign ratings could also be downgraded due to an increase in its debt and deficits (further increased by the Covid-19 pandemic and the response measures taken by the French government). These elements could have a negative impact on the Group's financing costs and its access to liquidity. The Group's ratings by Fitch Ratings, Moody's, R&I and Standard & Poor's are available on the Group's website (*https://investors.societegenerale.com/en/financial-and-non-financial-information/ratings/credit-ratings).*

Access to financing and liquidity constraints could have a material adverse effect on the Group's business, financial position, results of operations and ability to meet its obligations to its counterparties.

At end 2021, the Group raised a total of EUR 39.1 billion of long-term funding (of which EUR 35.3 billion for the parent company and EUR 3.8 billion for its subsidiaries) which relates, at the parent company level, to senior structured issues (EUR 19.9 billion), subordinated issues (EUR 2.4 billion), senior vanilla non-preferred issues (EUR 6.9 billion), unsecured senior vanilla preferred issues (EUR 2.1 billion) and secured issues (EUR 7.1 billion).

For 2022, the Group has planned a funding programme of approximately EUR 20 billion in vanilla long-term debt, in senior preferred and secured debt as well as in senior non-preferred debt and subordinated debt.

4.1.6 RISKS RELATED TO INSURANCE ACTIVITIES

4.1.6.1 A deterioration in market conditions, and in particular a significant increase or decrease in interest rates, could have a material adverse effect on the life insurance activities of the Group's Insurance business.

In 2021, the Group's insurance activities represented net banking income of EUR 1 billion, or 4% of the Group's consolidated net banking income. The Group's Insurance division is mainly focused on life insurance. At 31 December 2021, life insurance contracts registered outstandings of EUR 135 billion, divided between euro-denominated contracts (63%) and unit-linked contracts (37%).

The Group's Insurance business is highly exposed to interest-rate risk due to the high proportion of bonds in the euro-denominated funds in its life insurance contracts. The level of and changes in interest rates may, in certain configurations, have a material adverse effect on the results and financial position of this business line.

With its impact on the yield of euro-denominated contracts, a prolonged outlook of low interest rates reduces the attractiveness of these products for investors, which can negatively affect fundraising and income from this segment of the life insurance business.

A sharp rise in interest rates could also degrade the competitiveness of the life insurance offerings in euros (compared with bank savings products, for example) and trigger significant repurchases and arbitrage operations by customers, in an unfavourable context of unrealised losses on bond holdings. This configuration could affect the revenues and profitability of the life insurance activity.

More generally, a pronounced widening of spreads and a decline in equity markets could also have a significant negative effect on the results of the Group's life insurance business.

In the event of a deterioration in market parameters, the Group could be required to strengthen the own funds of its insurance subsidiaries to enable them to continue meeting their regulatory requirements in this domain.

4.2 RISK MANAGEMENT ORGANISATION

4.2.1 RISK APPETITE

Risk appetite is defined as the level of risk that the Group is prepared to accept to achieve its strategic and financial goals.

Principles governing risk appetite

The Group's ambition is to push ahead with sustainable development based on a diversified and balanced banking model with a strong European anchor and a targeted global presence in selected areas of strong business expertise. The Group also wishes to maintain long-term relationships with its clients built on the mutual confidence deserved and to meet the expectations of all of its stakeholders by providing them with responsible and innovative financial solutions.

This is reflected in:

- an organisation with 16 Business Units offering various products and services to the Group's clients in different geographic locations;
- balanced selective capital allocation between activities:
  - a preponderance of retail banking activities in France and abroad, which currently represent around 60% of risk weighted assets ("RWA") of the Group,
  - limitation of Business Unit Global Markets' share in the RWA of the Group. In accordance with its client-focused development strategy, the Group ceased its trading activities for its own account[1] in 2019, and finalised its project to simplify the products processed in 2021,
  - non-bank services activities, in particular Insurance and vehicle fleet management and financing, are conducted in line with the business strategy; they demonstrate a disciplined risk profile and thus generate profitability compliant with the Group's expectations;
- a geographically balanced model:
  - in Retail Banking, the Group focuses on international development leveraging historic presence, extensive market knowledge and top-tier positions,
  - as regards Global Banking and Investor Solutions, apart from historical establishments, the Group targets activities for which it can leverage international expertise;
- a targeted growth policy, favoring existing areas of expertise, a sound quality business fund and the search for synergies in the diversified banking model;
- a positive and sustainable contribution to the transformations of our economies, in particular with regard to the technological revolution, and economic, social and environmental transitions; CSR concerns are therefore at the heart of its strategy and the Group's relationships with stakeholders;
- a strong vigilance as regards its reputation, deemed by the Group to be a high-value asset which must be protected.

A robust financial strength profile

The Group seeks to achieve sustainable profitability, relying on a robust financial profile consistent with its diversified banking model, by:

- aiming for profitable and resilient business development;
- maintaining a target rating allowing access to financial resources at a cost consistent with the development of the Group's businesses and its competitive positioning;
- calibrating its capital and hybrid debt targets to ensure:
  - meeting the minimum regulatory requirements on regulatory capital ratios,
  - compliance with the financial conglomerate ratio which considers the combined solvency of the Group's banking and insurance activities,
  - one-year coverage of the "internal capital requirement" using available CET1 capital,
  - a sufficient level of creditor protection consistent with a debt issuance program that is particularly hybrid consistent with the Group's objectives in terms of rating and regulatory ratios such as Tier 1, TLAC ("Total Loss Absorbing Capacity"), MREL ("Minimum Required Eligible Liabilities"), and the leverage ratio;
- ensuring resilience of its liabilities, which are calibrated by taking into account a survival horizon in a liquidity stress ratio, compliance with LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) regulatory ratios and the level of dependence on short-term fundings and the foreign exchange needs of the Group's businesses, particularly in dollars;
- controlling the leverage ratio through a leverage ratio target.

Credit risk (including concentration effects)

Credit risk appetite is managed through a system of credit policies, risk limits and pricing policies.

When it takes on credit risk, the Group focuses on medium- and long-term client relationships, targeting both clients with which the Bank has an established relationship of trust and prospects representing profitable business development potential over the mid-term.

Acceptance of any credit commitment is based on in-depth client knowledge and a thorough understanding of the purpose of the transaction.

In a credit transaction, risk acceptability is based first on the borrower's ability to meet its commitments, in particular through the cash flows which will allow the repayment of the debt. For medium and long-term operations, the funding duration must remain compatible with the economic life of the financed asset and the visibility horizon of the borrower's cash flow.

(1) In accordance with French Banking Law, the few residual trading activities of the Group unrelated to clients were isolated in a dedicated subsidiary called Descartes Trading.

Security interests are sought to reduce the risk of loss in the event of a counterparty defaulting on its obligations, but may not, except in exceptional cases, constitute the sole justification for taking the risk. Security interests are assessed with prudent value haircuts and paying special attention to their actual enforceability.

Complex transactions or those with a specific risk profile are handled by specialised teams within the Group with the required skills and expertise.

The Group seeks risk diversification by controlling concentration risk and maintaining a risk allocation policy through risk sharing with other financial partners (banks or guarantors).

Counterparty ratings are a key criterion of the credit policy and serve as the basis for the credit approval authority grid used in both the commercial and risk functions. The rating framework relies on internal models. Special attention is paid to timely updating of ratings (which, in any event, are subject to annual review)[(1)].

The risk measure of the credit portfolio is based primarily on the Basel parameters that are used to calibrate the capital need. As such, the Group favors the so-called advanced Basel models (IRBA), which are more risk-sensitive and more adapted to the specific characteristics of the bank's portfolio. These measures are complemented by an internal stress-sized risk assessment, either at the global portfolio level or at the sub-portfolio level, linking risk measures and rating migration to macro-economic variables. In addition, the calculation of expected losses under the provisions of IFRS 9, used to determine the level of impairment on healthy outstandings, provides additional insight into assessing portfolio risk.

In consultation with the Risk Department, the businesses implement, most of the time, pricing policies that are differentiated according to the level of risk of counterparties and transactions. The purpose of pricing a transaction is to ensure acceptable profitability, in line with the objectives of ROE (Return on Equity) of the business or entity, after taking into account the cost of the risk of the transaction in question. The pricing of an operation can nevertheless be adapted in certain cases to take into account the overall profitability and the potential customer relationship development. The intrinsic profitability of products and customer segments is subject to periodic analysis in order to adapt to changes in the economic and competitive environment.

Proactive management of counterparties whose situation has deteriorated is key to containing the risk of final loss in the event of counterparty failure. As such, the Group has put in place rigorous procedures for monitoring non retail counterparties and/or for closer monitoring of retail counterparties whose risk profiles are deteriorating. In addition, the businesses and entities, in conjunction with the Risk and Finance Departments, and through collaborators specialising in recovery and litigation, work together to effectively protect the Bank's interests in the event of default.

Counterparty credit risk

The future value of exposure to a counterparty as well as its credit quality are uncertain and variable over time, both of which are affected by changes in market parameters. Thus, counterparty credit risk management is based on a combination of several types of indicators:

- indicators of potential future exposures (potential future exposures, or PFE), aimed at measuring exposure to our counterparties:
  - the Group controls idiosyncratic counterparty credit risks *via* a set of CVaR (Counterparty VaR[(2)] limits. The CVaR measures the potential future exposure linked to the replacement risk in the event of default by one of the Group's counterparties. The CVaR is calculated for a 99% confidence level and different time horizons, from one day until the maturity of the portfolio,
  - in addition to the risk of a counterparty default, the CVA (Credit Valuation Adjustment) measures the adjustment of the value of our portfolio of derivatives and repos account the credit quality of our counterparties;
- the abovementioned indicators are supplemented by stress test frameworks or on nominal ones in order to capture risks that are more difficult to measure:
  - the more extreme correlation risks are measured *via* stress tests at different levels (wrong-way risk, stress monitoring at sector level, risk on collateralised financing activities and agency),
  - the CVA risk is measured *via* a stress test in which representative market scenarios are applied, notably involving the credit spreads of our counterparties;
- exposures to central counterparty clearing houses (CCP) are subject to specific supervision:
  - the amount of collateral posted for each segment of a CCP: the initial posted margins, both for our principal and agency activities, and our contributions to CCP default funds,
  - in addition, a stress test measures the impact linked to the default of an average member on all segments of a CCP and the failure of a major member on a segment of a CCP;
- the Global Stress Test on market activities includes cross market-counterparty risks, it is described in more detail in the "Market risk" section.

Market risk

The Group's market activities are carried out as part of a business development strategy primarily focused on meeting client requirements through a full range of products and solutions.

Market risk is managed through a set of limits for several indicators (such as stress tests, Value at Risk (VaR) and stressed Value at Risk (SVaR), "Sensitivity" and "Nominal" indicators). These indicators are governed by a series of limits proposed by the business lines and approved by the Risk Division during the course of a discussion-based process.

The choice of limits and their calibration reflect qualitatively and quantitatively the fixing of the Group's appetite for market risks. A regular review of these frameworks also enables risks to be tightly controlled according to changing market conditions with, for example, a temporary reduction of limits in case of a deterioration. Warning thresholds are also in place to prevent the possible occurrence of 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.

(1) For none automated processes.
(2) The CVaR economic indicator is built on the same modeling assumptions as the regulatory Effective Expected Positive Exposure (EEPE) indicator used to calculate RWAs.

Operational risk (including reputation and compliance risk)

The Group is exposed to a diversity of operational risks inherent in its business: execution errors, internal and external fraud, IT system failures, malicious acts against IT systems, loss of operational resources, commercial disputes, failure to comply with tax obligations, but also risk of non-compliance, unappropriated behavior or even reputation.

As a general rule, the Group has no appetite for operational risk or for non-compliance risk. Furthermore, the Group maintains a zero-tolerance policy on incidents severe enough to potentially inflict serious harm to its image, jeopardise its results or the trust displayed by customers and employees, disrupt the continuity of critical operations or call into question its strategic focus.

The Group underscores that it has is no or very low tolerance for operational risk involving the following:

- internal fraud: the Group does not tolerate unauthorised trading by its employees. The Group's growth is founded on trust, as much between employees as between the Group and its employees. This implies respecting the Group's principles at every level, such as exercising loyalty and integrity. The Group's internal control system must be capable of preventing acts of major fraud;
- cybersecurity: The Group has zero tolerance for fraudulent intrusions, in particular those resulting in the theft of customer data or a major operational disruption. The Group intends to introduce effective means to prevent and detect this risk. It is adequately organised to deal with potential incidents;
- data leaks: the Group is committed to deploying the necessary resources and implementing controls to prevent, detect and remediate data leaks. It does not tolerate any leaks of its most sensitive information, in particular that of customer data;
- business continuity: the Group relies heavily on its information systems to perform its operations and is therefore committed to deploying and maintaining the resilience of its information systems to ensure the continuity of its most essential services. The Group has very low tolerance for the risk of downtime in its information systems that perform essential functions, in particular systems directly accessible to customers or those enabling to conduct business on financial markets;
- outsourced services: the Group seeks to achieve a high degree of thoroughness in the control of its activities entrusted to external service providers. As such, the Group adheres to a strict policy of reviewing its providers;
- managerial continuity: the Group intends to ensure the managerial continuity of its organisation to avoid the risk of a long-term absence of a manager that would question the achievement of its strategic objectives, which might threaten team cohesion or disrupt the Group's relationships with its stakeholders.

Structural interest rate and exchange rate risks, risk to employee commitments

The Group measures and strictly controls structural risks. The mechanism whereby rate risk, foreign exchange risk and the risk on pension/long-service obligations is controlled is based on sensitivity or stress limits which are broken down within the various businesses (entities and business lines).

There are four main types of risk: rate level risk, curve risk book, optional risk (arising from automatic options and behavioral options) and basis risk, related to the impact of relative changes in interest rates indices. The Group's structural interest rate risk management primarily relies on the sensitivity of Net Present Value ("NPV") of fixed-rate residual positions (excesses or shortfalls) to interest rate changes according to several interest rate scenarios. The limits are established either by the Board of Directors or by the Finance Committee, at the Business Unit/Service Unit and Group levels. Furthermore, the Group measures and controls the sensitivity of its net interest margin ("NIM") on different horizons.

The Group's policy in terms of structural exchange rate risks consists of limiting as much as possible the sensitivity of its CET1 capital ratio to changes in exchange rates, so that the impact on the CET1 ratio of an appreciation or a depreciation of all currencies against the euro does not exceed a certain threshold in terms of bp by summing the absolute values of the impact of each currency.

Regarding risks to pension and long-service obligations, which are the Bank's long-term obligations towards its employees, the amount of the provision is monitored for risk on the basis of a specific stress test and an attributed limit. The risk management policy has two main objectives: reduce risk by moving from defined-benefit plans to defined-contribution plans and optimise asset risk allocation (between hedge assets and performance assets) where allowed by regulatory and tax constraints.

Liquidity and financing risks

Controlling liquidity risk is based primarily on:

- compliance with regulatory liquidity ratios, with precautionary buffers: LCR (liquiditycoverage ratio) ratios that reflect a stress situation and NSFR (net stable funding ratio);
- the definition of a minimum survival horizon under combined market and idiosyncratic stress;
- framing of transformation and anti-transformation positions (price risk).

Controlling financing risk is based on:

- maintaining a liability structure to meet the Group's regulatory constraints (Tier1, Total Capital, Leverage, TLAC, NSFR, MREL) and complying with rating agencies' constraints to secure a minimum rating level;
- recourse to market financing: annual long-term issuance programs and a stock of moderate structured issues and short-term financing raised by supervised treasuries.

Model risk

The Group is committed to defining and deploying internal standards to reduce model risk on the basis of key principles, including the creation of three independent lines of defence, the proportionality of due diligence according to each model's level of risk inherent, the consideration of the models' entire lifecycle and the appropriateness of the approaches within the Group.

Risk related to insurance activities

The Group conducts Insurance activities (Life Insurance and Savings, Retirement savings, Property & Casualty Insurance, etc.) which exposes the Group to two major types of risks:

- subscription risk related to pricing and fluctuations in the claims ratio;
- risks related to financial markets (interest rate, credit and equity) and asset-liability management.

Private equity risk

The Group has limited appetite for financial holdings, such as proprietary private equity transactions. The investments allowed are mainly related to:

- commercial support for the network through the private equity activity of the Societe Generale and Crédit du Nord network and certain subsidiaries abroad;
- taking stakes, either directly or through investment funds, in innovative companies *via* SG Ventures;
- the takeover of stakes in local companies: Euroclear, *Crédit Logement*, etc.

Investments made in private equity are managed directly by the networks concerned (Societe Generale, Crédit du Nord and subsidiaries abroad) and are capped at EUR 25 million. Beyond this limit, the investment envelope must be validated by the Group Strategy Department on the basis of a file produced by the Business Unit with the assistance of its Finance Department. This file aims to justify this amount, the expected benefits, the profitability considering the consumption of associated equity, the characteristics of the investments (criteria, types, duration, etc.), a risk analysis and a governance proposal. If the amount exceeds EUR 50 million, it must be validated by the Group's General Management, with the support of the opinion of the Strategy Department, the Finance Department, the Corporate Secretary and the Compliance Department. The Business Unit concerned must submit a report on operations and the investment envelope to the Strategy Department every six months.

The other minority holdings are subject to a dedicated validation process in both the investment and divestment phases: validation by the Managers of the Business Units and entities concerned and their Finance Department, the Strategy Department, or even the Group's General Management (over EUR 50 million) or the Board of Directors (over EUR 250 million). These files are examined by the Strategy Department based on the opinions of the expert Services and Business Units concerned by the operation (at least the Finance Department, the Legal and Tax Departments within the Corporate Secretary and the Compliance Department). The instruction is based on an analysis of the participation concerned, the motivations and the investment context, the structuring of the operation, its financial and prudential impacts, as well as an assessment of the risks identified and the means implemented to track and manage them.

Settlement/Delivery risk

The settlement-delivery risk on financial instruments arises when transactions (over-the-counter in cash or forward) give rise to a time lag (usually of a few hours) between the payment and the delivery of the underlying (securities, raw materials, foreign exchange, etc.) during their settlement.

The Group defines a risk appetite for delivery risk in relation to the quality of the counterparty (*via* its rating) with larger limits granted to counterparties in the investment grade category (IG).

4.2.2 RISK APPETITE – GENERAL FRAMEWORK

Risk appetite is determined at Group level and attributed to the businesses and subsidiaries. Monitoring of risk appetite is performed according to the principles described in the Risk Appetite Framework governance and implementation mechanism, which are summarised below.

Governance

As part of the supervision of risk appetite, the Group relies on the following organisation:

- the Board of Directors:
  - approves each year the Group Risk Appetite Statement and the Group Risk Appetite Framework, as well as the Group Risk Appetite Framework,
  - approves in particular the main Group risk appetite indicators (Board of Directors indicators) validated beforehand by General Management,
  - ensures that risk appetite is relevant to the Group's strategic and financial objectives and its vision of the risks of the macro-economic and financial environment,
  - reviews quarterly the risk appetite dashboards presented to it, and is informed of risk appetite overruns and remediation action plans,
  - sets the compensation of corporate officers, sets out the principles of the remuneration policy applicable in the Group, especially for regulated persons whose activities may have a significant impact on the Group's risk profile, and ensures that they are in line with risk management objectives.

The Board of Directors relies primarily on the Risk Committee.

- General Management:
  - approves the Risk Appetite Statement and its Risk Appetite Framework based on the proposal of the Chief Risk Officer and the Chief Financial Officer,
  - regularly ensures that risk appetite is complied with,
  - ensures the effectiveness and integrity of the risk appetite implementation system,
  - ensures that the risk appetite for the Group's Business Units and eligible subsidiaries/branches is formalised and translated into frameworks consistent with the Group's risk appetite,
  - ensures internal communication of risk appetite and its transposition in the Universal Registration Document.

In addition, the main mission of the Risk Department is to develop the Group's risk appetite, as well as the implementation of a risk management, monitoring and control system.

The Finance Department contributes to setting this risk appetite in the framework of indicators under the responsibility of the Finance Committee (profitability, solvency, liquidity and structural risks).

The Compliance Department is also responsible for instructing the risk appetite setting for indicators falling within its scope.

Risk identification process

The risk identification process is a cornerstone of the Group risk-management framework. It is a Group-wide process to identify all risks that are or might be material. The approach is comprehensive and holistic: it covers all risk types[1] and all Group exposures.

In addition to the annual review of the Group's risk taxonomy, risk identification process is based on two pillars in order to ensure a complete and up-to-date view of all the material risks facing the Group:

- risk management governance and key Committees such as CORISQs or COFI at Group or Business Unit level or New Product Committees making it possible to monitor changes in the risk profile for all types of risk (credit, market, operational, etc.). In addition to monitoring well-identified risks, this governance can also generate a debate between risk experts and senior management on emerging risks. This debate is fueled by the latest market news, early warning signals, internal alerts, and more;
- a series of exercises aimed at identifying additional risks, for example arising from changes in macroeconomic or sectoral conditions, financial markets, regulatory constraints, competitors or market pressure, business model (concentration effects) and changes in banking organisations. These additional identification exercises are also organised by risk types, but include some identification of cross-risk effects (*e.g.* credit and market or credit and operational). For a given type of risk, these exercises analyse and segment the Group's exposure along several axes (Business Unit, activity, customer, product, region, etc.). The underlying risk factors are identified for the perimeters where this risk is assessed as being significant.

When a significant risk is identified, a risk management system, which may include a quantitative risk appetite (risk ceiling or threshold) or a risk policy, is implemented.

In addition, where possible, the risk factors underlying a significant risk are identified and combined in a dedicated scenario, and the associated loss is then quantified by means of a stress test (see also section "Risk quantification and stress test system").

Risk quantification and stress test system

For each identified material risk, indicators to measure this risk are introduced to ensure monitoring. These indicators can be based on measurements of outstandings (risk weighted or not), sensitivities to the variation of one or more risk factors (interest rate, etc.), impacts of stress tests based on scenarios, etc. These indicators can be expressed as ratios and are sometimes the subject of regulatory or publication requirements.

Regarding more specifically stress tests, or crisis simulations, they assess what would be the behavior of a portfolio, activity, entity or Group in a context of degraded activity.

Within the Group, stress tests contribute to the identification, measurement and management of risks, as well as to the assessment of the adequacy of capital and liquidity to the Group's risk profile.

Hence, stress tests:

- are a preferential measure providing information on the resilience of the Group, its activities and its portfolios, and are an integral part of the process of building risk appetite;
- are based on hypothetical economic scenarios defined in conjunction with the Economic and Sectoral Studies Department, or historical scenarios. The stress tests break down these scenarios into impacts on the Group's activities, by taking into account the reaction capacities of the activities, by systematically combining quantitative methods and expert judgment (risks, finance or business lines);
- can also be based on sensitivity analysis (single or multi-factor risk).

The stress test system thus comprises:

- a global stress test, integrated into the budget process (Strategic and financial plan), to ensure that the Group's profile meets its objectives in the event of an adverse scenario, but also to quantify the deterioration in the profitability of the Business Units in this scenario. The stress test system is an integral part of the ICAAP (Internal Capital Adequacy Assessment Process);
- specific stress tests by type of risk or portfolio:
  - stress tests on credit risk complete the overall analysis with a more granular approach, and thus shed light on the fixing of risk appetite at a portfolio, activity, etc. They are also used to refine the identification, measurement and operational management of this risk,
  - stress tests on market activities are based on historical and hypothetical scenarios and apply to the entire Group. They are supplemented by specific sensitivity stress tests on certain risk factors (rates, equities, etc.) or certain activities (emerging markets, etc.). A stress test limit is established for these different risk measures,
  - stress tests assess the sensitivity of structural interest rate risk. The exercise focuses on changes in the economic value of assets and liabilities in bank portfolios and on changes in the net interest margin generated by these assets and liabilities. The Group sets limits on these sensitivities in scenarios of translation and deformation (steepening and flattening) of the yield curves,
  - a stress test on social commitments consists of simulating the impact of variations in market risk factors (inflation, interest rate, etc.) on the Group's net position (dedicated investments minus the corresponding social commitments). A stress test limit is established on this indicator,
  - liquidity stress tests,
  - an assessment of operational risk under stress uses the scenario analysis and loss modeling work to calibrate the Group's capital requirement regarding operational risk, and makes it possible to understand the exposure to operational losses, including exposure to rare and severe losses not present in the history,

(1) Risks are classified on the basis of the Group's risk taxonomy, which names and defines risk categories and their possible sub-categories.

- stress tests of insurance activities support the process of defining the risk appetite of the Insurance Business Unit, which is based on minimum profitability and solvency targets for a central and a stressed scenario. The Insurance Business Unit also uses also results from stress tests to define its hedging policy, the distribution of its assets and the dividend distribution policy;
- reverse stress tests, both as part of the risk appetite and the recovery plan. The impact of these stress tests is typically defined by a breaking point in the solvency ratio or liquidity indicator, which poses a significant threat to the Bank. Hypothetical scenarios leading to this breaking point are then constructed in order to identify new weaknesses.

In addition to internal stress test exercises, the Group is part of the sample of European banks participating in major international stress test programs piloted by the European Banking Authority (EBA) and the European Central Bank (ECB).

More specifically on climate risk, the Group participated on a voluntary basis in exploratory climate stress exercises organised by the ACPR (*Autorité de contrôle prudentiel et de résolution*) and the European Banking Authority in 2020. A stress test coordinated by the ECB in which the Group is participating is also being performed in the first half of 2022.

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. The severity is constantly compared to that of various adverse scenarios produced by reputable institutions such as the ECB, the Bank of England or the Federal Reserve.

Setting and formalisation of risk appetite at Group level

The Group's risk appetite is formalised in a document ("Risk Appetite Statement") which sets out:

- the strategic profile of the Group;
- its profile of profitability and financial soundness;
- the frameworks relating to the management of the Group's main risks (qualitative, through risk policies, and quantitative, through indicators).

Regarding the profile of profitability and financial soundness, the Finance Department proposes each year, upstream of the budgetary procedure, to the General Management, financial targets at Group level. These targets, supplemented by alert thresholds and crisis levels according to a "traffic light" approach, allow:

- to respect, with a sufficient safety margin, the regulatory obligations to which the Group is subject (in particular the minimum regulatory solvency, leverage and liquidity ratios), by anticipating as best as possible the implementation of new regulations;
- to ensure, *via* a safety margin, sufficient resistance to stress scenarios (stress standardised by regulators or stress defined according to a process internal to the Group).

The frameworks relating to risk management, also represented *via* a graduated approach (limits, alert thresholds, etc.), result from a process in which the needs expressed by the businesses are confronted with a contradictory opinion independent from the second line defence. The latter is based on:

- independent analysis of risk factors;
- the use of prospective measures based on stress approaches;
- the proposal for a framework.

For the main risks, the frameworks set make it possible to consolidate the achievement of the Group's financial targets and to orient the Group's profitability profile.

Allocation of risk appetite in the organisation

The allocation of risk appetite in the organisation is based on the strategic and financial plan, and on risk management systems:

- based on recommendations by the Finance Department to General Management, the financial targets defined at Group level are broken down into budget allocation targets at business level as part of the budget and the strategic and financial plan;
- the breakdown of frameworks and risk policies is based on an understanding of the needs of the businesses and their business prospects and takes into account the profitability and financial strength targets of the Business Unit and/or the entity.

4.2.3 RISK MANAGEMENT ORGANISATION

Audited I Implementing a high-performance and efficient risk management structure is a critical undertaking for Societe Generale Group in all businesses, markets and regions in which it operates, as is maintaining a balance between strong awareness of risks and promoting innovation. The Group's risk management, supervised at the highest level, is compliant with the regulations in force, in particular the order of 3 November 2014 revised by the order of 25 February 2021 on the internal control of companies in the banking sector, payment services and investment services subject to the control of the French Prudential Supervisory and Resolution Authority (*Autorité de contrôle prudentiel et de résolution* – ACPR) and European Regulations Basel 3 (CRR/CRD). ▲ (See Board's Expertise, p. 82.).

Governance of risk management

Audited I Two main high-level bodies govern Group risk management: the Board of Directors and General Management.

General Management presents the main aspects of, and notable changes to, the Group's risk management strategy to the Board of Directors at least once a year (more often if circumstances so require).

As part of the Board of Directors, the Risk Committee (see Art. 11 of the Internal rules of the Board of Directors, p. 85) advises the Board on overall strategy and appetite regarding all kinds of risks, both current and future, and assists the Board when the latter verifies that the strategy is being rolled out.

The Board of Directors' Audit and Internal Control Committee (see Art. 10 of the Internal Rules of the Board of Directors, page 84) ensures that the risk control systems operate effectively.

Chaired by General Management, the specialised Committees responsible for central oversight of internal control and risk management are as follows:

- **the Risk Committee** (CORISQ), which met twenty-one times during the 2021 financial year, aims to define the Group's main orientations in terms of risks (credit and counterparty risks, environmental risks, country, market risk, operational risk, model risk, etc.) within the framework of the risk appetite and the financial targets set by the Board, and to monitor compliance in such respect. Subject to the powers attributed to the Board of Directors, the CORISQ chaired by the Chief Executive Officer, based on proposals from the Risk Division, validates the main decisions relating to the management of these various risks. Along with the Risks Committee, the Major Risks Committee (*Comité Grands Risques*) is an *ad hoc* body that validates the commercial strategy and risk-taking with regard to large client groups;
- **the Finance Committee** (COFI), chaired by the Chief Executive Officer, is responsible for setting out the Group's financial strategy and for managing scarce resources (capital, liquidity, balance sheet, tax capacity). The COFI, based upon proposals from the Finance Division and the Risk Division, validates The Corporate Divisions provide the Group's General Management with all the information needed to perform its role of managing Group strategy under the authority of the Chief Executive Officer. The Corporate Divisions report directly to General Management:
- **the Compliance Committee** (COMCO), chaired by the Chief Executive Officer, defines the Group's main guidelines and principles in terms of compliance and monitors, on an annual basis, the quality of the CSR risk management framework (including compliance with the French Duty of Care law ('*Devoir de Vigilance*') and the Modern Slavery Act UK;
- **the Digital Transformation Committee** (DTCO), chaired by the Chief Executive Officer, in line with the Group Strategy Committee's decisions, initiates and monitors changes in the information system and the relevant operational model which require approval by General Management due to their cross-business character or to the scale of the envisaged transformation;
- **the Group Internal Control Coordination Committee** (GICCC), chaired by the Chief Executive Officer or, in his absence, by a Deputy Chief Executive Officer, aims to perform the regular review of the internal control framework and of non financial risks of each second line of defence, to assess it in terms of efficiency, consistency and completeness, to take corrective actions and to monitor their implementation;
- **the Supervisory Internal control coordination committee** (SICCC), chaired by the Chief Executive Officer or, if absent, a Deputy Chief Executive Officer or a Deputy General Manager in charge of the area under review, aims to perform the regular review of the internal control framework and of non financial risks of each Business Units/Service Units of the first line of defence, to assess it in terms of efficiency, consistency and completeness, to take corrective actions and to monitor their implementation;
- **the Non Financial Risks Steering Committee**, chaired by the Deputy Chief Executive Officer in charge of Risk and Internal Control supervision of the Group, aims to implement and instruct the orientations taken in the Group Internal Control Coordination Committee (GICCC) and those resulting from the CACI, to ensure the consistency, efficiency and effectiveness of the transformation of non financial risks (NFR) frameworks, to set targets in relation to the roadmaps, to validate, coordinate and steer the evolution of NFR frameworks throughout the Group, to identify risks and alerts related to NFR frameworks, to provide resources, to prioritise and decide on their allocation and to arbitrate if necessary;
- **the Responsible Commitments Committee** (CORESP), chaired by the Chief Executive Officer, deals with topics related to the Group's commitments and normative framework in CSR (including CSR sectoral policies), culture and conduct, or other topics that have an impact on the Group's liability and are not already covered by an existing committee;
- **the Group Provisions Committee** (COPRO), chaired by the Chief Executive Officer, meets quarterly and aims to review the Group's provisions for the quarter in question.

Divisions involved in risk management and internal control

The Group's Corporate Divisions, which are independent from the core businesses, contribute to the management and internal control of risks.

The Corporate Divisions provide the Group's General Management with all the information needed to perform its role of managing Group strategy under the authority of the Chief Executive Officer. The Corporate Divisions report directly to General Management.

- **the Risk Division** aims to contribute to the development of the Group's activities and sustainable profitabilityby developing, with the Finance Department and the Business Units/Service Units, the Group's risk appetite (declined in the Group's various businesses) as well as the implementation of a control and monitoring system risks as part of its role as a second line of defence. The Risk Division is under the supervision of the Group Chief Executive Officer.

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

Accordingly, the Risk Division:

- provides hierarchical and functional supervision for the Group's Risk function,
- examines, with the Finance Division, the setting of the Group's risk appetite through the Group's Risk Appetite Statement which is proposed to General Management and ultimately approved by the Board of Directors,
- identifies all Group risks and identifies future needs,
- implements a governance and monitoring system for these risks, including cross-business risks, and regularly reports on their nature and extent to General Management, the Board of Directors and the banking supervisory authorities,
- helps define the risk policies, taking into account the objectives of the businesses and the relevant risk issues,
- defines or validates the methods and procedures used to analyse, measure, approve and monitor risks,
- implements a second-level control to ensure the correct application of these methods and procedures,
- assesses and approves transactions and limits proposed by business managers,
- defines or validates the architecture of the central risk information system, ensures its suitability to business requirements;

- **the Finance Division** is organised according to three levels of supervision, each reporting to a Deputy Chief Financial Officer:
  - French Retail Banking, and International Retail Banking and Financial Services,
  - Global Banking and Investor Solutions,
  - cross-business functions, bringing together all the areas of expertise that are key to the Finance Division.

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

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

- **the Finance Departments of the Business Units and Service Units**, which report hierarchically to the Group Finance Division, ensure that the financial statements are prepared correctly at local level and control the quality of the information in the Financial Reports (accounting, management control, regulations, etc.);
- **the Group Compliance Division** is responsible for the definition and consistency of the non-compliance risk prevention and control framework, related to banking and financial regulation and for coordinating the framework aimed at preventing, identifying, assessing and controlling non-compliance risk across the entire Group. It ensures that roles and responsibilities are identified with the appropriate level of expertise so that the regulatory watch framework and related normative documentation, including its deployment, are operational. In particular, it takes care to harmonise procedures and optimise (in conjunction with the BU/SUs) international resources in order to ensure the framework's effectiveness and compliance with its rules. Within this framework, it has hierarchical and functional authority over the compliance teams of Group entities.

  The Group Compliance Service Unit is organised around three broad categories of non-compliance risks :
  - financial security: know your customer (KYC); compliance with the rules and regulations on international sanctions and embargoes; countering money laundering and terrorist financing (AML/CTF), including reporting suspicious transactions to the appropriate financial intelligence authority when necessary,
  - regulatory risks: customers protection; integrity of the financial markets; countering bribery and corruption, ethics and good conduct; compliance with regulations related to tax transparency (based on knowledge of clients' tax profile); compliance with regulations on social and environmental responsibility and the Group's commitments,
  - protection of data, including personal data and in particular those of customers;
- **the Corporate Secretary** brings together:
  - the Group Legal Department, which ensures in particular the security and legal regularity of the Group's activities, drawing on the legal services of subsidiaries and branches where applicable,
  - the Group Tax Department, which ensures compliance with tax laws in France and abroad,
  - the Group Security Department, which oversees the Group's security in conjunction with the Service Unit of the Resources and Digital Transformation Department regarding the security of information systems,
  - the Group's Administrative Department, which provides the Group's central administration services and provides support, as necessary, to the Secretary of the Board of Directors;
- **the Human Resources and Communication Department** monitors the implementation of compensation policies, amongst other things;
- **the Corporate Resources and Innovation Department** is specifically responsible for defining the policies to be applied in matters of information systems and information systems security policies;
- **the Group Internal Audit and General Inspection Department** is in charge of internal audits and reports to the Head of Group Internal Audit.

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

- the definition and strategic management of the Group's CSR ambition,
- support for the CSR transformation of Business and Service Units,
- the contribution towards promoting the Group's CSR influence. ▲

According to the last census carried out on 31 December 2021, the full-time equivalent (FTE) workforce of:

- the Group's Risk Department for the second line of defence represents approximately 4,609 FTEs (1,550 within the Group's Risk Department itself and 3,059 for the rest of the Risk function);
- the Compliance Department or the second line of defence represents approximately 2,870 FTEs;
- the Information System Security Department totals approximately 635 FTEs.

Risk reporting and assessment systems

The Group's risk measurement systems serve as the basis for the production of internal management reports allowing the monitoring of the Group's main risks (credit risk, counterparty, market, operational, liquidity, structural, settlement/delivery) as well as the monitoring of compliance with the regulatory requirements.

The risk reporting system is an integral part of the Group's risk management system and is adapted to its organisational structure. The various indicators are thus calculated at the level of the relevant legal entities and Business Units and serve as the basis for the various reportings. Departments established within the Risk, Finance and Compliance sectors are responsible for measuring, analysing and communicating these elements.

Since 2015, the Group has defined architecture principles common to the Finance and Risk functions, the TOM-FIR principles (Target Operating Model for Finance & Risk), in order to guarantee the consistency of the data and indicators used for internal management and regulatory production. The principles revolve around:

- Risk and Finance uses, whether at the local level and at the various levels of consolidation subject to an organised system of "golden sources", with a collection cycle adapted to the uses;
- common management rules and language to ensure interoperability;
- consistency of Finance and Risk usage data, via strict alignment between accounting data and management data.

The Group produces, *via* all of its internal reports for internal monitoring purposes by the Business Units and Service Units, a large number of **risk metrics** constituting a measure of the risks monitored. Some of these metrics are also produced as part of the transmission of regulatory reports or as part of the publication of information to the market.

The Group selects from these metrics a set of **major metrics**, able to provide a summary of the Group's risk profile and its evolution at regular intervals. These metrics concern both the Group's financial rating, its solvency, its profitability and the main risks (credit, market, operational, liquidity and financing, structural, model) and are included in the reports intended for internal management bodies.

They are also subject to a framework defined and broken down in line with the Group's risk appetite, giving rise to a procedure for reporting information in the event of breaches.

Thus, the risk reports intended for the management bodies are guided in particular by the following principles:

- coverage of all significant risks;
- combination of a global and holistic view of risks and a more in-depth analysis of the different types of risk;
- overview supplemented by focus on certain specific scopes, forward-looking elements (based in particular on the presentation of elements on the evolution of the macro-economic context) and elements on emerging risks;
- balance between quantitative data and qualitative comments.

The main Risk reports for management bodies are:

- monthly reporting to the Risk Committee of the Board of Directors aims to provide an overview of changes in the risk profile.

A dashboard for monitoring the Group's Risk Appetite Statement indicators is also sent quarterly to the Board of Directors. These indicators are framed and presented using a "traffic light" approach (with distinction between thresholds and limits) in order to visually present monitoring of compliance with risk appetite. In addition, a compliance dashboard and a reputation dashboard are sent to the Risk Committee of the Board of Directors and provide an overview of each non-compliance risk:

- monthly reporting to the Group Risk Committee (CORISQ) aims to regularly provide this committee with a risk analysis under its supervision, with a greater level of detail than reporting to the Risk Committee of the Board of Directors. In particular, a summary of the main credit files over the period covered by the reporting is presented;
- reporting to the Finance Committee (COFI) for General Management gives rise in particular to the following two reports: a "Scarce resources trajectory" report allowing budget execution to be monitored and a "Structural risk monitoring (ALM)" report » making it possible to monitor compliance with the thresholds and limits relating to liquidity risks and structural interest and exchange rate risks;
- the quarterly reporting of the Group Compliance Committee (COMCO) to General Management: the COMCO provides via dedicated reporting an overview of the main non-compliance risks, raises points of attention on compliance topics Group, decides on the main orientations and defines the Group principles in terms of compliance;
- the quarterly reporting of the Provisions Committee (COPRO) to General Management is intended to provide an overview of changes in the level of provisions at Group level. In particular, it presents the change in the net charge of the cost of risk by pillar, by Business Unit and by stage;

- reporting by the Group Internal Control Coordination Committee (GICCC) to General Management: this committee reviews, on the basis of a standardised dashboard for all Business Units/Service Units, the efficiency and the consistency of the permanent control system implemented within the Group, as well as, within the framework of the Risk Internal Governance Assessment (RIGA) process, the ability of the Risk function to exercise its role as the 2nd line of defence in the whole group. Finally, the Risk Department contributes, as a permanent member, to all GICCC meetings, through position papers on the subjects under review.

Although the above reports are used at Group level to monitor and review the Group's risk profile in a global manner, other reports are transmitted to the Board of Directors or to the General Management in order to monitor and control certain types specific risks.

Ad hoc reports can also be produced. By way of illustration, the Group had to adapt its risk management system from the start of the Covid-19 crisis in March 2020. Governance was also strengthened during this period thanks to the activation of cells crisis and the implementation of dedicated reports, whether intended for General Management, the Board of Directors or the supervisor, produced at a higher frequency and including indicators adapted to the context (monitoring of sectors of activity sensitive/weakened by the economic crisis, business continuity, etc.). This crisis mechanism was gradually eased in 2021.

Additional information on risk reporting and assessment systems by type of risk is also presented in the following chapters.

INTEREST RATE BENCHMARK REFORM

Presentation of the reform

Audited I The interest rate benchmark reform (IBOR: InterBank Offered Rates), initiated by the Financial Stability Board in 2014, aims at replacing these benchmark rates with alternative rates, in particular the Risk-Free Rates (RFR). This reform accelerated on 5 March 2021, when the Financial Conduct Authority, the supervisor of LIBOR, announced the official dates for the cessation of loss of representativeness:

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

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

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

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

Impact of the reform for the Societe Generale Group

The Societe Generale Group supports these reforms and takes an active part in the working groups set up by the central banks of the currencies concerned. The Group is actively preparing for these changes, through specific transition program put in place in Summer 2018 and supervised by the Finance division.

For this purpose, the Group has undertaken active awareness and communication campaigns for its customers, supplemented by a monthly newsletter and a question and answer kit on the IBOR transition publicly available on the Societe Generale website.

With the cessation deadlines announced for LIBOR and EONIA in mind, the public authorities and the working groups set up by the central banks issued recommendations to the industry. These recommendations aim at stopping the production of new contracts referencing these indexes as well as at migrating the existing contracts referencing said indexes to alternative benchmark rates.

To ensure a consistent approach throughout the Societe Generale group, an internal Committee has been formed. Its role is to issue periodical orientations reflecting the market trends and recommendations from regulators and their working groups. At the time of writing of this note, ten internal guidelines have been issued and cover three main themes:

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

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

In order to acquire the capacity to deal on products referencing RFRs and thus ensure the continuity of its business after the disappearance of LIBOR and EONIA, the Societe Generale group updated its tools and processes in line with the major calculation methods recommended by the relevant working groups or professional associations. Nevertheless, the Group continues monitoring the developments in the use of RFRs and other alternative rates in order to implement any new conventions and meet its customers' needs.

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

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

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

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

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

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

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

This table has been produced based on the project monitoring data and on the legal status of the contracts migration. At the end of January 2022, there were no significant exposures on the indexes ceasing to be representative as at 31 December 2021. ▲

AUDITED I TABLE 1: FINANCIAL ASSETS AND LIABILITIES AND DERIVATIVES IMPACTED BY THE INTEREST RATE BENCHMARKS REFORM

(In EURbn)		2021		
		Outstanding principal		Notional[1]
Current interest rate benchmarks[5]	New risk-free rates liable to replace the current interest rate benchmarks	Financial assets[2] (excl. derivatives) impacted by the reform	Financial liabilities[3] (excl. derivatives) impacted by the reform	Derivatives[4] impacted by the reform
Indices whose listing ends on 31/12/2021 – Exposures as at 31 January 2022		**1**	**0**	**0**
EONIA - Euro OverNight Index Average	Euro Short-Term Rate (€STR)	0	0	0
LIBOR - London Interbank Offered Rate – GBP	Reformed Sterling Overnight I ndex Average (SONIA)	1	0	0
LIBOR - London Interbank Offered Rate - CHF	Swiss Average Rate Overnight (SARON)	0	0	0
LIBOR - London Interbank Offered Rate – JPY	Tokyo OverNight Average (TONA)	0	0	0
LIBOR - London Interbank Offered Rate – EUR	Euro Short-Term Rate (€STR)	0	0	0
Indices whose listing ends on 30/06/2023 – Exposures as at 30 November 2021		**35**	**3**	**2,403**
LIBOR - London Interbank Offered Rate - USD	Secured Overnight Financing Rate (SOFR)	35	3	2,397
SOR - Singapore Dollar Swap Offer Rate	Singapore Overnight Rate Average (SORA)	0	0	6

(1) Notional used in combination with an interest rate benchmark in order to calculate derivative cash flows.
(2) Including accounts receivable, loans, securities received under repurchase agreements, debt securities bearing interest at variable rates.
(3) Including deposits, borrowings, transactions on securities delivered under repurchase agreements, debt issued in the form of securities bearing interest at variable rates.
(4) Including firm instruments (swaps and futures) and conditional instruments.
(5) Only the major interest rate benchmarks impacted by the IBOR reform are presented in this table. The EURIBOR construction methodology was reformed in 2019 and revised in 2020. Its cessation was announced neither by EMMI – its administrator - nor by ESMA – its regulator. Contracts exposed to this rate are therefore no longer presented in this table.

RISKS ASSOCIATED WITH RATE REFORM

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

- program governance and execution risk, liable to cause delays and loss of opportunities, is monitored as part of the work of regular Committees and arbitration bodies;
- legal documentation risk, liable to lead to post-transition litigations, is managed through fallback clauses inserted in the contracts depending on the availability of market standards;
- market risk, with the creation of a basis risk between the rate curves associated with the different indexes, is the subject of close monitoring and supervision;
- operational risks in the execution of the transition of transactions, depending in particular on the willingness and preparedness of our counterparties, the volume of transactions to be migrated and their spread over time;
- liquidity risk related to increased drawdowns in a context of increased credit costs; the relevance of the integration of this component into the liquidity models will be assessed during the annual review of the drawdown models;
- regulatory risk managed according to the Group guidelines which are in line with the recommendations of the regulators and working groups on the LIBOR transition; these guidelines concern the products which, by exception, continue referencing USD LIBOR;
- misconduct risk, related to the end of LIBOR, notably managed through:
  - specific guidelines detailed by business line,
  - training of the teams,
  - communications to customers (conferences, events, bilateral discussions in particular with the less informed customers) are organised on the transition-related risks, the alternative solutions that may be implemented, and on how they could be affected. ▲

4.3 INTERNAL CONTROL FRAMEWORK

4.3.1 INTERNAL CONTROL

Internal control is part of a strict regulatory framework applicable to all banking institutions.

In France, the conditions for conducting internal controls in banking institutions are defined in the Order of 3 November 2014 modified by the Order of 25 February 2021. This Order, which applies to all credit institutions and investment companies, defines the concept of internal control, together with a number of specific requirements relating to the assessment and management of the various risks inherent in the activities of the companies in question, and the procedures under which the supervisory body must assess and evaluate how the internal control is carried out.

The Basel Committee has defined four principles – independence, universality, impartiality, and sufficient resources – which underpin the internal control carried out by credit institutions.

The Board of Directors ensures that Societe Generale has a solid governance system and a clear organisation ensuring:

- a well-defined, transparent and coherent sharing of responsibilities;
- effective procedures for the detection, management, monitoring and reporting of risks to which the Company could be exposed.

The Board tasks the Group's General Management with rolling out the Group's strategic guidelines to implement this set-up.

The Audit and Internal Control Committee is a Board of Directors' Committee that is specifically responsible for preparing the decisions of the Board in respect of internal control supervision.

As such, General Management submits reports to the Audit and Internal Control Committee on the internal control of the Group. The Committee monitors the implementation of remediation plans when it considers the risk level to be justified.

Internal control is based on a **body of standards and procedures.**

All Societe Generale Group activities are governed by rules and procedures contained in a set of documents referred to collectively as the "Standard Guidelines", compiled in the Societe Generale Code, which:

- set out the rules for action and behavior applicable to Group staff;
- define the structures of the businesses and the sharing of roles and responsibilities;
- describe the management rules and internal procedures specific to each business and activity.

The Societe Generale Code groups together the standard guidelines which, in particular:

- define the governance of the Societe Generale Group, the structures and duties of its Business Units and Services Units, as well as the operating principles of the cross-business systems and processes (Codes of Conduct, charters, etc.);
- set out the operating framework of an activity and the management principles and rules applicable to products and services rendered, and also define internal procedures.

The Societe Generale Code has force of law within the Group and falls under the responsibility of the Group Corporate Secretary.

In addition to the Societe Generale Code, operating procedures specific to each Group activity are applied. The rules and procedures in force are designed to follow basic rules of internal control, such as:

- segregation of functions;
- immediate, irrevocable recording of all transactions;
- reconciliation of information from various sources.

Multiple and evolving by nature, risks are present in all business processes. Risk management and control systems are therefore key to the Bank's ability to meet its targets.

The internal control system is represented by all methods which ensure that the operations carried out and the organisation and procedures implemented comply with:

- legal and regulatory provisions;
- professional and ethical practices;
- the internal rules and guidelines defined by the Company's management body of the undertaking in its executive function.

Internal control in particular aims to:

- prevent malfunctions;
- assess the risks involved, and exercise sufficient control to ensure they are managed;
- ensure the adequacy and effectiveness of internal processes, particularly those which help safeguard assets;
- detect irregularities;
- guarantee the reliability, integrity and availability of financial and management information;
- check the quality of information and communication systems.

The internal control system is based on **five basic principles:**

- the comprehensive scope of the controls, which cover all risk types and apply to all the Group's entities;
- the individual responsibility of each employee and each manager in managing the risks they take or supervise, and in overseeing the operations they handle or for which they are responsible;
- the responsibility of functions, in line with their expertise and independence, in defining normative controls and, for three of them, exercising second-level permanent control;
- the proportionality of the controls to the materiality of the risks involved;
- the independence of internal auditing.

The internal control framework is based on the **"three lines of defence"** model, in accordance with the Basel Committee and European Banking Authority guidelines:

- the **first line of defence** comprises all Group employees and operational management, both within the Business Units and the Services Units in respect of their own operations.

  Operational management is responsible for risks, their prevention and their management (by putting in place first-level permanent control measures, amongst other things) and for implementing corrective or remedial actions in response to any deficiencies identified by controls and/or process steering;

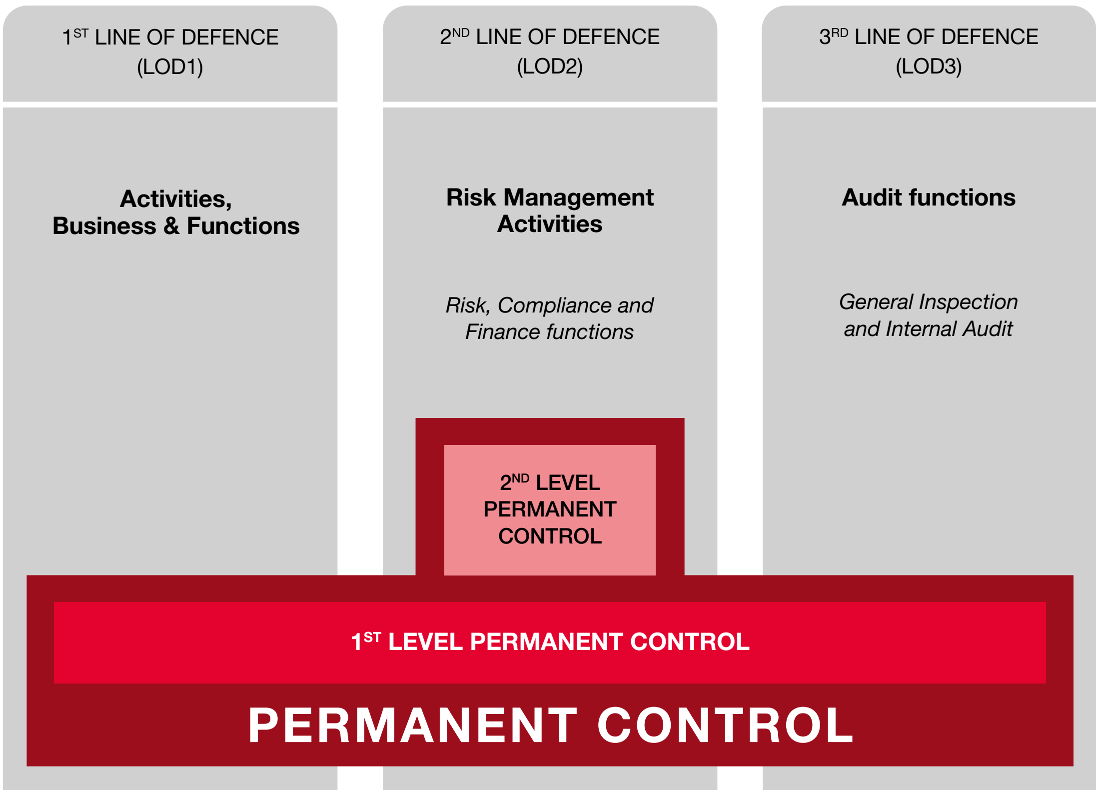
- the **second line of defence** is provided by the risk and compliance functions, as well as by the finance function for the year 2021 (from the financial year 2022, the finance function will fall under the first line of defence).

  Within the internal control framework, operational management is responsible for verifying the proper and continuous running of the risk security and management operation functions through the effective application of established standards, defined procedures, methods and requested controls.

  Accordingly, these functions must provide the necessary expertise to define in their respective fields the controls and other means of risk management to be implemented by the first line of defence, and to ensure that they are effectively implemented; they conduct second-level permanent control over all of the Group's risks, based in particular on the controls they have defined, as well as those defined, if necessary, by other expert functions (*e.g.* sourcing, legal, tax, human resources, information system security, etc.) and by the businesses;

- the **third line of defence** is provided by the Internal Audit Department, which encompasses the General Inspection and Internal Audit functions. This department performs periodic internal audits that are strictly independent of the business lines and the permanent control function;

- **internal control coordination,** which falls under the responsibility of a Deputy Chief Executive Officer for the year 2021 and the Chief Executive Officer from 2022, is also provided at Group level and is rolled out in each of the departments and core businesses.



A Deputy Chief Executive Officer for 2021 and the Chief Executive Officer from 2022 is responsible for ensuring the overall consistency and effectiveness of the internal control system.

The Group Internal Control Coordination Committee is responsible for providing a consolidated overview of the Group's internal control framework, assessing its effectiveness, completeness and consistency, taking corrective measures, and monitoring their implementation.

It is chaired by the Deputy Chief Executive Officer for 2021 and the Chief Executive Officer from 2022 and comprises the Chief Risk Officer, the Chief Financial Officer, the Group Chief Compliance Officer, the Group Chief Information Officer, the Head of Group Internal Audit, and the Head of Internal Control Coordination.

The Group Internal Control Coordination Committee met nine times in 2021. It addressed the following issues:

- review of the effectiveness and consistency of the Group internal control framework;
- review of the effectiveness of the permanent control in the Risk, Compliance and Finance Service Units, as well as the ability of the Risk and Compliance functions to exercise their role as the Second Line of defence for the Group;
- review of the Group quarterly permanent control dashboard prior to its communication to the Group Audit and Internal Control Committee (CACI);
- cross-business review of cybersecurity controls and outsourced activities controls.

The Supervisory Internal Control Coordination Committee (SICCC) performs the regular review of the internal control framework and of risks of every second BU/SU, assessing it in terms of efficiency, consistency and completeness, taking corrective actions and monitoring their implementation.

It is chaired by the representative of General Management (Chief Executive Officer Deputy Chief Executive Officer or Deputy General Manager) in charge of the area under review and brings together the Heads of the second line of defence (CPLE, DFIN, RISQ), the Head of the Group's Information Systems (RESG), the Head of the third line of defence (IGAD), the Head of the Permanent Control Framework and the Coordination of Internal Control (DGLE/PIC), as well as the Heads Business Units and Service Units concerned with the agenda and transversal functions according to the agenda.

The organisation implemented at Group level to coordinate the actions of the various participants in internal control is coordinated in each Business Unit (BU) and Service Unit (SU). All of the Group's BUs and SUs have an Internal Control Coordination Committee. Chaired by the Head of the Business Unit or the Service Unit, these Committees bring together the competent Heads of Internal Audit and Permanent Control for the Business Unit and Service Unit in question, as well as the Head of Group Internal Control Coordination and the Heads of the Group-level control functions.

Permanent control system

The Group's permanent control system comprises:

- the **first-level permanent control,** which is the basis of the Group's permanent control, is performed by the businesses. Its purpose is to ensure the security, quality, regularity and validity of transactions completed at operational level;
- the **second-level permanent control,** which is independent of the businesses and concerns three departments, *i.e.* the Compliance, Risk and Finance Departments.

In 2018, General Management initiated a transformation programme of the Group's permanent control system, which is under its direct supervision. Through a set of actions focusing on areas such as standards, methods, tools, procedures and training, the programme served to consolidate the control culture and optimise risk control, and thus helps to improve the quality and the reliability of services provided to our customers and partners. In 2021, this programme has been finalised and closed, and the transfer of the long-term activities to operating teams has been completed.

FIRST-LEVEL PERMANENT CONTROL

Permanent Level 1 controls, carried out on operations performed by BUs and the SUs, ensure the security and quality of transactions and the operations. These controls are defined as a set of provisions constantly implemented to ensure the regularity, validity, and security of the operations carried out at operational level.

The permanent Level 1 controls consist of:

- **any combination of actions and/or devices that may limit the likelihood of a risk occurring or reduce the consequences for the Company:** these include controls carried out on a regular and permanent basis by the businesses or by automated systems during the processing of transactions, automated or non-automated security rules and controls that are part of transaction processing, or controls included in operational procedures. Also falling into this category are the organisational arrangements (*e.g.*, segregation of duties) or governance, training actions, when they directly contribute to controlling certain risks;
- **controls performed by managers:** line managers control the correct functioning of the devices for which they are responsible. As such, they must apply formal procedures on a regular basis to ensure that employees comply with rules and procedures, and that Level 1 controls are carried out effectively.

Defined by a Group entity within its scope, Level 1 controls include controls (automated or manual) that are integrated into the processing of operations, proximity controls included in operating procedures, safety rules, etc. They are carried out in the course of their daily activities by agents directly in charge of an activity or by their managers. These controls aim to:

- ensure the proper enforcement of existing procedures and control of all risks related to processes, transactions and/or accounts;
- alert management in the event of identified anomalies or malfunctions.

Permanent Level 1 controls are set by management and avoid, as far as possible, situations of self-assessment. They are defined in the procedures and must be traced without necessarily being formalised, *e.g.* preventive automated controls that reject 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 fulfill its mandate, the Group's IGAD Service Unit has adequate resources from a qualitative and quantitative point of view. The Group's Inspection and Audit Service Unit has about 1,100 employees.

The Group Head of Inspection and Audit reports directly to the Group Chief Executive Officer, with whom it holds regular meetings. The Group Head of Inspection and Audit meets regularly with the Chairman of the Board of Directors. The Audit and Internal Control Committee and the Risk Committee refer to the Group Head of Inspection and Audit on their initiative or at his request on any subject. The Group Head of Inspection and Audit participates in the Internal Control Committee and the Risk Committee meetings. Moreover, bilateral meetings are held as needed between the Group Head of Inspection and Audit and the chairpersons of these Committees.

The Inspection and Audit Service Unit (IGAD) is part of the Group's internal control framework. IGAD carries out an internal audit mandate through its missions. In its role as the third line of defence, it is strictly independent from the Group's business units and permanent control functions.

In line with standards set by the IIA (Institute of Internal Auditors), IGAD's internal audit mandate is defined as an independent and objective activity that provides the Group with assurance as to how effectively it is controlling its operations, advises on improvements and contributes to the creation of added value. By carrying out this mandate, Inspection and Internal Audit help the Group to achieve its targets by evaluating systematically and methodically its processes for risk management, control and corporate governance and making recommendations to increase their efficiency.

The Inspection and Audit Service Unit exercises a key role in the Group's risk management set-up and can assess any of its components.

Under this mandate, the General Inspection and Internal Audit assess (i) the quality of risk management within an audited scope, (ii) the permanent control framework is adequately structured and effective, (iii) management's risk awareness and compliance with conduct rules and expected professional practices.

Whilst Audit Departments perform solely an internal audit role, General Inspection has, in addition to its internal audit role, a mandate to undertake other assignments such as any type of analysis or research, be involved in the assessment of strategic projects or intervene on specific subjects as requested by General Management. Such assignments, limited with regards to resources dedicated to them, are carried out within a framework ensuring that ethical principles defined in Institute of Internal Auditors' Standards are being met.

The General Inspection also supervises the rollout of data-analysis initiatives within the scope of Inspection and Audit activities. This mission is ensured *via* a dedicated data-lab (INS/DAT), under the responsibility of an Inspection Managing Director *(Inspecteur principal)*. The General Inspection also supervises and coordinates the Service Unit's relationship with regulators.

IGAD centrally has six distinct Audit Departments. Each of these Audit Departments is placed under the supervision of a Head of internal Audit responsible for the auditing on a specific scope of activities. A matrix organisation allows coverage of the main cross-business issues at Group level. In France, the Internal Audit teams are hierarchically linked to the Inspection unit. Audit Department heads based in branches or affiliates overseas report to the local entity's head. However, in their internal audit role they report directly to the Internal Audit Head in charge of their region or entity.

Inspection and Audit teams work together on an annual risk assessment to define the Inspection and Audit plans for the upcoming year. IGAD teams regularly work together on joint assignments. They issue recommendations to correct issues identified in risk management and generally improve operations and risk management. IGAD teams are subsequently in charge of monitoring the effective implementation of these recommendations.

4.3.2 CONTROL OF THE PRODUCTION AND PUBLICATION OF FINANCIAL MANAGEMENT INFORMATION

The participants involved

There are many participants in the production of financial data:

- the **Board of Directors**, and more specifically its **Audit and Internal Control Committee**, has the task of examining the draft financial statements which are to be submitted to the Board, as well as verifying the conditions under which they were prepared and ensuring not only the relevance but also the consistency of the accounting principles and methods applied. The Audit and Internal Control Committee's remit also is to monitor the independence of the Statutory Auditors, and the effectiveness of the internal control, measurement, supervision and control systems for risk related to the accounting and financial processes. The Statutory Auditors meet with the Audit and Internal Control Committee during the course of their assignment;
- the **Group Finance Department** gathers the accounting and management data compiled by the subsidiaries and the Business Units/Services Units in a set of standardised reports. It consolidates and verifies this information so that it can be used in the overall management of the Group and disclosed to third parties (supervisory bodies, investors, etc.). It also has a team in charge of the preparation of the Group regulatory reports;

  In the framework of these missions, it is in charge of:

  - monitoring the financial aspects of the Group's capital transactions and its financial structure,
  - managing its assets and liabilities, and consequently defining, managing and controlling the Group's financial position and structural risks,
  - ensuring that the regulatory financial ratios are respected,
  - defining accounting and regulatory standards, frameworks, principles and procedures for the Group, and ensuring that they are observed,
  - verifying the accuracy of all financial and accounting data published by the Group;
- the **Finance Departments of subsidiaries and Business Units/Services Units** carry out certification of the accounting data and entries booked by the back offices and of the management data submitted by the front offices. They are accountable for the financial statements and regulatory information required at the local level and submit reports (accounting data, finance control, regulatory reports, etc.) to the Group Finance Department. They can perform these activities on their own or else delegate their tasks to Shared Service Centres operating in finance and placed under Group Finance Department governance;
- the **Risk Department** consolidates the risk monitoring data from the Group's Business Units/Services Units and subsidiaries in order to control credit, market and operational risks. This information is used in Group communications to the Group's governing bodies and to third parties. Furthermore, it ensures in collaboration with the Group Finance Department, its expert role on the dimensions of credit risk, structural liquidity risks, rates, exchange rates, on the issues of recovery and resolution and the responsibility of certain closing processes, notably the production of solvency ratios;
- the **Back offices** are responsible for all support functions to front offices and ensure contractual settlements and deliveries. Among other responsibilities, they check that financial transactions are economically justified, book transactions and manage means of payment.

Accounting and regulatory standards

Local financial statements are drawn up in accordance with local accounting standards, and the consolidated Group financial statements are prepared in accordance with the standards defined by the Group Finance Department , which are based on IFRS as adopted by the European Union.

The applicable standards on solvency and liquidity, promulgated by the Basel Committee, were translated into European law by a directive (CRD4) and a regulation (CRR). They were rounded out by the Regulation CRR2 and the Directive CRD5 which entered into force on 28 June 2019. These texts are supplemented by several delegated acts and implementation technical standards. As the Societe Generale Group is identified as a "financial conglomerate", it is subjected to additional supervision.

The Group Finance Department has dedicated teams that monitor the applicable standards and draft new internal standards to comply with any changes in the accounting and regulatory framework.

Procedures for producing financial and accounting data

Each entity in the consolidation scope of the Group prepares its own accounting and management statements on a monthly basis. This information is then consolidated each month at Group level and published for the markets on a quarterly basis. Data reported are subject to analytical reviews and consistency checks performed by Finance Department or delegated to financial shared service centres acting under their responsibility and sent to the Group Finance Department. The Group Finance Department forwards the consolidated financial statements, Management Reports and regulatory statements to General Management and any interested third parties.

In practice, procedures have been tailored to the growing complexity of products and regulations. Moreover, specific adaptation action plans can be implemented where necessary.

Internal control procedures governing the production of financial and accounting data

Accounting data are compiled independently of the front offices and the sales teams.

The quality and objectivity of the accounting and management data are ensured by the separation of sales functions and all the functions of operational processing and follow-up of the operations: back offices and middle offices integrated into Resources Department and teams in charge of result production integrated into Finance Department. These teams carry out a series of controls defined by Group procedures on financial and accounting data, in particular:

- verification of the economic justification of all information reported;

- reconciliation of accounting and management data, using specific procedures, respecting the specified deadlines;
- for market activities, reconciliation between the accounting result, produced by the Finance Department and the economic result, produced by a dedicated expert department in the Risk Department.

Given the increasing complexity of the Group's financial activities and organisation, staff training and IT tools are regularly upgraded to ensure that the production and verification of accounting and management data are effective and reliable.

SCOPE OF CONTROL

In practice, the internal control procedures implemented in the Group's businesses are designed to guarantee the quality of financial and accounting information, and notably to:

- ensure that the transactions entered in the Group's accounts are exhaustive and accurate;
- validate the valuation methods used for certain transactions;
- ensure that transactions are correctly assigned to the corresponding fiscal period and recorded in the accounts in accordance with the applicable accounting regulations, and that the accounting aggregates used to prepare the Group financial statements are compliant with the regulations in force;
- ensure the inclusion of all entities that must be consolidated in accordance with Group regulations;
- check that the operational risks associated with the production and transmission of accounting data through the IT system are correctly controlled, that the necessary adjustments are accurately performed, that the reconciliation of accounting and management data is satisfactory, and that the flows of cash payments and other items generated by transactions are exhaustive and adequate.

CONTROL BY THE FINANCE DEPARTMENTS

The Finance Department of each subsidiary checks the accuracy and consistency of the financial statements with respect to the relevant accounting frameworks (local standards and IFRS for subsidiaries, as well as French standards for branches). It performs checks to guarantee the accuracy of the information disclosed.

The data received for consolidation from each subsidiary are drawn from corporate accounting data by the subsidiaries after they have been locally brought into compliance with Group accounting principles.

Each subsidiary must be able to explain the transition from the Company financial statements to the financial statements reported through the consolidation tool.

The Finance Departments of the Business Units/Services Units have a dedicated department for financial management and control.

CONTROL BY THE FINANCIAL SHARED SERVICE CENTRES

Financial shared service centres perform the first-level controls necessary to ensure the reliability of accounting, tax and regulatory information on the financial statements they produce in accordance with local and IFRS standards and notably data quality and consistency checks (equity, securities, foreign exchange, financial aggregates from the balance sheet and income statement, deviations from standards), justification and certification of the financial statements under their responsibility, intercompany reconciliation of the financial statements, regulatory statement checks and verification of evidence of tax charges and balances (current, deferred and duties).

These controls are declared as part of the managerial supervision and Group accounting certification processes.

These controls allow the Shared Services Centres to provide all necessary information to the Finance Departments of Business Units/Services Units and the Group Finance and Accounting Department to ensure the reliability and consistency of the accounts prepared.

SUPERVISION BY THE GROUP FINANCE DEPARTMENT

Once the financial statements prepared by the entities have been restated according to Group standards, they are entered into a central database and processed to produce the consolidated statements.

The service in charge of consolidation in the Group Accounting Officer Department checks that the consolidation scope complies with the applicable accounting standards and performs multiple checks on data received for consolidation purposes. These checks include:

- confirmation that the data collected are properly aggregated;
- verification of recurring and non-recurring consolidation entries;
- exhaustive treatment of critical points in the consolidation process;
- treatment of any residual differences in reciprocal or intercompany statements.

Last, this service ensures that the overall consolidation process has been conducted properly by performing analytical reviews of the summary data and verifying the consistency of the main aggregates of the financial statements. Changes in shareholders' equity, goodwill, provisions and any deferred taxes consolidated in the fiscal year are also analysed.

A team in this department is in charge of managing and coordinating the quarterly Group accounting certification framework to certify first-level controls on a quarterly basis (internal control certification).

The Group Finance Department has also a dedicated team, it which is responsible for ensuring second-level permanent controls on all Finance processes and for implementing the framework within the Group. Its mission is to ensure the effectiveness, quality and relevance of the Level 1 control framework by assessing it through process or activity reviews, testing controls and quarterly certifications. The team, reporting directly to the Group Finance Department, also reports to the Head of Permanent & Internal Control Division of Societe Generale Group.

Accounting audit framework

CONTROLS BY ALL OPERATIONAL STAFF INVOLVED IN THE PRODUCTION OF ACCOUNTING, FINANCIAL AND MANAGEMENT DATA

The operational staff monitor their activity *via* a permanent supervision process under the direct responsibility of their management teams, repeatedly verifying the quality of the controls carried out on accounting data and the associated accounting treatment.

CONTROLS THROUGH AUDITS AND SPECIALISED AUDIT TEAMS OF THE INTERNAL AUDIT DEPARTMENT

Internal Audit and the General Inspection define their audits and inspections using a risk-based approach and define an annual work programme (Inspection and Audit plan schedule - *plan de tournée*). As part of their assignments, teams may verify the quality of the control environment contributing to the quality of the accounting and management data produced by the audited entities. They may check a certain number of accounts and assess the reconciliations between accounting and management data, as well as the quality of the permanent supervision procedures for the production and control of accounting data. They also assess the performance of IT tools and the accuracy of manual processing.

The department in charge of auditing the Group's Central Departments is responsible for auditing the Group Finance Department. Within that department, a distinct team, placed under the responsibility of a dedicated Audit Business Correspondent monitors and animates audit work related to accounting and financial matters on a Group-wide basis. The team provides expertise in identifying the Group's main accounting risks and develops training sessions and methodologies to help share expertise in the auditing of accounting risks.

Audit missions pertaining to accounting matters are carried out by that team, for the subjects considered as the most material for the accuracy of the Group's accounting information, as well as by Audit Departments based in the Group's entities.

Based on their findings, these teams issue recommendations to the parties involved in the production and control of accounting, financial and management data. Departments being assigned these recommendations are responsible for their implementation. A monitoring is performed by IGAD.

4.4 CAPITAL MANAGEMENT AND ADEQUACY

4.4.1 THE REGULATORY FRAMEWORK

Audited I Since January 2014, Societe Generale has applied the Basel III regulations implemented in the European Union through a regulation and a directive (CRR and CRD4 respectively).

The general framework defined by Basel III is structured around three pillars:

- Pillar 1 sets the minimum solvency, leverage and liquidity requirements and defines the rules that banks must use to measure risks and calculate the related capital requirements, according to standard or more advanced methods;
- Pillar 2 concerns the discretionary supervision implemented by the competent authority, which allows them – based on a constant dialogue with supervised credit institutions – to assess the adequacy of capital requirements as calculated under Pillar 1, and to calibrate additional capital requirements taking into account all the risks to which these institutions are exposed;
- Pillar 3 encourages market discipline by developing a set of qualitative or quantitative disclosure requirements which will allow market participants to better assess a given institution's capital, risk exposure, risk assessment processes and, accordingly, capital adequacy.

Several amendments to European regulatory standards were adopted in May 2019 (CRR2/CRD5). The majority of these provisions entered into force in June 2021.

The amendments include:

- NSFR: The text introduces the regulatory requirements for the NSFR ratio. A ratio of 100% must now be respected from June 2021;
- Leverage ratio: the minimum requirement of 3% to which will be added, from 2023, 50% of the buffer required as a systemic institution;
- Derivatives counterparty risk (SA-CCR): the "SA-CCR" method is the Basel method replacing the "CEM" method for determining prudential exposure to derivatives in a standard approach;
- Large Risks: the main change is the calculation of the regulatory limit (25%) on Tier 1 (instead of total own funds), as well as the introduction of a specific cross-limit on systemic institutions (15%);
- TLAC: The ratio requirement for G-SIBs is introduced in CRR. In accordance with the Basel text, G-SIBs must respect an amount of own funds and eligible debt equal at the most between 16%+weighted risk capital buffers and 6% of leverage exposure in 2019, with the ratio increasing to 18%+risk-weighted buffers and 6.75% leverage in 2022.

With regard to the implementation of the market risk reform (FRTB), after the publication of the first revised standard in January 2016 and of the consultation in March 2018 on this subject, the Basel Committee published in January 2019 its final text: BCBS457. In March 2020, the Basel Committee announced a one-year delay in the implementation of FRTB (1 January 2023 instead of 1 January 2022 as originally planned in the January 2019 text).

The European FRTB calendar would be as follows:

- regarding reporting requirements:
  - the Standardised Approach (SA) has been effective since Q3 2021,
  - for the Internal Model Approach (IMA), reporting should start three years after the publication in the Official Journal of the European Union (OJEU) of three technical standards (RTS) of the EBA, which are expected for Q1 2022;
- the capital requirements for FRTB: a two-year postponement (i.e. to 1 January 2027) could be applied in the event of unlevel playing field with the United States.

In December 2017, the Group of Central Bank Governors and Heads of Supervision (GHOS), the Basel Committee's oversight body, endorsed the regulatory reforms aiming to complete Basel 3.

A first version of the transposition text was published by the European Commission on 27 October 2021 ("CRR3 - CRD6") and will serve as support for the European Trialogue. The text will then have to be voted on by Parliament to become applicable.

These new rules, which were to take effect from 2022, have been postponed to January 2025 with an overall output floor: the risk-weighted assets (RWA) will be floored to a percentage of the standard method (credit, market and operational). The output floor level will increase gradually, from 50% in 2025 to 72.5% in 2030.▲

In the face of the health crisis and of its economic and financial consequences, a number of measures have been taken by the supervisory and regulatory authorities in 2020. Some of them are still in force. For example, the ECB announced the possibility of operating below the conservation cushion (CCB), as well as the countercyclical (CCyB) and the Systemic Risk Buffer (0% in France) cushions.

Moreover, the European Parliament and the Council reached an agreement through the CRR "quick fix" regulation, implemented as of 30 June 2020 part of whose provisions consisted in anticipating the implementation of CRR2/CRD5 measures that improve banks' CET1 capital. The "quick fix" has postponed the implementation of the leverage buffer (0.5% for the Group) from 1 January 2022 to 1 January 2023 to be in line with the recommendation of the Basel Committee.

In 2021, the level of additional capital requirements in respect of Pillar 2 (P2R or "Pillar 2 Requirement"), effective since 1 March 2019, remained at 1.75%. In 2022, the European Central Bank notified the level of requirement in respect of P2R (Pillar 2 Requirement) for Societe Generale, which will apply from 1 March 2022. This level stands at 2.12%, including the additional requirement regarding Pillar 2 prudential expectations on the provisioning of non-performing loans granted before 26 April 2019.

Detailed information on the G-SIB requirements and other prudential information are available on the Group website, www.societe generale.com.

Throughout 2021, Societe Generale complied with the minimum ratio requirements applicable to its activities.

4.4.2 CAPITAL MANAGEMENT

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

- maintaining its financial strength and respecting the risk appetite;
- preserving its financial flexibility to finance organic growth and growth through acquisitions;
- allocating adequate capital to the various businesses, according to the Group's strategic objectives;
- maintaining the Group's resilience in the event of stress scenarios;
- meeting the expectations of its various stakeholders: supervisors, debt and equity investors, rating agencies, and shareholders.

The Group determines its internal solvency targets in accordance with these objectives and regulatory thresholds.

The Group has an internal process for assessing the adequacy of its capital that measures and explains the evolution of the Group's capital ratios over time, taking into account any future regulatory constraints and changes in the scope. ▲

This process is based on a selection of key metrics that are relevant to the Group in terms of risk and capital measurement, such as CET1, Tier 1 and Total Capital ratios. These regulatory indicators are supplemented by an assessment of the coverage of internal capital needs by available CET1 capital, thus confirming the relevance of the targets set in the risk appetite. In addition, this assessment takes into account the constraints arising from the other metrics of the risk appetite, such as rating, MREL, TLAC and leverage ratio.

All these indicators are measured on a forward-looking basis in relation to their target on a quarterly or even monthly basis for the current year. During the preparation of the financial plan, they are also assessed on an annual basis over a minimum of three-year horizon according to a baseline and adverse scenarios, in order to demonstrate the resilience of the bank's business model against adverse macroeconomic and financial environments. Capital adequacy is continuously monitored by the General Management and by the Board of Directors as part of the Group's corporate governance process and is reviewed in depth during the preparation of the financial plan. It ensures that the bank always complies with its financial target with a buffer above the "Maximum Distributable Amount" (MDA) threshold.

In addition, the Group maintains a balanced capital allocation among its three strategic core businesses:

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

Each of the Group's core businesses accounts for around a third of total Risk-Weighted Assets (RWA), with a predominance of credit risk (84% of total Group RWA, including counterparty credit risk).

At 31 December 2021, Group RWA were up 3% to EUR 363 billion, compared with EUR 352 billion at end-December 2020.

The evolution of the business lines' RWA lies at the core of the operational management of the Group's capital trajectory based on a detailed understanding of the vectors of variations. Where appropriate, the General Management may decide, upon a proposal from the Finance Department, to implement managerial actions to increase or reduce the share of the business lines, for instance by validating the execution of synthetic securitisation or of disposals of performing or non-performing portfolios.

4.4.3 SCOPE OF APPLICATION – PRUDENTIAL SCOPE

The Group's prudential reporting scope includes all fully consolidated entities, with the exception of insurance entities, which are subject to separate capital supervision.

All regulated entities of the Group comply with their prudential commitments on an individual basis.

Non-regulated entities outside of the scope of prudential consolidation are subject to periodic reviews, at least annually.

The following table provides the main differences between the accounting scope (consolidated Group) and the prudential scope (Banking Regulation requirements).

TABLE 2: DIFFERENCE BETWEEN ACCOUNTING SCOPE AND PRUDENTIAL REPORTING SCOPE

Type of entity	Accounting treatment	Prudential treatment
Entities with a finance activity	Full consolidation	Full consolidation
Entities with an Insurance activity	Full consolidation	Equity method
Holdings with a finance activity by nature	Equity method	Equity method
Joint ventures with a finance activity by nature	Equity method	Proportional consolidation

The following table provides a reconciliation between the consolidated balance sheet and the accounting balance sheet within the prudential scope. The amounts presented are accounting data, not a measure of RWA, EAD or prudential capital. Prudential filters related to entities and holdings not associated with an insurance activity are grouped together on account of their non-material weight (< 0.1%).

TABLE 3: RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS

ASSETS at 31.12.2021 *(In EURm)*	**Balance sheet as in published financial statements**	**Prudential restatements linked to insurance**[1]	**Prudential restatements linked to consolidation methods**	**Balance sheet under regulatory scope of consolidation**
Cash, due from banks	179,969	(0)	0	179,969
Financial assets at fair value through profit or loss	342,714	11,128	(0)	353,842
Hedging derivatives	13,239	30	-	13,269
Financial assets at fair value through other comprehensive income	43,450	(0)	-	43,450
Securities at amortised cost	19,371	(0)	-	19,371
Due from banks at amortised cost	55,972	(0)	90	56,062
o.w. subordinated loans to credit institutions	*99*	*(0)*	*-*	*99*
Customer loans at amortised cost	497,164	1,575	(6)	498,733
Revaluation differences on portfilios hedged against interest rate risk	131	-	-	131
Investment of insurance activities	178,898	(178,898)	-	-
Tax assets	4,812	(195)	0	4,617
o.w. deferred tax assets that rely on future profitability excluding those arising from temporary differences	*1,719*	*-*	*(622)*	*1,096*
o.w. deferred tax assets arising from temporary differences	*2,111*	*-*	*378*	*2,489*
Other assets	92,898	(2,654)	114	90,357
o.w. defined-benefit pension fund assets	*85*	*-*	*-*	*85*
Non-current assets held for sale	27	-	-	27
Investments accounted for using the equity method	95	4,629	(76)	4,649
Tangible and intangible assets	31,968	(163)	0	31,805
o.w. intangible assets exclusive of leasing rights	*2,733*	*-*	*(134)*	*2,599*
Goodwill	3,741	(325)	-	3,416
TOTAL ASSETS	**1,464,449**	**(164,873)**	**121**	**1,299,698**

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

LIABILITIES at 31.12.2021 *(In EURm)*	**Balance sheet as in published financial statements**	**Prudential restatements linked to insurance**[1]	**Prudential restatements linked to consolidation methods**	**Balance sheet under regulatory scope of consolidation**
Due to central banks	5,152	-	-	5,152
Financial liabilities at fair value through profit or loss	307,563	1,854	-	309,418
Hedging derivatives	10,425	4	-	10,429
Debt securities issued	135,324	432	-	135,757
Due to banks	139,177	(2,574)	49	136,652
Customer deposits	509,133	1,002	(121)	510,013
Revaluation differences on portfolios hedged against interest rate risk	2,832	-	-	2,832
Tax liabilities	1,577	(299)	0	1,279
Other Liabilities	106,305	(8,962)	193	97,536
Non-current liabilities held for sale	1	-	-	1
Liabilities related to insurance activities contracts	155,288	(155,288)	-	-
Provisions	4,850	(23)	-	4,827
Subordinated debts	15,959	40	-	15,999
o.w. redeemable subordinated notes including revaluation differences on hedging items	*15,519*	*42*	*-*	*15,561*
TOTAL DEBTS	**1,393,586**	**(163,813)**	**122**	**1,229,894**
Subtotal Equity, Group share	65,067	(202)	(0)	64,865
Issued common stocks, equity instruments and capital reserves	*29,447*	*1*	*-*	*29,448*
Retained earnings	*30,631*	*(203)*	*(0)*	*30,428*
Net income	*5,641*	*0*	*-*	*5,641*
Unrealised or deferred capital gains and losses	*(652)*	*0*	*(0)*	*(653)*
Minority interests	5,796	(858)	-	4,939
TOTAL EQUITY	**70,863**	**(1,060)**	**(0)**	**69,804**
TOTAL LIABILITIES	**1,464,449**	**(164,873)**	**121**	**1,299,698**

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

Some accounting work detailed in Chapter 6 of the present Universal Registration Document (as well as in the Group's financial statements published on 10 February 2022) have led to the restatement of comparative data on the balance sheet as at 31 December 2020. The main impact (amounting to EUR 17.5 billion) is linked with the review of the offsets between financial assets and liabilities done by the Group in 2021, enabling the identification of revaluations of transaction derivatives wrongly recognised on the liabilities side of the balance sheet instead of being booked in reduction of the assets and conversely, as well as inconsistencies in the accounting schemes of the macro hedging activities with the same impacts on the presentation of the balance sheet.

ASSETS at 31.12.2020 *(In EURm)*	**Balance sheet as in published financial statements**	**Prudential restatements linked to insurance**[(1)]	**Prudential restatements linked to consolidation methods**	**Balance sheet under regulatory scope of consolidation**
Cash, due from banks	168,179	(0)	0	168,179
Financial assets at fair value through profit or loss	411,916	10,966	(0)	422,882
Hedging derivatives	20,667	22	-	20,689
Financial assets at fair value through other comprehensive income	52,060	(0)	-	52,060
Securities at amortised cost	15,635	(0)	-	15,635
Due from banks at amortised cost	53,380	0	214	53,594
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	4,995	(88)	0	4,907
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	*2,261*	-	*436*	*2,697*
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	**1,444,404**	**(152,763)**	**183**	**1,291,824**

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

LIABILITIES at 31.12.2020 *(In EURm)*	**Balance sheet as in published financial statements**	**Prudential restatements linked to insurance**[(1)]	**Prudential restatements linked to consolidation methods**	**Accounting balance sheet within the prudential scope**
Due to central banks	1,489	-	-	1,489
Financial liabilities at fair value through profit or loss	372,705	2,031	-	374,736
Hedging derivatives	12,461	10	-	12,471
Debt securities issued	138,957	823	-	139,780
Due to banks	135,571	(2,710)	43	132,904
Customer deposits	456,059	1,438	(58)	457,439
Revaluation differences on portfolios hedged against interest rate risk	7,696	-	-	7,696
Tax liabilities	1,227	(294)	0	933
Other Liabilities	84,937	(6,881)	198	78,254
Non-current liabilities held for sale	-	-	-	-
Liabilities related to insurance activities contracts	146,126	(146,126)	-	-
Provisions	4,732	(20)	-	4,712
Subordinated debts	15,432	40	-	15,472
o.w. redeemable subordinated notes including revaluation differences on hedging items	*15,001*	*40*	-	*15,041*
TOTAL DEBTS	**1,377,392**	**(151,690)**	**183**	**1,225,885**
Subtotal Equity, Group share	61,710	(202)	(0)	61,508
Issued common stocks, equity instruments and capital reserves	*31,628*	*0*	-	*31,628*
Retained earnings	*32,102*	*(202)*	*(0)*	*31,900*
Net income	*(258)*	*(0)*	-	*(258)*
Unrealised or deferred capital gains and losses	*(1,761)*	*(0)*	*(0)*	*(1,762)*
Minority interests	5,302	(871)	-	4,431
TOTAL EQUITY	**67,012**	**(1,074)**	**(0)**	**65,938**
TOTAL LIABILITIES	**1,444,404**	**(152,763)**	**183**	**1,291,824**

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

The main Group companies outside the prudential reporting scope are as follows:

TABLE 4: ENTITIES OUTSIDE THE PRUDENTIAL SCOPE

Company	Activity	Country
Antarius	Insurance	France
ALD RE Designated Activity Company	Insurance	Ireland
Catalyst RE International LTD	Insurance	Bermuda
Société Générale Strakhovanie Zhizni LLC	Insurance	Russia
Sogelife	Insurance	Luxembourg
SG Strakhovanie LLC	Insurance	Russia
Sogecap	Insurance	France
Komercni Pojstovna A.S.	Insurance	Czech Republic
La Marocaine Vie	Insurance	Morocco
Oradea Vie	Insurance	France
SGL RE	Insurance	Luxembourg
Société Générale RE SA	Insurance	Luxembourg
Sogessur	Insurance	France
Banque Pouyanne	Bank	France

Generally, all regulated Group undertakings are subject to solvency requirements set by their respective supervisory authorities. Regulated financial entities and affiliates outside of Societe Generale’s prudential consolidation scope are all in compliance with their respective solvency requirements. As a general principle, all banks should be subject to double supervision, on a standalone basis and on a consolidated basis but the CRR allows, under specific conditions, waivers from the requirements on an individual basis granted by the competent authorities.

The supervisory authority accepted that some Group entities may be exempted from the application of prudential requirements on an individual basis or, where applicable, on a sub-consolidated basis. Terms and conditions of waiver of requirements granted by supervisors include a commitment to provide these subsidiaries with the Group's support to ensure their overall solvency and liquidity, as well as a commitment to ensure that they are managed prudently according to the applicable banking regulations.

The conditions for applying waivers regarding monitoring on an individual basis for a Parent Institution, as far as solvency and large exposure ratios are concerned, are defined by the CRR, which stipulates that two conditions have to be met:

- there is no significant obstacle, in law or in fact, current or anticipated, to the prompt transfer of equity capital or the rapid repayment of liabilities to the Parent Institution in a Member State;
- the risk assessment, measurement and control procedures that are useful for the purposes of supervision on a consolidated basis cover the Parent Institution in a Member State.

Accordingly, for instance, Societe Generale SA is not subject to prudential requirements on an individual basis.

Any transfer of equity or repayment of liabilities between the parent company and its entities is carried out in compliance with capital and liquidity requirements that are locally applicable.

4.4.4 REGULATORY CAPITAL

Reported in accordance with International Financial Reporting Standards (IFRS), Societe Generale's regulatory capital consists of the following components.

Common Equity Tier 1 capital

According to the applicable regulations, Common Equity Tier 1 capital is made up primarily of the following:

- ordinary shares (net of repurchased shares and treasury shares) and related share premium accounts;
- retained earnings;
- components of other comprehensive income;
- other reserves;
- minority interests limited by CRR/CRD4.

Deductions from Common Equity Tier 1 capital essentially involve the following:

- estimated dividend payments;
- goodwill and intangible assets, net of associated deferred tax liabilities;
- unrealised capital gains and losses on cash flow hedging;
- income on own credit risk;
- deferred tax assets on tax loss carryforwards;
- deferred tax assets resulting from temporary differences beyond a threshold;
- assets from defined benefit pension funds, net of deferred taxes;
- any positive difference between expected losses on customer loans and receivables managed under the internal ratings-based (IRB) approach, and the sum of related value adjustments and collective impairment losses;
- expected losses on equity portfolio exposures;
- value adjustments resulting from the requirements of prudent valuation;
- securitisation exposures weighted at 1,250%, when these positions are excluded from the calculation of RWA.

Additional Tier 1 capital

According to CRR/CRD4 regulations, Additional Tier 1 capital is made up of deeply subordinated notes that are issued directly by the Bank, and have the following features:

- these instruments are perpetual and constitute unsecured, deeply subordinated obligations. They rank junior to all other obligations of the Bank, including undated and dated subordinated debt, and senior only to common stock shareholders;
- Societe Generale may elect, on a discretionary basis, not to pay the interest and coupons linked to these instruments. This compensation is paid out of distributable items;
- they include neither a step-up in compensation nor any other incentive to redeem;
- they must have a loss-absorbing capacity;
- they might be haircut or converted when in resolution or independently of a resolution measurement;
- subject to the prior approval of the European Central Bank, Societe Generale has the option to redeem these instruments at certain dates, but no earlier than five years after their issuance date.

Deductions of Additional Tier 1 capital essentially apply to the following:

- AT1 hybrid treasury shares;
- holding of AT1 hybrid shares issued by financial sector entities;
- minority interests beyond the minimum T1 requirement in the entities concerned.

Tier 2 capital

Tier 2 capital includes:

- undated deeply subordinated notes[1];
- dated subordinated notes;
- any positive difference between the sum of value adjustments and impairment losses on customer loans and receivables exposures managed under the IRB approach and expected losses, up to 0.6% of total credit RWA under the IRB approach;
- value adjustments for credit risk related to collective impairment losses on customer loans and receivables exposures managed under the standardised approach, up to 1.25% of total credit RWA.

Deductions of Tier 2 capital essentially apply to the following:

- Tier 2 hybrid treasury shares;
- holding of Tier 2 hybrid shares issued by financial sector entities;
- minority interests beyond the minimum capital requirement in the entities concerned.

All capital instruments and their features are detailed online (*www.societegenerale.com/en/measuring-our-performance/information-and-publications/registration-documents*).

(1) The undated deeply subordinated notes' remuneration will be paid from the distributable profits for the purposes of the consolidated prudential regulation.

TABLE 5: CHANGES IN DEBT INSTRUMENTS ELIGIBLE FOR SOLVENCY CAPITAL REQUIREMENTS

(In EURm)	31.12.2020	Issues	Redemptions	Prudential supervision valuation haircut	Others	31.12.2021
Debt instruments eligible for Tier 1	8,830	883	(2,222)	-	512	8,003
Debt instruments eligible for Tier 2	12,587	2,011	(1,630)	(1,512)	364	11,820
TOTAL ELIGIBLE DEBT INSTRUMENTS	**21,417**	**2,894**	**(3,852)**	**(1,512)**	**876**	**19,823**

Solvency ratios

The solvency ratios are set by comparing the Group's equity (Common Equity Tier 1 (CET1), Tier 1 (T1) or Total Capital (TC)) with the sum of risk-weighted credit exposures and the capital requirement multiplied by 12.5 for market and operational risks. They are expressed as a percentage of RWA and according to the split of own funds i.e.: Common Equity Tier 1 (CET1), Tier 1 (T1) or Total Capital (TC).

Each quarter, the ratios are calculated following the accounting closing and then compared to the supervisory requirements.

The Pillar 1 regulatory minimum capital requirement is set at 4.5% for CET1, 6% for T1 and 8% for TC. This minimum remains stable over time.

The minimum Pillar 2 requirement (P2R) is set by the supervisor following the Supervisory Review and Evaluation Process (SREP). It has stood at 1.75% since 1 March 2019 and until 28 February 2022. From 1 March 2022, this level will stand at 2.12%, including the additional requirement regarding Pillar 2 prudential expectations on the provisioning of non-performing loans granted before 26 April 2019.

In addition to these requirements comes the overall buffer requirement which is the sum of:

- the mean of the countercyclical buffer rates of each country, weighted by the relevant credit risk exposures in these countries. As of 1 January 2022, Societe Generale's countercyclical buffer is equal to 0.04%;
- the conservation buffer in force since 1 January 2016 with a maximum level standing at 2.50% since 1 January 2019;
- the Group's G-SIB buffer imposed by the Financial Stability Board (FSB), which is equal to 1%.

As at 1 January 2022, taking into account the combined regulatory buffers, the phased-in CET1 ratio level that would trigger the Maximum Distributable Amount (MDA) mechanism stands at 9.02%. It will stand at 9.23% from 1 March 2022.

TABLE 6: BREAKDOWN OF PRUDENTIAL CAPITAL REQUIREMENT FOR SOCIETE GENERALE

	01.03.2022	01.01.2022	01.01.2021
Minimum requirement for Pillar 1	4.50%	4.50%	4.50%
Minimum requirement for Pillar 2 (P2R)[1]	1.19%	0.98%	0.98%
Minimum requirement for countercyclical buffer	0.04%	0.04%	0.04%
Minimum requirement for conservation buffer	2.50%	2.50%	2.50%
Minimum requirement for systemic buffer	1.00%	1.00%	1.00%
Minimum requirement for CET1 ratio	**9.23%**	**9.02%**	**9.02%**

(1) As per article 104a of the CRD5 directive, a minimum of 56% of P2R add-on has to be covered by CET1 capital (instead of 100% previously) and 75% by Tier 1 capital.

TABLE 7: REGULATORY CAPITAL AND SOLVENCY RATIOS[1]

(In EURm)	31.12.2021	31.12.2020
Shareholders' equity (IFRS), Group share	**65,067**	**61,684**
Deeply subordinated notes	(8,003)	(8,830)
Perpetual subordinated notes	(0)	(264)
Group consolidated shareholders' equity net of deeply subordinated and perpetual subordinated notes	**57,064**	**52,590**
Non-controlling interests	4,762	4,378
Intangible assets	(1,828)	(1,647)
Goodwill	(3,408)	(3,710)
Dividends proposed (to the General Meeting) and interest expenses on deeply subordinated and perpetual subordinated notes	(2,345)	(557)
Deductions and regulatory adjustments	(4,410)	(3,764)
COMMON EQUITY TIER 1 CAPITAL	**49,835**	**47,290**
Deeply subordinated notes and preferred shares	8,003	8,830
Other additional Tier 1 capital	206	195
Additional Tier 1 deductions	(137)	(136)
TOTAL TIER 1 CAPITAL	**57,907**	**56,179**
Tier 2 instruments	11,820	12,587
Other Tier 2 capital	287	240
Tier 2 deductions	(1,527)	(1,422)
Total regulatory capital	**68,487**	**67,584**
TOTAL RISK-WEIGHTED ASSETS	**363,371**	**351,852**
Credit and counterparty credit risk-weighted assets	304,922	287,324
Market risk-weighted assets	11,643	15,340
Operational risk-weighted assets	46,806	49,188
Solvency ratios		
Common Equity Tier 1 ratio	13.71%	13.44%
Tier 1 ratio	15.94%	15.97%
Total capital ratio	18.85%	19.21%

(1) Ratios set in accordance with CRR2/CRD5 rules as published in June 2019, including Danish compromise for insurance, and taking into account the IFRS 9 phasing (fully-loaded CET1 ratio of 13.55% as at 31 December 2021, the phasing effect being +16 bps).

The solvency ratio as at 31 December 2021 stood at 13.7% in Common Equity Tier 1 (13.4% at 31 December 2020) and 15.9% in Tier 1 (16.0% at 31 December 2020) for a total ratio of 18.8% (19.2% at 31 December 2020).

Group shareholders' equity at 31 December 2021 totalled EUR 65.1 billion (compared with EUR 61.7 billion at 31 December 2020).

After taking into account non-controlling interests and regulatory adjustments, CET1 regulatory capital was EUR 49.8 billion at 31 December 2021, *vs.* EUR 47.3 billion at 31 December 2020. The Additional Tier One deductions mainly regard authorisations to buy back own Additional Tier 1 capital instruments as well as subordinated bank and insurance loans.

TABLE 8: CET1 REGULATORY DEDUCTIONS AND ADJUSTMENTS

(In EURm)	31.12.2021	31.12.2020
Unrecognised minority interests	(2,860)	(2,507)
Deferred tax assets	(1,096)	(1,226)
Prudent Valuation Adjustment	(911)	(884)
Adjustments related to changes in the value of own liabilities	254	289
Other	203	564
TOTAL CET1 REGULATORY DEDUCTIONS AND ADJUSTMENTS	**(4,410)**	**(3,764)**

The prudential deductions and restatements included in the "Other" category essentially involve the following:

- any positive difference between expected losses on customer loans and receivables managed under the internal ratings-based (IRB) approach, and the sum of related value adjustments and impairment losses;
- expected losses on equity portfolio exposures;
- unrealised gains and losses on cash flow hedges;
- assets from defined benefit pension funds, net of deferred taxes;
- securitisation exposures weighted at 1,250%, when these positions are excluded from the calculation of RWA.

4.4.5 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

The Basel III Accord has established the rules for calculating minimum capital requirements in order to more accurately assess the risks to which banks are exposed, taking into account the risk profile of transactions *via* two approaches intended for determining RWA: a standardised approach and an advanced one based on internal methods modelling the counterparties' risk profiles.

Change in risk-weighted assets and capital requirements

TABLE 9: OVERVIEW OF RISK-WEIGHTED ASSETS

	Risk-weighted assets			Total own funds requirements
(In EURm)	31.12.2021	30.09.2021	31.12.2020	31.12.2021
Credit risk (excluding counterparty credit risk)	**271,012**	**262,308**	**255,431**	**21,681**
o.w. standardised approach	*103,323*	*98,931*	*92,771*	*8,266*
o.w. Foundation IRB (FIRB) approach	*4,121*	*4,162*	*4,417*	*330*
o.w. slotting approach	*752*	*701*	*795*	*60*
o.w. equities under the simple risk-weighted approach	*3,515*	*3,159*	*3,355*	*281*
o.w. other equities under IRB approach	*18,189*	*18,583*	*18,586*	*1,455*
o.w. Advanced IRB (AIRB) approach	*141,111*	*136,772*	*135,507*	*11,289*
Counterparty credit risk – CCR	**27,478**	**31,725**	**26,330**	**2,198**
o.w. standardised approach(1)	*9,304*	*10,457*	*5,588*	*744*
o.w. internal model method (IMM)	*13,088*	*14,906*	*15,767*	*1,047*
o.w. exposures to a CCP	*1,273*	*1,516*	*1,263*	*102*
o.w. credit valuation adjustment – CVA	*2,807*	*3,867*	*3,131*	*225*
o.w. other CCR	*1,007*	*979*	*581*	*81*
Settlement risk	**63**	**6**	**77**	**5**
Securitisation exposures in the non-trading book (after the cap)	**6,368**	**5,960**	**5,486**	**509**
o.w. SEC-IRBA approach	*2,082*	*2,033*	*2,233*	*167*
o.w. SEC-ERBA incL IAA	*3,978*	*3,571*	*2,951*	*318*
o.w. SEC-SA approach	*308*	*356*	*301*	*25*
o.w. 1,250%/deductions	-	-	-	-
Position, foreign exchange and commodities risks (Market risk)	**11,643**	**14,276**	**15,340**	**931**
o.w. standardised approach	*1,419*	*1,761*	*1,728*	*114*
o.w. IMA	*10,225*	*12,515*	*13,612*	*818*
Large exposures	-	-	-	-
Operational risk	**46,806**	**49,232**	**49,188**	**3,744**
o.w. basic indicator approach	-	-	-	-
o.w. standardised approach	*2,412*	*2,294*	*2,250*	*193*
o.w. advanced measurement approach	*44,394*	*46,938*	*46,938*	*3,552*
Amounts (included in the "credit risk" section above) below the thresholds for deduction (subject to 250% risk weight)	7,344	7,570	8,008	588
TOTAL	**363,371**	**363,508**	**351,852**	**29,070**

(1) The amounts of RWA as at 31 December 2021 and as at 30 September 2021 correspond to the new SA-CCR approach, following the application of Regulation (EU) No 2019/876 (CRR2). The equivalent amount as at 31 December 2020 is featured here according to the former Current exposure method (CEM).

TABLE 10: RISK-WEIGHTED ASSETS (RWA) BY CORE BUSINESS AND RISK TYPE

(In EURbn)	Credit and counterparty credit	Market	Operational	Total 31.12.2021	Total 31.12.2020
French Retail Banking	91.8	0.1	3.7	95.5	98.9
International Retail Banking and Financial Services	112.1	0.1	5.5	117.7	108.0
Global Banking and Investor Solutions	89.3	11.5	30.3	131.2	125.9
Corporate Centre	11.7	0.0	7.3	19.0	19.1
Group	**304.9**	**11.6**	**46.8**	**363.4**	**351.9**

As at 31 December 2021, RWA (EUR 363.4 billion) were distributed as follows:

- credit and counterparty credit risks accounted for 84% of RWA (of which 37% for International Retail Banking and Financial Services);
- market risk accounted for 3% of RWA (of which 99% for Global Banking and Investor Solutions);
- operational risk accounted for 13% of RWA (of which 65% for Global Banking and Investor Solutions).

4.4.6 TLAC AND MREL RATIOS

The Total Loss Absorbing Capacity (TLAC) requirement which applies to Societe Generale is 16% of RWA until 1 January 2022 and 18% of RWA thereafter, to which the conservation buffer of 2.5%, the G-SIB buffer of 1% and the countercyclical buffer must be added. As at 31 December 2021, the global TLAC requirement thus stood at 19.54% of Group RWA.

The TLAC rule also provides for a minimum ratio of 6% of the leverage exposure from 2019 before reaching 6.75% of the leverage exposure starting from January 2022.

As at 31 December 2021, Societe Generale reached a phased-in TLAC ratio of 29.2% excluding senior preferred debts. The phased-in ratio stands at 31.1% of RWA when considering the possibility to account for senior preferred debts up to 2.5% of RWA and 9.5% of leverage exposure.

The Minimum Requirement for own funds and Eligible Liabilities (MREL) has applied to credit institutions and investment firms within the European Union since 2016.

Contrary to the TLAC ratio, the MREL is tailored to each institution and regularly revised by the resolution authority.

Throughout 2021, Societe Generale complied with its MREL requirement.

4.4.7 LEVERAGE RATIO

The Group calculates its leverage ratio according to the CRR2 rules applicable since June 2021 (except those regarding G-SIBs expected to be applicable from January 2023).

Managing the leverage ratio means both calibrating the amount of Tier 1 capital (the numerator of the ratio) and controlling the Group's leverage exposure (the denominator of the ratio) to achieve the target ratio levels that the Group sets for itself. To this end, the leverage exposure of the different businesses is monitored by the Finance Department.

The Group aims to maintain a consolidated leverage ratio that is significantly higher than the 3.5% minimum set in the Basel Committee's recommendations, transposed in Europe *via* CRR2, including a fraction of the systemic buffer which is applicable to the Group.

As at 31 December 2021, the leverage ratio of Societe Generale stood at 4.9%, considering a Tier 1 capital amount of EUR 57.9 billion compared with a leverage exposure of EUR 1,189 billion (versus 4.8% at 31 December 2020, with EUR 56.2 billion and EUR 1,179 billion respectively).

TABLE 11: LEVERAGE RATIO SUMMARY AND TRANSITION FROM PRUDENTIAL BALANCE SHEET TO LEVERAGE EXPOSURE[1]

(In EURm)	31.12.2021	31.12.2020
Tier 1 capital[2]	**57,907**	**56,179**
Total assets in prudential balance sheet[3]	**1,299,698**	**1,291,824**
Adjustments for derivative financial instruments	8,619	(60,054)
Adjustments for securities financing transactions[4]	14,896	5,988
Off-balance sheet exposure (loan and guarantee commitments)	118,263	104,034
Technical and prudential adjustments[5]	(252,223)	(163,248)
o.w. central banks exemption	*(117,664)*	*(98,192)*
Leverage ratio exposure	**1,189,253**	**1,178,543**
Leverage ratio	**4.87%**	**4.77%**

(1) Ratio set in accordance with CRR2 rules and taking into account the IFRS 9 phasing (leverage ratio of 4.82% without phasing at 31 December 2021, the phasing effect being +5 bps).

(2) The capital overview is available in table 3.

(3) The prudential balance sheet corresponds to the IFRS balance sheet less entities accounted for through the equity method (mainly insurance subsidiaries). Data at 31 December 2020 modified in accordance with the accounting restatements of comparative data described as an accompaniement to table 3.

(4) Securities financing transactions: repurchase transactions, securities lending or borrowing transactions and other similar transactions.

(5) The breakdown of adjustments at 31 December 2020 takes into account a methodological change leading to the reclassification of some miscellaneous adjustments (previously classified on the line relating to derivatives) onto the line "Technical and prudential adjustments".

4.4.8 RATIO OF LARGE EXPOSURES

The CRR incorporates the provisions regulating large exposures. As such, Societe Generale must not have any exposure towards a single beneficiary which exceeds 25% of the Group's capital.

The final rules of the Basel Committee on large exposures, transposed in Europe *via* CRR2, have been applicable since June 2021. The main changes compared with CRR reside in the calculation of the regulatory limit (25%), henceforth expressed as a proportion of Tier 1 (instead of cumulated Tier 1 and Tier 2), and in the introduction of a cross-specific limit on systemic institutions (15%).

4.4.9 FINANCIAL CONGLOMERATE RATIO

The Societe Generale group, also identified as a "Financial conglomerate", is subject to additional supervision from the ECB.

At 31 December 2021, Societe Generale's financial conglomerate equity covered the solvency requirements for both banking and insurance activities.

At 30 June 2021, the financial conglomerate ratio was 151%, consisting of a numerator "Own funds of the Financial Conglomerate" of EUR 76.1 billion, and a denominator "Regulatory requirement of the Financial Conglomerate" of EUR 50.5 billion.

As at 31 December 2020, the financial conglomerate ratio was 153%, consisting of a numerator "Own funds of the Financial Conglomerate" of EUR 75.1 billion, and a denominator "Regulatory requirement of the Financial Conglomerate" of EUR 49.2 billion.

4.5 CREDIT RISK

Audited I Credit risk corresponds to the risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. This risk includes the risk related to securitisation activities, and may be further amplified by individual, country and sector concentration risk. ▲

4.5.1 CREDIT RISK MONITORING AND SURVEILLANCE SYSTEM

General principles

Audited I The risk approval process is based on the following main principles:

- the analysis and the validation of the files fall respectively and independently to the sector of commercial follow-up of the client and to the dedicated risk units within the risk management function. In order to guarantee a consistent approach to Group risk-taking, this commercial monitoring sector and this risk unit examine all authorisation requests relating to a given client or category of clients. This commercial monitoring sector and this risk unit must be independent of each other;
- the internal rating of counterparties is a key criterion in the granting policy. These ratings are proposed by the commercial monitoring sector and validated by the dedicated risk unit;
- a system of delegation of competence, largely based on the internal rating of the counterparties, confers decision-making capacities to the risk units on the one hand and the commercial monitoring sectors on the other.

The business line assumes the burden of provisions and losses related to its credit decisions as the first line of defence. The Risk Department submits recommendations to CORISQ on the evolution of the granting policy, with limits on credit portfolios, for the countries, geographic areas, sectors, products or types of customers presenting high concentration risks. ▲

Governance

The Risk Department, working with the Finance Department, determines the risk appetite of the Group. This seeks to define the acceptable level of risk given the Group's strategic aims.

The Risk Department is responsible for implementing the system to manage and monitor risks, including cross-Group risks. The Risk Department exercises hierarchical and functional oversight of the Risk management function in charge of Group credit risk giving it a comprehensive view of all the Group's credit risks.

The Risk Department helps define risk policies in light of each core business targets and the associated risk issues. It defines or approves the methods and procedures used to analyse, measure, approve and monitor risks and the risk IT system and makes sure these are appropriate to the core businesses' needs. As second line of defence, various Risk Departments (for Retail Banking, Corporate and Investment Banking and Market activities) are also in charge of credit risk and as such responsible for the independent control as second line of defence. These consist in independently reviewing and comparing any credit application that exceeds the authority delegated to core businesses or local Risk Department teams. The Risk Department also assesses the quality of first-level credit reviews and takes any corrective action necessary.

The Risk Department also approves transactions and limits proposed by core business lines in respect of credit risk.

Finally, as part of its responsibilities for second line of defence, the Risk Department carries out permanent controls of credit risks. As such, the Risk Department provides independent control as a second line of defence on the detection and monitoring of the resolution of limit auioverruns.

The monthly Risk Monitoring Report presented to CORISQ by the Risk Department comments among others on the evolution of the Group's credit portfolio and ensures compliance with the guidelines. Changes in the credit portfolio, changes in credit policy validated by CORISQ and respect for the Group's risk appetite are presented at least quarterly to the Risk Committee of the Board of Directors.

As part of the quarterly reporting to the Board of Directors and to the Risk Committee of the Board of Directors, an overview of the main credit risk metrics supplemented by details of the thresholds and limits where applicable is presented. The following metrics are in particular the subject of a presentation with a quarterly history: net cost of risk, NPL rate (non-performing loans), coverage rate, average credit quality of portfolios, outstanding corporates placed under surveillance (watchlist), supervision of corporate exposures by sector of activity, *Grands Risques Réglementaires* (major regulatory risk exposures), etc.

A monthly version of the reporting intended for the Risk Committee of the Board of Directors also provides additional information at a Business Unit level or on certain financing activities. A summary of the thematic CORISQs is also presented.

As part of the monthly CORISQ reporting to General Management, a summary of the main credit files is presented. Thematic presentations also provide recurring clarifications on certain perimeters and activities: personal real estate loans, consumer credit, non-retail credit risk, sector limits, country risks, major regulatory risks (*Grands Risques Réglementaires*), etc.

Specificities of retail portfolios

Audited I Individual and professional portfolio (retail portfolio) have specific features in terms of risk management. This management is based on a statistical approach and on the use of tools and methods in the industrialisation of processes.

STATISTICAL APPROACH

The retail portfolio is made up of a sum of exposures of low unit amounts, validated in a partially automated manner, which together constitute significant outstandings at Group level and therefore a high level of risk.

Given the high number and standardisation of retail clients commitments, aggregate monitoring is necessary at all levels of the Risk function in charge of credit risk. This mass monitoring of retail customer exposure is based on the use of a statistical risk approach and monitoring by homogeneous risk class.

In these circumstances, the risk monitoring system for the Retail portfolio cannot rely on the same procedures or the same tools as for corporates.

For instance, any change in marketing policy (cut to probationary period for loyalty, delegation of lending decisions to brokers, increase in margins, etc.) can have a rapid and massive impact and must therefore be tracked by a system that allows all actors (i) to identify as quickly as possible where any deterioration in exposures is coming from and (ii) to take remedial action.

Even if the IFRS 9 standard authorises a collective approach and if the Group has a statistical approach on retail customers for the evaluation of the expected loss, the increase in risk for the purposes of the classification into stages is identified on an individual basis for this clientele. The available parameters (operating accounts and late payments) allow the assessment of the significant increase in credit risk at the level of individual exposures. The collective approach is currently only used in a very small number of instances within the Group.

IMPORTANCE OF TOOLS AND METHODS IN THE INDUSTRIALISATION OF PROCESSES

The Risk management function must support Business Units and subsidiary managers in managing their risks with an eye to:

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

Risk Department structures its supervision around the following four processes:

- granting: this decision-making process can be more or less automated depending on the nature and complexity of the transactions, and hence the associated risk;
- monitoring: different entities use different systems for granting and managing retail risks systems (scoring, expert systems, rules, etc.) and an appropriate monitoring system must be in place for each to assess the appropriateness of the grant rules applied (notably *via* monitoring);
- recovery: recovery is an essential stage in the life cycle of Retail portfolio credits and makes a decisive contribution to our control of cost of risk. Whatever the organisation adopted (outsourcing, in-house collection, etc.), the establishment of an effective collection process is an essential element of good risk management. It makes a decisive contribution to controlling the cost of risk and limiting the level of our non-performing loans. If recovery is outsourced, it must conform to the Group's regulations governing outsourcing;
- provisioning: provisions against the Retail portfolio are decided at local level. They are calculated using the methodologies and governance methods defined and approved by the Risk Department. ▲

Monitoring individual concentration

Societe Generale complies with regulations governing large exposures (major regulatory risks exposure cap of 25% of equity). A more restrictive internal limit of 10% delegated by General Management (which can occasionally or permanently amend it) has been put in place. Since 1 July 2018, the High Council for Financial Stability has imposed to financial institutions an exposure limit on most indebted companies established in France at a maximum level of 5% of eligible equity.

Internal systems are implemented to identify and manage the risks of individual concentrations, particularly at granting of credit. For example, concentration thresholds, based on the internal rating of counterparties, are set by CORISQ and define the governance for validating the limits on individual concentrations. Exposures to groups of clients deemed significant by the Group are reviewed by the Large Exposure Committee chaired by the General Management. As part of the identification of its risks, the Group also carries out loss simulations by type of customer (on significant individual exposures that the Group could have).

The Group uses credit derivatives to reduce some exposures considered to be overly significant. Furthermore, the Group systematically seeks to mutualise risks with other banking partners by avoiding keeping an excessive share in the banking pool of large-scale companies.

Monitoring country risk

Country risk arises when an exposure (loan, security, guarantee or derivative) becomes susceptible to negative impact from changing regulatory, political, economic, social and financial conditions.

Country risk breaks down into two major categories:

- political and non-transfer risk covers the risk of non-payment resulting from either actions or measures taken by local government authorities (decision to prohibit the debtor from meeting its commitments, nationalisation, expropriation, non-convertibility, etc.), domestic events (riots, civil war, etc.) or external events (war, terrorism, etc.);
- commercial risk occurs when the credit quality of all counterparties in a given country deteriorates due to a national economic or financial crisis, independently of each counterparty's individual financial situation. This could be a macroeconomic shock (sharp slowdown in activity, systemic banking crisis, etc.), currency depreciation, or sovereign default on external debt potentially entailing other defaults.

Overall limits and/or monitoring of exposures have been established for countries based on their internal ratings and governance indicators. The supervision is strengthened depending on the level of the country's risk.

Country limits are approved annually by Risk Department (or General Management in specific situations). They can be revised downward at any time if the country's situation deteriorates or is expected to deteriorate.

All Group exposures (securities, derivatives, loans and guarantees) are taken into account by this monitoring. The Country Risk methodology determines an initial risk country and a final risk country (after any guarantee-related effects), which is supervised using country limits.

The procedure for putting a country on watch list is triggered in the event of deterioration in the country risk or anticipation of such a deterioration by the Risk Department.

Sector monitoring

The Group regularly reviews its entire credit portfolio through analyses by business sector. To do this, it relies on industry sector studies (including a one-year anticipation of sectoral risk) and on sectoral concentration analyses.

In addition, the Group periodically reviews its exposures to the portfolio segments presenting a specific risk profile, within the framework of CORISQs at Group level or at Business Unit level. These identified sectors or sub-portfolios are, where appropriate, subject to specific supervision through portfolio exposure limits and specific granting criteria. The limits are monitored either at General Management level or at Business Unit management level depending on the materiality and the level of risk of the portfolios.

As a complement, more targeted sector-based research and business portfolio analysis, may be conducted by General Management, the Risk Department or Bank Departments, depending on current issues. In that respect, Covid-19 vulnerable sectors have been subject to specific monitorings.

Portfolios specifically monitored by the Group CORISQ include:

- individual and professional credit portfolio (retail) in metropolitan France and in International Retail Banking in Europe. The Group defines in particular a risk appetite target concerning the minimum share covered by *Credit Logement* guarantee for real estate loans granted to individuals;
- oil and gas sectors, on which the Group has defined a credit policy adapted to the different types of activity of sector players. This policy distinguishes financing guaranteed by oil reserves, project financing, short-term trade finance transactions, and takes into account regional characteristics;
- commercial real estate scope, on which the Group has defined a framework for origination and monitoring of exposures and limits according to the different types of financing, geographical areas and/or activities;
- leveraged finance, for which the Group applies the definition of the scope and the management guidelines recommended by the ECB in 2017 (Guidance on leveraged transactions). The Group continues to pay a particular attention to the Leverage Buy-Out (LBO) sub-portfolio;
- exposures on hedge funds is subject to a specific attention. The Group incurs risk on hedge funds through derivative transactions and its financing activity guaranteed by shares in funds. Risks related to hedge funds are governed by individual limits and global limits on market risks and wrong way risks;
- exposures on shadow banking are managed and monitored in accordance with the EBA guidelines published in 2015 which specifies expectations regarding the internal framework for identifying, controlling and managing identified risks. CORISQ has set a global exposure threshold for shadow banking.

Credit stress tests

With the aim of identifying, monitoring and managing credit risk, the Risk Department works with the businesses to conduct a set of specific stress tests relating to a country, subsidiary or activity. These specific stress tests combine both recurring stress tests, conducted on those portfolios identified as structurally carrying risk, and *ad hoc* stress tests, designed to recognise emerging risks. Some of these stress tests are presented to CORISQ and used to determine how to frame the corresponding the activities concerned.

Credit risk stress tests complement the global analysis with a more granular approach and allow fine-tuning of the identification, assessment and operational management of risk, including concentration. They allow to calculate the expected credit losses on exposures which have undergone an event of default and on exposures which have not undergone an event of default, in accordance with the method prescribed in the standard IFRS 9. The perimeter covered may include counterparty credit risk on market activities when relevant.

4.5.2 CREDIT RISK HEDGING

Audited I Guarantees and collateral

The Group uses credit risk mitigation techniques for both market and commercial banking activities. These techniques provide partial or full protection against the risk of debtor insolvency.

There are two main categories:

- personal guarantees are commitments made by a third party to replace the primary debtor in the event of the latter's default. These guarantees encompass the protection commitments and mechanisms provided by banks and similar credit institutions, specialised institutions such as mortgage guarantors, monoline or multiline insurers, export credit agencies, States in the context of the health crisis linked to Covid-19, etc. By extension, credit insurance and credit derivatives (purchase of protection) also belong to this category;
- collateral can consist of physical assets in the form of property, commodities or precious metals, as well as financial instruments such as cash, high-quality investments and securities, and also insurance policies.

Appropriate haircuts are applied to the value of collateral, reflecting its quality and liquidity.

In order to reduce its risk-taking, the Group is pursuing active management of its securities, in particular by diversifying them: physical collateral, personal guarantees and others (including Credit Default Swaps).

For information, the mortgage loans of retail customers in France benefit overwhelmingly from a guarantee provided by the financing company *Crédit Logement*, ensuring the payment of the mortgage to the Bank in the event of default by the borrower (under conditions of compliance with the terms of collateral call defined by *Crédit Logement*).

During the credit approval process, an assessment is performed on the value of guarantees and collateral, their legal enforceability and the guarantor's ability to meet its obligations. This process also ensures that the collateral or guarantee successfully meets the criteria set forth in the Capital Requirements Directive (CRD).

The guarantors are subject to an internal rating updated at least annually. Regarding collateral, regular revaluations are made on the basis of an estimated disposal value composed of the market value of the asset and a discount. The market value corresponds to the value at which the good should be exchanged on the date of the valuation under conditions of normal competition. It is preferably obtained on the basis of comparable assets, failing this by any other method deemed relevant (example: value in use). This value is subject to haircuts depending on the quality of the collateral and the liquidity conditions.

Regarding collateral used for credit risk mitigation and eligible for the RWA calculation, it should be noted that 95% of guarantors are investment grade. These guarantees are mainly provided by *Crédit Logement*, export credit agencies, the French State (within the *Prêts Garantis par l'État* framework of the loans guaranteed by the French State) and insurance companies.

In accordance with the requirements of European Regulation No. 575/2013 (CRR), the Group applies minimum collateralisation frequencies for all collateral held in the context of commitments granted (financial collateral, commercial real estate, residential real estate, other security interests, leasing guarantees).

Closer valuations must be carried out in the event of a significant change in the market concerned, the default or litigation of the counterparty or at the request of the risk management function.

In addition, the effectiveness of credit risk hedging policies is monitored as part of the LGD.

It is the responsibility of the risk management function to validate the operational procedures put in place by the business lines for the periodic valuation of collateral (guarantees and collateral), whether automatic valuations or on an expert opinion and whether during the credit decision for a new competition or during the annual renewal of the credit file.

The amount of guarantees and collateral is capped at the amount of outstanding loans less provisions, *i.e.* EUR 373 billion at 31 December 2021 (compared with EUR 319 billion at 31 December 2020), of which EUR 175 billion for retail customers and EUR 198 billion for other types of counterparties (compared with EUR 156 billion and EUR 163 billion at 31 December 2020, respectively).

The outstanding loans covered by these guarantees and collateral correspond mainly to loans and receivables at mortised cost, which amounted to EUR 294 billion at 31 December 2021, and to off-balance sheet commitments, which amounted to EUR 68 billion (compared with EUR 258 billion and EUR 51 billion at 31 December 2020 respectively).

The amounts of guarantees and collateral received for performing outstanding loans (Stage 1) and under-performing loans (Stage 2) with payments past due amounted to EUR 2.4 billion at 31 December 2021 (EUR 4.3 billion at 31 December 2020), including EUR 1.5 billion on retail customers and EUR 0.9 billion on other types of counterparties (versus EUR 1.7 billion and EUR 2.6 billion at 31 December 2020 respectively).

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

Use of credit derivatives to manage Corporate concentration risk

The Group may use credit derivatives for in the management of its Corporate credit portfolio, primarily to reduce individual, sector and geographic concentrations and to implement a proactive risk and capital management approach.

Housed in Corporate and Investment Banking, the Performance & Scarce Resources management (PSR) team works in close conjunction with the Risk Department and the businesses to reduce excessive portfolio concentrations, react quickly to any deterioration in the creditworthiness of a particular counterparty and recommend actions to improve the capital allocation. PSR is part of the department responsible for defining and effectively deploying the strategy, for monitoring performance and managing the scarce resources in the credit and loan portfolio.

Total outstanding purchases of protection through Corporate credit derivatives were stable at EUR 2.5 billion in nominal terms and a corresponding fair value of EUR -10.3 million at the end of December 2021 (compared to EUR 2.5 billion nominal value and a corresponding fair value of -7.3 million euros at the end of December 2020). New operations have mainly been performed to approve capital allocation (EUR 1.7 billion) and to a lower extend reduce concentration risk (EUR 0.8 billion).

Over 2021, the credit default swaps (CDS) spreads of European investment grade issues (Itraxx index) were stable, fluctuating around an annual average of 50 basis points. The overall sensitivity of the portfolio (Price Value of a Basis Point) is falling due to the reduction in the average maturity of the protections.

The majority of protection purchases (99% of outstandings at 31 December 2021) are made against European clearing houses, and all against counterparties with "Investment Grade" ratings (rating at least equal to BBB-).

Moreover, the amounts recognised as assets (EUR 0.9 billion at 31 December 2021 *versus* EUR 1.3 billion at 31 December 2020) and liabilities (EUR 1.2 billion at 31 December 2021 *versus* EUR 1.4 billion at 31 December 2020) correspond to the fair value of credit derivatives mainly held under a transaction activity.

Credit insurance

The Group has developed relationships with private insurers over the last several years in order to hedge some of its loans against commercial and political non-payment risks.

This activity is performed within a risk framework and monitoring system approved by the Group's General Management. The system is based on an overall limit for the activity, along with sub-limits by maturity, and individual limits for each insurance counterparty, the latter being furthermore required to meet strict eligibility criteria. There is also a limit for insured transactions in Non Investment Grade countries. ▲

TABLE 12: CREDIT RISK MITIGATION TECHNIQUES – OVERVIEW

	31.12.2021				
(In EURm)	**Exposures unsecured – Carrying amount**	**Exposures secured – Carrying amount**	**of which secured by collateral**	**of which secured by financial guarantees**	**of which secured by credit derivatives**
Total loans	467,156	297,738	124,447	173,291	-
Total debt securities	56,063	6,654	6,561	93	
TOTAL EXPOSURES	**523,219**	**304,391**	**131,008**	**173,384**	**-**
of which non-performing exposures	*11,654*	*4,944*	*2,217*	*2,727*	-
of which defaulted	*11,654*	*4,944*	*2,217*	*2,727*	-

	31.12.2020				
(In EURm)	**Exposures unsecured – Carrying amount**	**Exposures secured – Carrying amount**	**of which secured by collateral**	**of which secured by financial guarantees**	**of which secured by credit derivatives**
Total loans	442,980	262,058	104,775	157,282	-
Total debt securities	62,035	5,590	5,486	104	
TOTAL EXPOSURES	**505,014**	**267,648**	**110,262**	**157,386**	**-**
of which non-performing exposures	*12,921*	*4,240*	*1,975*	*2,265*	-
of which defaulted	*12,921*	*4,240*	*1,975*	*2,265*	-

4.5.3 IMPAIRMENT

The information relating to impairment can be found in Note 3.8 to the consolidated financial statements, which is part of Chapter 6 of the present Universal Registration Document.

4.5.4 RISK MEASUREMENT AND INTERNAL RATINGS

General framework of the internal approach

Since 2007, Societe Generale has been authorised by its supervisory authorities to apply, for the majority of its exposures, the internal method (IRB method, Internal Rating Based) to calculate the capital required for credit risk.

The remaining exposures subject to the Standard approach mainly concern the portfolios of retail customers and SMEs (Small and Medium Enterprises) of the International Retail Banking activities. For exposures processed under the standard method excluding retail banking, the Group mainly uses external ratings from the Standard & Poor's, Moody's and Fitch rating agencies and the Banque de France. In the event that several Ratings are available for a third party, the second best Rating is retained.

The rating model monitoring framework is operational, in accordance with regulatory requirements, and detailed below in this section 4.5.4 *"Risk measurement and internal ratings"*.

In accordance with the texts published by the EBA as part of the "IRB Repair" programme and following the review missions carried out by the ECB (TRIM – Targeted Review of Internal Models), the Group plans to develop its internal model system credit risk, so as to comply with these new requirements. A program ("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;
- improving the quality of data and its traceability throughout the chain;
- the review of the roles and responsibilities of the teams, particularly with regard to the construction and monitoring ("back test") of the system;
- the review of certain IT application bricks, and their rationalisation;
- the establishment of a more complete normative base, and a more consistent relationship with the supervisor.

The programme is also based on building the target model strategy on the rollout plan towards the IRB approach.

Following the TRIMs and as part of compliance with IRB Repair, evolutions to the rating systems and models have been and will be submitted for validation to the ECB.

Audited I To calculate its capital requirements under the IRB method, Societe Generale estimates the Risk-Weighted Assets (RWA) and the Expected Loss (EL) that may be incurred in light of the nature of the transaction, the quality of the counterparty (*via* internal rating) and all measures taken to mitigate risk.

The calculation of RWA is based on the parameters Basel parameters, which are estimated using the internal risk measurement system:

- the Exposure at Default (EAD) value is defined as the Group's exposure in the event that the counterparty should default. The EAD includes exposures recorded on the balance sheet (loans, receivables, accrued income, market transactions, etc.), and a proportion of off-balance sheet exposures calculated using internal or regulatory Credit Conversion Factors (CCF);
- the Probability of Default (PD): the probability that a counterparty of the Bank will default within one year;
- the Loss Given Default (LGD): the ratio between the loss incurred on an exposure in the event a counterparty defaults and the amount of the exposure at the time of the default.

The estimation of these parameters is based on a quantitative evaluation system which is sometimes supplemented by expert or business judgment.

In addition, a set of procedures sets out the rules relating to ratings (scope, frequency of review, grade approval procedure, etc.) as well as those for supervision, backtesting and the validation of models. These procedures allow, among other things, to facilitate critical human judgment, an essential complement to the models for non-retail portfolios.

The Group also takes into account:

- the impact of guarantees and credit derivatives, by substituting the PD, the LGD and the risk-weighting calculation of the guarantor for that of the obligor (the exposure is considered to be a direct exposure to the guarantor) in the event that the guarantor's risk weighting is more favorable than that of the obligor;
- collateral used as guarantees (physical or financial). This impact is taken into account *via* the LGD level. ▲

To a very limited extent, Societe Generale also applies an IRB Foundation approach (where only the probability of default is estimated by the Bank, while the LGD and CCF parameters are determined directly by the supervisory authority) to a portfolio of specialised lending exposures, including those granted to the subsidiaries Franfinance Entreprises, Sogelease and Star Lease.

Moreover, the Group has authorisation from the regulator to use the IAA (internal assessment approach) method to calculate the regulatory capital requirement for ABCP (Asset-Backed Commercial Paper) securitisation.

In addition to the capital requirement calculation objectives under the IRBA method, the Group's credit risk measurement models contribute to the management of the Group's operational activities. They also constitute tools to structure, price and approve transactions and contribute to the setting of approval limits granted to business lines and the Risk function.

TABLE 13: SCOPE OF THE USE OF IRB AND SA APPROACHES

	31.12.2021					
(In EURm)	**Exposure value as defined in Article 166 CRR for exposures subject to IRB approach**	**Total exposure value for exposures subject to the Standardised approach and to the IRB approach**	**Percentage of total exposure value subject to the permanent partial use of the SA** *(%)*	**Percentage of total exposure value subject to a roll-out plan** *(%)*	**Percentage of total exposure value subject to IRB approach** *(%)*	***O.w percentage subject to AIRB approach*** *(%)*
Central governments or central banks	243,502	253,240	3.43%	-	96.57%	*96.56%*
of which regional governments or local authorities		*1,833*	*7.33%*	-	*92.67%*	*92.67%*
of which public sector entities		*111*	*92.65%*	-	*7.35%*	*7.35%*
Institutions	40,410	46,806	9.63%	0.01%	90.36%	*90.36%*
Corporates	266,895	312,786	9.37%	1.94%	88.69%	*86.86%*
of which Corporates - Specialised lending, excluding slotting approach		*62,706*	*1.63%*	-	*98.37%*	*98.37%*
of which Corporates - Specialised lending under slotting approach		*1,436*	-	-	*100.00%*	*100.00%*
Retail	177,266	244,359	19.22%	8.77%	72.01%	*72.01%*
of which Retail – Secured by real estate SMEs		*6,504*	*12.33%*	*0.59%*	*87.08%*	*87.08%*
of which Retail – Secured by real estate non-SMEs		*141,329*	*11.17%*	*11.55%*	*77.28%*	*77.28%*
of which Retail – Qualifying revolving		*6,001*	*32.18%*	*9.38%*	*58.44%*	*58.44%*
of which Retail – Other SMEs		*36,052*	*33.29%*	*1.45%*	*65.26%*	*65.26%*
of which Retail – Other non-SMEs		*54,473*	*30.21%*	*7.30%*	*62.49%*	*62.49%*
Equity	6,203	7,410	16.29%	-	83.71%	*83.71%*
Other non-credit obligation assets	868	37,883	97.71%	-	2.29%	*2.29%*
TOTAL	**735,144**	**902,485**	**14.15%**	**3.05%**	**82.80%**	***82.17%***

TABLE 14: SCOPE OF APPLICATION OF THE IRB AND STANDARD APPROACHES FOR THE GROUP

	IRB approach	**Standard approach**
French Retail Banking	Majority of French Retail Banking and Crédit du Nord and Private Banking portfolios	Some specific client or product types for which the modeling is currently not adapted Boursorama
International Retail Banking and Financial Services	Subsidiaries KB (Czech Republic), CGI, Fiditalia, GEFA, SG Leasing SPA and Fraer Leasing SPA, SGEF Italy	Other international subsidiaries (in particular BRD, SG Maroc, Rosbank)
Global Banking and Investor Solutions	Majority of Corporate and Investment Banking portfolios	SG Kleinwort Hambros and SGIL subsidiaries, as well as specific client or product types for which the modeling is currently not adapted

Credit risk measurement for wholesale clients

For Corporate (including specialised financing), Banking and Sovereign portfolios, the Group has implemented the following system.

RATING SYSTEM AND ASSOCIATED PROBABILITY OF DEFAULT

The rating system consists in assigning a rating to each counterparty according to an internal scale, for which each grade corresponds to a probability of default determined using historical series observed by Standard & Poor's for over more than twenty years.

The following table presents the indicative corresponding scales of the main external credit assessment institutions and the corresponding average probabilities of default, as well as the Group's internal rating scale.

The rating assigned to a counterparty is generally proposed by a model, and possibly adjusted by a credit analyst, who then submits it for validation by the Risk Management.

The counterparty rating models are structured in particular according to the type of counterparty (companies, financial institutions, public entities, etc.), geographic region and size of the Company (usually assessed through its annual revenue).

The Company rating models are underpinned by statistical models (regression methods) of client default. They combine quantitative parameters derived from financial data that evaluate the sustainability and solvency of companies and qualitative parameters that evaluate economic and strategic dimensions.

TABLE 15: SOCIETE GENERALE'S INTERNAL RATING SCALE AND INDICATIVE CORRESPONDING SCALES OF RATING AGENCIES

Investment grade/ Non-investment grade	Probability of default range	Counterparty internal rating	Indicative equivalent Standard & Poor's	Indicative equivalent Fitch	Indicative equivalent Moody's	1-year internal probality of default (average)
Investment grade	0.00 to <0.10	1	AAA	AAA	Aaa	0.009%
		2+	AA+	AA+	Aa1	0.014%
		2	AA	AA	Aa2	0.020%
		2-	AA-	AA-	Aa3	0.026%
		3+	A+	A+	A1	0.032%
		3	A	A	A2	0.036%
		3-	A-	A-	A3	0.061%
	0.10 to <0.15	4+	BBB+	BBB+	Baa1	0.130%
	0.15 to <0.25					
	0.25 to <0.50	4	BBB	BBB	Baa2	0.257%
	0.50 to <0.75	4-	BBB-	BBB-	Baa3	0.501%
Non-investment grade	0.75 to <1.75	5+	BB+	BB+	Ba1	1.100%
	1.75 to <2.5	5	BB	BB	Ba2	2.125%
	2.5 to <5	5-	BB-	BB-	Ba3	3.260%
		6+	B+	B+	B1	4.612%
	5 to <10	6	B	B	B2	7.761%
	10 to <20	6-	B-	B-	B3	11.420%
		7+	CCC+	CCC+	Caa1	14.328%
	20 to <30	7	CCC	CCC	Caa2	20.441%
		7-	C/CC/CCC-	CCC-	Caa3	27.247%
	30 to <100					

LGD MODELS

The Loss Given Default (LGD) is an economic loss that is measured by taking into account all parameters pertaining to the transaction, as well as the fees incurred for recovering the receivable in the event of a counterparty default.

The models used to estimate the Loss Given Default (LGD) excluding retail clients are applied by regulatory sub-portfolios, type of asset, size and location of the transaction or of the counterparty, depending on whether or not collateral has been posted, and the nature thereof if applicable. This makes it possible to define homogeneous risk pools, particularly in terms of recovery, procedures and the legal environment.

These estimates are founded on statistics when the number of loans in default is sufficient. In such circumstances, they are based on recovery data observed over a long period. When the number of defaults is insufficient, the estimate is revised or determined by an expert.

CREDIT CONVERSION FACTOR (CCF) MODELS

For its off-balance sheet exposures, the Group is authorised to use the internal approach for "Term loan with drawing period" products and revolving credit lines.

TABLE 16: MAIN CHARACTERISTICS OF MODELS AND METHODS – 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	20 models according to the size of the Company and the geographic region.	Mainly statistical models (regression) for the rating process, based on the combination of financial ratios and a qualitative questionnaire, behavioral score. Defaults observed over a period of 8 to 10 years.
Loss Given Default (LGD)	Public sector entities – Sovereigns	6 models according to type of counterparty.	Calibration based on historical data and expert judgments. Losses observed over a period of more than 10 years.
	Large corporates – Flat-rate Approach	25 models Flat-rate approach according to type of collateral.	Calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Large corporates – Discount Approach	16 models Discount approach according to type of recoverable collateral.	Statistical calibration based on historical market data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Small- and medium-sized companies	16 models Flat-rate approach according to type of collateral or unsecured.	Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Project financing	9 models Flat-rate approach according to project type.	Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Financial institutions	5 models Flat-rate approach according to type of counterparty: banks, insurance, funds, etc. and the nature of the collateral.	Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Other specific portfolios	6 models: factoring, leasing with option to purchase and other specific cases.	Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
Credit Conversion Factor (CCF)	Large corporates	5 models: term loans with drawing period, revolving credits, Czech Corporates.	Models calibrated by segment. Defaults observed over a period of more than 10 years.
Expected Loss (EL)	Real estate transactions	2 models by slotting.	Statistical model based on expert judgments and a qualitative questionnaire. Low default portfolio.

MONITORING THE PERFORMANCE OF INTERNAL MODELS

The performance level of the entire wholesale client credit system is measured by backtests that compare, by portfolio, the PD, LGD and CCF estimates with actual results, thus making it possible to measure the prudence of the risk parameters used by the IRB approach.

The backtest results and remediation plans are presented to the Expert Committee for discussion and approval (see section "Governance of the modelling of credit risk"). These results may justify the implementation of remediation plans if the system is deemed to be insufficiently prudent. The discriminating power of the models and the change of the composition of the portfolio are also measured.

The results presented above cover the entire Group portfolios. Backtests compare the estimated probability of default (arithmetic mean weighted by debtors) with the observed results (the historical annual default rate). The historical default rate was calculated on the basis of performing exposures over the period from 2008 to 2020.

The historic default rate remains stable across all the exposure classes. The estimated probability of default is higher than the historical default rates for all Basel portfolios and for most of the ratings. It should be noted that new internal models are being developed to comply with new regulatory requirements.

TABLE 17: COMPARISON OF RISK PARAMETERS: ESTIMATED AND ACTUAL PD VALUES – WHOLESALE CLIENTS - IRBA

	31.12.2021					
Exposure class	**Weighted average PD** *(%)*	**Arithmetic mean of debtor PD** *(%)*	**Historical Average Annual Default Rate** *(%)*	**Average annual default rate** *(%)*	**Number of debtors Year-end[1]**	**of which: number of debtors in default during the year**
Central banks and central administrations	0.6%	1.3%	0.2%	0.2%	451	1
Institutions	0.5%	0.8%	0.3%	0.1%	3,480	3
Corporates - SME	2.9%	4.3%	3.4%	1.6%	61,326	988
Corporates - Specialised lending	1.8%	2.8%	1.9%	1.0%	2,255	22
Corporates - Others	1.3%	3.9%	1.8%	1.2%	24,625	301

(1) Performing exposures.

	31.12.2020					
Exposure class	**Weighted average PD[2]** *(%)*	**Arithmetic mean of debtor PD** *(%)*	**Historical Average Annual Default Rate** *(%)*	**Average annual default rate** *(%)*	**Number of debtors Year-end[1]**	**of which: number of debtors in default during the year**
Central banks and central administrations	0.1%	0.9%	0.2%	0.0%	462	0
Institutions	0.3%	0.8%	0.3%	0.3%	3,519	9
Corporates - SME	3.2%	3.8%	3.6%	1.9%	54,874	1,053
Corporates - Specialised lending	1.4%	2.4%	2.0%	1.6%	2,210	36
Corporates - Others	1.3%	3.4%	1.8%	1.6%	23,769	389

(1) Performing exposures.
(2) PD taking into account substitution and reduction effects at 31 December, 2020.

TABLE 18: COMPARISON OF RISK PARAMETERS: ESTIMATED AND ACTUAL PD VALUES – WHOLESALE CLIENTS - IRBF

	31.12.2021					
	Weighted average PD *(%)*	**Arithmetic mean of debtor PD** *(%)*	**Historical Average Annual Default Rate** *(%)*	**Average annual default rate** *(%)*	**Number of debtors Year-end(1)**	**of which: number of debtors in default during the year**
Central banks and central administrations	0.6%	0.0%	0.0%	0.0%	102	0
Institutions	0.4%	1.2%	0.2%	0.0%	27	0
Corporates - SME	3.5%	5.0%	3.5%	2.5%	11,220	275
Corporates - Others	2.3%	4.5%	2.0%	2.0%	6,511	131

(1) Performing exposures.

	31.12.2020					
Exposure class	**Weighted average PD(2)** *(%)*	**Arithmetic mean of debtor PD** *(%)*	**Historical Average Annual Default Rate** *(%)*	**Average annual default rate** *(%)*	**Number of debtors Year-end(1)**	**of which: number of debtors in default during the year**
Central banks and central administrations	0.0%	0.0%	0.0%	0.0%	153	0
Institutions	0.1%	0.8%	0.2%	0.0%	193	0
Corporates - SME	4.2%	4.1%	3.5%	2.0%	13,770	279
Corporates - Others	2.4%	3.8%	2.0%	1.5%	6,739	102

(1) Performing exposures.
(2) PD taking into account substitution and reduction effects at 31 December, 2020.

Credit risk measurements of retail clients

The Group has implemented the following system for the retail portfolio made up of individual customers, SCIs (real estate investment companies – *Sociétés civiles immobilières*) and professional customers.

RATING SYSTEM AND ASSOCIATED PROBABILITY OF DEFAULT

The modeling of the probability of default of retail client counterparties is carried out specifically by each of the Group's business lines recording its exposures using the IRBA method. The models incorporate data on the account behavior of counterparties. They are segmented by type of customer and distinguish between retail customers, professional customers, very small businesses and real estate investment companies (*Sociétés civiles immobilières*).

The counterparties of each segment are classified automatically, using statistical models, into homogeneous risk pools, each of which is assigned a probability of default. These estimates are adjusted by a safety margin to estimate as best as possible a complete default cycle, using a through-the-cycle (TTC) approach.

LGD MODELS

The models for estimating the Loss Given Default (LGD) of retail customers are specifically applied by business line portfolio and by product, according to the existence or not of collateral.

Consistent with operational recovery processes, estimate methods are generally based on a two-step modeling process that initially estimates the proportion of defaulted loans in loan termination, followed by the loss incurred in case of loan termination.

The expected losses are estimated using internal long-term historical recovery data for exposures that have defaulted. These estimates are adjusted by safety margins in order to reflect the possible impact of a downturn.

CCF MODELS

For its off-balance sheet exposures, Societe Generale applies its estimates for revolving loans and overdrafts on current accounts held by retail and professional customers.

TABLE 19: MAIN CHARACTERISTICS OF MODELS AND METHODS USED – RETAIL CLIENTS

Parameter modeled	Portfolio/ Category of Basel assets	Number of models	Methodology Number of years of default/loss
RETAIL CLIENTS			
Probability of Default (PD)	Residential real estate	8 models according to entity, type of guarantee (security, mortgage), type of counterparty: individuals or professionals/VSB, real estate investment company (SCI).	Statistical model (regression), behavioral score. Defaults observed over a period of more than 5 years.
	Other loans to individual customers	15 models according to entity and to the nature and object of the loan: personal loan, consumer loan, car loan, etc.	Statistical model (regression), behavioral score. Defaults observed over a period of more than 5 years.
	Renewable exposures	5 models according to entity and nature of the loan: overdraft on current account, revolving credit or consumer loan.	Statistical model (regression), behavioral score. Defaults observed over a period of more than 5 years.
	Professionals and very small businesses (VSB)	10 models according to entity, nature of the loan (medium- and long-term investment credits, short-term credit, car loans), and type of counterparty (individual or real estate investment company (SCI)).	Statistical model (regression or segmentation), behavioral score. Defaults observed over a period of more than 5 years.
Loss Given Default (LGD)	Residential real estate	9 models according to entity, type of guarantee (security, mortgage), and type of counterparty: individuals or professionals/VSB, real estate investment company (SCI).	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
	Other loans to individual customers	18 models according to entity and to the nature and object of the loan: personal loan, consumer loan, car loan, etc.	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
	Renewable exposures	7 models according to entity and nature of the loan: overdraft on current account, revolving credit or consumer loan.	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
	Professionals and very small businesses	12 models according to entity, nature of the loan (medium- and long-term investment credits, short-term credit, car loans), and type of counterparty (individual or real estate investment company (SCI)).	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
Credit Conversion Factor (CCF)	Renewable exposures	12 calibrations by entity for revolving products and personal overdrafts.	Models calibrated by segment over a period of observation of defaults of more than 5 years.

MONITORING THE PERFORMANCE OF INTERNAL MODELS

The performance level of the entire retail client credit system is measured by backtests, which check the performance of PD, LGD and CCF models and compare estimates with actual results.

Each year, the average long-term default rates observed by homogeneous risk class are compared to the PDs.

The results presented below cover all of the Group's portfolios. Backtests compare the estimated probability of default (arithmetic average weighted by the debtors) to the observed results (the historical annual default rate). The historical default rate was calculated on the basis of healthy outstandings over the period from 2010 to 2020. Creditors are included in accordance with the revised instructions of the EBA publication of 14 December 2016 (EBA/GL/2016/11).

The historical default rate is relatively stable across all exposure classes, the probability of default is falling. Indeed, the quality of counterparties has improved (migration of populations to the best risk classes) due in particular to government measures taken in the Covid context. Since the risk scores are mainly based on the number of days of arrears and the cash balance, they are impacted by: (i) the implementation of a moratorium on the repayment of loans, (ii) the increase in cash balances by the payment of government-guaranteed loans (*Prêts de Garantie par l'Etat*) and by the payment by the French state of various aid initiatives to support professionals in the economy amid the Covid pandemic, (iii) the observation of an increase of the personal savings rate during the Covid crisis.

It should be noted that new internal models, the development of which is finalised or planned, will make it possible to comply with the latest regulatory requirements.

TABLE 20: COMPARISON OF ESTIMATED RISK PARAMETERS: ESTIMATED AND ACTUAL PD VALUES – RETAIL CLIENTS (IRBA)

	31.12.2021					
Exposure class	**Weighted average PD** *(%)*	**Arithmetic mean of debtor PD** *(%)*	**Historical Average Annual Default Rate** *(%)*	**Average annual default rate** *(%)*	**Number of debtors Year-end**[(1)]	**of which: number of debtors in default during the year**
Retail – Secured by real estate SME	1.5%	1.6%	2.2%	1.1%	33,475	369
Retail – Secured by real estate non-SME	0.8%	0.8%	0.9%	0.3%	1,171,550	3,520
Retail – Qualifying revolving	3.1%	2.6%	1.9%	1.4%	5,701,905	80,316
Retail – Other SME	2.9%	2.9%	3.4%	2.2%	770,826	17,118
Retail – Other non – SME	2.1%	3.3%	3.3%	1.7%	1,824,511	30,380

(1) Performing exposures.

	31.12.2020					
Exposure class	**Weighted average PD** *(%)*	**Arithmetic mean of debtor PD** *(%)*	**Historical Average Annual Default Rate** *(%)*	**Average annual default rate** *(%)*	**Number of debtors Year-end**[(1)]	**of which: number of debtors in default during the year**
Retail – Secured by real estate SME	1.6%	1.9%	2.3%	1.9%	35,449	668
Retail – Secured by real estate non-SME	0.9%	0.9%	0.9%	0.4%	1,157,444	5,124
Retail – Qualifying revolving	4.4%	2.8%	2.0%	1.9%	6,422,708	122,528
Retail – Other SME	2.8%	4.0%	3.5%	2.9%	795,903	22,807
Retail – Other non – SME	2.3%	3.6%	3.5%	2.1%	1,895,739	39,687

(1) Performing exposures.

TABLE 21: COMPARISON OF RISK PARAMETERS: ESTIMATED AND ACTUAL LGD AND EAD VALUES – RETAIL CLIENTS

	31.12.2021		
Basel portfolio	**A-IRB LGD**	**Estimated losses excluding margin of prudence**	**Observed EAD/ A-IRB EAD**
Real estate loans (excl. guaranteed exposures)	18%	9%	-
Revolving credits	48%	43%	66%
Other loans to individual customers	28%	23%	-
VSB and professionals	29%	22%	72%
TOTAL GROUP RETAIL CLIENTS	**26%**	**19%**	**68%**

The changes in the portfolio “Other loans to individual customers” are explained by a change in scope.

	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%**

Governance of the modeling of credit risk

Credit own funds estimation models are subject to the global model risk management framework (see Chapter 4.12 “*Model risk*”).

The first line of defence is responsible for designing, putting into production, using and monitoring models, in compliance with model risk management governance rules throughout the model lifecycle, which include for credit risk internal models traceability of development and implementation stages and annual backtesting. Depending on the specificities of each model family, in particular depending on the regulatory environment, the second line of defence may decide to perform the backtesting of the model family. In such case the LOD2 is responsible for defining a dedicated standard for the model family and informing the first line of defence (starting with the model owner) of the outcome of the backtesting.

The Model Risk Department, reporting directly to the Risk Department, acts as a second line of defence for all credit risk models. Independent model review teams rely, for the conduct of their missions, on principles of control of the theoretical robustness (assessment of the quality of the design and development) of the models, the conformity of the implementation and the use, the continuous follow-up of model relevance over time. The independent review process concludes with (i) a report summarizing the scope of the review, the tests performed, the results of the review, the conclusions or recommendations and with (ii) Reviewing and Approval Committees (respectively *Comité Modèles* and *Comité Experts* in the case of credit risk models). The model control system gives rise to recurring reports to the Risk Department within the framework of various bodies and processes (Group Model Risk Management Committee, Risk Appetite Statement / Risk Appetite Framework, monitoring of recommendations, etc.) and annually to the General Management (CORISQ). The Model Risk Department reviews, amongst others, new models, backtesting results and any change to the credit own funds estimation models. In accordance with the Delegated Regulation (EU) No. 529/2014 of 20 May 2014 relating to the follow-up of internal models used for own funds computation, any model change to the Group’s credit risk measurement system is then subjected to two main types of notification to the competent supervisor, depending on the significant nature of the change laid down by this regulation itself:

- significant changes which are subject to a request for approval prior to their implementation;
- other changes which should be notified to the competent authorities: (i) prior to their implementation: changes, according to the criteria defined by the regulation, are notified to the Supervisor (*ex-ante* notification); barring a negative response, these may be implemented within a two months period; (ii) after their implementation: these changes are notified to the competent authorities after their implementation at least once a year, through a specific report (*ex-post* notification).

The Internal Audit Department, as a third line of defence, is responsible for periodically assessing the overall effectiveness of the model risk management framework (relevance of the model risk governance and efficiency of second line of defence activities) and performing the independent model audit.

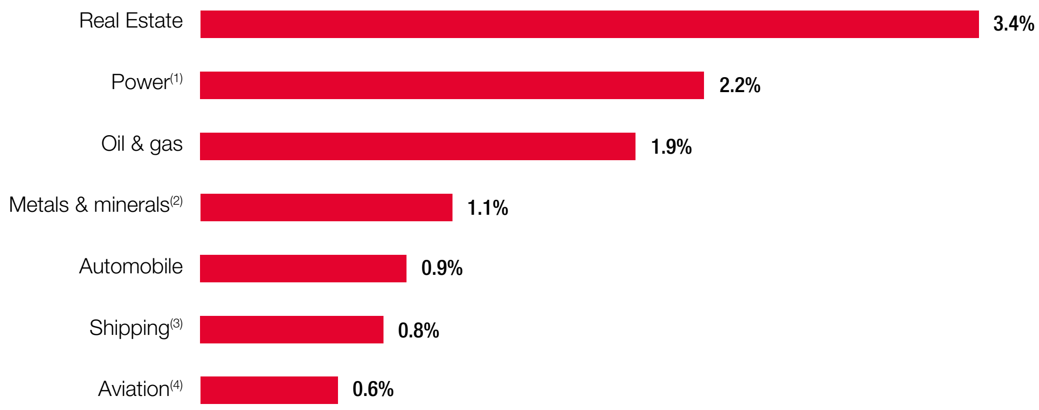
Climate risk – Measuring sensitivity to transition risk

Audited I Transition risk's impact on Societe Generale Corporate clients' credit risk has been identified as one of the main climate change-related risk for the Group.

In order to measure this impact, the Group is gradually implementing a Corporate Climate Vulnerability Indicator (CCVI) which aims to reinforce the credit analysis on the most exposed counterparties. ▲

The climate risk management system is further detailed in section 5.3.1.2 "*Positive climate action*" of this Universal Registration Document.

SECTOR BREAKDOWN OF THE GROUP'S CORPORATE PORTFOLIO (EAD) - FOCUS ON THE SECTORS THE MOST SENSITIVE TO TRANSITION RISK



(1) Including Electricity (1.9%).
(2) Including Construction materials.
(3) Including Water transport (0.7%) and Building of ships.
(4) Including Air transport (0.4%) and Aircraft manufacturers.

4.5.5 QUANTITATIVE INFORMATION

Audited I In this section, the measurement used for credit exposures is the EAD – Exposure At Default (on- and off-balance sheet). Under the Standardised Approach, the EAD is calculated net of collateral and provisions. ▲

The EAD is broken down according to the guarantor's characteristics, after taking into account the substitution effect (unless otherwise indicated).

The presentation of the data features the exposure classes as defined in the portfolios of the COREP regulatory financial statements, in relation to EBA requirements on Pillar 3.

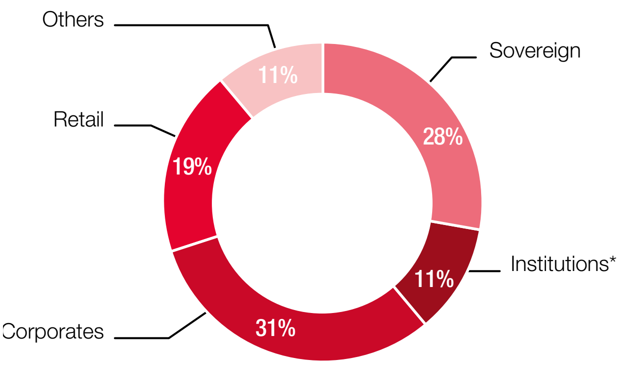
More information available in sections 6.6 *"Quantitative information"* and 6.7 *"Additional quantitative information on credit risk"* in the Risk Report Pillar 3 document.

Audited I Credit risk exposure (including counterparty credit risk)

At 31 December 2021, the Group's Exposure at Default (EAD) amounted to EUR 1,079 billion.

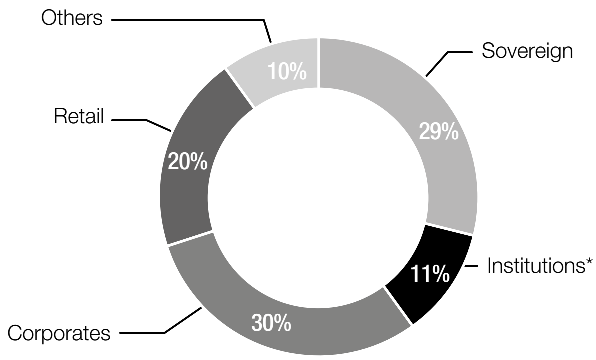
GROUP RISK EXPOSURE BY EXPOSURE CLASS (EAD) AT 31 DECEMBER 2021

On- and off-balance sheet exposures (EUR 1,079 billion in EAD)



GROUP RISK EXPOSURE BY EXPOSURE CLASS (EAD) AT 31 DECEMBER 2020

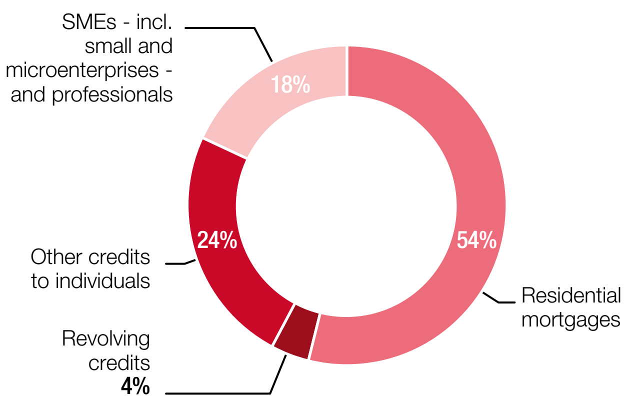
On- and off-balance sheet exposures (EUR 1,004 billion in EAD)



** Institutions: Basel classification bank and public sector portfolios.*

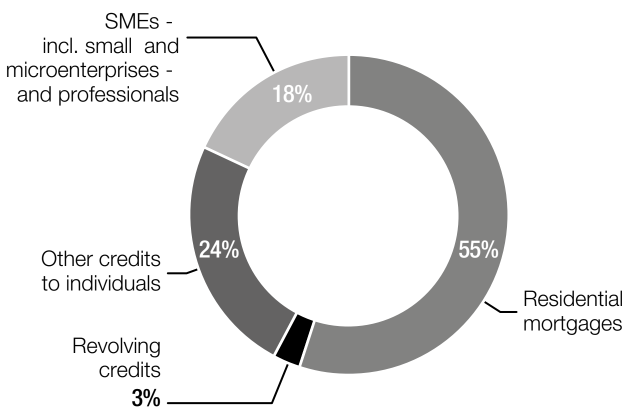
GROUP RETAIL RISK EXPOSURE BY EXPOSURE SUBCLASS (EAD) AT 31 DECEMBER 2021

On- and off-balance sheet exposures (EUR 210 billion in EAD)

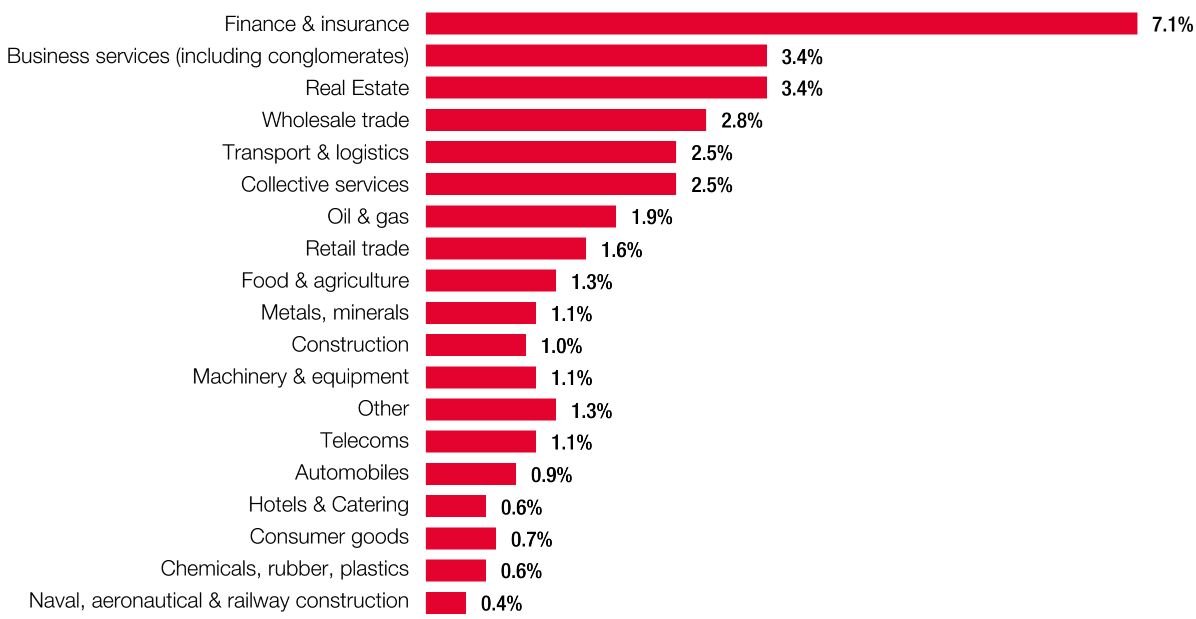


GROUP RETAIL RISK EXPOSURE BY EXPOSURE SUBCLASS (EAD) AT 31 DECEMBER 2020

On- and off-balance sheet exposures (EUR 202 billion in EAD)



SECTOR BREAKDOWN OF GROUP CORPORATE EXPOSURE ON TOTAL GROUP EXPOSURE (BASEL PORTFOLIO)

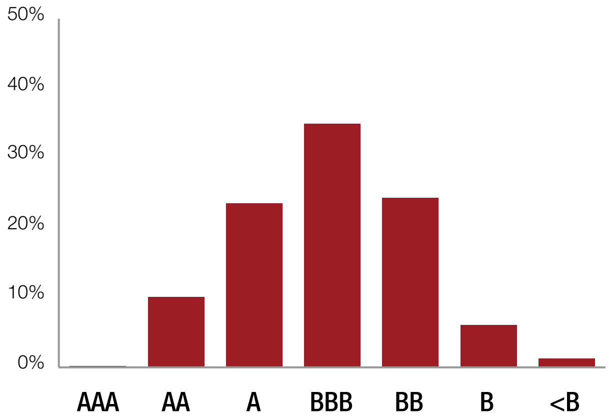


EAD of the Corporate portfolio is presented in accordance with the Basel rules (large corporates, including insurance companies, funds and hedge funds, SMEs, specialised financing, factoring businesses), based on the obligor's characteristics, before taking into account the substitution effect (credit risk scope: debtor, issuer and replacement risk).

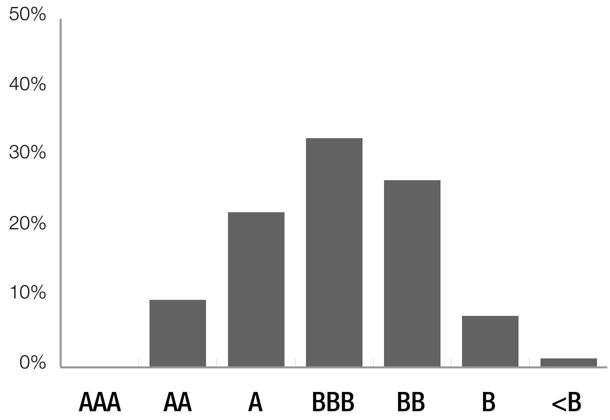
At 31 December 2021, the Corporate portfolio amounted to EUR 380 billion out of a total of EUR 1,079 billion for the group (on- and off-balance sheet exposures measured in EAD). The Group's exposure to its ten largest Corporate counterparties accounted for 5% of this portfolio.

Corporate and bank clients exposure

BREAKDOWN OF RISK BY INTERNAL RATING FOR CORPORATE CLIENTS AT 31 DECEMBER 2021 (AS % OF EAD)



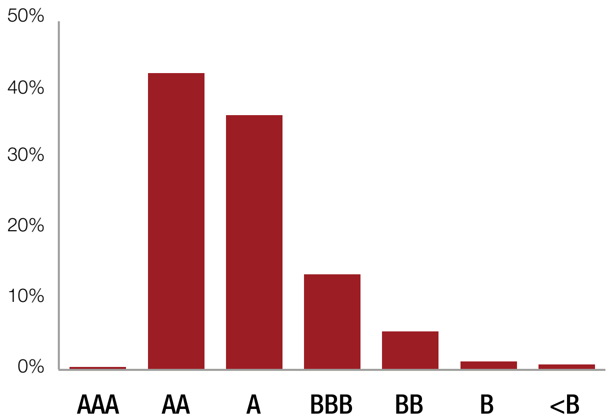
BREAKDOWN OF RISK BY INTERNAL RATING FOR CORPORATE CLIENTS AT 31 DECEMBER 2020 (AS % OF EAD)



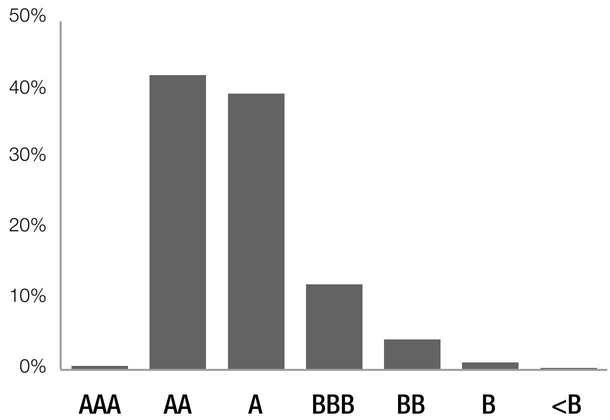
Regarding Corporate clients, the scope consists of performing loans recorded under the IRB approach (excluding prudential classification criteria, by weight, of specialised financing) over the entire Corporate clients portfolio, all divisions combined, and represents a EUR 295 billion EAD (out of a EUR 332 billion total EAD for the Corporate Basel portfolio, standardised approach included). The rating breakdown of Societe Generale Group's Corporate counterparty exposure reveals the sound quality of the portfolio. It is based on an internal counterparty rating system, displayed above as its Standard & Poor's equivalent.

At 31 December 2021, the majority of the portfolio had an Investment Grade rating, *i.e.* counterparties with an S&P-equivalent internal rating higher than BBB- (69% of Corporate clients). Transactions with non-Investment Grade counterparties were very often backed by guarantees and collaterals in order to mitigate the risk incurred.

BREAKDOWN OF RISK BY INTERNAL RATING FOR BANKING CLIENTS AT 31 DECEMBER 2021 (AS % OF EAD)



BREAKDOWN OF RISK BY INTERNAL RATING FOR BANKING CLIENTS AT 31 DECEMBER 2020 (AS % OF EAD)

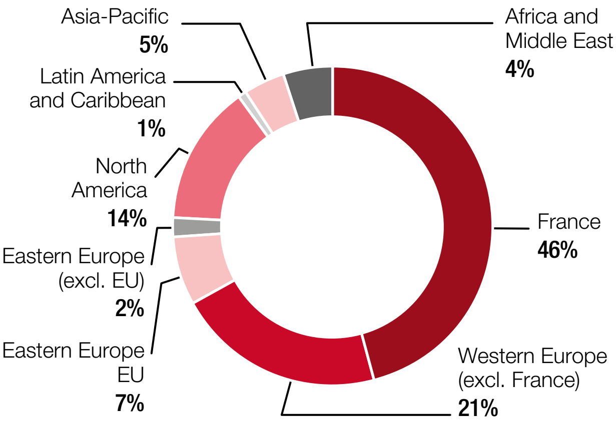


Regarding banking clients, the scope consists of performing loans recorded under the IRB approach over the entire banking clients portfolio, all divisions combined, and represents a EUR 56 billion EAD (out of a EUR 116 billion total EAD for the Institutions Basel portfolio, standardised approach included). The rating breakdown of Societe Generale Group's banking counterparty exposure reveals the sound quality of the portfolio. It is based on an internal counterparty rating system, displayed above as its Standard & Poor's equivalent.

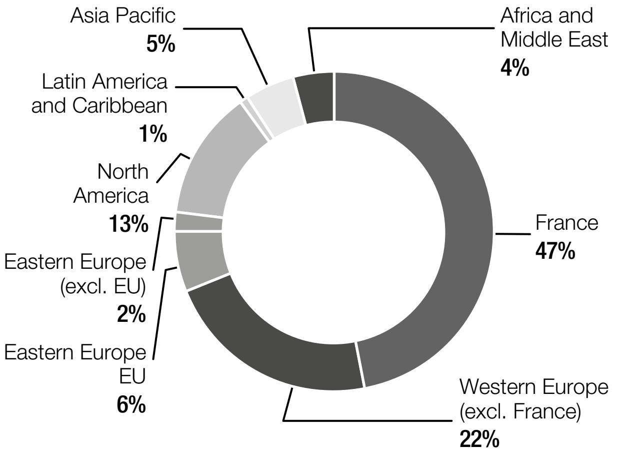
At 31 December 2021, exposures on banking clients were concentrated on Investment Grade counterparties (93% of the exposure) and in developed countries (91%).

Geographic breakdown of Group exposure

GEOGRAPHIC BREAKDOWN OF GROUP RISK EXPOSURE AT 31 DECEMBER 2021 (ALL CLIENT TYPES INCLUDED): EUR 1,079BN

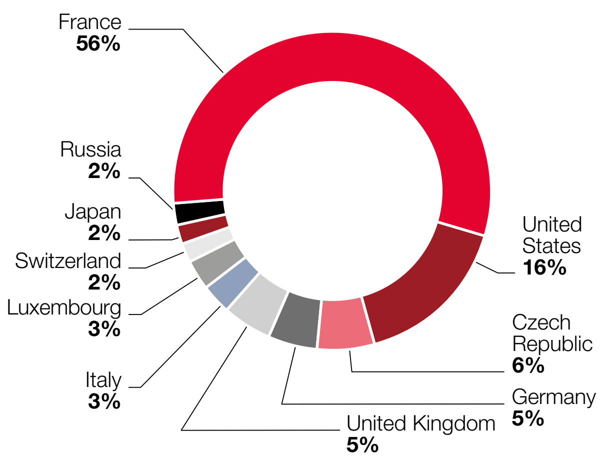


GEOGRAPHIC BREAKDOWN OF GROUP RISK EXPOSURE AT 31 DECEMBER 2020 (ALL CLIENT TYPES INCLUDED): EUR 1,004BN

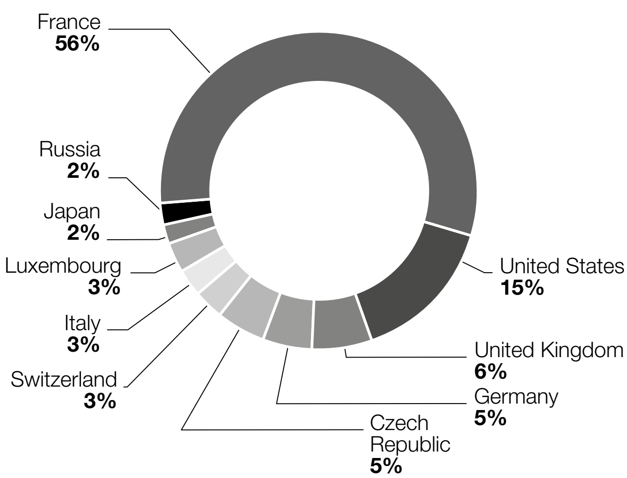


At 31 December 2021, 90% of the Group's on- and off-balance sheet exposures were concentrated in the advanced economies. Almost half of the overall amount of outstanding loans concerned French clients (32% exposure to the non-retail portfolio and 14% to the retail one).

GEOGRAPHIC BREAKDOWN OF GROUP RISK EXPOSURE ON TOP TEN COUNTRIES AT 31 DECEMBER 2021: EUR 898BN



GEOGRAPHIC BREAKDOWN OF GROUP RISK EXPOSURE ON TOP TEN COUNTRIES AT 31 DECEMBER 2020: EUR 844BN



The Group's exposure to its top ten countries represented 83% of total exposure (*i.e.* EUR 898 billion of EAD) at 31 December 2021 (versus 84% and EUR 844 billion of EAD at 31 December 2020).

TABLE 22: BREAKDOWN OF EXPOSURES (CREDIT AND COUNTERPARTY CREDIT RISKS) ON TOP FIVE COUNTRIES BY EXPOSURE CLASS (IN %)

	France		United States		United Kingdom		Germany		Czech Republic	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Sovereign	30%	29%	30%	31%	16%	32%	16%	19%	29%	31%
Institutions	9%	9%	12%	16%	23%	18%	21%	16%	4%	4%
Corporates	22%	22%	44%	40%	39%	33%	26%	25%	29%	29%
Retail	31%	32%	0%	0%	6%	4%	18%	21%	36%	34%
Other	8%	8%	14%	13%	16%	13%	19%	19%	2%	2%

Change in risk-weighted assets (RWA) and capital requirements for credit and counterparty credit risks

TABLE 23: CHANGE IN RISK-WEIGHTED ASSETS (RWA) BY APPROACH (CREDIT AND COUNTERPARTY CREDIT RISKS)

(In EURm)	RWA - IRB	RWA - Standard	RWA - Total	Capital requirements - IRB	Capital requirements - Standard	Capital requirements - total
RWA as at end of previous reporting period (31.12.2020)	**187,407**	**96,708**	**284,115**	**14,993**	**7,737**	**22,729**
Asset size	(2,599)	7,138	4,539	(208)	571	363
Asset quality	(1,204)	(23)	(1,227)	(96)	(2)	(98)
Model updates	3,185	(1,754)	1,431	255	(140)	114
Methodology and policy	1,633	3,345	4,978	131	268	398
Acquisitions and disposals	(38)	118	79	(3)	9	6
Foreign exchange movements	3,190	1,692	4,882	255	135	391
Other	795	2,459	3,254	64	197	260
RWA as at end of reporting period (31.12.2021)	**192,368**	**109,682**	**302,051**	**15,389**	**8,775**	**24,164**

The table above presents the data without CVA (Credit Valuation Adjustment).

The main effects explaining the EUR 18 billion rise in RWA (excluding CVA) in 2021 are as follows:

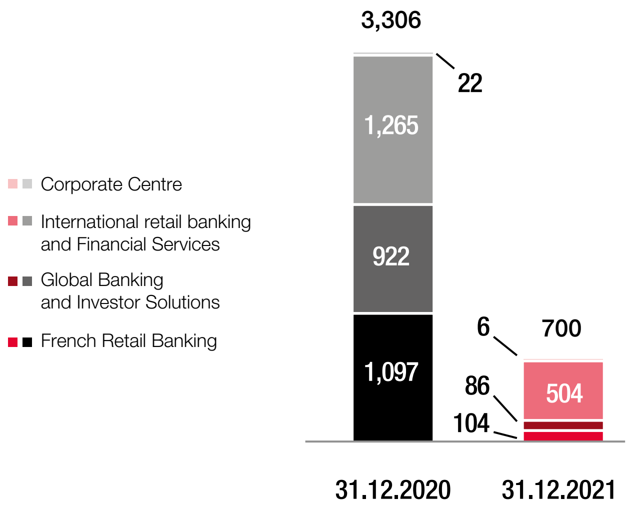
- an increase linked to business growth representing EUR +4.5 billion. This upward evolution mainly regards retail activities and global banking advisory;
- a foreign exchange effect of EUR +4.9 billion, mainly related to the appreciation of the US dollar against the euro (EUR +2.3 billion), as well as that of the Czech crown (EUR +0.4 billion);
- a methodological effect of EUR +5.0 billion located on the counterparty credit risk generated by derivatives, following the replacement of the former CEM method by the SA-CCR approach;
- An other effect of EUR +3.3 billion mainly related to the reclassification of automotive leasing activities.

The effects are defined as follows:

- asset size: organic changes in book size and composition (including the creation of new business lines and maturing loans) but excluding changes due to acquisitions and disposals of entities;
- asset quality: changes in the quality of the Bank's assets due to changes in borrower risk, such as rating grade migration or similar effects;
- model updates: changes due to model implementation, changes in model scope or any changes intended to address model weaknesses;
- methodology and policy: changes due to methodological changes in calculations driven by regulatory changes, including both revisions to existing regulations and new regulations;
- acquisitions and disposals: changes in book size due to acquisitions and disposals of entities;
- foreign exchange movements: changes arising from market fluctuations, such as foreign currency translation movements;
- other: this category is used to capture changes that cannot be attributed to any other categories.

Net cost of risk

CHANGE IN GROUP NET COST OF RISK (IN EURM)



The **Group's net cost of risk** in 2021 was EUR -700 million, down by -79% compared to 2020. This cost of risk is thus down sharply compared to 2020, due to a very high level low cost of risk on defaulted outstandings (stage 3) and moderate reversals of provisions on sound outstandings (stage 1/stage 2) while maintaining a prudent provisioning policy in an environment that remains marked by strong uncertainties.

The cost of risk (expressed in basis points on the average of outstandings at the beginning of the period for the four quarters preceding the closing, including operating leases) thus stands at 13 basis points for the year 2021 compared to 64 basis points in 2020.

- In **French Retail Banking**, the cost of risk is down to 5 basis points in 2021 compared to 52 basis points in 2020. This NCR includes a recovery of 8 bp on sound outstandings (compared to the internship 1/internship 2 allocation of 30 bp in 2020).
- At 38 basis points in 2021 (compared to 96 basis points in 2020), the cost of risk for the **International Retail Banking and Financial Services** division decreased due to the slowdown in defaults and a recovery in 3 basis points on stage 1/stage 2.
- The cost of risk for **Global Banking and Investor Solutions** posted a level of 5 basis points (compared to 57 basis points in 2020), reflecting a sharp drop in the cost of risk on defaulted outstandings (8 bp against 38 bp in 2020) and a slight recovery of 3 bp on healthy outstandings.

Asset quality

TABLE 24: ASSET QUALITY

(In EURbn)	31.12.2021	31.12.2020
Performing loans	543.9	496.5
inc. Stage 1 book outstandings[(1)]	*479.9*	*424.0*
inc. Stage 2 book outstandings	*43.5*	*49.9*
Non-performing loans	16.5	17.0
inc. Stage 3 book outstandings	*16.5*	*17.0*
Total Gross book outstandings*	560.4	513.6
GROUP GROSS NON PERFORMING LOANS RATIO*	**2.9%**	**3.3%**
Provisions on performing loans	2.8	3.0
inc. Stage 1 provisions	*1.1*	*1.1*
inc. Stage 2 provisions	*1.7*	*1.9*
Provisions on non-performing loans	8.4	8.8
inc. Stage 3 provisions	*8.4*	*8.8*
Total provisions	11.2	11.8
GROUP GROSS NON-PERFORMING LOANS RATIO (PROVISIONS ON NON-PERFORMING LOANS/ NON-PERFORMING LOANS)	**51%**	**52%**

(1) Data restated excluding loans at fair value through profit or loss which are not eligible to IFRS 9 provisioning.

** Figures calculated on on-balance sheet customer loans and advances, deposits at banks and loans due from banks, finance leases, excluding loans and advances classified as held for sale, cash balances at central banks and other demand deposits, in accordance with the EBA/ITS/2019/02 Implementing Technical Standards amending Commission Implementing Regulation (EU) No 680/2014 with regard to the reporting of financial information (FINREP). The NPL rate calculation was modified in order to exclude from the gross exposure in the denominator the net accounting value of the tangible assets for operating lease. Performing and non-performing loans include loans at fair value through profit or loss which are not eligible to IFRS 9 provisioning and so not split by stage. Historical data restated.*

Restructured debt

Audited I For Societe Generale Group, “restructured” debt refers to loans with amounts, terms or financial conditions contractually modified due to the borrower’s insolvency (whether insolvency has already occurred or will definitely occur unless the debt is restructured). Societe Generale aligns its definition of restructured loans with the EBA one.

Restructured debt does not include commercial renegotiations involving customers for whom the Bank has agreed to renegotiate the debt in order to maintain or develop a business relationship, in accordance with credit approval rules in force and without relinquishing any of the principal amounts or accrued interests.

Any situation leading to a credit restructuring and involving a loss of value greater than 1% of the original debt or in which the customer's ability to repay the debt according to the new schedule appears compromised must result in the classification of the considered customer in Basel default and the classification of outstanding as impaired, in accordance with the EBA directives on the application of the definition of default according to Article 178 of European Regulation No. 575/2013. In this case, customers are kept in default for as long as the Bank is uncertain about their ability to honour their future commitments and at least for one year from the date of the restructuring. In other cases, an analysis of the customer's situation makes it possible to estimate his ability to repay according to the new schedule. Otherwise, the customer is also transferred to Basel default.

The total balance sheet amount of restructured debt at 31 December 2021 mainly corresponds to loans and receivables at amortised cost for an amount of EUR 8.1 billion. ▲

TABLE 25: RESTRUCTURED DEBT

(In EURm)	31.12.2021	31.12.2020
Non-performing restructured debt	3,342	2,470
Performing restructured debt	5,424	1,223
GROSS AMOUNT OF RESTRUCTURED DEBT[(1)]	**8,765**	**3,692**

(1) Composed of EUR 8.2 billion carried on the balance sheet and EUR 0.6 billion as off-balance sheet at 31 December 2021.

4.6 COUNTERPARTY CREDIT RISK

Audited I Counterparty credit risk is the risk of losses on market operations, resulting from the inability of the counterparties facing the Group to meet their financial commitments.

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

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

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

4.6.1 DETERMINING LIMITS AND MONITORING FRAMEWORK

Main principles

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

The risk approval process follows the following fundamental principles:

- a system of delegation of competence, largely based on the internal rating of the counterparties, confers decision-making capacities to the risk units on the one hand and the customer monitoring sector on the other hand;
- the commercial monitoring sector and this risk unit must be independent of each other;
- the limits and internal rating set for each counterparty are proposed by the client monitoring sector and validated by the dedicated risk unit in charge of the counterparty type. Limits can be individual at the level of the counterparty, or global over a set of counterparties in the case of monitoring exposures in stress tests, for example.

These limits are subject to annual or *ad hoc* reviews depending on he needs and changing market conditions.

A dedicated team within the Risk Department is in charge of production, reporting and controls on risk metrics, namely:

- ensuring the completeness and reliability of the risk calculation by taking into account all the transactions booked by the transaction processing department;
- producing daily certification and risk indicator analysis reports;
- controlling compliance with defined limits, at the frequency of metrics calculation, most often on a daily basis: breaches of limits are reported to Front Office and Credit Officer for remediation actions.

In addition, a specific monitoring and approval process is implemented for the most sensitive counterparties or the most complex categories of financial instruments.

Governance

While not a substitute for CORISQ or for the Risk Committee of the Board of Directors (see the section on Risk management governance), the Counterparty Credit Risk Committee (CCRC) closely monitors counterparty credit risk through:

- a global overview on exposure and counterparty risk metrics such as the global stress tests, the Potential Future Exposure PFE, etc., as well as focuses on specific activities such as collateralised financing, or agency business;
- dedicated analysis in case of identification of emerging risk areas.

This Committee, chaired by the Risk Department on a monthly basis, brings together representatives from the Market Activities and the Global Banking and Advisory Business Units, but also departments that, within the risk management function, are in charge of monitoring counterparty credit risks on market transactions and credit risk. The CCRC also provides an opinion on the changes to the risk frameworks within its authority.

Replacement risk

The Group frames the replacement risks by limits:

- defined at the counterparty level;
- consolidated across all products types authorised with the counterparty;
- established by maturity buckets to control future exposure using the Potential Future Exposure (PFE) measure also known as CVaR within Societe Generale;
- calibrated according to the credit quality and the nature of the counterparty, the nature/maturity of the financial instruments contemplated (FX transactions, repos transactions, security lending transactions, derivatives, etc.), and the economic understanding, the contractual legal framework agreed and any other risk mitigants.

The Group also considers other measures to monitor replacement risk:

- a multifactor stress test on all counterparties, which allows to holistically quantify the potential loss on market activities following market movements which could trigger a wave of defaults on these counterparties;
- a set of single-factor stress tests to monitor the general wrong-way risk (see section 4.6.3.3 on Wrong Way Risk).

CVA (Credit Valuation Adjustment)

In addition to the replacement risk, the CVA (Credit Valuation Adjustment) measures the adjustment of the value of the Group's derivatives and repos portfolio in order to take into account the credit quality of the counterparties facing the Group (see section 4.6.3.2 *"Credit Valuation Adjustment"*).

Positions taken to hedge the volatility of the CVA (credit, interest rate or equity instruments) are monitored through:

- sensitivity limits;
- stress test limits: scenarios representative of the market risks impacting the CVA (credit spreads, interest rates, exchange rates and equity) are applied to carry out the stress test on CVA.

The different indicators and the stress tests are monitored on the net amount (the sum of the CVA exposure and of their hedges).

Risk on central counterparties

Clearing of transactions is a common market practice for SG, notably in compliance with the EMIR (European Market Infrastructure Regulation) regulations in Europe and the DFA (Dodd-Frank Act) in the United States, which require that the most standardised over-the-counter transactions be compensated *via* clearing houses approved by the authorities and subject to prudential regulation.

As a member of the clearing houses with which it operates, the Group contributes to their risk management framework through deposits into the defaults funds, in addition to margin calls.

The counterparty credit risk stemming from the clearing of derivatives and repos with central counterparties (CCP) is subject to a specific framework on:

- initial margins, both for house and client activities (client clearing);
- the Group's contributions to the CCP default funds (guarantee deposits);
- a stress test defined to capture the impact of a scenario where a major CCP member should default. ▲

See table "EAD and RWA on central counterparties" of section 4.6.3.4 "*Quantitative Information*" for more information.

4.6.2 MITIGATION OF COUNTERPARTY CREDIT RISK ON MARKET TRANSACTIONS

Audited I The Group uses various techniques to reduce this risk:

- the signing, in the most extensive way possible, of close-out netting agreements for over-the-counter (OTC) transactions and Securities Financing Transactions (SFT);
- the collateralisation of market operations, either through clearing houses for eligible products (listed products and certain of the more standardised OTC products), or through a bilateral margin call exchange mechanism which covers both current exposure (variation margins) but also future exposure (initial margins).

Close-out netting agreements

Societe Generale's standard policy is to conclude master agreements including provisions for close-out netting.

These provisions allow on the one hand the immediate termination (close out) of all transactions governed by these agreements when one of the parties defaults, and on the other hand the settlement of a net amount corresponding to the total value of the portfolio, after netting of mutual debts and claims. This balance may be the subject of a guarantee or collateralisation. It results in a single net claim owed by or to the counterparty.

In order to reduce the legal risk associated with documentation and to comply with key international standards, the Group documents these agreements under the main international standards as published by national or international professional associations such as International Swaps and Derivatives Association (ISDA), International Capital Market Association (ICMA), International Securities Lending Association (ISLA), French Banking Federation (FBF), etc.

These contracts establish a set of contractual terms generally recognised as standard and give way to the modification or addition of more specific provisions between the parties in the final contract, for example regarding the triggering events. This standardisation reduces implementation times and secures operations. The clauses negotiated by clients outside the bank's standards are approved by the decision-making bodies in charge of the master agreements standards – Normative Committee and/or Arbitration Committee – made up of representatives of the Risk Division, the Business Units, the Legal Division and other decision-making departments of the bank. In accordance with regulatory requirements, the clauses authorising global close-out netting and collateralisation are analysed by the bank's legal departments to ensure that they are enforceable under the legal provisions applicable to clients.

Collateralisation

Most of over-the-counter transactions are collateralised. There are two types of collateral exchanges:

- initial margin (IM) or Independent Amount (IA[1]): an initial amount of collateral aiming at covering potential future exposure, *i.e.* the unfavourable change in the Mark-to-Market of positions in the time period between the last collection of margins and the liquidation of positions following the counterparty default;
- variation margin (VM): collateral collected to cover current exposure arising from Mark-to-Market changes, used as an approximation of the actual loss resulting from the default of one of the counterparties.

All aspects of the margining regime are defined in collateral arrangements, such as credit support annexes (CSA[2]). The main features defined are:

- the scope covered (*i.e.* the nature of transactions allowed);
- the eligible collateral and the applicable haircut: main types of collateral exchanged are cash or high-quality and liquid assets according to the Group's policy, and are subject to a haircut, which is the valuation percentage applicable to each type of collateral, based on liquidity and price volatility of the underlying during both normal and stressed market conditions;
- the timing and frequency of the calculation of the margin call and exchanges, usually daily;
- the margin call thresholds if not under regulatory obligation;
- the Minimum Transfer Amount (MTA).

In addition, specific parameters or optional features can be defined depending on the type of counterparty/transaction, such as an additional guarantee amount (flat-rate increase of the exposure allowing the party making a margin call to be "over-collateralised"), or rating-dependent clauses, typically mutual in nature, where additional collateral is requested in case of a party's rating downgrade.

The Group monitors given and received collateral exchanges. In case of discrepancies between the parties with respect to margin call amounts, dedicated teams from the operations and the risk departments are in charge of analysing the impacted transactions to ensure they are correctly valued and of addressing the issue.

BILATERAL COLLATERAL EXCHANGE

The initial margin, historically very rare except with hedge funds, was generalised by EMIR and DFA regulations which introduced the mandatory use of master agreements and related CSA, prior to or when entering into an uncleared OTC derivatives transactions. It is now mandatory for the Group to exchange IM and VM for non-cleared OTC derivatives transactions with a large number of its counterparties (its financial counterparties and some non-financial counterparties above certain thresholds defined by the regulation, with compliance dates depending on the volume of transactions).

The Regulatory Technical Standards (RTS) on Initial Margin Model Validation (IMMV) under EMIR allows counterparties subject to mandatory bilateral collateral exchange requirements to waive these rules in certain circumstances. The Group has incorporated a waiver application process for intra-group entities into its risk management policies. The eligibility criteria for this waiver are framed and monitored as required by the Delegated Regulation.

CLEARING HOUSES

EMIR and DFA regulations have also required that the most standard over-the-counter derivatives transactions be compensated through clearing houses. The Group thus compensates its own operations (principal activity), but also client clearing activities (agency-type activity), which are subject to systematic margin calls to mitigate counterparty credit risk (customers posting daily variation margins and initial margins to Societe Generale, in order to cover current exposure and future exposure). The Regulatory Technical Standards (RTS) on Initial Margin Model Validation (IMMV) under EMIR allows counterparties to waive the mandatory clearing *via* a clearing house for intra-group transactions for standardised derivatives transactions. The Group includes and applies this exemption according to the rules and criteria defined. ▲

The use of CCPs enables credit risk to be mitigated through the CCP's settlement systems by:

- applying the bilateral set-off of daily amounts payable in the same currency (payment netting), either to all derivatives, or by class of derivatives cleared by the CCP;
- providing in most cases for the termination of cleared transactions by the CCP in the event of its default.

OTHER MEASURES

In addition to margin requirements for some counterparties or mandatory clearing for the most standardised derivatives transactions, DFA and EMIR provide for an extensive framework for the regulation and transparency of OTC derivatives markets, such as reporting of OTC derivatives, timely confirmation or trade acknowledgement.

(1) IA (Independent Amount) is the same concept as initial margin, but applies to different perimeters (OTC swaps not cleared for IA).
(2) The Credit Support Annex (CSA) is a legal document under ISDA contract that regulates the management of collateral between two counterparties.

4.6.3 COUNTERPARTY CREDIT RISK MEASURES

4.6.3.1 Replacement risk

Audited I The measure of replacement risk is based on an internal model that determines the Group's exposure profiles. As the value of the exposure to a counterparty is uncertain and variable over time, we estimate the potential future replacement costs over the lifetime of the transactions. ▲

PRINCIPLES OF THE MODEL

The future fair value of market transactions with each counterparty is estimated from Monte Carlo models based on a historical analysis of market risk factors.

The principle of the model is to represent the possible future financial markets conditions by simulating the evolutions of the main risk factors to which the institution's portfolio is sensitive. For these simulations, the model uses different diffusion models to account for the characteristics inherent in the risk factors considered and uses a 10-year history for calibration.

The transactions with the various counterparties are then revalued according to these different scenarios at the different future dates until the maturity of the transactions, taking into account the terms and conditions defined in the contractual legal framework agreed and the credit mitigants, notably in terms of netting and collateralisation only to the extent we believe that the credit mitigants provisions are legally valid and enforceable.

The distribution of the counterparty exposures thus obtained allows the calculation of regulatory capital for counterparty credit risk and the economic monitoring of positions.

The Risk Department responsible for Model Risk Management at Group level, assesses the theoretical robustness (review of the design and development quality), the compliance of the implementation, the suitability of the use of the model and continuous monitoring of the relevance of the model over time. This independent review process ends with (i) a report that describes the scope of the review, the tests carried out, the results of the review, the conclusions or recommendations and (ii) review and approval Committees. This model review process gives rise to (i) recurring reports to the Risk Management Department within the framework of various committees and processes (Group Model Risk Management Committee, Risk Appetite Statement/Risk Appetite Framework, monitoring of recommendations, etc.) and (ii) a yearly report to the Board of Directors (CORISQ).

REGULATORY INDICATOR

Audited I With respect to the calculation of capital requirements for counterparty credit risk, the ECB, following the Targeted Review of Internal Models, has renewed the approval for using the internal model described above to determine the Effective Expected Positive Exposure (EEPE) indicator.

For products not covered by the internal model as well as for entities in the Societe Generale Group that have not been authorised by the supervisor to use the internal model, the Group uses the market-price valuation method for derivatives[(1)] and the general financial security-based method for securities financing transactions (SFT[(2)]).

The effects of compensation agreements and collateralisation are taken into account either by their simulation in the internal model when such credit risk mitigant or guarantees meet regulatory criteria, or by applying the rules as defined in the market-price valuation method or the financial security-based method, by subtracting the value of the collateral.

These exposures are then weighted by rates resulting from the credit quality of the counterparty to compute the Risk Weighted Assets (RWA). These rates can be determined by the standard approach or the advanced approach (IRBA).

As a general rule, when EAD is modelled in EEPE and weighted according to IRB approach, there is no adjustment of the LGD according to the collateral received as it is already taken into account in the EEPE calculation. ▲

The RWA breakdown for each approach is available in the "Analysis of Counterparty Credit Risk Exposure by Approach" table in Section 4.6.3.4 "*Quantitative Information*".

ECONOMIC INDICATOR

For the economic monitoring of positions, Societe Generale relies mainly on a maximum exposure indicator determined from the Monte Carlo simulation, called internally Credit Value-at-Risk (CVaR) or PFE (Potential Future Exposure). This is the maximum amount of loss that could occur after eliminating 1% of the most adverse occurrences. This indicator is calculated at different future dates, which are then aggregated into segments, each of them being framed by limits.

The Group has also developed a set of stress test scenarios to determine the exposure that would result from changes in the fair value of transactions with all its counterparties in the event of an extreme shock affecting the market parameters.

4.6.3.2 Credit Valuation Adjustment

MAIN PRINCIPLES

The CVA (Credit Valuation Adjustment) refers to adjustment to marked-to-market of the derivatives and repos portfolio to take into account the credit quality of each counterparty facing the Group in the valuation. This adjustment is equivalent to the counterparty credit risk hedging cost in the Credit Default Swap (CDS) market.

For a specific counterparty, the CVA is determined on the basis of:

- the positive expected exposure to the counterparty, which is the average of the positive hypothetical future exposure values for a transaction or a group of transactions. It is mainly determined using risk neutral Monte Carlo simulations of risk factors that may affect the valuation of the derivatives transactions. The transactions are revalued through time according to the different scenarios, taking into account the terms and conditions defined in the contractual legal framework agreed, notably in terms of netting and collateralisation (*i.e.* that transactions with appropriate credit mitigants will generate lower expected exposure compared to transactions without credit mitigants);

(1) In this method, the EAD (Exposure At Default) relating to the Bank's counterparty credit risk is determined by aggregating the positive market values of all transactions (replacement cost) supplemented by an add-on factor.

(2) Securities Financing Transactions.

- the probability of default of the counterparty, which is linked to the level of CDS spreads;
- the amount of losses in the event of default (LGD – Loss Given Default taking into account the recovery rate).

The Group calculates this adjustment for all counterparties which are not subject to a daily margin call or for which collateral only partially covers the exposure.

CAPITAL REQUIREMENT FOR CVA RISK

The financial institutions are subject to the calculation of a capital requirement under the CVA, to cover its variation over ten days. The scope of counterparties is reduced to financial counterparties as defined in EMIR (European Market Infrastructure Regulation) or to certain Corporates that may use derivatives beyond certain thresholds and for purposes other than hedging.

The CVA charge is determined by the Group mainly using the advanced method:

- the positive expected exposure to the counterparty is mainly determined using the internal model described in section 4.6.3.1, which estimates the future exposure profiles to a counterparty, taking into account counterparty credit risk mitigants;
- the VaR and the Stressed VaR on CVA are determined using a similar methodology to the one developed for the calculation of the market VaR (see market risk chapter). This method consists of an "historical" simulation of the change in the CVA due to fluctuations in the credit spreads observed on the counterparties in portfolio, with a confidence interval of 99%. The calculation is made on the credit spreads variation observed, on the one hand, over a one-year rolling period (VaR on CVA), and, on the other hand, over a fixed one-year historical window corresponding to the period of greatest tension in terms of credit spreads (stressed VaR on CVA);
- the capital charge is the sum of two elements: VaR on CVA and Stressed VaR on CVA multiplied by a coefficient set by the regulator, specific to each bank.

The positions not taken into account in the advanced method are subject to a capital charge determined through the standard method by applying a normative weighting factor to the product of the EAD (Exposure At Default) by a maturity calculated according to the rules defined by the CRR (Capital Requirement Regulation); see the "Transactions subject to own funds requirements for CVA risk" table in Section 4.6.3.4 *"Quantitative Information"*) for the breakdown of CVA-related RWA between advanced and standard methods.

CVA RISK MANAGEMENT

The management of this exposure and of this regulatory capital charge led the Bank to purchase hedging instruments such as Credit Default Swap (CDS) from large credit institutions on certain identified counterparties or on indices composed of identifiable counterparties. In addition to reducing credit risk, it decreases the variability of the CVA and the associated capital amounts resulting from fluctuations in counterparty credit spreads.

4.6.3.3 Unfavorable correlation risk (wrong-way risk)

Wrong-way risk is the risk of the Group's exposure to a counterparty increasing significantly, combined with a simultaneous increase in the probability of the counterparty defaulting.

There are two different cases:

- general wrong-way risk arises when the likelihood of default by counterparties is positively correlated with general market risk factors;
- specific wrong-way risk arises when future exposure to a specific counterparty is positively correlated with the counterparty's probability of default due to the nature of the transaction with the counterparty.

Specific wrong-way risk, in the case of a legal link between the counterparty and the underlying of a transaction concluded with the counterparty, is subject to dedicated regulatory capital requirements, calculated on the perimeter of transactions carrying such risk. Furthermore, for counterparties subject to such a specific risk, the Potential Future Exposure (PFE) is also increased, so that the transactions allowed by the limits in place will be more constrained than in the absence of specific risk.

The general wrong-way risk is controlled *via* a set of stress tests applied to transactions made with a given counterparty, based on scenarios common with the market stress tests. This set-up is based on:

- a quarterly analysis of stress tests on all counterparties (financial institutions, corporates, sovereigns, hedge funds and proprietary trading groups) for principal and agency (client clearing) businesses, allowing to understand the most adverse scenarios related to a joint deterioration in the quality of counterparties and the associated positions;
- a weekly monitoring of dedicated single-factor stress tests for hedge fund counterparties and Proprietary Trading Groups, subject to limits at the counterparty level.

4.6.3.4 Quantitative Information

TABLE 25: COUNTERPARTY CREDIT RISK EXPOSURE, EAD AND RWA BY EXPOSURE CLASS AND APPROACH

Counterparty credit risk is broken down as follows:

	31.12.2021								
(In EURm)	IRB			Standard			Total		
Exposure classes	**Exposure**	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**
Sovereign	24,471	24,511	395	177	177	4	24,648	24,688	399
Institutions	16,653	16,727	3,664	38,068	38,363	960	54,721	55,090	4,624
Corporates	56,698	56,583	14,554	4,441	4,147	4,051	61,139	60,730	18,605
Retail	83	83	8	23	23	14	106	106	21
Other	7	7	2	4,295	4,295	1,022	4,302	4,302	1,023
TOTAL	**97,912**	**97,912**	**18,622**	**47,004**	**47,004**	**6,051**	**144,916**	**144,916**	**24,673**

	31.12.2020								
(In EURm)	IRB			Standard			Total		
Exposure classes	**Exposure**	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**
Sovereign	23,472	23,560	382	170	170	-	23,642	23,730	382
Institutions	19,536	19,673	3,387	23,628	23,928	1,403	43,164	43,601	4,789
Corporates	54,370	54,145	15,786	1,697	1,398	1,246	56,067	55,543	17,032
Retail	121	121	8	2	2	2	122	122	10
Other	1	1	-	3,499	3,499	986	3,500	3,500	987
TOTAL	**97,500**	**97,500**	**19,563**	**28,996**	**28,996**	**3,636**	**126,496**	**126,496**	**23,199**

The tables above feature amounts excluding the CVA (Credit Valuation Adjustment) which represents EUR 2.8 billion of risk-weighted assets (RWA) at 31 December 2021 (*vs*. EUR 3.1 billion at 31 December 2020).

TABLE 26: ANALYSIS OF COUNTERPARTY CREDIT RISK EXPOSURE BY APPROACH

	31.12.2021							
(In EURm)	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWA
Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
SA-CCR (for derivatives)	2,027	20,727		1.4	67,282	31,808	31,794	9,304
IMM (for derivatives and SFTs)			35,417	1.85	472,121	62,416	62,322	13,088
of which securities financing transactions netting sets			*16,892*		*395,150*	*28,067*	*28,067*	*2,142*
of which derivatives and long settlement transactions netting sets			*18,453*		*76,847*	*34,217*	*34,123*	*10,946*
of which from contractual cross-product netting sets			*71*		*124*	*132*	*132*	-
Financial collateral simple method (for SFTs)					-	-	-	-
Financial collateral comprehensive method (for SFTs)					27,145	11,245	11,245	994
VaR for SFTs					-	-	-	-
TOTAL					**566,548**	**105,470**	**105,361**	**23,385**

	31.12.2020						
(In EURm)	Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWA
Mark to market		21,626	29,694			26,586	5,677
Original exposure							
Standardised approach							
IMM (for derivatives and SFTs)				36,449	1.85	67,431	15,767
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**

TABLE 27: EXPOSURES TO CENTRAL COUNTERPARTIES

	31.12.2021		31.12.2020	
(In EURm)	Exposure value	RWA	Exposure value	RWA
Exposures to QCCPs (total)		**1,273**		**1,228**
Exposures for trades at QCCPs (excluding initial margin and default fund contributions), of which:	7,083	142	10,038	201
(i) OTC derivatives	759	15	1,003	20
(ii) Exchange-traded derivatives	5,866	117	7,243	145
(iii) SFTs	457	9	1,791	36
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	22,466		12,701	
Non-segregated initial margin	5,555	111	2,036	41
Pre-funded default fund contributions	3,992	1,020	3,474	986
Unfunded default fund contributions	-	-	-	-
Exposures to non-QCCPs		**-**	**61**	**35**
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions), of which:	-	-	-	-
(i) OTC derivatives	-	-	-	-
(ii) Exchange-traded derivatives	-	-	-	-
(iii) SFTs	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-		35	35
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	25	-
Unfunded default fund contributions	-	-	-	-

TABLE 28: TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK

	31.12.2021		31.12.2020	
(In EURm)	Exposure value	RWA	Exposure value	RWA
Total transactions subject to the Advanced Method	33,066	2,218	37,471	2,783
(i) VaR component (including the 3×multiplier)		193		740
(ii) Stressed VaR component (including the 3×multiplier)		2,025		2,043
Transactions subject to the Standardised Method	6,812	589	5,349	347
Transactions subject to the Alternative approach (based on Original Exposure Method)	-	-	-	-
Total transactions subject to own funds requirements for CVA risk	**39,878**	**2,807**	**42,821**	**3,131**

4.7 MARKET RISK

Audited I Market risk is the risk of loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters, and the correlations between them. These parameters include, but are not limited to, exchange rates, interest rates, the price of securities (equities or bonds), commodities, derivatives and other assets. ▲

4.7.1 ORGANISATION OF MARKET RISK MANAGEMENT

Main functions

Audited I Although primary responsibility for managing risk exposure relies on the front office managers, the supervision system comes under the Market Risk Department of the Risk Department, which is independent from the businesses.

The main missions of this department are:

- the definition and proposal of the Group's market risk appetite;
- the proposal of appropriate market risk limits by Group activity to the Group Risk Committee (CORISQ);
- the assessment of the limit requests submitted by the different businesses within the framework of the overall limits authorised by the Board of Directors and General Management, and based on the use of these limits;
- the permanent verification of the existence of an effective market risk monitoring framework based on suitable limits;
- the definition of the indicators used to monitor market risk;
- the daily calculation and certification of the market risk indicators, of the P&L resulting from market activities, based on formal and secure procedures, and then of the reporting and the analysis of these indicators;
- the daily monitoring of the limits set for each activity.

In order to perform its tasks, the department also defines the architecture and the functionalities of the information system used to produce the risk and P&L indicators for market transactions, and ensures it meets the needs of the different businesses and of the Market Risk Department. ▲

This department contributes to the detection of possible rogue trading operations through a monitoring mechanism based on alert levels (on gross nominal value of positions for example) applied to all instruments and desks.

Governance

Market risks oversight is provided by various Committees at different levels of the Group:

- the Risk Committee of the Board of Directors(1) is informed of the Group's major market risks; in addition, it issues a recommendation on the most substantial proposed changes in terms of market risk measurement and framework (after prior approval by the CORISQ); this recommendation is then referred to the Board of Directors for a decision;
- the Group Risk Committee(2) (CORISQ), chaired by the Chief Executive Officer of the Group, is regularly informed of Group-level market risks. Moreover, upon a proposal from the Risk Department, it validates the main choices with regard to market risk measurement, as well as the key developments on the architecture and implementation of the market risk framework at Group level;
- the market risks related to the Global Markets Division are reviewed during the Market Risk Committee(3) (MRC) led by the Market Risk Department and co-chaired by the Risk Department and by the Global Markets Division. This Committee provides information on risk levels for the main risk indicators as well as for some specific activities pointed out depending on market or business driven events. It also provides an opinion on the market risk framework changes falling under the remit of the Risk Department and Global Markets Division.

During these Committees, the market activities P&L and several metrics for monitoring market risks are systematically reported:

- stress test measurements: Global Stress Test on market activities and Market Stress Test;
- regulatory metrics: Value-at-Risk (VAR) and Stressed Value-at-Risk (SVAR).

In addition to these Committees, detailed and summary market risk reports, produced on a daily, weekly, monthly or quarterly basis, either related to various Group levels or geographic areas, are sent to the relevant business line and risk function managers.

In terms of governance, within the Market Risk Department, the main functional and transversal subjects are dealt with during Committees organised by value chains (market risk, P&L, etc.). These Committees are decision-making bodies, composed of senior representatives from each relevant Department teams and regions. ▲

(1) Gathered eight times in 2021.
(2) Gathered nine times in 2021.
(3) Gathered ten times in 2021.

4.7.2 MARKET RISK MONITORING PROCESS

Market risk appetite

Audited I The business development strategy of the Group for market activities is primarily focused on meeting clients' needs, with a comprehensive range of products and solutions. The risk resulting from these market activities is strictly managed through a set of limits for several indicators:

- the Value-at-Risks (VaR) and stressed Value-at-Risks (sVaR): these global indicators are used for market risk calculations for RWA and for the day-to-day monitoring of the market risks incurred by the Group within the scope of its trading activities;
- stress test measurements, based on decennial shock-type indicators, which make it possible to restrict the Group's exposure to systemic risk and exceptional market shocks. These measurements can be global, multi-risk factor (based on historic or hypothetical scenarios), by activity or risk factor in order to take into account extreme risks on a specific market, or event-driven, to temporarily monitor a particular situation;
- sensitivity and nominal indicators used to manage the size of positions:
  - sensitivities are used to monitor the risk incurred locally on a given type of position (*e.g.* sensitivity of an option to changes in the underlying asset),
  - while nominal indicators are used for significant positions in terms of risk;
- additional indicators such as concentration risk or holding period, maximum maturity, etc. ▲

The Market Risk Department is responsible for the assessment and validation of the limit requests submitted by the different business lines. These limits ensure that the Group complies with the market risk appetite approved by the Board of Directors, further to a proposal from General Management[(1)].

Determining and monitoring limits

The choice and calibration of these limits ensure the operational transposition of the Group's market risk appetite through its organisation:

- these limits are allocated at various levels of the Group's structure and/or by risk factor;
- their calibration is determined using a detailed analysis of the risks related to the portfolio managed. This analysis may include various elements such as market conditions, specifically liquidity, position maneuverability, risk/rewards analysis, etc.;
- regular reviews make it possible to manage risks according to the prevailing market conditions;
- specific limits, or even bans, may be put in place to manage risks for which the Group has little or no risk appetite.

The desk mandates and Group policies stipulate that traders must have a sound and prudent management of positions and must respect the defined frameworks. The allowed transactions, as well as risk hedging strategies, are also described in the desks mandates. The limits set for each activity are monitored daily by the Market Risk Department. This continuous monitoring of the market risk profile is the object of regular discussions between the risk and business teams, further to which various risk hedging or mitigation initiatives may be taken by the front office in order to remain within the defined limits. In the event of a breach of the risk framework, and in compliance with the limits follow-up procedure, the front office must detail the reasons, and take the necessary measures to return within the defined framework, or otherwise request a temporary or permanent increase of limit if the clients requests and if market conditions justify such a course of action.

In addition to the governance structure in place between the various departments of the Risk function and business lines, the monitoring of limits usage, due to the products/solutions provided to clients and the market-making activities, also contributes to ensuring that market risk to which the Group is exposed are properly managed and understood.

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 methodology depends on the impact of the change in question.

(1) See "Risk Appetite" section for the detailed description of the governance and implementation of the risk appetite, as well as the role the Risk Division plays in defining it.

The Global Stress Test on market activities limits and the Market Stress Test limits play a central role in the definition and the calibration of the Group's appetite for market risk: these indicators cover all activities and the main market risk factors and associated risks associated with a severe market crisis, this allows both to limit the overall amount of risk and to take into account any diversification effects.

This framework is complemented by stress-testing frameworks on four risk factors on which the Group has significant exposures, in order to reduce the overall risk appetite: equities, interest rates, credit spread and emerging markets.

GLOBAL STRESS TEST ON MARKET ACTIVITIES

The Global Stress Test on market activities is the main risk indicator used on this scope. It covers all the risks on market activities that would occur simultaneously in case of a severe, but plausible, market crisis. The impact is measured over a short period of time with an expected occurrence of once per decade. The Global Stress Test uses five market scenarios and has three components, each of which are considered in each of the five scenarios in order to ensure consistency within the same scenario:

- market risk;
- dislocation and carry risks on exotic activities related to concentration effects and crowded trades;
- market/counterparty cross-risks arising in transactions with weak counterparties (hedge funds and proprietary trading groups).

The Global Stress Test corresponds to the least favorable results arising from the five scenarios and their respective components.

Market risk component

It corresponds to:

- the results of the Market Stress Test[(1)] restricted to scenarios that could cause dislocation effects on market positions and default by weak counterparties. These scenarios all simulate a sharp fall in the equity markets and a widening in credit spreads which could trigger dislocation effects. Following the last review of the scenarios at the end of 2020, it was decided to use for the calculation of the stress test three theoretical scenarios (generalised (*i.e.* financial crisis scenario), eurozone crisis, general decline in risk assets) and two historical scenarios focusing respectively on the period of early October 2008 and early March 2020;
- the impact of the stress test scenario on CVA (Credit Value Adjustment) and FVA (Funding Value Adjustment) reserves, as their variations affect trading results.

Dislocation and carry risk component

Additional market risks to those assessed in the Market Stress Test can occur in market situation in which one or more participants – generally structured products sellers – have concentrated or crowded trades. Dynamic risk hedging strategies can cause larger market dislocations than those calibrated in the Market Stress Test, and these dislocations can extend beyond the shock timeline used due to an imbalance between supply and demand.

Equity, credit, fixed income, currency and commodity trading activities are regularly reviewed to identify these areas of risk and to define a scenario that takes into account the specific features of each activity and position. Each scenario associated with an identified area of risk is added to the market risk component if – and only if – it is compatible with the market scenario in question.

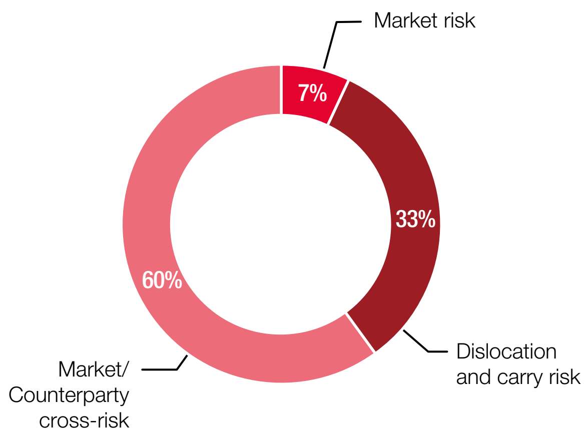
Market/counterparty cross-risk component on weak counterparties

Some counterparties may be significantly affected by a major crisis on the financial markets and their probability of default may increase. The third component of the Global Stress Test therefore aims to take into account this increased risk on certain types of weak counterparties (hedge funds and proprietary trading groups).

Two measurements are used:

- **the collateralised financing stress test:** this stress test focuses on collateralised financing activities and more specifically on weak counterparties. It applies a dislocation shock to several asset classes with the assumption of extremely tight liquidity conditions. Collateral and counterparty default rates are stressed concomitantly, taking into account any consanguinity with the collateral posted;
- **the adverse stress test on hedge funds and proprietary trading groups (PTG):** this stress test applies three pairs of stress scenarios to all market transactions generating replacement regarding this type of counterparty. Each set of scenarios consists of a short-term scenario (scenario derived from the Market Stress Test) applied to positions with margin calls, and a long-term scenario (whose shocks are generally more severe) for positions without margin calls. Stressed current exposures are weighted by the probability of default of each counterparty and by the loss given default (LGD), then aggregated. ▲

AVERAGE CONTRIBUTION OF THE COMPONENTS IN 2021 GLOBAL STRESS TEST ON MARKET ACTIVITIES



(1) *Measurement of the impact in the Net Banking Product in case of shocks on all risk factors (refer to description below).*

MARKET STRESS TEST

Audited I This metric focuses on market risk and estimates the loss resulting from shocks on the set of risk factors. This stress test is based on 11 scenarios[1] (four historical and seven hypothetical). The main principles are as follows:

- the scenario considered in the market stress test is the worst of the different scenarios defined;
- the shocks applied are calibrated on time horizons specific to each risk factor (the time horizon can range from five days for the most liquid risk factors to three months for the least liquid);
- risks are calculated every day for each of the Bank's market activities (all products together), using each of the historical and hypothetical scenarios.

Historical scenarios

This method consists of an analysis of the major economic crises that have affected the financial markets: changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, etc.) during each of these crises have been analysed in order to define scenarios for potential variations in these main risk factors which, when applied to the Bank's trading positions, could generate significant losses. Accordingly, this approach makes it possible to determine the historical scenarios used for the calculation of the stress test. This set of scenarios is also the subject of regular reviews. In 2020, two new historical scenarios related to the Covid-19 crisis were integrated: a crisis scenario (marked by a decline in equity indices and an increase in credit spreads) as well as a rebound scenario (marked by an increase in equity indices and a decrease in credit spreads). Societe Generale is currently using four historical scenarios in the calculation of the stress test, which cover the periods from October to December 2008 and March 2020.

Hypothetical scenarios

The hypothetical scenarios are defined with the Group's economists and are designed to identify possible sequences of events that could lead to a major crisis in the financial markets (*e.g.* a major terrorist attack, political instability in the main oil-producing countries, etc.). The Group's aim is to select extreme but plausible events which would have major repercussions on all international markets. Accordingly, Societe Generale has defined seven hypothetical scenarios. ▲

Regulatory indicators

99% VALUE-AT-RISK (VAR)

Methodology

Audited I The Internal VaR Model was introduced at the end of 1996 and has been approved by the French regulator within the scope of the regulatory capital requirements. This approval was renewed in 2020 at the Target Review of Internal Models (TRIM).

The Value-at-Risk (VaR) assesses the potential losses on positions over a defined time horizon and for a given confidence interval (99% for Societe Generale). The method used is the "historical simulation" method, which implicitly takes into account the correlation between the various markets, as well as general and specific risk. It is based on the following principles:

- storage in a database of the risk factors that are representative of Societe Generale's positions (*i.e.* interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.). Controls are regularly performed in order to check that all major risk factors for the trading portfolio of the Group are taken into account by the internal VaR model;
- definition of 260 scenarios corresponding to one-day variations in these market parameters over a rolling one-year period; these scenarios are updated daily with the inclusion of a new scenario and the removal of the oldest scenario. There are three coexisting methods for modeling scenarios (relative shocks, absolute shocks and hybrid shocks), the choice between these methods for a given risk factor is determined by its nature and its historical trend;
- the application of these 260 scenarios to the market parameters of the day;
- revaluation of daily positions, on the basis of the 260 sets of adjusted market parameters: in most cases this calculation involves a full repricing. Nonetheless, for certain risk factors, a sensitivity-based approach may be used.

Main risk factors	Description
Interest rates	Risk resulting from changes in interest rates and their volatility on the value of a financial instrument sensitive to interest rates, such as bonds, interest rate swaps, etc.
Share prices	Risk resulting from variations in prices and volatility of shares and equity indices, in the level of dividends, etc.
Exchange rates	Risk resulting from the variation of exchange rates between currencies and of their volatility.
Commodity prices	Risk resulting from changes in prices and volatility of commodities and commodity indices.
Credit Spreads	Risk resulting from an improvement or a deterioration in the credit quality of an issuer on the value of a financial instrument sensitive to this risk factor such as bonds, credit derivatives (credit default swaps for example).

Within the framework described above, the one-day 99% VaR, calculated according to the 260 scenarios, corresponds to the weighted average[2] of the second and third largest losses computed, without applying any weighting to the scenarios.

(1) Including the scenarios used in the global stress tests on market activities.
(2) 39% of the second highest risk and 61% of the third highest risk.

The day-to-day follow-up of market risk is performed *via* the one-day VaR, which is calculated on a daily basis at various granularity levels. Regulatory capital requirements, however, oblige us to take into account a ten-day horizon, thus we also calculate a ten-day VaR, which is obtained by multiplying the one-day VaR aggregated at Group level by the square root of ten. This methodology complies with regulatory requirements and has been reviewed and validated by the regulator.

The VaR assessment is based on a model and a certain number of conventional assumptions, the main limitations of which are as follows:

- by definition, the use of a 99% confidence interval does not take into account losses arising beyond this point; VaR is therefore an indicator of the risk of loss under normal market conditions and does not take into account exceptionally significant fluctuations;
- VaR is computed using closing prices, meaning that intraday fluctuations are not taken into account;
- the use of a historical model is based on the assumption that past events are representative of future events and may not capture all potential events.

The Market Risk Department mitigates the limitations of the VaR model by performing stress tests and other additional measurements.

The same model is used for the VaR computation for almost all of Global Banking & Investor Solution's activities (including those related to the most complex products) and the main market activities of Retail Banking and Private Banking. The few activities not covered by the VaR method, either for technical reasons or because the stakes are too low, are monitored using stress tests, and capital charges are calculated using the standard method or through alternative in-house methods. For example, the currency risk of positions in the banking book is not calculated with an internal model because this risk is not subject to a daily revaluation and therefore cannot be taken into account in a VaR calculation.

Backtesting

The relevance of the model is checked through continuous backtesting in order to verify whether the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval. The results of the backtesting are audited by the Risk Department in charge of the validation of internal models, which, as second line of defence, also assesses the theoretical robustness (from a design and development standpoint), the correctness of the implementation and the adequacy of the model use. The independent review process ends with (i) review and approval Committees and (ii) an Audit Report 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.

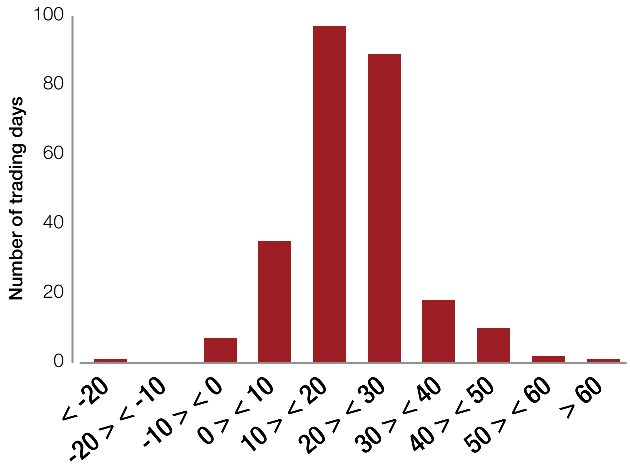
In compliance with regulations, backtesting compares the VaR to the (i) actual and (ii) hypothetical change in the portfolio's value:

- 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) as well as provisions and parameter adjustments made for market risk;
- in the second case (backtesting against "hypothetical P&L"), the daily P&L[2] includes only the change in book value related to changes in market parameters and excludes all other factors. ▲

In 2021, we observed:

- one VaR backtesting breach in Q1 21, against actual P&L;
- three VaR backtesting breaches in Q4 21, against hypothetical P&L.

BREAKDOWN OF THE DAILY[3] P&L OF MARKET ACTIVITIES (2021, IN EURM)



(1) "Actual P&L" by agreement hereinafter.
(2) "Hypothetical P&L" by agreement hereinafter.
(3) Actual P&L.

TRADING VAR (ONE-DAY, 99%), DAILY ACTUAL[1] P&L AND DAILY HYPOTHETICAL[2] P&L OF THE TRADING PORTFOLIO (2021, IN EURM)

VaR Changes

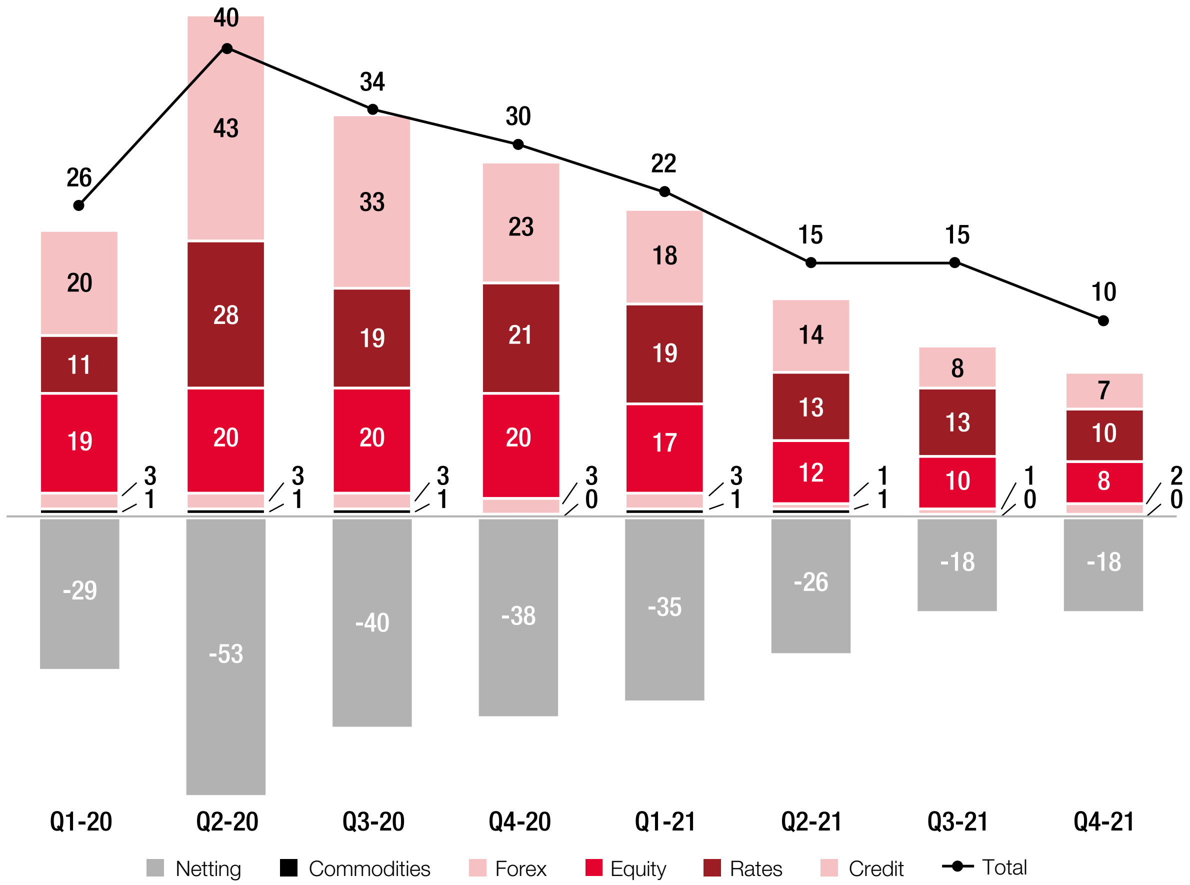
TABLE 29: REGULATORY TEN-DAY 99% VAR AND ONE-DAY 99% VAR

	31.12.2021		31.12.2020	
(In EURm)	VaR (10 days, 99%)[1]	VaR (1 day, 99%)[1]	VaR (10 days, 99%)[1]	VaR (1 day, 99%)[1]
Period start	75	24	93	29
Maximum value	98	31	188	60
Average value	49	15	103	33
Minimum value	18	6	35	11
Period end	25	8	67	21

(1) Over the scope for which capital requirements are assessed by internal model.

(1) Daily profit or loss used for the VaR backtesting against actual P&L, as defined in the "99% Value-at-Risk (VaR)".
(2) Daily profit or loss used for the VaR backtesting against hypothetical P&L, as defined in the "99% Value-at-Risk (VaR)".

AUDITED I BREAKDOWN BY RISK FACTOR OF TRADING VAR (ONE-DAY, 99%) – CHANGES IN QUARTERLY AVERAGE OVER THE 2020-2021 PERIOD (IN EURM)



Audited I VaR was less risky in 2021 (EUR 15 million versus EUR 33 million in 2020 on average). In line with the end of 2020, the VaR in 2021 continued its gradual decline over the year, reaching historically low levels in the 4th quarter. The decline was visible across all asset classes, which are also at low levels. ▲

STRESSED VAR (SVAR)

Audited 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. As with the VaR model, this approval was renewed in 2020 at the Target Review of Internal Models (TRIM).

The calculation method used for the 99% one-day SVaR is the same as as the one for the VaR. It consists in carrying out a historical simulation with one-day shocks and a 99% confidence interval. Contrary to VaR, which uses 260 scenarios for one-day fluctuations over a rolling one-year period, SVaR uses a fixed one-year historical window corresponding to a period of significant financial tension.

The method for determining the fixed historical stress window in effect in 2021, which has been approved by the regulator(1), is based on a review of the historic shocks on the risk factors representative of the Societe Generale portfolio (related to equity, fixed income, foreign exchange, credit and commodity risks): historical shocks are aggregated to determine the period of highest stress for the entire portfolio. Each risk factor is assigned a weighting to account for the weight of each risk factor within its asset class and the weight of the asset class in the Group's VaR. The historical window used is reviewed annually. In 2021, this window was "September 2008-September 2009".

The ten-day SVaR used for the computation of the regulatory capital is obtained, as for VaR, by multiplying the one-day SVaR by the square root of ten.

The continuous backtesting performed on VaR model cannot be replicated to the SVaR model as, by definition, it is not sensitive to the current market conditions. However, as the VaR and the SVaR models rely on the same approach, they have the same advantages and limitations.

The relevance of the SVaR is regularly monitored and reviewed by the Risk Department in charge of the validation of internal models, as second line of defence. The independent review process ends with (i) review and approval Committees and (ii) an Audit Report detailing the scope of the review, the tests performed and their outcomes, the recommendations and the conclusion of the review. The model control mechanism gives rise to recurrent reporting to the appropriate authorities.

(1) A complementary method was submitted to the regulator for approval in Q2 2018: the purpose was to ensure the relevance of the period obtained following the method based on the weighting of historical shocks by computing an approached VaR on the same selection of risk factors representative of the portfolio. The ECB validated this new method at the end of 2021: thus, in 2022 it will be used to determine the new historical window.

SVaR decreased on average in 2021 (EUR 37 million versus EUR 50 million in 2020). Its evolution over the year was marked by three main stages:

- in the first two quarters of the year, the SVaR remained at a low level, following the end of 2020. The low variability comes mainly from exotic perimeters and equity volatility as well as interest rate activities;
- SVaR increased in Q3 to EUR 60 million. This increase comes mainly from interest rate perimeters, in particular CIM[1] Basis and exotic;
- SVaR then gradually declined to its average level. The decrease coming from interest rate perimeters, due to the exposure of interest rate smile, cross currency and sensitivity to OIS/BOR. ▲

TABLE 30: REGULATORY TEN-DAY 99% SVAR AND ONE-DAY 99% SVAR

	31.12.2021		31.12.2020	
(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	135	43	105	33
Maximum value	191	60	343	109
Average value	117	37	158	50
Minimum value	72	23	73	23
Period end	108	34	131	41

(1) Over the scope for which capital requirements are assessed by internal model.

IRC AND CRM

At end-2011, Societe Generale received approval from the Regulator to expand its internal market risk modeling system by including IRC (Incremental Risk Charge) and CRM (Comprehensive Risk Measure), for the same scope as for VaR. As with the VaR model, the approval of the IRC[2] model was renewed in 2020 at the Target Review of Internal Models (TRIM).

They estimate the capital charge on debt instruments that is related to rating migration and issuer default risks. These capital charges are incremental, meaning they are added to the charges calculated based on VaR and SVaR.

In terms of scope, in compliance with regulatory requirements:

- IRC is applied to debt instruments, other than securitisations and the credit correlation portfolio. In particular, this includes bonds, CDS and related derivatives;
- CRM exclusively covers the correlation portfolio, *i.e.* CDO tranches and First-to-Default products (FtD), as well as their hedging using CDS and indices.

Societe Generale estimates these capital charges using internal models[3]. These models determine the loss that would be incurred following especially adverse scenarios in terms of rating changes or issuer defaults for the year that follows the calculation date, without ageing the positions. IRC and CRM are calculated with a confidence interval of 99.9%: they represent the highest risk of loss obtained after eliminating 0.1% of the most unfavorable scenarios simulated.

The internal IRC model simulates rating transitions (including default) for each issuer in the portfolio, over a one-year horizon[4]. Issuers are classified into five categories: US-based companies, European companies, companies from other regions, financial institutions and sovereigns. The behaviours of the issuers in each category are correlated with one other through a systemic factor specific to each category. In addition, a correlation between these five systemic factors is integrated to the model. These correlations, along with the rating transition probabilities, are calibrated from historical data observed over the course of a full economic cycle. In case of change in an issuer's rating, the decline or improvement in its financial health is modeled by a shock in its credit spread: negative if the rating improves and positive in the opposite case. The price variation associated with each IRC scenario is determined after revaluation of positions *via* a sensitivity approach, using the delta, the gamma as well as the level of loss in the event of default (Jump to Default), calculated with the market recovery rate for each position.

The CRM model simulates issuer's rating transitions in the same way as the internal IRC model. In addition, the dissemination of the following risk factors is taken into account by the model:

- credit spreads;
- basis correlations;
- recovery rate excluding default (uncertainty about the value of this rate if the issuer has not defaulted);
- recovery rate in the event of default (uncertainty about the value of this rate in case of issuer default);
- First-to-Default valuation correlation (correlation of the times of default used for the valuation of the First-to-Default basket).

These dissemination models are calibrated from historical data, over a maximum period of ten years. The price variation associated with each CRM scenario is determined thanks to a full repricing of the positions. In addition, the capital charge computed with the CRM model cannot be less than a minimum of 8% of the capital charge determined with the standard method for securitisation positions.

(1) Cross Inter Maturity.
(2) The CRM model was not within the scope of the Target Review of Internal Models.
(3) The same internal model is used for all portfolios for which an IRC calculation is required. The same is true for the portfolios on which a CRM calculation is performed. Note that the scope covered with internal models (IRC and CRM) is included in the VaR scope: only entities authorised for a VaR calculation via an internal model can use an internal model for IRC and CRM calculation.
(4) The use of a constant one-year liquidity horizon means that shocks that are applied to the positions to calculate IRC and CRM, are instantaneous one-year shocks. This hypothesis appears to be the most prudent choice in terms of models and capital, rather than shorter liquidity horizons.

The internal IRC and CRM models are subject to similar governance to that of other internal models meeting the Pillar 1 regulatory requirements. More specifically:

- an ongoing monitoring allows to follow the adequacy of IRC and CRM models and of their calibration. This monitoring is based at least on a yearly review of the modeling hypotheses. As these metrics are estimated *via* a 99.9% quantile over a one-year horizon, the low frequency of breaches means that a backtesting as the one performed on VaR model is not possible. In particular, this review includes:
  - a check of the adequacy of the structure of the rating transition matrices used for IRC and CRM models,
  - a backtesting of the probabilities of default used for these two models,
  - a check of the adequacy of the models for the dissemination of recovery rates, spread dissemination and dissemination of basic correlations used in the CRM calculation;

  Regarding the checks on the accuracy of these metrics:
  - the IRC calculation being based on the sensitivities of each instrument – delta, gamma – as well as on the level of loss in the event of default (Jump to Default) calculated with the market recovery rate, the accuracy of this approach is checked against a full repricing every six months,
  - such a check on CRM is not necessary as its computation is performed following a full repricing;
- these metrics are compared to normative stress tests defined by the regulator. In particular, the EBA stress test and the risk appetite exercise are performed regularly on the IRC metric. These stress tests consist of applying unfavorable rating migrations to issuers, shocking credit spreads and shocking rating transition matrices. Other stress tests are also carried out on an *ad hoc* basis to justify the correlation hypotheses between issuers and those made on the rating transition matrix;
- a weekly analysis of these metrics is carried out by the production and certification team for market risk metrics;
- the methodology and its implementation have been initially validated by the French Prudential and Resolution Supervisory Authority (*Autorité de contrôle prudentiel et de résolution* – ACPR). Thereafter, a review of the IRC and the CRM is regularly carried out by the Risk Department in charge of the validation of internal models as second line of defence. This independent review process ends with (i) review and approval Committees and (ii) an Audit Report detailing the scope of the review, the tests performed and their outcomes, the recommendations and the conclusion of the review. The model control mechanism gives rise to recurrent reporting to the appropriate authorities.

Moreover, regular operational checks are performed on the completeness of the scope's coverage as well as the quality of the data describing the positions.

TABLE 31: IRC (99.9%) AND CRM (99.9%)

(In EURm)	31.12.2021	31.12.2020
Incremental Risk Charge (99.9%)		
Period start	101	93
Maximum value	205	172
Average value	116	103
Minimum value	51	53
Period end	67	112
Comprehensive Risk Measure (99.9%)		
Period start	66	95
Maximum value	102	462
Average value	64	116
Minimum value	40	51
Period end	57	70

4.7.4 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

Allocation of exposures in the trading book

The on- and off-balance sheet items must be allocated to one of the two portfolios defined by prudential regulations: the banking book or the trading book.

The banking book is defined by elimination: all on- and off-balance sheet items not included in the trading book are included by default in the banking book.

The trading book consists of all positions in financial instruments and commodities held by an institution either for trading purposes or in order to hedge other positions in the trading book. The trading interest is documented as part of the traders' mandates.

The prudential classification of instruments and positions is governed as follows:

- the Finance Department's prudential regulation experts are responsible for translating the regulations into procedures, together with the Risk Department for procedures related to holding period and liquidity. They also analyse specific cases and exceptions. They share these procedures to the business lines;
- the business lines comply with these procedures. In particular, they document the trading interest of the positions taken by traders;
- the Finance and Risk Departments are in charge of the control framework.

The following controls are implemented in order to ensure that activities are managed in accordance with their prudential classification:

- new product process: any new product or activity is subject to an approval process that covers its prudential classification and regulatory capital treatment for transactions subject to validation;
- holding period: the Market Risk Department has designed a control framework for the holding period of certain instruments;
- liquidity: on a case-by-case basis or on demand, the Market Risk Department performs liquidity controls based on certain criteria (negotiability/transferability, bid/ask size, market volumes, etc.);
- strict process for any change in prudential classification, involving the business line and the Finance and Risk Divisions;
- internal audit: through its various periodic assignments, Internal Audit verifies or questions the consistency of the prudential classification with policies/procedures as well as the suitability of the prudential treatment in light of existing regulations.

Quantitative information

Almost 90% of Societe Generale capital requirements related to market risk are determined using an internal model approach. The standard approach is mainly used for the Collective Investment Units (CIU), for securitisation positions, but also for the positions presenting a foreign exchange risk, which are not part of the trading book, as well as for the Group's subsidiaries that do not have access to the core IT tools developed internally. The main entities concerned are some International Retail Banking and Financial Services entities such as SG Maroc, Rosbank, BRD, SG Tunisie, SG Algérie, etc.

Capital requirements for market risk decreased in 2021. This decline is reflected in most components:

- VaR continued its year-over-year decline, which began at the end of 2020, reaching historically low levels in Q4. This decline is reflected in all activities, including interest rates, credit and equity;
- IRC and CRM, whose decrease is mainly due to the reduction in debt instruments positions by the front office;
- RWAs calculated under the standard approach, which have mainly benefited from a reduction in interest rate risk especially to the reduced exposure of several subsidiaries.

The increase in capital requirements for risk assessed for ownership positions can be explained by both the front office activity (positions in options) and methodological changes.

TABLE 32: MARKET RISK CAPITAL REQUIREMENTS AND RWA BY RISK FACTOR

	Risk-weighted assets			Capital requirement		
(In EURm)	31.12.2021	31.12.2020	*Change*	31.12.2021	31.12.2020	*Change*
VaR	1,343	4,117	*(2,773)*	107	329	*(222)*
Stressed VaR	7,227	6,671	*555*	578	534	*44*
Incremental Risk Charge (IRC)	840	1,758	*(918)*	67	141	*(73)*
Correlation portfolio (CRM)	815	1,066	*(251)*	65	85	*(20)*
Total market risk assessed by internal model	**10,225**	**13,612**	***(3,387)***	**818**	**1,089**	***(271)***
Specific risk related to securitisation positions in the trading portfolio	562	534	*28*	45	43	*2*
Risk assessed for currency positions	-	219	*(219)*	-	17	*(17)*
Risks assessed for interest rates (excl. securitisation)	285	975	*(691)*	23	78	*(55)*
Risk assessed for ownership positions	572	-	*572*	46	-	*46*
Risk assessed for commodities	0	0	*(0)*	0	0	*(0)*
Total market risk assessed by standard approach	**1,419**	**1,728**	***(309)***	**114**	**138**	***(25)***
TOTAL	**11,643**	**15,340**	***(3,697)***	**931**	**1,227**	***(296)***

TABLE 33: MARKET RISK CAPITAL REQUIREMENTS AND RWA BY TYPE OF RISK

	Risk-weighted assets		Capital requirement	
(In EURm)	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Risk assessed for currency positions	349	462	28	37
Risk assessed for credit (excl. deductions)	3,984	5,943	319	475
Risk assessed for commodities	39	43	3	3
Risk assessed for ownership positions	4,474	4,133	358	331
Risk assessed for interest rates	2,797	4,760	224	381
TOTAL	**11,643**	**15,340**	**931**	**1,227**

4.7.5 FINANCIAL INSTRUMENT VALUATION

Management risk related to financial instrument valuation relies on the Global Markets Division as first line of defence, by the team of valuation experts (Group Valuation) within the Finance Department, and finally by the team of independent review of valuation models within the Market Risk Department.

Governance

Governance on valuation topics is enforced through two valuation Committees, both attended by representatives of the Global Markets Division, the Market Risk Department and the Finance Division:

- the Global Valuation Committee is convened whenever necessary, and at least every quarter, to discuss and approve financial instrument valuation methodologies (model refinements, reserve methodologies, etc.). This Committee, chaired by the Finance Department and organised by its valuation expert team (Valuation Group) has global accountability with respect to the approval of the valuation policies;
- on a quarterly basis, the Global Valuation Review Committee, chaired by the Finance Department, reviews changes in reserves, valuation adjustment figures, and related accounting impacts. This analytical review is performed by the Valuation Group.

The topics related to Prudent Valuation are dealt with during methodological committees and validation committees, organised quarterly, and both chaired by the Finance Department and both attended by representatives of the Global Markets Division and the Market Risk Department.

Lastly, a Valuation Policy describes the valuation framework and its governance, specifying the breakdown of responsibilities between the stakeholders.

Valuation principles and associated controls

In terms of valuation, market products are marked to market, when such market prices exist; otherwise, they are valued using parameter-based models, in compliance with the IFRS 13 principles defining fair value.

On the one hand, each model designed by the front office is subject to independent validation by the Market Risks Department as second line of defence that especially checks the theoretical aspects of the model (relevance of the hypotheses, analytical calculations, numerical methods), its performance (for instance in case of stressed conditions) and its implementation in systems. Following this review, the validation status of the model, its scope of use and the recommendations to be dealt with are formalised in a report.

On the other hand, the parameters used in the valuation models – whether or not they come from observable data – are subject to controls by the Market Risks Department and the Finance Department (Independent Price Verification).

If necessary, the valuations are supplemented by reserves or adjustments (this mainly concerns liquidity, parameter or model uncertainties) using calculation methods developed in consultation with the front office, which are subject to approval by the Market Risk Department and the Finance Department during the Global Valuation Committees.

Regulatory requirements

Furthermore, regarding the prudential component, Additional Valuation Adjustments (AVAs) are computed on fair value assets, in compliance with the Regulatory Technical Standards (RTS) published by the European Banking Authority (EBA), which lay out the requirements related to Prudent Valuation, in addition to the principles already specified in the CRD (Capital Requirements Directive). These Regulatory Technical Standards define the various uncertainties which have to be taken into account in the Prudent Valuation and set a target level of confidence to reach.

Within this framework, in order to take into account the various factors which could generate additional exit costs compared to the expected valuation (model risk, concentration risk, liquidation cost, uncertainty on market prices, etc.), Prudent Valuation Adjustments (PVAs) are computed for each exposure. The Additional Valuation Adjustments (AVAs) are defined as the difference between the Prudent Valuation obtained and the accounting fair value of the positions, in order to comply with the target level of confidence to reach (the confidence interval is equal to 90%). These amounts of AVA are deducted from the Common Equity Tier 1 capital.

4.8 OPERATIONAL RISK

Operational risk is the risk of losses resulting from inadequacies or failures in processes, personnel or information systems, or from external events.

Societe Generale's operational risk classification is divided into eight event categories:

- commercial litigation;
- disputes with authorities;
- errors in pricing or risk evaluation including model risk;
- execution errors;
- fraud and other criminal activities;
- rogue trading;
- loss of operating resources;
- IT system interruptions.

This classification is declined into 58 risk categories, cornerstone of the Group risk modeling, ensuring consistency throughout the system and enabling cross-business analyses throughout the Group (see section 4.8.2), particularly on the following risks :

- risks related to information and communication technologies and security (cybercrime, IT systems failures, etc.);
- risks related to outsourcing of services and business continuity;
- risks related to the launch of new products/services/activities for customers;
- non-compliance risk (including legal and tax risks): risk of court-ordered, administrative or disciplinary sanctions, or of material financial loss, due to failure to comply with the provisions governing the Group's activities;
- reputational risk: risk arising from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Group's ability to maintain or engage in business relationships and to sustain access to sources of financing;
- misconduct risk: risk resulting from actions (or inactions) or behavior of the Bank or its employees inconsistent with the Group's Code of Conduct, which may lead to adverse consequences for our stakeholders, or place the Bank's sustainability or reputation at risk.

The framework relating to the risks of non-compliance, reputation and inappropriate conduct is detailed in Chapter 4.11 *"Compliance risk, litigation"*.

4.8.1 ORGANISATION OF OPERATIONAL RISK MANAGEMENT

Governance

The Group operational risk management framework, other than non-compliance risks detailed in Chapter 4.11 *"Compliance risk, litigation"* is structured around a two-level system with the following participants:

- a first line of defence in each core Business Units/Service Units, responsible for applying the framework and putting in place controls that ensure risks are identified, analysed, measured, monitored, managed, reported and contained with the limits set by the Group-defined risk appetite;
- a second line of defence: the Operational Risk Department within the Group's Risk Division.

In particular, the Operational Risk Department:

- conducts a critical examination of the BU/SUs management of operational risks (including fraud risk, risks related to information systems and information security, and risks related to business continuity and crisis management);
- sets regulations and procedures for operational risk systems and production of cross Group analyses;
- produces risk and oversight indicators for operational risk frameworks.

To cover the whole Group, the Operational Risk Department has a central team supported by regional hubs. The regional hubs report back to the department, providing all information necessary for a consolidated overview of the Bank's risk profile that is holistic, prospective and valid for both internal oversight purposes and regulatory reporting.

The regional hubs are responsible for implementing the Operational Risk Division's briefs in accordance with the demands of their local regulators.

The Operational Risk Department communicates with the first line of defence through a network of operational risk correspondents in each Business /Service Units.

Concerning risks specifically linked to business continuity, crisis management and information, of persons and property, the Operational Risk Department carries out the critical review of the management of these risks in connection with the Group Security Division. Specifically, regarding IT risks, the Operational Risk Department carries out the critical review of the management of these risks in connection with the Resources and Digital Transformation Department.

Second-level control

Level 2 control consists of verifying the definition and actual performance of level 1 controls, and in particular the examination of the results of level 1 controls in quantitative and qualitative aspects, in particular with regard to completion rate, anomaly levels, etc. This review also ensures the effectiveness and relevance of the deployment of controls by control needs and risk type and of corrective action plans.

According to the internal control system, the level 2 permanent control Risk teams carry out this mission on the risks operational covering the risks specific to the various businesses (including operational risks related to credit risks and market risks), as well as the risks associated with purchases, communication, real estate, human resources and information system.

Risk related to security of persons and property

Protecting persons and property, and compliance with the laws and regulations governing security are major objectives for Societe Generale group. It is the mission of the Group Security Division to manage human, organisational and technical frameworks that guarantee the smooth operational functioning of the Group in France and internationally, by reducing exposure to threats (in terms of security and safety) and reducing their impact in the event of crisis.

The security of persons and property encompasses two very specific areas:

- Security is all the human, organisational and technical resources brought together to deal with technical, physical, chemical and environmental accidents that can harm people and property,
- Safety is all the human, organisational and technical resources brought together to deal with spontaneous or thoughtful acts aimed at harming or impairing with the aim of psychic or / and financial profit.

Thus, in this context, the Security of persons and property ensures in particular:

- the application of the security benchmark in the design and operation of our buildings;
- drafting and updating of procedures and security instructions on each of our sites;
- drafting of security programs and acceptance of the work of this security equipment;
- the management of operations in operational security;
- management of events affecting the physical security of employees, buildings or datacenters;
- securing travel and special events;
- good respect for the protection of national defense secrets as far as the Group is concerned;
- development of travel policy and its control;
- development of country risk mapping;
- conducting safety and security audits, especially for sensitive sites;
- management of significant events and major crises;
- expatriates training.

The management of all these risks is based on operational risk systems and the second line of defence is provided by the Risk Department.

Risks related to information security and information and communication technologies

Given the importance for the Group of its information system and the data it conveys and the continuous increase in the cybercriminal threat, the risks related to information and communication technologies and to security (ICT) are major for Société Generale. Their supervision, integrated into the general operational risk management system, is steered as the first line of defence by a dedicated area of expertise (Information and Information Systems Security – ISS) and the second line of defence is provided by the Risk Department. They are subject to specific monitoring by the management bodies through sessions dedicated to Group governance (Risk Committee, CORISQ, CCCIG, DTCO) and a quarterly dashboard which presents the risk situation and action plans on the eight main themes of information and communication technologies risks.

The Department Security of the Group, housed within the General Secretariat, is responsible for protecting information. The information provided by customers, employees and also the collective knowledge and know-how of the bank constitute Societe Generale's most valuable information resources. To this end, it is necessary to put in place the human, organisational and technical mechanisms which make it possible to protect the information and ensure that it is handled, disseminated, shared by only the people who need to know. To this end, the Group safety/security department ensures in particular:

- the publication and maintenance of the Group information security policy which encompasses both human and technical aspects;
- the publication and maintenance, with the teams of legal experts and the Group's human resources functions, of the “Charter for the Protection of Information and IT Resources”;
- the co-construction with the Service Unit Resources & Digital Transformation of the Data-Protection program, which aims to provide employees with a tool for classifying and protecting office documents, to promote good practices in the classification of information and in the use of property tools adapted to the sensitivity of documents;
- the mapping of the most sensitive information of the Group (information classified C3-Secret);
- the awareness raising of information security through a set of permanent actions promoting employee ownership of information security issues: distribution of an e-learning on information security to all of the Group’s employees in France and abroad, conferences, specific workshops on the risks associated with social engineering, on the use of social networks, etc..

The person in charge of risks related to information and communication technologies (ICT) and security of information systems is housed at the Corporate Resources and Digital Transformation Division. Under the functional authority of the Director of Group Security, he recommends the strategy to protect digital information and heads up the IT security department. The IT security framework is aligned with the market standards (NIST, ISO 27002), and implemented in each Business /Service Unit.

Risk management associated with cybercrime is carried out through the tri-annual Information Systems Security (ISS) master plan.

In order to take into account the evolution of the threat, in particular that related to ransomware, and in line with the Group strategy, the ISS 2021-2023 master plan is structured, with a budget of EUR 650 million over the period 2021-2023, around two pillars that guide actions by 2023:

- protect the data of our customers and our ability to operate the banking services, by integrating the threats, the requirements of the regulators, and the need to support the Business Units and Service Units in their digital transformation and the evolution of uses that accompanies it. A risk-based approach allows us to concentrate our efforts on the most critical elements and data, in connection with the work of the Security Department cited above. We are preparing to manage a major cyber crisis by improving in particular our detection capacity, our ability to control our IT links with our partners and subsidiaries, and our ability to rebuild the information system;

- increase our operational efficiency by gaining overall consistency, and by increasing our protections and our ability to react. In particular by developing the management of the cyber security department, by optimising our processes and our tools to be able to deploy new protections at constant cost. Finally, by working on the management of human resources in the filiere, in particular on the development of skills and networks of expertise.

At the operational level, the Group relies on a CERT (Computer Emergency Response Team) unit in charge of incident management, security watch and the fight against cybercrime. This team uses multiple sources of information and monitoring, both internal and external. Since 2018, this unit has also been strengthened by the establishment of an internal Red Team whose main tasks are to assess the effectiveness of the security systems deployed and to test the detection and reaction capabilities of the defence teams (Blue Teams) during an exercise simulating a real attack. The services of the Red Team enable the Group to gain a better understanding of the weaknesses in the security of the Societe Generale information system, to help in the implementation of global improvement strategies, and also to train cybersecurity defence teams. CERT works closely with the Security Operation Center (SOC), which is in charge of detecting security events and processing them.

A team at the Resources and Digital Transformation Department is in charge of the consistency of the implementation of operational risk management systems and their consolidation for IT processes. The main tasks of the team are as follows:

- identify and evaluate the major IT risks for the Group, including extreme risk scenarios (eg. cyberattack, failure of a provider), to enable the Bank to improve its knowledge of its risks, be better prepared for extreme risk scenarios and better align their investments with their IT risks;
- produce the indicators that feed the IT risks monitoring dashboard, intended for management bodies and Information Systems directors. They are reviewed regularly with the second line of defence in order to remain aligned with the IS and SSI strategy and their objectives;
- more generally, ensure the quality and reliability of all devices addressing IT operational risks. Particular attention is paid to the permanent control system for its IT risks, which is based on the definition of normative IT and security controls and the support of the Group in the deployment of managerial supervision on this topic. As part of the "PCT" program to transform permanent control, the normative controls were reviewed, i.e. around thirty controls on IS/SSI subjects. The IT Department monitors the deployment of these controls across the Group, the progress of which is aligned with the objectives set by the Group.

In terms of awareness, a multilingual online training module on information security is mandatory for all internal Group staff and for all service providers who use or access our information system. It was updated in early 2020 in order to incorporate changes to the new Group Information Security Policy. At the end of August 2021, 98% of Societe Generale group employees who were notified of the training module had performed it.

Risks related to fraud and non-authorized market activies (rogue trading)

The supervision of fraud risk, whether internal or external, is integrated into the general operational risk management framework which allows the identification, assessment, mitigation and monitoring of the risk, whether it is potential or actual.

It is steered in the first line of defense by dedicated expert teams dedicated to fraud risks management in addition to the teams in charge of operational risk management specific to each of the banking businesses. These teams are in charge of the definition and operational implementation of the means of raising awareness, preventing, detecting and dealing with frauds. The second line of defense is provided by the Operational Risks Department with a fraud risk manager. The second line defines and verifies compliance with the principles of fraud risk management in conjunction with the first line teams, and ensures that the appropriate governance is in place.

Finally, the teams, whether they are in the first or second line of defense, work jointly with teams of experts in charge of information security, the fight against cyber crime, customer knowledge, the fight against corruption and money laundering. Likewise, the teams work closely with the teams in charge of credit risk and market risk. The sharing of information contributes to the identification and increased responsiveness in the presence of a situation of proven fraud or weak signals. This active collaboration makes it possible to initiate investigative measures, blocking attempted fraud or initiating the recovery of funds or the activation of guarantees, associated insurance in the event of successful fraud.

4.8.2 OPERATIONAL RISK MONITORING PROCESS

The Group's main frameworks for controlling operational risks are as follows:

- collection of internal losses and significant incidents and analysis of external losses;
- self-assessment of risks and controls;
- oversight of risk indicators;
- development of scenario analyses;
- framing new products;
- management of outsourced services;
- crisis management and business continuity;
- management of risks related to information and communication technologies.

Collection of internal loss and significant incident data

Internal losses have been compiled throughout the Group since 2003, in addition to significant incident data since 2019. The process:

- defines and implements the appropriate corrective actions;
- achieves a deeper understanding of risk areas;
- enhances awareness and vigilance with respect to operational risks in the Group.

Losses (or gains or near-misses) are reported from a minimum threshold of EUR 10,000 throughout the Group, except for global market activities, where the threshold is EUR 20,000.

Incidents without financial impact are also reported when they are deemed significant according to their impact, in particular on contractual commitments, reputation, day-to-day operations, risk appetite or the level of regulatory compliance of the Group.

Analysis of external losses

External losses are data that are public and / or shared within the banking sector, in particular within consortia frameworks. These external data include information on the amount of actual losses, the importance of the activity at the origin of these losses, the causes and circumstances and any additional information that could be used by other establishments to assess the relevance of the event as far as they are concerned and enrich the identification and assessment of the Group's operational risk.

Risk and control self-assessment

Under the Risk and Control Self-Assessment (RCSA), each manager assesses the exposure to operational risks to which each entity within the relevant scope is exposed through the activities in order to improve their management.

The method defined by the Group consists of taking a homogeneous approach to identifying and evaluating operational risks and frameworks to control these risks, in order to guarantee consistency of results at Group level. It is based notably on repositories of activities and risks in order to facilitate a comprehensive assessment.

The objectives are as follows:

- identifying and assessing the major operational risks (in average amount and frequency of potential loss) to which each activity is exposed (the intrinsic risks, i.e. those inherent in the nature of an activity, while disregarding prevention and control systems). Where necessary, risk mapping established by the functions (e.g. Compliance, Information Systems Security, etc.) contributes to this assessment of intrinsic risks;
- assessing the quality of major risk prevention and mitigation measures;
- assessing the risk exposure of each activity that remains once the risk prevention and mitigation measures are taken into account (the "residual risk"), while disregarding insurance coverage;
- remedying any shortcomings in the prevention and control systems, by implementing corrective action plans and defining key risk indicators; if necessary, in the absence of an action plan, risk acceptance will be formally validated by the appropriate hierarchical level;
- adapting the risk insurance strategy, if necessary.

On an ongoing basis, the risk assessment also feeds on the results of other operational risk management frameworks in order to ensure a relevant and consistent assessment. The assessment methods for certain risks are increasingly based on in-depth approaches adapted to the type of underlying risk while incorporating the results on assessment scales and shared benchmarks allowing the comparison and prioritization of areas of risks or scope of activities.

Key risk indicators

Key risk indicators (KRIs) supplement the overall operational risk management system by providing a dynamic view (warning system) of changes in business risk profiles.

Their follow-up provides managers of entities with a regular measure of improvements or deteriorations in the risk and the environment of prevention and control.

A cross analysis of Group-level KRIs and losses is presented to the Group's Executive Committee on a quarterly basis *via* a specific dashboard.

Analyses of scenarios

The analyses of scenarios serve two purposes: informing the Group of potential significant areas of risk and contributing to the calculation of the capital required to cover operational risks.

These analyses make it possible to build an expert opinion on a distribution of losses for each risk category and thus to measure the exposure to potential losses in scenarios of very severe severity, which can be included in the calculation of the prudential capital requirements.

In practice, various scenarios are reviewed by experts who gauge the severity and frequency of the potential impacts for the Group by factoring in internal and external loss data as well as the internal framework (controls and prevention systems) and the external environment (regulatory, business, etc.). Analyzes are carried out either at Group level (transversal scenarios) or at business level.

Governance is established in particular, to:

- allow the approval of the annual scenarios update program by the Risk Committee (CORISQ);
- allow the approval of the scenarios by the businesses (for example during the internal control coordination committees of the departments concerned or during *ad hoc* meetings) and a challenge of scenario analyses by LOD2;
- conduct an overall review of the Group's risk hierarchy and of the suitability of the scenarios through CORISQ.

New product Committees

Each division submits its plans for a new product for customers to the New Product Committee.

The Committee, jointly coordinated by the Risk Division and the relevant businesses, is a decision-making body which decides the production and marketing conditions of new products to customers.

The Committee aims to ensure that, before any product launch, all types of induced risks (credit, market, liquidity and refinancing, country, operational, legal, accounting, tax, financial, information systems risks as well as the risks of non-compliance, reputation, protection of personal data and corporate social and environmental responsibility risks, etc.) have been identified, assessed and, if necessary, subjected to mitigation measures allowing the acceptance of residual risks.

The definition of "new product" extends from the creation of a new product or service to the development of an existing product or service as soon as this development is likely to generate different or higher risks. The development may be linked to matters such as a new regulatory environment, to marketing on a new scope or to a new type of clientele.

Outsourcing of services

Some banking services are outsourced outside the Group or within the Group (e.g. in our shared service centers). These two subcontracting channels are supervised in a manner adapted to the risks.

A framework with standards and a tool helps ensure that the operational risk linked to outsourcing is controlled, and that the conditions set by the Group's approval are respected.

It helps to map the Group's outsourcing with an identification of the activities and BU/SU concerned, and to put outsourcing under control with knowledge of risks and with suitable supervision.

During the study phase, the business/service units decide on the outsourcing of services within the framework of standards set by the Group. Outsourcing projects are led by a project manager and validated by the sponsor who accepts the residual risk level after a risk analysis based on expert opinions. This ensures the consistency of the assessments and the consistency of decisions across the Group.

The analysis includes operational risks (including fraud, execution risk, etc.), tax, non-compliance, supplier, business continuity risks, risks related to data quality, and risks related to information security and data protection.

Legal experts use the same definition of essential outsourcing of services as that defined in the Decree of 3 November 2014.

All outsourced services are then monitored at a frequency defined by their level of risk.

Services at Group level are subject to reinforced monitoring through very regular contractual monitoring. These services are identified using criteria such as the concept of "core business activity", financial impact and reputation risk. These services are validated by a dedicated Committee, chaired by the Operational Risk Department.

A closing phase is used to manage the ends of services.

The reinforcement of the system will continue in 2022, in particular with the addition of clarifications on the methodological framework, a greater involvement of senior management in the supervision of this risk and the intensification of the role of the 2nd line of defense in the management, review and control of outsourced services.

Crisis management and business continuity

Business continuity is managed by developing in each Societe Generale group entity, organisations, procedures and resources that can deal with natural or accidental damage, or acts of deliberate harm, with a view to protect their personnel, assets and activities and to allow the provision of essential services to continue, if necessary temporarily in reduced form, then restoring service to normal.

The aim is not only to meet regulatory obligations but also to minimise as far as possible any harm to personnel, clients or infrastructure and so preserve intact the Group's image, goodwill, brands, products, procedures and know-how and limit the impact of events on the Group's financial position and solvency.

Based on the identification of threats to the Group and their possible effects and, making due allowance for preventative, protective and dissuasive measures, management of business continuity consists of:

- defining various crisis scenarios, including extreme shocks;
- being able to respond efficiently to these scenarios of crisis, loss or unavailability of human or operational resources;
- maintaining these frameworks to ensure they remain efficient (reviewing the appropriateness of scenarios, allowing for changes to the organisation, adjustments to resources, functional tests).

The approach used to implement and track the business continuity systems of each Group entity is based on a methodology that meets international standards.

4.8.3 OPERATIONAL RISK MEASUREMENT

Since 2004, Societe Generale has used the Advanced Measurement Approach (AMA) allowed by the Capital Requirements Directive to measure operational risk. This approach, implemented across the main Group entities, notably makes it possible to:

- identify the businesses that have the greatest risk exposures;
- identify the types of risk that have the greatest impact on the Group's risk profile and overall capital requirements;
- enhance the Group's management of operational risks.

Operational risk modeling

The statistical method used by the Group for operational risk modeling is based on the Loss Distribution Approach (LDA) for AMA internal model.

Under this approach, operational risks are modeled using segments, each segment representing a type of risk and a Group core business. The frequency and severity of operational risks, based on past internal losses, external losses, the internal and external environment, and scenario analyses, are estimated and the distribution of annual losses is calculated for each segment. This approach is supplemented by cross-business scenario analyses that measure cross-business risks for core businesses, such as cybercriminality and the flooding of the river Seine.

Aside from the individual risks associated with each segment or cross-business scenario analysis, the model takes into account the diversification between the various types of risk and the core businesses, dependency effects between extreme risks as well as the effect of insurance policies taken out by the Group.

The Group's regulatory capital requirements for operational risks within the scope covered by the (AMA) internal model are then defined as the 99.9% quantile of the Group's annual loss distribution.

For some Group entities, notably in retail banking activities abroad, the standard method is applied: the calculation of capital requirements is defined as the average over the last three years of a financial aggregate based on the Product Net Banking multiplied by factors defined by the regulator and corresponding to each category of activity. To make the calculation, all of the Group's business lines are broken down into the eight regulatory activities.

Societe Generale's total capital requirements for operational risks were EUR 3.7 billion at the end of 2021, representing EUR 47 billion in risk-weighted assets. This assessment includes the capital requirement of AMA and Standard perimeters.

Insurance cover in risk modeling

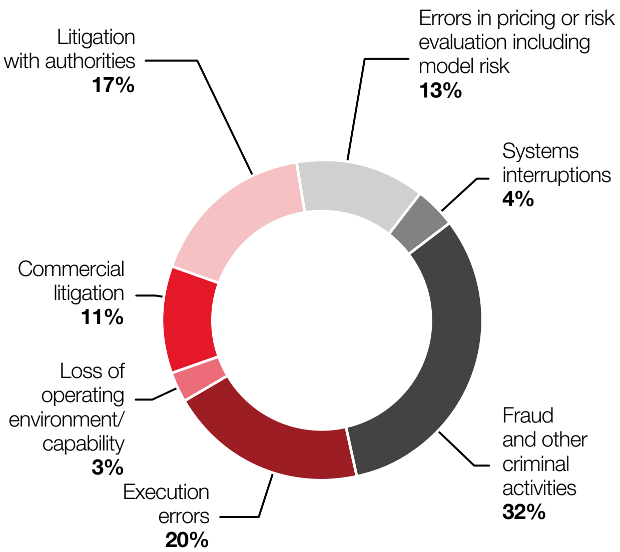
In accordance with regulations, Societe Generale incorporates risk cover provided by insurance policies when calculating regulatory capital requirements for operational risks, within the limit of 20% of said requirements. These insurance policies cover part of the Group's major risks, i.e. civil liability, fraud, fire and theft, as well as systems interruptions.

Risk reduction through insurance policies resulted in a 6.5% decrease in total capital requirements for operational risks.

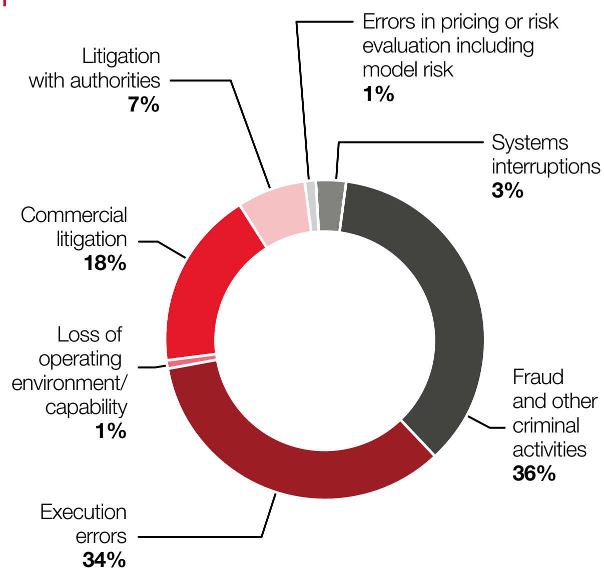
Quantitative data

The following charts break down operating losses by risk category for the 2017-2021 period.

OPERATIONAL RISK LOSSES: BREAKDOWN BY SOCIETE GENERALE RISK EVENT TYPE – AMOUNTS



OPERATIONAL RISK LOSSES: BREAKDOWN BY SOCIETE GENERALE RISK EVENT TYPE – NUMBER OF EVENTS



Over the past five years, Societe Generale's operational risks were concentrated on average on five types, accounting for 93% of the Group's total operating losses:

- fraud and other criminal activities represented 32% of the amount of operating losses over the period. They are mainly composed of external frauds on financing files (falsified financial statements by the client, theft or misappropriation of collateral/guarantees, etc.), fraud on manual means of payment (cash, transfer and cheque) and supplier fraud on financed equipment; the trend is downward in 2021 due in particular to a lower loss experience in external fraud on financing files;
- execution errors represented 20% of total operational losses, thereby constituting the second leading cause of loss for the Group. After two consecutive years of increase (including the Covid effect in 2020), the amount of losses in this category is falling back to values close to the average; the proper execution of the remediation plans explains the decline observed in 2021;
- litigation with authorities, the third largest category, represented 17% of the Group's operational losses over the period; the 2021 provisions relate to files born before 2016;
- pricing or risk assessment errors, including model risk, represent 13% of the total amount of losses. The main cases concern the pricing and ALM models;
- commercial disputes represented 11% of total Group operating losses. The trend is down for this category over the period considered; the 2021 provisions mainly relate to files born before 2015.

The other categories of Group operational risk (activities not authorised on the markets, system interruptions, loss of operating environment/capability) were still relatively insignificant, representing 6% of the Group's losses on average over the 2017 to 2021 period.

4.8.4 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

Societe Generale's capital requirements for operational risk are mainly calculated using the Advanced Measurement Approach (AMA) *via* its internal model (95% in 2021).

The amount of RWA on the AMA scope decreased in 2021 (EUR -2.5 billion, *i.e.* -5.4%). This decrease is linked to the update of scenarios analyses, which may evolve downward for some categories of operational risk events.

The following table breaks down the Group's risk-weighted assets and the corresponding capital requirements at 31 December 2021.

TABLE 34: WEIGHTED EXPOSURES AND CAPITAL REQUIREMENTS FOR OPERATIONAL RISK BY APPROACH

	31.12.2021				
(In EURm)	Relevant indicator			Own funds requirements	Risk-weighted assets
Banking activities	**31.12.2019**	**31.12.2020**	**31.12.2021**		
Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
Banking activities subject to standardised (TSA)/ alternative standardised (ASA) approaches	1,365	1,437	1,481	193	2,412
Subject to TSA	*1,365*	*1,437*	*1,481*		
Subject to ASA	-	-	-		
Banking activities subject to advanced measurement approaches AMA	23,643	21,964	23,980	3,552	44,394

	31.12.2020				
(In EURm)	Relevant indicator(1)			Own funds requirements	Risk-weighted assets
Banking activities	**31.12.2018**	**31.12.2019**	**31.12.2020**		
Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
Banking activities subject to standardised (TSA)/ alternative standardised (ASA) approaches	1,170	1,365	1,437	180	2,250
Subject to TSA	*1,170*	*1,365*	*1,437*		
Subject to ASA	-	-	-		
Banking activities subject to advanced measurement approaches AMA	24,657	23,643	21,964	3,755	46,938

(1) Historical data including the updates, reflecting some evolutions in the scope of entities, which occurred across the year.

4.8.5 OPERATIONAL RISK INSURANCE

General policy

Since 1993, Societe Generale has implemented a global policy of hedging Group operational risks through insurance.

This consists in searching the market for the most extensive cover available for the risks incurred and enabling all entities to benefit from such cover wherever possible. Policies are taken out with leading insurers. Where required by local legislation, local policies are taken out, which are then reinsured by insurers that are part of the global program.

In addition, special insurance policies may be taken out by entities that perform specific activities.

A Group internal reinsurance company intervenes in several policies in order to pool high-frequency, low-level risks between entities. This approach contributes to the improvement of the Group's knowledge and management of its risks.

Description of main general risk coverage

Buildings and their contents, including IT equipment, are insured at their replacement value. The guarantee covering acts of terrorism abroad has been renewed.

Liability other than professional liability (i.e. relating to operations, Chief Executive Officers and Directors, etc.) are covered. The amounts insured vary from country to country, according to operating requirements.

Description of main risks arising from operations

Insurance is only one of the measures used to offset the consequences of the risks inherent in the Group's activity. It complements the Group's risk management policy.

THEFT/FRAUD

These risks are included in the "Banker's Blanket Bond" policy that insures all the Group's financial activities around the world.

Internal fraud (committed by an employee or by a third party acting with the aid of an employee) and external fraud (committed by a third party acting alone), with the intent to obtain illicit personal gain or to harm the Group, are covered.

PROFESSIONAL LIABILITY

The consequences of any legal on staff or managers in the Group's professional activities are insured under a global policy.

CYBER ATTACKS

A cyber risk insurance policy has been taken out amid an environment not specific to the banking sector which is seeing a rapid development of new forms of crime mainly involving data theft or the compromise or destruction of computer systems.

4.9 STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

Audited I Structural exposure to interest rate and exchange rate risks results from commercial transactions, their associated hedging transactions and corporate centre transactions.

The interest rate and exchange rate risks linked to Trading Book activities are excluded from the structural risk measurement scope as they belong to the category of market risks. Structural and market exposures constitute the Group's total interest rate and exchange rate exposure.

The general principle is to reduce structural interest rate and exchange rate risks to the greatest possible extent within the consolidated entities. Within the entities, commercial and corporate centre operations must therefore be matched in terms of interest rates and exchange rates as much as possible. At the consolidated level, a structural foreign exchange position is maintained in order to minimise the sensitivity of the Group's Common Equity Tier 1 (CET1) ratio to exchange rates fluctuations.

4.9.1 ORGANISATION OF THE MANAGEMENT OF STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

The principles and standards for managing these risks are defined at the Group level. The entities are first and foremost responsible for managing these risks. The ALM (Asset and Liability Management) Department within the Group's Finance Division leads the control framework of the first line of defense. The ALM department of the Risk Department assumes the role of second line of defense supervision.

The Group Finance Committee, a General Management Body

The purpose of the Group Finance Committee is to:

- validate and ensure the adequacy of the system for monitoring, managing and supervising structural risks;
- review changes in the Group's structural risks through consolidated reporting;
- review and validate the measures proposed.

The ALM Department, within the Group's Finance Department

The ALM (Asset and Liability Management) Department is responsible for:

- defining the structural risk policies for the Group and formalising risk appetite;
- analysing the Group's structural risk exposure and defining hedging strategies;
- monitoring the regulatory environment concerning structural risk;
- defining the ALM principles for the Group;
- defining the modelling principles applied by the Group's entities regarding structural risks;
- identifying, consolidating and reporting on Group structural risks;
- monitoring compliance with structural risk limits.

The ALM Risk Control Department within the Risk division

The second-level supervision of the ALM models used within the Group and of associated frameworks is provided by a dedicated service within the Risk department, the Asset Liability Management Risk - Structural and Liquidity Risk department. Accordingly, this department is in charge of:

- defining the steering indicators and overall stress test scenarios of the different types of structural risks and setting the main limits for the business divisions and the entities and Business Units (BU)/Service Units (SU);
- defining the normative environment of the structural risk metrics, modelling and framing methods;
- reviewing the ALM models by delegation of the Model Risk Management department.

Finally, the Risk Department chairs the Group model validation Committee and the Group ALM norms validation Committee.

The entities and BU/SU are responsible for ALM risk management

Each entity, each BU/SU, manages its structural risks and is responsible for regularly assessing risks incurred, producing the risk report and developing and implementing hedging options. Each entity, each BU/SU is required to comply with Group standards and to adhere to the limits assigned to it.

As such, the entities and the BUs/SUs apply the standards defined at Group level and develop the models, with the support of the central modelling teams of the Finance Department.

An dedicated ALM manager reporting to the Finance Department in each entity, BU/SU, is responsible for monitoring these risks (first-level control). This manager is responsible for reporting ALM risks to the Group Finance Department. All entities, BU/SU, have an ALM Committee responsible for implementing validated models, managing exposure to interest rate and exchange rate risks and implementing hedging programmes in accordance with the principles set out by the Group and the limits validated by the Finance Committee and the BU/SU ALM Committees.

4.9.2 STRUCTURAL INTEREST RATE RISK

Structural interest rate risk is generated by commercial transactions and their hedging, as well as the management operations specific to each of the consolidated entities.

The Group's objective

The objective of managing structural interest rate risk is to reduce of exposure of each Group entity as much as possible.

To this end, the Board of Directors, the Finance Committee and the ALM Committee set sensitivity limits (in terms of value and income) for the Group, the BUs/SUs and the entities respectively.

Measuring and monitoring structural interest rate risk

Societe Generale uses several indicators to measure the Group's overall interest rate risk.

The three most important indicators are:

- the sensitivity of the net present value (NPV) to the risk of interest rate mismatch. It is measured as the sensitivity of the net present value of the static balance sheet to a change in interest rates. This measure is calculated for all currencies to which the Group is exposed;
- the sensitivity of the interest margin to changes in interest rates in various interest rate scenarios. It takes into account the sensitivity generated by future commercial production;
- the sensitivity of NPV to basis risk (risk associated with decorrelation between different variable rate indices).

Limits on these indicators are applicable to the Group, the BUs/SUs and the various entities. Limits are set for shocks at +/-0.1% and for stressed shocks (+/-1% for value sensitivity and +/-2% for income sensitivity) without floor application. Only the sensitivity of income over the first two years is framed. The measurements are computed monthly 10 months a year (with the exception of the months of January and July for which no Group-level closing is acheved). An additional synthetic measurement of value sensitivity – all currencies – is framed for the Group. To comply with these frameworks, the entities combine several possible approaches:

- orientation of the commercial policy so as to offset interest rate positions taken on the asset and liability side;
- implementation of a swap operation or – failing this in the absence of such a market – use of a loan/borrowing operation;
- purchase/sale of options on the market to cover optional positions taken vis-à-vis our clients.

Assets and liabilities are analysed without a prior allocation of resources to uses. Maturities of outstanding amounts are determined by taking into account the contractual characteristics of the transactions, adjusted for the results of customer behaviour modelling (in particular for demand deposits, savings and early loan repayments), possibly differentiated according to the rate scenario considered, as well as a certain number of disposal agreements, in particular on equity items.

As of 31 December, the modeling of deposits with no maturity date, sometimes integrating a dependence on the rate level, leads to an average duration of 4.5 years, with a maximum duration of 20 years.

Changes in OCI or P&L of instruments recognised at fair value are not included in the controlled income sensitivity measures.

Hedging transactions are mainly documented from an accounting viewpoint: this can be carried out either as micro-hedging (individual hedging of commercial transactions and hedging instruments) or as macro-hedging under the IAS 39 "carve-out" arrangement (global backing of portfolios of similar commercial transactions within a Treasury Department; macro-hedging concerns essentially French retail network entities).

Macro-hedging derivatives are essentially interest rate swaps in order to maintain networks' net asset value and result sensitivity within limit frameworks, considering hypotheses applied. For macro-hedging documentation, the hedged item is an identified portion of a portfolio of commercial client or interbank operations. Conditions to respect in order to document hedging relationships are reminded in Note 3.2 to the consolidated financial statements.

Macro-hedging derivatives are allocated to separate portfolios according to whether they are used to hedge fixed-rate assets or liabilities in the accounting books. The hedging instrument portfolios allocated to liability elements are net fixed-rate receiver/variable-rate payer whereas the hedging instrument portfolios allocated to asset elements are net fixed-rate payer/variable-rate receiver.

The non-over-hedging tests and hedged items non-disappearing tests make the link between the balance sheet available assets or liabilities outstanding and the amount of assets and liabilities outstanding designated as hedged. The prospective non-over-hedging test is satisfied when the net outstanding amount of the swaps is lower for each maturity band and on each measurement date than the determined outstanding amount of items eligible to fair value hedge. The estimated outstanding may be defined as the outstanding amount resulting from ALM projections. The non-over-hedging a posteriori test is performed in two stages: the first stage is the same as the a priori test but on the outstanding amount eligible to fair value hedge on closing date, new production excluded, then the second stage is called the non-disappearance of the hedged item test and consists in verifying that the hedgeable position is always at least as significant as the maximum position that had initially been hedged.

The effectiveness of the hedge is then determined using the dollar offset method. The sources of ineffectiveness result from the last fixing of the variable leg of the hedging swaps, the bi-curve valorisation of the collateralised hedging instruments, possible mismatches in the cash flows payment dates and counterparty risk on hedging instruments valorisation.

The Group's sensitivity to VAN at 31 December 2021 was EUR -20 million (for an instantaneous and parallel increase in interest rates of 0.1%). ▲

AUDITED I TABLE 35: SENSITIVITY OF THE GROUP'S VALUE TO A +10 BP INTEREST RATE VARIATION

(In EURm)	Total
Amount of sensitivity (31.12. 2021)	**(20)**
Amount of sensitivity (31.12.2020)	345

The regulatory metrics are calculated in a similar way to the value sensitivity management metrics, exceptions made:

- rate shocks;
- conventions used to dispose of equity and equity securities (10-year linear flow for management metrics while their sensitivity is zero for regulatory EVE sensitivity metrics);
- specific provisions imposed by the regulator (EBA GL 2018/02, §113, §114, §115 and §116) and in particular the discounting carried out at a risk-free rate for the entire balance sheet.

The Group analyses the sensitivity of the net interest margin to changes in market interest rates through stress tests on the Group's net interest margin under constant balance sheet and under forward balance sheet assumptions.

The measurement of the sensitivity of the net interest margin to a three-year horizon in different configurations of the yield curve is used by the Group to monitor the interest rate risk on a perimeter of significant entities.

The balance sheet in a dynamic approach evolves according to the amortisation of the stock and the renewals of operations on the basis of the outstanding amounts booked at the closing date.

The sensitivity of the Group's net interest margin over the next three full years is low. In the event of a parallel rise in the yield curve of +10 bps, it is positive and represents approximately 1% of net banking income.

The sensitivity of the net interest margin is mainly due to the impact on:

- customer deposits: generally low or non-interest-bearing, with customer rates only partially impacted by interest rate changes, their margin is mainly the result of the replacement rate;
- new credit loan production.

The sensitivity of the margin on the stock of customer transactions results from the renewal of matured tranches of deposit replacements and the residual sensitivity of the balance sheet to interest rate changes.

French Retail Banking’s activities in France and abroad are favourably exposed by a rise in interest rates over the first three years enabling them to replace their deposits at higher rates, with the margin on loans in stock remaining stable. However, this increase in margin is partially offset by higher refinancing costs.

Retail Banking activities are unfavourably exposed to the decrease in rates as their deposits are then replaced at lower rates and the margin on loans in stock decreases due to early repayments. This decline in margin was partially offset by lower refinancing costs.

Calculations are based on the aggregate estimates at 31 December of consolidated entities of the Group.

TABLE 36: SENSITIVITY OF THE GROUP’S INTEREST MARGIN

(In EURm)	**31.12.2021**	**31.12.2020**
Parallel increase in interest rates of 10 bp		
Year 1	27	62
Year 2	84	107
Year 3	153	184
Parallel decrease in interest rates of 10 bp		
Year 1	(7)	(74)
Year 2	(85)	(124)
Year 3	(148)	(201)

4.9.3 STRUCTURAL EXCHANGE RATE RISK

Audited I Structural exchange rate risk, understood as resulting from all transactions that do not belong to the Trading Book, results from:

- exposures related to net investments abroad in foreign currencies, i.e. in subsidiaries and branches. FX positions generated by an imperfect hedge are valued through other comprehensive income;
- exposures related to activities made by entities in currencies that are not their reporting currency.

The Group's policy is to make the CET1 ratio insensitive to fluctuations in exchange rates against the euro.

At 31 December 2021, the CET1 ratio amounted to 13.53%. Of the EUR 363 billion in RWA, EUR 111 billion relates to exposures in currencies other than the euro.

As such:

- Group entities are asked to individually hedge the results related to activities in currencies other than their reporting currency;
- the exposures related to net investments in foreign currencies and the associated net results are partially hedged at central level. A position in each foreign currency generating RWA is intentionally maintained open by the Finance Department at the Group CET1 ratio targeted level. Hedges are realised using cash lending and borrowing, forward and swap instruments in the subsidiaries' currencies and accounted for as net investment hedges (see Note 3.2.2 of consolidated financial statements in chapter 6);
- the Group's net consolidated structural foreign exchange position as at 31 December 2021 is equivalent to EUR 12,832 million, of which 45% comes from the USD, and around 79% is concentrated in six currencies: USD, GBP, RUB, CZK, MAD and XOF.

For each currency, the difference between actual and target exposure is governed by limits validated by the General Management in Finance Committee and the Board of Directors.

Similarly, the sensitivities of the CET1 ratio to shocks of +/-10bps per currency are framed. ▲

TABLE 37: SENSITIVITY OF THE GROUP'S COMMON EQUITY TIER 1 RATIO TO A 10% CHANGE IN THE CURRENCY (IN BASIS POINTS)

	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	31.12.2021	31.12.2020	31.12.2021	31.12.2020
GNF	(0.1)	(0.1)	0.1	0.1
HKD	0.2	(0.1)	(0.2)	0.1
XPF	0.3	0.3	(0.3)	(0.3)
CZK	0.4	(0.1)	(0.4)	0.1
RON	0.4	(0.1)	(0.4)	0.1
RUB	0.5	0.3	(0.5)	(0.3)
GBP	0.5	0.7	(0.5)	(0.7)
XAF	0.6	0.7	(0.6)	(0.7)
USD	0.8	0.8	(0.8)	(0.8)
Others	0.1	1.1	0.1	(0.9)

4.10 LIQUIDITY RISK

Audited I Liquidity risk is defined as the risk that the bank cannot meet its financial obligations. It is measured across different time horizons, under various assumptions (normal conditions and stressed scenarios). Funding risk is defined as the risk that the Group cannot maintain over time the appropriate amount of funding to support its assets and at a reasonable cost.

4.10.1 OBJECTIVES AND GUIDING PRINCIPLES

The liquidity and funding management set up at Societe Generale aims at ensuring that the Group can (i) fulfil its payment obligations at any moment in time, during normal course of business or under lasting financial stress conditions (management of liquidity risks) ; (ii) raise funding resources in a sustainable manner, at a reasonable cost (management of funding risks). Doing so, the liquidity and funding management set up ensures that both regulatory requirements and the risk appetite set by the Group are met.

To achieve these objectives, Societe Generale has adopted the following guiding principles:

- mutualising resources, optimising costs and ensuring consistent risk management by centralising liquidity and funding management at the Corporate centre level, mainly in the name of the mother company (Societe Generale SA). For that purpose, Business Units have tight constraints in terms of the transformation position they can run, hence need to match their assets and liabilities by transacting with the Corporate centre, along a Funds Transfer Pricing mechanism. Assets or liabilities which do not have a set contractual maturity (e.g. sight deposits) have their maturity assessed along quantitative models or conventions proposed by the Finance Division and by the Business Units and validated by the Risk Division (see below);
- planning for funding resources in consideration of both the business development objectives and the risk appetite set by the Board of Directors. See below the "Funding Plan" chapter in section 2;
- ensuring that funding risks are mitigated through a proper diversification of funding resources in terms of currencies, investor pools, maturity buckets, liability format (e.g. benchmark bond issuance, with a split along various seniority levels, issuance in the form of structured notes, issuance in the form of unsecured and secured notes). In order to optimise funding costs, the majority of bond issuance is made in the name of the mother company. However, a degree of diversification is sought by leveraging the capacity of some subsidiaries to raise funds in a way which complements the mother company's funding, i.e. raising funds from local investors in local currencies;
- ensuring that Societe Generale keeps liquid reserves in sufficient amount to comply with the survival horizon under stress set by the Board of Directors. Liquid reserves are in the form of cash held at central banks and highly liquid securities, split between the Banking Book (under the direct or indirect ownership of the Group Treasury Department) or the Trading Book (mainly within the Global Markets division, under a permanent control of the Group Treasury Department);
- ensuring Societe Generale has readily available remediation options to face potential stress situations, through a Group-wide contingency plan (which leaves aside insurance activities, which have their separate contingency arrangements) aimed at detecting any stress signals at an early stage and defining in advance the crisis management setup and mitigation options.

4.10.2 THE GROUP'S PRINCIPLES AND APPROACH TO LIQUIDITY RISK MANAGEMENT

The key operational steps of liquidity and funding management are as follows:

- risk identification is a process which is set out and documented by the Risk Department, in charge of establishing a mapping of liquidity risks. This process is conducted yearly with each Business Unit and within the Group Treasury Department, aimed at screening all material risks and checking their proper measurement and capturing the control framework. In addition, a Reverse Stress Testing process exists, which aims at identifying and quantifying the risk drivers which may weigh most on the liquidity profile under assumptions even more severe than used in the regular stress test metrics;
- definition, implementation and periodic review of liquidity models and conventions used to assess the duration of assets and liabilities without a set contractual maturity and to assess the liquidity profile under stress. Liquidity models are managed along the overall Model Risk Management governance, also applicable to other risk factors (market, credit, operational), controlled by the Group Risk division;
- definition of risk appetite: The Board of Directors validates, on the proposal of General Management, the limits and associated alert thresholds, which are then applied to the businesses. Liquidity risk risk appetite covers the following metrics:
  - key regulatory indicators (LCR, with a specific focus on the LCR in US dollar, and NSFR),
  - the footprint of the Group in Short-Term Wholesale funding markets,
  - the survival horizon under an adverse stress scenario, combining a severe market and systemic shock and an idiosyncratic shock. In addition to the main adverse scenario, Societe Generale also checks its survival horizon under an extreme stress scenario. For both scenarios, the idiosyncratic shock is characterised by one of its main consequences, which would be an immediate 3-notch downgrade of Societe Generale's long-term rating. In such adverse or extreme scenarios, the liquidity position of the Group is assessed over time, taking into account the negative impacts of the scenarios, such as deposit outflows, drawing by clients of the committed facilities provided by Societe Generale, increase in margin calls related to derivatives portfolios, etc. The survival horizon is the moment in time when the net liquidity position under such assumptions becomes negative,

- the overall transformation position of the Group (proper matching of assets and liabilities, in tenors up to 5 years),
- the amount of free collaterals providing an immediate access to central bank funding, in case of an emergency (only collaterals which do not contribute to the numerator of the LCR are considered, i.e. non-HQLA collaterals);

- the financial trajectories under baseline and stressed scenarios are determined within the framework of the funding plan to respect the risk appetite. The budget's baseline scenario reflects the central assumptions for the macro-economic environment and the business strategy of the Group, while the stressed scenario is factoring both an adverse macro-economic environment and idiosyncratic issues;
- the funding plan comprises both the long-term funding programme, which frames the issuance of plain vanilla bonds and structured notes, and the plan to raise short-term funding resources in money markets;
- maintenance by the Group Treasury Department and validation by the Finance Committee of a Funds Transfer Pricing framework, aimed at making funding grids available at any time for Business Units to transact with the Corporate center to upstream their liquidity surplus or borrow cash so that they fund their activities within their transformation position limits;
- production and broadcasting of periodic liquidity reports, at various frequencies (daily indicators, weekly indicators, monthly indicators), leveraging in most part on the central data repository, operated by a dedicated central production team. The net liquidity position under the combined (idiosyncratic and market/systemic) stress scenario is reassessed on a weekly basis and can be analysed along multiple axes (per product, Business Unit, currency, legal entity). Each key metric (LCR, NSFR, transformation positions, net liquidity position under combined stress) is reviewed formally on a monthly basis by the Group Finance and Risk divisions. Forecasts are made and revised weekly by the Strategic and Financial Steering Department and reviewed during a Weekly Liquidity Committee chaired by the Head of Group Treasury. This Weekly Liquidity Committee gives tactical instructions to Business Units, with the objective to adjust in permanence the liquidity and funding risk profile, within the limits and taking into account business requirements and market conditions;
- preparation of a Contingency Funding Plan, which is applicable Group-wide, and provides for: (i) a set of early warning indicators (e.g. market parameters or internal indicators); (ii) the operating model and governance to be adopted in case of an activation of a crisis management mode (and the interplay with other regimes, in particular Recovery management); (iii) the main remediation actions to be considered as part of the crisis management.

These various operational steps are part of the ILAAP (Internal Liquidity Adequacy Assessment Process) framework of Societe Generale.

Every year, Société Générale produces for its supervisor, the European Central Bank (ECB), a self-assessment of the liquidity risk framework in which key liquidity and funding risks are identified, quantified and analysed with both a backward and a multi-year forward-looking perspective. The adequacy self-assessment also describes qualitatively the risk management set up (methods, processes, resources, etc.), supplemented by an assessment of the adequacy of the Group's liquidity.

4.10.3 GOVERNANCE

The main liquidity risk governance bodies are as follows:

- the Board of Directors, which:
  - sets yearly the level of liquidity risk tolerance as part of the Group's risk appetite, based on a set of key metrics, which includes both internal and regulatory metrics, in particular the period of time during which the Group can operate under stressed conditions ("survival horizon"),
  - approves budget targets, including targets related to scarce resources such as liquidity usage and funding (definition of the funding plan),
  - reviews at least quarterly the Group's liquidity and funding situation: key liquidity metrics, specifically stressed liquidity gap metrics as evaluated through Société Générale Group models, the regulatory metrics LCR and NSFR, the pace of execution of the funding plan and the related cost of funds;
- General Management, which:
  - allocates liquidity and funding targets to the various Business Units and the Group Treasury entity, upon proposal from the Group Finance division,
  - defines and implements the liquidity and funding risk strategy, based on inputs from the Finance and Risk Departments and the Business Units. In particular, the General Management chairs the Finance Committee, held every 6 weeks and attended by representatives from the Finance and Risk Departments and Business Units, which is responsible for monitoring structural risks and managing scarce resources:
    - validation and monitoring of the set of limits for structural risks, including liquidity risk,
    - monitoring of budget targets and decisions in case of a deviation from the budget,
    - definition of principles and methods related to liquidity risk management (e.g. definition of stress scenarios),
    - assessment of any regulatory changes and their impacts;
- the Group Finance Department, which is responsible for the liquidity and funding risks as First Line of Defence, interacting closely with Business Units. Within the Group Finance Department, there are three main departments involved respectively in the preparation and implementation of decisions taken by the abovementioned bodies:
  - the Strategic and Financial Steering Department is responsible for framing and overseeing management of the Group's scarce resources, including liquidity, within the Group's risk appetite and budget targets,
  - the Group Treasury Department is in charge of all aspects of the operational management of liquidity and funding across the Group, including managing the liquidity position, executing the funding plan, supervising and coordinating treasury functions, providing operational expertise in target setting, managing the liquidity reserves and the collateral used in funding transactions, managing the corporate centre,
  - the Asset and Liability Management Department is in charge of modelling and monitoring structural risks, including liquidity risk alongside interest rate and foreign exchange risks in the Banking Book;
- also sitting with the Group Finance Department, the Metrics Production Department runs the management information system regarding liquidity and funding risks across the Group. For liquidity metrics, the Group relies on a centralised system architecture, with all Business Units feeding a central data repository from which all metrics are produced, either regulatory metrics (e.g. the LCR or the NSFR) or metrics used for internal steering (e.g. stress test indicators);
- the ALM Risk Department, which performs all second line of defense functions, in particular leads the risk identification process, designs the structure and the calibration of the liquidity and funding risks control framework and monitors compliance with related thresholds and limits. It also validates liquidity models and conventions.

4.10.4 LIQUIDITY RESERVE

The Group's liquidity reserve encompasses cash at central banks and assets that can be used to cover liquidity outflows under a stress scenario. The reserve assets are available, i.e. not used in guarantee or as collateral on any transaction. They are included in the reserve after applying a haircut to reflect their expected valuation under stress. The Group's liquidity reserve contains assets that can be freely transferred within the Group or used to cover subsidiaries' liquidity outflows in the event of a crisis: non-transferable excess cash (according to the regulatory ratio definition) in subsidiaries is therefore not included in the Group's liquidity reserve.

The liquidity reserve includes:

- central bank deposits, excluding mandatory reserves;
- High-Quality Liquid Assets (HQLAs), which are securities that can be quickly monetised on the market via sale or repurchase transactions; these include government bonds, corporate bonds and equities listed on major indices (after haircuts). These HQLAs meet the eligibility criteria for the LCR, according to the most recent standards known and published by regulators. The haircuts applied to HQLA securities are in line with those indicated in the most recent known texts on determining the numerator of the LCR;
- non-HQLA Group assets that are central bank-eligible, including receivables as well as covered bonds and securitisations of Group receivables held by the Group.

The composition of the liquidity reserve is reviewed regularly by a special committee comprising the Finance Department, the Risk Department and the Management of the MARK Business Unit, and is adjusted by authorisation of the Finance Committee.

TABLE 38: LIQUIDITY RESERVE

(In EURbn)	**31.12.2021**	**31.12.2020**
Central bank deposits (excluding mandatory reserves)	168	154
HQLA securities available and transferable on the market (after haircut)	58	82
Other available central bank-eligible assets (after haircut)	3	7
TOTAL	**229**	**243**

4.10.5 REGULATORY RATIOS

The Basel Committee recommends the international implementation of two standard ratios with harmonised parameters to regulate bank liquidity risk profiles:

- the Liquidity Coverage Ratio (LCR) aims to ensure that banks hold sufficient liquid assets or cash to survive a significant stress scenario combining a market crisis and a specific crisis and lasting for one month;
- the Net Stable Funding Ratio (NSFR) is a transformation ratio which compares funding needs with stable resources over a one-year period.

The European transposition of Basel 3, CRD4 and CRR1 published on 27 June 2013 has been amended by Directive 2019/878 of the European Parliament and of the Council of 20 May 2019 (CRD5) and the Capital Requirements Regulation: Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (CRR2). Its French version was published in the Official Journal on 7 June 2019.

The LCR regulation issued on 10 October 2014 has since been updated by a Delegated Act which entered into force on 30 April 2020. The corresponding minimum requirement was set at 100% from 1 January 2018.

The NSFR requirement included in the CRR2 (EU) 2019/876 of 20 May 2019 entered into force in June 2021. The required level stands at 100%.

Since the implementation of the European regulatory LCR requirement in October 2015, Societe Generale's LCR has consistently stood at over 100%. The LCR was 129% at end-2021 (*vs.* 149% at end-2020). Since the NSFR intered into force, it has consistently stood at over 100% and stands at 110% at end-2021.

4.10.6 BALANCE SHEET SCHEDULE

The main lines of the Group's financial liabilities and assets are presented in Note 3.13 to the consolidated financial statements.

TABLE 39: BALANCE SHEET SCHEDULE

FINANCIAL LIABILITIES

	31.12.2021					
(In EURm)	**Note to the consolidated financial statements**	**0-3 m**	**3 m-1 yr**	**1-5 yrs**	**>5 yrs**	**Total**
Due to central banks		5,152	-	-	-	**5,152**
Financial liabilities at fair value through profit or loss, excluding derivatives		136,581	17,693	23,438	23,244	**200,956**
Due to banks	Note 3.6	57,174	4,185	76,106	1,712	**139,177**
Customer deposits	Note 3.6	470,890	15,244	16,568	6,431	**509,133**
Securitised debt payables	Note 3.6	89,671	12,164	19,040	14,449	**135,324**
Subordinated debt	Note 3.9	7,735	61	3,649	4,514	**15,959**

NB: The scheduling assumptions for these liabilities are presented in Note 3.13 to the consolidated financial statements. In particular, the data are shown without provisional interest and excluding derivatives.

	31.12.2020					
(In EURm)	**Note to the consolidated financial statements**	**0-3 m**	**3 m-1 yr**	**1-5 yrs**	**>5 yrs**	**Total**
Due to central banks		1,489	-	-	-	**1,489**
Financial liabilities at fair value through profit or loss, excluding derivatives		164,209	17,529	20,520	28,813	**231,071**
Due to banks	Note 3.6	57,383	9,140	67,830	1,218	**135,571**
Customer deposits	Note 3.6	422,319	14,489	13,328	5,923	**456,059**
Securitised debt payables	Note 3.6	36,665	34,317	44,998	22,977	**138,957**
Subordinated debt	Note 3.9	7	2	6,029	9,394	**15,432**

NB: The scheduling assumptions for these liabilities are presented in Note 3.13 to the consolidated financial statements. In particular, the data are shown without provisional interest and excluding derivatives.

FINANCIAL ASSETS

	31.12.2021					
(In EURm)	**Note to the consolidated financial statements**	**0-3 m**	**3 m-1 yr**	**1-5 yrs**	**>5 yrs**	**Total**
Cash, due from central banks		176,064	822	1,988	1,095	**179,969**
Financial assets at fair value through profit or loss, excluding derivatives	Note 3.4	233,186	9,173	-	-	**242,359**
Financial assets at fair value through other comprehensive income	Note 3.4	42,798	380	-	272	**43,450**
Securities at amortised cost	Note 3.5	16,686	289	1,480	916	**19,371**
Due from banks at amortised cost	Note 3.5	47,182	3,619	4,715	456	**55,972**
Customer loans at amortised cost	Note 3.5	94,978	65,686	189,325	117,555	**467,544**
Lease financing agreements[(1)]	Note 3.5	2,778	6,378	16,024	4,440	**29,620**

(1) Amounts are featured net of impairments.

	31.12.2020					
(In EURm)	**Note to the consolidated financial statements**	**0-3 m**	**3 m-1 yr**	**1-5 yrs**	**>5 yrs**	**Total**
Cash, due from central banks		164,724	900	1,611	944	**168,179**
Financial assets at fair value through profit or loss, excluding derivatives	Note 3.4	240,288	9,371	-	-	**249,659**
Financial assets at fair value through other comprehensive income	Note 3.4	51,090	708	-	262	**52,060**
Securities at amortised cost	Note 3.5	13,941	146	1,337	211	**15,635**
Due from banks at amortised cost	Note 3.5	46,790	1,664	4,071	855	**53,380**
Customer loans at amortised cost	Note 3.5	70,518	75,862	163,365	109,820	**419,565**
Lease financing agreements[(1)]	Note 3.5	2,582	6,036	16,167	4,411	**29,196**

(1) Amounts are featured net of impairments.

Due to the nature of its activities, Société Générale holds derivative products and securities whose residual contractual maturities are not representative of its activities or risks.

By convention, the following residual maturities were used for the classification of financial assets:

1. assets measured at fair value through profit or loss, excluding derivatives (customer-related trading assets):
   - positions measured using prices quoted on active markets (L1 accounting classification): maturity of less than 3 months,
   - positions measured using observable data other than quoted prices (L2 accountBing classification): maturity of less than 3 months,
   - 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

	31.12.2021						
(In EURm)	**Note to the consolidated financial statements**	**Not scheduled**	**0-3 m**	**3 m-1 yr**	**1-5 yrs**	**> 5 yrs**	**Total**
Tax liabilities	Note 6.3	-	-	836	741	-	**1,577**
Revaluation difference on portfolios hedged against interest rate risk		2,832	-	-	-	-	**2,832**
Other liabilities	Note 4.4	-	98,035	2,241	3,023	3,006	**106,305**
Non-current liabilities held for sale		1	-	-	-	-	**1**
Insurance contracts related liabilities	Note 4.3	-	15,566	10,232	40,848	88,642	**155,288**
Provisions	Note 8.3	4,850	-	-	-	-	**4,850**
Shareholders' equity		70,863	-	-	-	-	**70,863**

	31.12.2020						
(In EURm)	**Note to the consolidated financial statements**	**Not scheduled**	**0-3 m**	**3 m-1 yr**	**1-5 yrs**	**> 5 yrs**	**Total**
Tax liabilities	Note 6.3	-	-	815	-	408	**1,223**
Revaluation difference on portfolios hedged against interest rate risk		7,696	-	-	-	-	**7,696**
Other liabilities	Note 4.4	-	76,148	2,218	4,549	2,022	**84,937**
Non-current liabilities held for sale		-	-	-	-	-	-
Insurance contracts related liabilities	Note 4.3	-	16,593	9,475	38,011	82,047	**146,126**
Provisions	Note 8.3	4,775	-	-	-	-	**4,775**
Shareholders' equity(1)		67,012	-	-	-	-	**67,012**

(1) Amount at 31 December 2020 modified in accordance with the restatement of comparative accounting data which can be found in the Group's financial statements published on 10 February 2022, as well as in Chapter 6 of the present Universal Registration Document.

OTHER ASSETS

	31.12.2021						
(In EURm)	**Note to the consolidated financial statements**	**Not scheduled**	**0-3 m**	**3 m-1 yr**	**1-5 yrs**	**> 5 yrs**	**Total**
Revaluation differences on portfolios hedged against interest rate risk		131	-	-	-	-	**131**
Other assets	Note 4.4	-	92,898	-	-	-	**92,898**
Tax assets	Note 6	4,812	-	-	-	-	**4,812**
Investments accounted for using the equity method		-	-	-	-	95	**95**
Tangible and intangible fixed assets	Note 8.4	-	-	-	-	31,968	**31,968**
Goodwill	Note 2.2	-	-	-	-	3,741	**3,741**
Non-current assets held for sale		-	1	2	12	12	**27**
Investments of insurance companies		-	49,908	5,632	36,781	86,577	**178,898**

	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**

1. Revaluation differences on portfolios hedged against interest rate risk are not scheduled, as they comprise transactions backed by the portfolios in question. Similarly, the schedule of tax assets whose schedule would result in the early disclosure of income flows is not made public.
2. Other assets and other liabilities (guarantee deposits and settlement accounts, miscellaneous receivables) are considered as current assets and liabilities.
3. The notional maturities of commitments in derivative instruments are presented in Note 3.13 to the consolidated financial statements.
4. Investments in subsidiaries and affiliates accounted for by the equity method and Tangible and intangible fixed assets have a maturity of more than 5 years.
5. Provisions and shareholders' equity are not scheduled.

4.11 COMPLIANCE RISK, LITIGATION

Acting in compliance means understanding and observing the external and internal rules that govern our banking and financial activities. These rules aim to ensure a transparent and balanced relationship between the Bank and all of its stakeholders. Compliance is the cornerstone of trust between the Bank, its customers, its supervisors and its staff.

Compliance with rules is the responsibility of all Group employees, who must demonstrate compliance and integrity on a daily basis. The rules must be clearly expressed, and staff have been informed and/or trained to understand them properly.

The compliance risk prevention system is based on shared responsibility between the operational entities and the Group Compliance Department:

- the operational entities (BU/SUs) must incorporate into their daily activities compliance with laws and regulations, the rules of professional best practice and the Group's internal rules;
- the Compliance Department manages the Group's compliance risk prevention system. It ensures the system's consistency and efficiency, while also developing appropriate relationships – alongside the General Secretary – with bank supervisors and regulators. This independent department reports directly to General Management.

To support the businesses and supervise the system, the Compliance Department is organised into:

- **Standards and Consolidation teams** responsible for defining the normative system and oversight guidelines, consolidating them at Group level, as well as defining the target operational model for each compliance risk;
- **Departmental/business compliance teams** which are aligned across the Group's major business lines (Corporate and Investment Bank, French Retail Banking, International Retail Banking, Private Banking and Corporate Divisions), responsible for the relationship with BU/SUs, including dealflow, advisory, and risk oversight of BU/SUs;
- teams responsible for cross-business functions, including second-level controls.

The Compliance Department is organised into three main compliance risk categories:

- financial security: Know Your Customer (KYC) processes; the observance of international sanctions and embargo rules, and anti-money laundering and counter-terrorism financing rules, including issuing declarations of suspicion to the relevant authorities where applicable;
- regulatory risks: these cover mainly customer protection, market integrity, anti-bribery and corruption, ethics and conduct, compliance with tax transparency regulations (based on knowledge of the customers' tax profile), compliance with corporate social responsibility regulations and Group commitments;
- data protection, including personal data, in particular those of customers.

Financial Security			Regulatory risks					Data and Digital
KYC(1)	AML(2)	Sanctions & Embargoes	Customer protection	Market integrity	Tax transprency	Anti-corruption, Conduct and Ethics	CSR(3)	GDPR, Archiving…

(1) Know Your Customer.
(2) Anti-Money Laundering.
(3) Corporate Social Responsibility.

Compliance has set up an extensive compulsory training programme for each of these risk categories, designed to raise awareness of compliance risks among all or some employees. The training has been completed by high-level employees within the Group.

In addition to its LoD2 function with regard to the aforementioned risks, Compliance oversees the regulatory system for all regulations applicable to credit institutions, including those implemented by other departments, such as prudential regulations.

4.11.1 COMPLIANCE

Financial security

KNOW YOUR CUSTOMER (KYC)

In 2018, the Group launched a programme to rework its KYC functions in order to boost their operational efficiency (*via* the simplification of standards, greater pooling of resources, optimisation of tools and processes) and to improve the customer experience. Placed under the responsibility of the Compliance Department, this programme is closely and regularly monitored at the highest bank level. Work carried out in this regard has made it possible to redefine a standardised normative framework country by country in terms of KYC due diligence, to develop new customer rating models, and to launch an industrialised system for the screening and processing of negative customer news. This allowed the anti-corruption system to be upgraded in line with the requirements of the French anti-bribery agency. The transformation programme will be fully implemented by the end of 2022.

ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF)

The Group has transposed all the measures linked to Directive (EU) 2015/849 on anti-money laundering and counter-terrorism financing (referred to as "the 5th anti-money laundering directive"), as well as European Regulation 2015/847 on the quality of payment information and the Order of 6 January 2021 on the system and internal controls to fight money laundering and terrorism financing.

The system for the detection of suspicious or unusual transactions continued to be strengthened in 2021 with the roll-out of more sophisticated monitoring tools, the optimisation of scenarios used and the launch of initiatives to switch to new-generation monitoring tools, with priority given to International Retail Banking and Boursorama.

FINANCIAL EMBARGOES AND SANCTIONS

In 2021, the international environment was impacted by the reinforcement of US sanctions on China, with greater complexity in terms of implementation that may generate substantial operational risks for financial institutions. More broadly, Societe Generale Group has confirmed its position to abstain from any trading activity with Iran and to maintain transactions with Russia within a strict framework.

The Group continued to strengthen its Embargoes/Sanctions system under the established remedial programme following agreements entered into with the US authorities (see page 258), notably in terms of screening third parties and transactions, training employees and industrialising all processes involved in controlling this risk.

Regulatory compliance risk

CUSTOMER PROTECTION

Customer protection is a major challenge for the Societe Generale Group, which is committed to respecting and protecting the interests of its customers.

The prevention of financial vulnerability (early detection), banking inclusion (the right to hold an account) and the replacement or removal of insurance taken out on a real estate loan were priorities in 2021.

Information provided to customers was strengthened with new rules on ESG (Environmental and Social Governance) labelling and designations.

The system keeping track of obligations laid down in European consumer protection regulations (MIF2 and the Insurance Directive or DDA) is in place for product governance and advisory, as well as to ensure compliance with information requirements.

In an environment still dominated by the health and social crisis, significant measures are being implemented in the Group's system in terms of:

- strengthening internal rules regarding key aspects of customer protection (marketing rules, cross-border sales, customer claims, conflicts of interest, product governance, protection of customers' assets, along with compensation and qualification of employees);
- specific training and increased staff awareness; the importance the Group places on this issue is largely addressed in the Group's Code of Conduct;
- adapting as a matter of necessity existing tools to new regulatory requirements, in particular the Shareholder Rights Directive II (SRD2), applicable as of 2021.

Customer claims

Processing a claim is a commercial act that impacts customer satisfaction. Accordingly, it has received much coverage in the Code of Conduct.

The "Customer claim processing" Group instruction incorporates the recommendations of the national supervisor (French Prudential Supervisory and Resolution Authority – ACPR) and the regulatory requirements (MIF2, DDA and DSP – the Payment Services Directive) relative to the strengthening of customer protection measures at European level. The bank's businesses have an *ad hoc* governance, an organisation, human resources and applications, formalised procedures, and quantitative and qualitative monitoring indicators.

Independent mediation supplements this internal system. Mediation, a measure aimed at amicable settlement, is brought to customers' awareness on multiple information media, in particular through a permanent notice on the back of bank account statements. Every entity involved is obliged to comply with the independent mediator's decision.

Conflicts of interest

The Group has a clear normative framework in place to prevent and manage conflicts of interest. This framework specifies the principles and mechanisms that have been implemented. This robust system covers three categories of potential conflicts of interest: those that may arise between the Group and its customers or between the Group's customers; those occurring between the Group and its employees (particularly in relation to activities involving an employee's personal interest and/or their professional obligations); and, lastly, those arising between the Group and its suppliers. The system has been supplemented by the reporting of conflicts of interest (*Déclaration des Conflits d'intérêts* – DACI) required of Group employees most exposed to the risks of corruption.

Product governance

Systematic reviews ahead of and during the marketing process ensure compliance with product governance obligations. As product originator, Societe Generale sets up Product Review Committees to ensure the target market has been defined correctly and, if not, to adjust it accordingly. As distributor, Societe Generale checks that the criteria match the customers' situation and communicates with product originators to track products during their life cycle. Updated in 2021, Societe Generale's investment services policy now includes new offers in terms of sustainable finance, the supervision of crypto-assets, and detailed notes on the target markets of the main instruments produced or distributed by each business.

Vulnerable customers

Societe Generale has established practices and usages to comply with legislation vis-à-vis vulnerable customers, in particular customers benefiting from the offer tailored to financially vulnerable customers. To contribute to the national effort to boost the purchasing power of French citizens in challenging financial circumstances, the Group has added to its practices by introducing additional measures in 2019, notably: i) freezing bank fees; ii) capping bank intervention fees for vulnerable clients; and iii) organising follow-up and support suited to the situation of customers experiencing difficulties in the wake of recent events. These measures are closely monitored and covered in action plans aimed at identifying financially vulnerable customers.

MARKET INTEGRITY

The main regulatory risks concerning market integrity involve the following:

- interest rate benchmarks;
- market manipulation and the protection of privileged information (market abuse regulations);
- regulations for transparency and to reduce the systemic risk inherent in over-the-counter ("OTC") derivatives;
- separation of proprietary trading by banks (US Volcker Rule and French Banking Law on the Separation and Regulation of Banking Activities).

The overall system for hedging Market Integrity risk was strengthened in 2021, in particular with respect to processes and controls on OTC derivatives activities in accordance with the relevant regulations, and on preventive measures concerning personal staff transactions.

Market abuse

The system continued to be strengthened in 2021 with the extension and improvement of tools identifying market manipulation risks and an extensive employee training programme on the subject.

Regarding staff transactions, Societe Generale implemented a new pre-authorisation tool based on classifying employees in terms of their exposure to confidential information on investment services customers or on the Bank as issuer.

Regarding **market indices:** the Group has implemented an action plan to monitor contributions to benchmarks and ensure their Group-wide administration. In addition to contributions to **benchmark indices** and the administration of indices, the use of indices has been subject to regulatory restrictions since January 2020. This system is monitored Group-wide.

The year was also characterised by the Group's preparation for the IBOR transition in order to replace IBOR interest rate benchmarks with alternative, risk-free rates.

Separation of banking activities

The US Volcker Rule – which established a prohibition in principle for certain institutions in the financial services sector, such as the Societe Generale Group, to conduct speculative trading and hold covered funds[1] on its own account – was subject to two major amendments in 2019 and 2020. These amendments ease the Societe Generale Group's regulatory obligations.

The system overseeing compliance with the Volcker Rule and the Separation and Regulation of Banking Activities Act has been made permanent and stabilised following the aforementioned developments in 2020. Moreover, the system providing a regulatory framework for market activities (regarding activity indicators, in particular) was reformed in March 2019 (Order of 18 March 2019). These changes were incorporated into the internal normative and control system.

OTC derivatives

Regulatory risks related to derivatives market activities are covered by European regulations (MIFIR, EMIR regulation) and US regulations (Dodd-Frank Act).

These regulations remain subject to changes. Combined with business and technological developments, they require constant updates and adjustments to the compliance management system. The year 2021 was characterised by the continued implementation of new requirements.

Transaction reporting

In light of the many regulatory requirements attached to transaction reporting, and regulators' heightened interest in the quality of such reports, Societe Generale is continuing to deploy a new Group policy dedicated to mandatory compliance reporting (including transaction reporting). This policy defines the governance and control standards applicable to these reports.

COMPLIANCE/TAX TRANSPARENCY

Societe Generale Group's principles on combating tax evasion are governed by the Tax Code of Conduct. The Code was updated in March 2017 and approved by the Board of Directors after review by the Executive Committee. It is a public document and can be consulted on the Bank's institutional investor portal *(https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/tax_code_of_conduct_of_societe_generale_group_uk.pdf)*.

The five main principles of the Code of Conduct are as follows:

- Societe Generale ensures compliance with the tax rules applicable to its business in all countries where the Group operates, in accordance with international conventions and national laws;
- in its customer relationships, Societe Generale ensures that customers are informed of their tax obligations relating to transactions carried out with the Group, and the Group complies with the reporting obligations that apply to it as bookkeeper or in any other way;
- in its relations with the tax authorities, Societe Generale is committed to strictly respecting tax procedures and ensures that it maintains open and transparent relations to maintain its reputation;
- Societe Generale does not encourage or promote tax evasion for itself, its subsidiaries or its customers;
- Societe Generale has a tax policy in line with its strategy of sustainable profitability and refrains from any operation, whether for its own account or for its customers, whose main purpose or effect is tax motivated, unless this is consistent with the intention of the legislation.

The Board of Directors annually reviews the application of the Code and the procedures and systems in place within the Group to ensure that new products and new establishments comply with the Group's tax principles.

(1) The Volcker Rule does not offer a specific definition of the term "covered fund". It sets out a general prohibition to deal with hedge funds and private equity funds, also including a list of exceptions based on the products and/or strategy of the fund, which may provide an exemption from this category. For example, retirement or pension funds, foreign public funds, acquisition vehicles and securitisation vehicles are not considered covered funds.

Relationships with legislators and tax law policy makers are governed by the Charter for Responsible Advocacy with respect to Public Authorities and Representative Institutions *(https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/societe-generale-obligations-for-a-responsible-advocacy.pdf).*

The Group is committed to a strict policy with regard to tax havens. No Group entity is authorised in a state or territory on the official French list of ETNCs (*États et territoires non coopératifs* in French)(1) and internal rules have been in place since 2003 to monitor an expanded list of countries or territories.

The Group follows the Organization for Economic Co-operation and Development's (OECD) transfer pricing standards. However, local constraints may require deviations from OECD methodologies, in which case the local constraints must be documented.

The Group publishes information on its entities and activities annually on a country-by-country basis *(Section 2.12 – page 58)* and confirms that its presence in a number of countries is for commercial purposes only, and not to benefit from special tax provisions. The Group also complies with the tax transparency rules for its own account (CbCR – country-by-Country Reporting).

The Group is fully committed to implementing regulations aimed at ensuring tax transparency for its customers' accounts (in particular FATCA and the Common Reporting Standard – CRS, DAC6).

Some of the tax regulations define tax transparency requirements. FATCA (Foreign Account Tax Compliance Act), CRS (Common Reporting Standard), QI (Qualified Intermediary) and DAC6 (Directive on Administrative Cooperation 6) regulations have the common goal of combating fraud and tax evasion by customers. The risks borne by financial institutions are financial, commercial and reputational in nature. The Group's main challenges involve adapting to regulatory developments, which are becoming increasingly stringent over the years, and strengthening its control systems.

Societe Generale complies with tax transparency standards. The Common Reporting Standard (CRS) enables tax authorities to be systematically informed of income received abroad by their tax residents, including where the accounts are held in asset management structures. Moreover, Societe Generale complies with the requirements of the United States FATCA (Foreign Account Tax Compliance Act), which aims to combat tax evasion involving foreign accounts or entities held by US taxpayers. Non-US financial intermediaries are thus responsible for identifying US taxpayers in their customer base in order to declare the income received by said taxpayers, directly or indirectly, to the US tax administration, thereby enabling an automatic reconciliation with their individual tax returns. The tax transparency objectives have been achieved by generating a tax report filed at national level and sharing tax information between partner countries on the basis of existing bilateral tax treaties and inter-governmental agreements (IGAs).

Lastly, the Group has implemented the new European Directive on transparency between intermediaries (referred to as DAC6), which will require the reporting of cross-border tax arrangements. The Group Compliance Division has supported the Group Tax Department in implementing DAC6, more specifically the D regulatory marker regarding schemes aimed at circumventing the CRS and those involving opaque chains of beneficial owners.

Importantly, the account-keeping entities of the Private Banking business line are established exclusively in countries with the strictest tax transparency rules imposed by G20 member countries and the OECD. These countries ratified the Convention on Mutual Administrative Assistance in Tax Matters, introduced the automatic exchange of information in financial accounts (CRS) and obtained the "largely compliant" and "compliant" rating as part of the peer review process conducted under the aegis of the OECD. Assets deposited in Private Banking books are subject to enhanced scrutiny using comprehensive due diligence procedures to ensure they are tax compliant.

In accordance with regulatory requirements, Societe Generale also includes tax fraud in its anti-money laundering procedures.

ANTI-CORRUPTION MEASURES

Societe Generale is fully committed to fighting corruption and has given clear undertakings in this respect by participating in the Wolfsberg Group and the Global Compact.

The Group applies strict principles that are included in its Code of Conduct and its "Anti-Corruption and Influence Peddling Code".

Societe Generale's anti-corruption programme is built around the following themes:

- code of conduct;
- risk mapping;
- appropriate training at all levels (senior management, exposed persons, all employees);
- control systems;
- accounting procedures;
- evaluation of third parties;
- disciplinary system;
- right to whistleblow.

Within this context, processes and tools continue to be strengthened with the provision of staff dedicated to anti-corruption practices within the Group, and the creation of monitoring indicators and new controls – including accounting and operational controls to reduce the risk of corruption.

The Group's anti-corruption instructions have been revised and expanded to include a new version of the Anti-Corruption and Influence Peddling Code, which was incorporated into the Internal Rules in April 2021.

The Societe Generale Group now has several tools at its disposal, such as the tool for declaring gifts and invitations (GEMS), the tool for whistleblowing management (WhistleB), and the annual conflict of interest declaration tool (DACI).

Training measures have been strengthened, in particular with respect to persons most exposed to the risk of corruption, accounting controllers, and members of General Management and the Board of Directors.

Third-party knowledge procedures have been improved, with special focus on intermediaries, as well as the introduction of due diligence for suppliers and associations benefiting from donations or sponsorship initiatives.

CORPORATE SOCIAL RESPONSIBILITY

European financial regulations have seen significant changes from a social and environmental perspective, in particular with the entry into force in March 2021 of Regulation (EU) 2019/2088 – SFDR on sustainability-related disclosures in the financial services sector, and the Taxonomy Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment. The Compliance Division is developing the normative framework relative to the European Union regulations on sustainable investment. A dedicated programme is helping the business lines to comply with regulations and is producing deliverables pertaining to normative documentation, training, controls and supervision.

(1) Including the European Union blacklist.

Over and above the regulations, the Group is making voluntary, public commitments in this area. To manage the implementation of the environmental and social risk management system and ensure the Group's commitments are upheld, the Compliance Division has taken the following measures:

- developing normative controls;
- deploying e-learning on environmental and social risk management. The training was made compulsory for all employees having a direct or indirect relationship with corporate customers. Moreover, specific workshops were conducted with targeted employees in the Compliance Division to foster an understanding of and compliance with the criteria for applying voluntary commitments;
- defining an environmental and social escalation procedure with respect to corporate customers to set out the criteria requiring business lines to reach out to the Compliance Division and, where applicable, the Responsible Commitments Committee, to connect with a company or during situations likely to present a reputational risk arising from environmental or social factors.

DATA PROTECTION

As a trusted partner of its customers, Societe Generale is especially sensitive to personal data protection.

Following the entry into force of the General Data Protection Regulation (GDPR), which increases the Company's obligations and the level of sanctions in case of non-compliance with these obligations (up to 4% of revenue), the Societe Generale Group has considerably strengthened its personal data processing management system.

Across all Group entities, internal instructions and associated procedures in line with local and European regulations define the rules to apply and the measures to take to guarantee the protection and security of customer and staff data. In particular, measures to inform data subjects (customers, employees, shareholders, suppliers, etc.) and process their demands are in place so that such persons can exercise their rights, notably *via* dedicated digital platforms. A personal data security policy has been defined, which fits in with the Group's overall security strategy, especially as regards cybersecurity. Moreover, there has been a specific effort to increase staff awareness *via* dedicated training.

Lastly, Societe Generale Group has appointed a Data Protection Officer (DPO) who reports to the Head of Group Compliance and is the main contact person for the Personal Data Protection Authority (*Commission Nationale de l'Informatique et des Libertés* – CNIL). The DPO is responsible for ensuring sound Group compliance for personal data protection. Alongside the network of local DPOs and correspondents throughout the Group entities, the DPO assists them with security issues and personal data usage. As part of his or her duties, the DPO regularly reviews a number of indicators, notably the number and nature of requests by persons seeking to exercise their rights under GDPR, the internal training completion rate, and the local DPO certification programme.

Other regulatory risks

RISK AND COMPENSATION POLICY

In keeping with the regulatory framework defined by European Directive CRD4, Societe Generale has had a specific governance in place to determine variable compensation since the end of 2010. The rules introduced by this directive apply not only to financial market professionals, but to all persons whose activity is likely to have a substantial impact on the risk profile of the institutions which employ them, including those exercising control functions.

The regulatory framework defined by European Directive CRD4 since 2014 and by European Directive CRD5 which has applied since 1 January 2022 does not modify the rules determining the variable compensation of persons whose activity is likely to have an impact on the risk profile of the Group and of the employees who exercise control functions. The above-mentioned principles and governance remain in place within the Group.

According to the principles approved by the Board of Directors as proposed by the Compensation Committee, the compensation mechanisms and processes for the identified population not only factor in the financial results of the transactions undertaken, but also the broader context and how these results are generated, especially in terms of control and management of all risks and adherence to compliance rules. Control function employees are compensated independently of the results of the transactions that they control, and according to criteria specific to their activity.

Variable compensation includes a non-deferred portion and a deferred portion. The acquisition of the deferred portion of the variable compensation is subject to three conditions: a minimum length of service, a minimum level of financial performance of the Company and/or the activity, and appropriate management of risks and compliance (malus and clawback provisions). All deferred variables of the regulated population are subject to a non-payment clause to sanction any excessive risk-taking or behaviour deemed unacceptable. Subject to applicable regulations, a clawback clause enables Societe Generale to request the return of deferred variables, in part or in full, after the holding period and for a five-year period after their allocation was included in the Group's plan for deferred variable compensation allocated for 2021.

At least 50% of this compensation is paid in shares or equivalent securities. The purpose of these payment methods is to align the compensation with the Company's performance and risk horizon.

The Risk Division and Compliance Division help define and implement this policy. In particular, every year they independently assess the main activities of Wholesale Banking, and of French and International Retail Banking, and the principal risk takers, together with the desk managers subject to the Separation and Regulation of Banking Activities Act and the Volcker Rule in relation to their risk management and compliance. These assessments are reviewed by General Management and taken into account when determining the amounts of variable compensation.

Furthermore, Societe Generale has implemented a specific system and governance aimed at the holders of trading mandates to ensure that the compensation policy genuinely factors in the requirements of the Separation and Regulation of Banking Activities Act of 26 July 2013 and the Volcker Rule.

In keeping with our historical approach and in accordance with the recommendations of the Committee of European Banking Supervisors, several regulatory principles – the portion of deferred compensation, the acquisition of which is subject to conditions of presence, the minimum performance of the Group and the activity, and appropriate risk and compliance management – apply to a wider population than the regulated population depending on the level of variable compensation, notably across the scope of Wholesale Banking.

In addition, the Group's annual employee appraisal tool has included a Conduct and Compliance section since 2018, enabling managers to factor in cases of non-compliant employee behaviour with respect to risk management, quality of service and respecting customers' interests. Where an employee has failed to observe conduct and compliance rules, the manager must draft and implement a dedicated action plan to assist him or her. The results of this specific appraisal measure are crucial in determining the employee's career path and compensation.

The consideration given to risks in the compensation policy is presented every year to the Risks Committee and a Director sitting on the Risks Committee also sits on the Compensation Committee.

Management of reputational risk

The reputational risk management system is described in the Societe Generale Code.

It is coordinated by the Compliance Department, which:

- supports the Compliance Control Officers of the businesses in their strategy for preventing, identifying, assessing and controlling reputational risk;
- develops a reputational risk dashboard that is communicated quarterly to the Risk Committee of the Board of Directors, based on information from the businesses/Business Units and support functions/Service Units (in particular the Human Resources, Communications, Legal, Corporate Social Responsibility and Data Protection Departments).

Moreover, Chief Compliance Officers dedicated to Business Units take part in the various bodies (new product Committees, *ad hoc* Committees, etc.) organised to approve new types of transactions, products, projects or customers, and formulate a written opinion as to their assessment of the level of risk of the planned initiative, and notably the reputational risk.

COMPLIANCE REMEDIATION PLAN IN THE WAKE OF AGREEMENTS ENTERED INTO WITH FRENCH AND US AUTHORITIES

In June 2018, Societe Generale entered into agreements with the US Department of Justice (DOJ) and the US Commodity Futures Trading Commission (CFTC) to resolve their investigations into IBOR submissions, and with the DOJ and the French Financial Prosecutions Department (*Parquet National Financier* - PNF) to resolve their investigations into certain transactions involving Libyan counterparties.

In November 2018, Societe Generale entered into agreements with the US authorities to resolve their investigations into certain US dollar transactions involving countries, persons or entities subject to US economic sanctions.

As part of these agreements, the Bank committed to enhance its compliance system in order to prevent and detect any violation of anti-corruption and bribery, market manipulation and US economic sanction regulations, and any violation of New York state laws. The Bank also committed to enhance corporate oversight of its economic sanctions compliance programme.

Moreover, the Bank agreed with the US Federal Reserve to hire an independent consultant to assess the Bank's progress on the implementation of measures to strengthen its compliance programme with respect to sanctions and embargoes.

To meet the commitments made by Societe Generale as part of these agreements, the Bank developed a programme to implement these commitments and strengthen its compliance system in the relevant areas. This programme has been placed under the direct supervision of the Group Head of Compliance. In addition, the programme's Steering Committee is chaired by a member of the Bank's General Management, and a programme progress report is presented to the Board of Directors on a monthly basis.

In 2021, the Programme was rolled out according to the schedule presented to the internal Governance bodies and the various authorities who have received regular reports on the progress of remedial actions. Moreover, the external audits provided for in the agreements have been conducted or are under way.

On 30 November and 2 December 2021, the US federal court confirmed the termination of legal proceedings by the DOJ, which confirmed that Societe Generale complied with obligations relating to the deferred prosecution agreements (DPA) of June and November 2018. In December 2020, the PNF resolved proceedings against Societe Generale and acknowledged that Societe Generale had fulfilled its obligations with respect to the public interest judicial convention.

UNITED STATES COMPLIANCE REMEDIATION PLAN

On 19 November 2018, Societe Generale Group and its New York branch (SGNY) entered into an agreement (enforcement action) with the NY State Department of Financial Services regarding the SGNY anti-money laundering compliance programme. This agreement requires (i) submitting an enhanced anti-money laundering programme, (ii) an anti-money laundering governance plan, and (iii) the performance of an external audit in 2020.

As background information, on 14 December 2017, Societe Generale and SGNY on the one hand, and the Board of Governors of the Federal Reserve on the other hand, agreed to a Cease and Desist order (the "Order") regarding the SGNY compliance programme to adhere to the Bank Secrecy Act ("BSA") and its anti-money laundering ("AML") obligations (the "Anti-Money Laundering Compliance Program"), and regarding some aspects of its Know Your Customer (KYC) programme.

This Cease and Desist Order signed on 14 December 2017 with the US Federal Reserve supersedes the Written Agreement entered into in 2009 between Societe Generale Group and SGNY on the one hand, and the US Federal Reserve and the New York State Financial Services Department on the other.

On 17 December 2019, Societe Generale SA and SGNY signed an agreement with the Federal Reserve Bank of New York (FRB) regarding compliance risk management. This agreement included the submission and approval by the FRB, followed by the implementation, of (i) an action plan to strengthen supervision by the US Risk Committee of the compliance risk management programme, (ii) an action plan to improve the compliance risk management programme in the US, and (iii) revisions of the internal audit programme concerning compliance risk management audits in the US. As at the end of 2021, these actions were being implemented.

4.11.2 LITIGATION

The information pertaining to risks and litigation is included in Note 9 to the consolidated financial statements, page 534.

4.12 MODEL RISK

Many choices made within the Group are based on quantitative decision support tools (models). Model risk is defined as the risk of losses due to decisions reached based on results of internal modeling due to errors in development, implementation or use of these models. It can take the form of model uncertainty or errors in the implementation of model management processes.

4.12.1 MODEL RISK MONITORING

The Group is fully committed to maintaining a solid governance system in terms of model risk management in order to ensure the efficiency and reliability of the identification, design, implementation, modification monitoring processes, independent review and approval of the models used. An MRM ("Model Risk Management") Department in charge of controlling model risk was created within the Risk Department in 2017. Since then, the model risk management framework has been consolidated and structured and is based today on the following device.

Actors and responsibilities

The model risk management system is implemented by the three independent lines of defence, which correspond to the responsibility of the business lines in risk management, to the review and independent supervision and evaluation of the system and which are segregated and independent to avoid any conflict of interest.

The device is as follows:

- the first line of defence (LoD1), which brings together several teams with diverse skills within the Group, is responsible for the development, implementation, use and monitoring of the relevance over time of the models, in accordance with model risk management system; these teams are housed in the Business Departments or their Support Departments;
- the second line of defence (LoD2) is made up of governance teams and independent model review teams, and supervised by the "Model Risk" Department within the Risk Department;
- the third line of defence (LoD3) is responsible for assessing the overall effectiveness of the model risk management system (the relevance of governance for model risk and the efficiency of the activities of the second line of defence) and independent audit of models: it is housed within the Internal Audit Department.

Governance, steering and monitoring

A MRM Committee chaired by the Risk Director meets at least every three months to ensure the implementation of the management system and monitor the risk of models at Group level. Within the second line of defence and the "Model risk" Department, a governance team is in charge of the design and management of the model risk management system at Group level.

As such:

- the normative framework applicable to all of the Group's models is defined, applied when necessary to the main families of models to provide details on the specifics, and maintained while ensuring the consistency and homogeneity of the system, its integrity and its compliance with regulatory provisions; this framework specifies in particular the definition of expectations with regard to LoD1, the principles for the model risk assessment methodology and the definition of guiding principles for the independent review and approval of the model;
- the identification, recording and updating of information of all models within the Group (including models under development or recently withdrawn) are carried out in the model inventory according to a defined process and piloted by LoD2;
- the monitoring and reporting system relating to model risk incurred by the Group in Senior Management has been put in place. The appetite for model risk, corresponding to the level of model risk that the Group is ready to assume in the context of achieving its strategic objectives, is also formalised through statements relating to risk tolerance, translated under form of specific indicators associated with warning limits and thresholds.

Model life cycle and review and approval process

For each model, risk management is based on compliance with the rules and standards defined for the entire Group by each LoD1 player, it is guaranteed by an effective challenge from LoD2 and a uniform approval process.

The need to examine a model is assessed according to the level of model risk, its model family and applicable regulatory requirements. The independent review by the second line of defence is triggered in particular for new models, periodic model reviews, proposals to change models and transversal reviews in response to a recommendation:

- it corresponds to all the processes and activities which aim to verify the conformity of the functioning and use of the models with respect to the objectives for which they were designed and to the applicable regulations, on the basis of the activities and controls implemented by LoD1;
- it is based on certain principles aimed at verifying the theoretical robustness (evaluation of the quality of the design and development of the model), the conformity of the implementation and use, and the relevance of the monitoring of the model;
- it gives rise to an Independent Review Report, which describes the scope of the review, the tests carried out, the results of the review, the conclusions or the recommendations.

The approval process follows the same approval scheme for all models, the composition of governance bodies being able to vary according to the level of model risk, the family of models, the applicable regulatory requirements and the Business Units/Service Units in which model is applicable. Responsible for LOD2, the approval process consists of two consecutive instances:

- the Review Authority which aims to present the conclusions identified by the review team in the independent Review Report and to discuss, allowing for a contradictory debate between LoD1 and LoD2. Based on the discussions, LoD2 confirms or modifies the conclusions of the review report, including the findings and recommendations, without being limited thereto;
- the Approval Authority, a body which has the power to approve (with or without reservation) or reject the use of a model, changes made to the existing model or continuous monitoring of the relevance of the model along the time proposed by the LOD1, from the Independent Review Report and the minutes of the Review Authority.

4.13 RISK RELATED TO INSURANCE ACTIVITIES

Risk related to insurance activities: through its insurance subsidiaries, the Group is also exposed to a variety of risks linked to this business. In addition to balance sheet management risks (interest rate, valuation, counterparty and exchange rate risk), these risks include premium pricing risk, mortality risk and the risk of an increase in claims.

4.13.1 MANAGEMENT OF INSURANCE RISKS

There are two main types of insurance risks:

- underwriting risks, particularly risk through life insurance, individual personal protection and non-life insurance. This risk can be biometrical: disability, longevity, mortality, or related to policyholders' behavior (risk of lapses). To a lesser extent, the Insurance business line is also exposed to non-life and health risks. Such risks can come from pricing, selection, claims management or catastrophic risk;
- risks related to financial markets and ALM: the Insurance business line, mainly through life insurance on the French market, is exposed to instabilities on the financial markets (changes in interest rates and stock market fluctuations) which can be made worse by policyholder behavior.

Managing these risks is key to the Insurance business line's activity. It is carried out by qualified and experienced teams, with major bespoke IT resources. Risks are monitored and regularly reported, they are framed by risk policies validated by the Board of Directors of each entity.

Risk management techniques are based on the following:

- heightened security for the risk acceptance process, with the aim of guaranteeing that the price schedule matches the policyholder's risk profile and the guarantees provided;
- regular monitoring of indicators on product claims rates in order to adjust certain product parameters, such as pricing or the level of guarantee, if necessary;
- implementation of a reinsurance plan to protect the business line from major/serial claims;
- application of policies on risk, provisioning and reinsurance.

Management of risks linked to the financial markets and to ALM is an integral part of the investment strategy as long-term performance objectives. The optimisation of these two factors is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity of policies), as well as the amounts booked under the major items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are analysed by the Finance and Risk Departments of the Insurance business line.

Risk management related to financial markets (interest rates, credit and shares) and to ALM is based on the following:

- monitoring short- and long-term cash flows (match between the term of a liability and the term of an asset, liquidity risk management);
- particular monitoring of policyholder behavior (redemption);
- close monitoring of financial markets;
- hedging against exchange rate risks (both rising and falling);
- hedging downside equity risk;
- defining thresholds and limits per counterparty, per issuer rating and assets class;
- stress tests, the results of which are presented annually at entities' Board of Directors' meetings, as part of the ORSA Report (Own Risk and Solvency Assessment), transferred to the ACPR after approval by the Board;
- application of policies related to ALM and investment risks.

4.13.2 INSURANCE RISK MODELING

The models are reviewed by the Insurance Risks Department, which is the second line of defence in the context of model risk management. The review works relate to the theoretical robustness (evaluation of the quality of design and development) of the models, the use of the model, the conformity of the implementation and the continuous monitoring of the relevance of the model over time. The independent review process ends with (i) a report describing the scope of the review, the tests performed, the results of the review, conclusions or recommendations and by (ii) validation Committees. The model control system gives rise to recurring reporting to the appropriate bodies.

4.14 OTHER RISKS

4.14.1 PRIVATE EQUITY RISK

The Group has limited appetite for financial shareholdings in proprietary private equity operations. The types of admissible private equity operations chiefly relate to:

- commercial support for the network through the private equity arm of the Societe Generale and Crédit du Nord networks and those of certain foreign subsidiaries;
- shareholdings in innovative companies, either directly or through private equity funds;
- shareholdings in financial services companies such as Euroclear and Crédit Logement.

Private equity investments are managed directly by the networks concerned (Societe Generale, Crédit du Nord and foreign subsidiaries) and are capped at EUR 25 million. Any investments above this threshold must be approved by the Group Strategy Department based on a file submitted by the Business Unit in conjunction with the Finance Department. The file must include arguments justifying a private equity investment of the allotted size, the projected outcome and the expected profitability based on the consumption of the associated capital, the investment criteria (criteria, typology, duration, etc.), risk analysis and the proposed governance. The Group's General Management must approve the investment amount if it exceeds EUR 50 million and base its decision on the opinion delivered by the Strategy Department, the Finance Department, the General Secretary and the Compliance Department. Every six months, the relevant Business Unit must submit a report to the Strategy Department which tracks the operations and the use of the allocated investment amount.

Other private equity minority investments undergo a dedicated validation process for both the investment and divestment phases. They are approved by the Heads of the Business Units and of the entities concerned and by their Finance Department, the Strategy Department and also the Group's General Management for amounts exceeding EUR 50 million, in addition to the Board of Directors for amounts above EUR 250 million. These files are assessed by the Strategy Department with the assistance of experts from the Services and Business Units involved in the operation, comprising at least the Finance Department, the Corporate Secretary's Legal and Tax Departments and the Compliance Department. The assessment is based on a review of the proposed shareholding, the arguments in favour of such an investment and its context, the structuring of the operation, its financial and prudential impacts, the assessment of identified risks and the resources employed to track and manage them.

4.14.2 RESIDUAL VALUE RISK

Through its Specialised Financial Services Division, mainly in its long-term vehicle leasing subsidiary, the Group is exposed to residual value risk (where the net resale value of an asset at the end of the leasing contract is less than expected).

Risk identification

Société Générale Group holds, inside its ALDA Business Units (automobile leasing activity) cars on its balance sheet with a risk related to the residual value of these vehicles at the moment of their disposals. This residual value risk is managed by ALD Automotive (ALDA).

The Group is exposed to potential losses in a given reporting period caused by (i) the resale of vehicles associated with leases terminated in the reporting period where the used car resale price is lower than its net book value and (ii) additional depreciation booked during the lease term if the expected residual values of its vehicles decline below the contractual residual value. The future sales results and estimated losses are affected by external factors like macroeconomic, government policies, environmental and tax regulations, consumer preferences, new vehicles pricing, etc.

ALDA gross operating income derived from car sales totalled EUR 437.7 million at 31 December 2021 versus EUR 61.1 million at 31 December 2020.

Risk management

The residual value setting procedure defines the processes, roles and responsibilities involved in the determination of residual values that will be used by ALDA as a basis for producing vehicle lease quotations.

A Residual Value Review Committee is held at least twice a year within each operating entity of ALDA. This Committee debates and decides residual values, taking into account local market specificities, documenting its approach, ensuring that there is a clear audit trail.

A central ALDA team dedicated to control validates the proposed residual values prior to their being notified to the operating entities and updated in the local quotation system. This team informs ALD's Group Finance Director and Risk Manager in case of disagreements.

Additionally, the fleet revaluation process determines an additional depreciation in countries where an overall loss on the portfolio is identified. This process is performed locally twice a year for operating entities owning more than 5,000 cars (once a year for smaller entities) under the supervision of the central team and using common tools and methodologies. This depreciation is booked in accordance with accounting standards.

4.14.3 STRATEGIC RISKS

Strategic risks are defined as the risks inherent in the choice of a given business strategy or resulting from the Group's inability to execute its strategy. They are monitored by the Board of Directors, which approves the Group's strategic trajectory and reviews them at least once a year. Moreover, the Board of Directors approves strategic investments and any transaction (particularly disposals and acquisitions) that could significantly affect the Group's results, the structure of its balance sheet or its risk profile.

Strategic steering is carried out under the authority of General Management, by the General Management Committee (which meets weekly without exception), by the Group Strategy Committee and by the Strategic Oversight Committees of the Business Units and Service Units. The composition of these various bodies is set out in the Corporate Governance chapter of the present document, Chapter 3 (see pages 61 and following). The Internal Rules of the Board of Directors (provided in Chapter 7 of of the present document, at page 617) lay down the procedures for convening meetings.

4.14.4 ENVIRONMENTAL AND SOCIAL RISKS

The Group's approach in terms of environmental and social issues is set out in Chapter 5 of this Universal Registration Document (pages 265 and following).

4.14.5 CONDUCT RISK

The Group is also exposed to conduct risk through all of its core businesses. The Group defines conduct risk as resulting from actions (or inactions) or behaviours of the Bank or its employees, inconsistent with the Group's Code of Conduct, which may lead to adverse consequences for its stakeholders, or place the Bank's sustainability or reputation at risk.

Stakeholders include in particular the clients, employees, investors, shareholders, suppliers, the environment, markets and countries in which the Group operates.

See also "Culture and Conduct programme" (see pages 276 and 277).

5

CORPORATE SOCIAL RESPONSIBILITY

SOCIETE GENERALE - CSR AT A GLANCE

Drivers of positive transformations

ENVIRONMENTAL TRANSITION

THE GROUP'S NEW COMMITMENTS

Founding member of the **Net-Zero Banking Alliance**:

- Committed to aligning our portfolios with trajectories aiming at carbon neutrality by 2050
- **Deepened commitments**, with previously defined alignment targets on the most CO_2-eq intensive sectors and, in particular, on several fossil fuel sectors (coal, oil and gas)
- Committed to **reducing our own carbon footprint** by **50%** between 2019 and 2030

SUPPORTING CLIENTS

- **No.1 for financing renewable energies**, EMEA* - end-June 2021 (Dealogic)
- **Steel sector:** joined as co-leader in the Steel Climate-Aligned Finance Working Group to **continue defining decarbonisation standards**

For more,
see Chapter "Being committed through action to the environmental transition", page 296

POSITIVE IMPACT ON LOCAL COMMUNITIES

SUPPORTING CORPORATE AND ENTREPRENEURIAL PLAYERS

- Launched the **Environmental and Social Loan ("PES")** to support sustainable development and companies' social role
- Societe Generale Côte d'Ivoire voted **Best Bank for SMEs** in 2022 by Global Finance

SUSTAINABLE CITIES AND INFRASTRUCTURES

- Introduced a **dedicated training course** for the real estate sector to interpret **major E&S trends**
- **Joined as member of the Sustainable Building Observatory ("OID")** to participate in the sustainable transformation of the real estate sector

SUSTAINABLE MOBILITY

- **Extra-financial ratings for ALD Automotive**: ranked in Top 3 for Business Support Services by Vigeo Eiris, in Top 3 by Sustainalytics and in Top 5 by Ecovadis

For more,
see Chapter "A bank committed to sustainable and responsible finance", page 290

Responsible bank framework

CULTURE OF RESPONSIBILITY

CSR IN THE GROUP'S GOVERNANCE

- Appointed a **non-voting Director** ("censeur") with special competence in **CSR issues** on its **Board of Directors** for a two-year period
- **ESG training** for **Board of Director** members

E&S GENERAL PRINCIPLES AND SECTOR POLICIES

- **Updated E&S General Principles** to better reflect the Group's human rights, climate and biodiversity commitments
- **Reviewed all E&S policies** to enhance the understanding of E&S issues and exclusion criteria

For more,
see Chapter "Defining a robust sustainability management framework", page 296

RESPONSIBLE EMPLOYER

EQUALITY AND DIVERSITY IN THE WORKPLACE

- Signed **three charters** championing **diversity**
- Signed **a charter** promoting **LGBT+** inclusion in the workplace
- Signed the new **Corporate Parenthood Charter**

FOSTERING EMPLOYABILITY

- **Reskilling initiative:** offer employees the opportunity to reskill in growth areas or where there is a shortage of talent by ensuring staff have the skills needed for the digital revolution

QUALITY OF LIFE AT WORK

- Signed a **Remote Working Agreement** in France

For more,
see Chapter "Being a responsible employer", page 314

RESPONSIBLE BANK FRAMEWORK

CULTURE OF RESPONSIBILITY

- **Code of Conduct: 92%** of employees have validated their training
- Share of staff covered by a **collective framework agreement: 100%**
- Percentage of employees prepared to exercise their **whistleblowing rights: 84%**

RESPONSIBLE EMPLOYER

CORPORATE CULTURE AND ETHICS PRINCIPLES

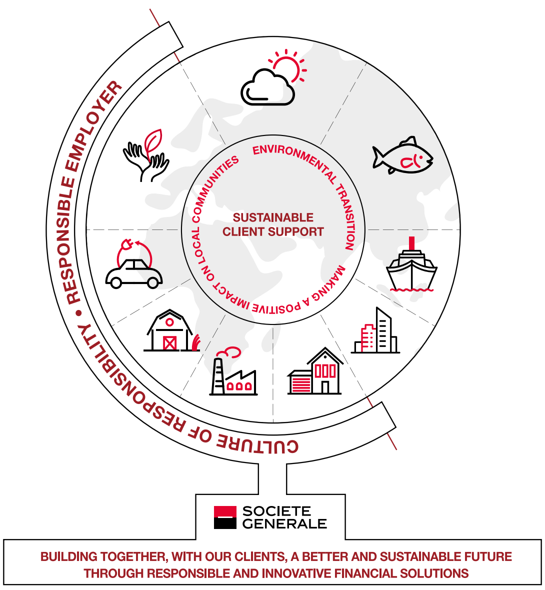
- Employee engagement rate: 66%

PROFESSIONS AND SKILLS

- Percentage of employees who have already performed at least **one training programme: 88%**

DIVERSITY AND INCLUSION

- Percentage of **women in "key positions"** (Top 150 managers): **25%**
- **French gender equality** index score: **86/100**



DRIVERS OF POSITIVE TRANSFORMATIONS

SPIF compliant financing commitments: **€18.5bn**
SPI compliant investment products: **€27.7bn**

ENVIRONMENTAL TRANSITION

- **€120bn towards the energy transition** between 2019 and 2023: **€157bn** (i.e. **131%** of the target)
- Towards a complete exit from **coal** (exit in 2030 in OECD countries and 2040 elsewhere: **on track**
- Reduction of exposure to **oil and gas** (-10% by 2025): **on track**
- **Green SPIF** production: **€12.6bn**
- Reduction of the **Group's carbon footprint** (-50% in 2030 *vs.* 2019): **-35%**
- Reduction of the **Group's carbon footprint per employee** (*vs.* 2019): **-30%**

POSITIVE IMPACT ON LOCAL COMMUNITIES

- **Grand Paris** project: **67%** of €5.5bn committed used
- **Structured finance** commitments in **Africa: €12.1bn**
- **SPIF social/societal production volume: €5.9bn**
- **Social positive impact bonds lead-managed by the Group: €45.2bn**

Acclaimed performances by extra-financial agencies

AGENCIES	2020	2021	RANKING
MSCI* ESG Research	AA	AAA	Top 3% banks worldwide
Moody's | ESG	A1+ 68	A1+ 69	Top 1% companies worldwide #2 bank worldwide
Member of Down Jones Sustainability Indices Powered by the E&P Global CEA	79	80	Top 7% banks worldwide #8 European bank #26 bank worldwide
Corporate ESG Performance Prime Rated by ISS ESG	C+	C+**	"PRIME" status Top decile banks worldwide
SUSTAINALYTICS	25.9	20.2***	Top 14% banks worldwide
CDP DISCLOSURE INSIGHT ACTION	B	B	

**MSCI ESG Research provides MSCI ESG Ratings on global public and a few private companies on a scale of AAA (leader) to CCC (laggard), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers. Learn more about MSCI ESG ratings: https://www.msci.com/documents/1296102/15233886/MSCI-ESG-Ratings-Brochure-cbr-en.pdf/7fb1ae78-6825-63cd-5b84-f4a411171d34.*
***2020 rating for 2 years.*
****Upgrade in February 2022. Rating scale from 0 to 100 (the lower the better)*
***Note:** Number of companies in each agency universe: MSCI - 190 banks; S&P Global CSA – 242 banks; Sustainalytics- 415 banks; Moody's ESG - 4,952 companies; ISS ESG - 285 banks.*

What we are doing to manage the Covid-19 crisis

Pulling together when times are tough
Corporate clients: actively distributed French government-guaranteed loans and provided support to international clients
- Until the summer of 2021, French government-guaranteed loan scheme outstandings: EUR 17 billion at 31 December 2021
- Since 2021 and until the summer of 2022, offering business recovery loans ("PPR") and recovery bonds ("OR")
- The Group also offers these clients the opportunity to use recovery bonds as part of a government-backed programme
- The Choose Africa Resilience initiative is a EUR 1 billion package financed by the French state and distributed by AFD/Proparco to support African micro-enterprises, VSBs and SMEs hit by the health crisis: seven Societe Generale subsidiaries in Africa distribute these loans, 80%-risk guaranteed by AFD/Proparco

Société Générale Assurances: supporting the French economy and assisting policyholders
- EUR 1 billion stake in the PPR and OR initiatives
- EUR 75 million contribution to insurer investment programmes targeting ETI, SME and health and insurance sectors
- Acts as a force for good through extra-contractual and other measures to help clients that have been hit hardest (professionals and caregivers)
- Premiums frozen in 2020
- Suspended collection process and policy termination proceedings on unpaid policies during the off-limits period (March until September)

Protecting the health and jobs of our people
- Successfully rolled out Group-wide remote working for all employees: fixed-term and permanent staff, trainees, apprentices and newcomers working in compatible activities in 106 subsidiaries
- Conducted employee awareness actions on health measures to follow, in conjunction with advice from the government of the country concerned
- Offered vaccination services in Societe Generale's medical services throughout France for volunteering staff
- Delivered an e-learning module for all employees in France to understand the Covid-19 disease and adopt safe practices to protect oneself and others

5.1 EXTRA-FINANCIAL CHALLENGES AND RISKS FOR SOCIETE GENERALE

5.1.1 A STRATEGIC CSR AMBITION THAT DRIVES THE GROUP'S CORPORATE PURPOSE

Societe Generale is committed to supporting its clients and has made Corporate Social Responsibility (CSR) the linchpin of its corporate purpose and strategy. CSR concerns all its businesses and is both an opportunity for innovation and a factor of sustainability.

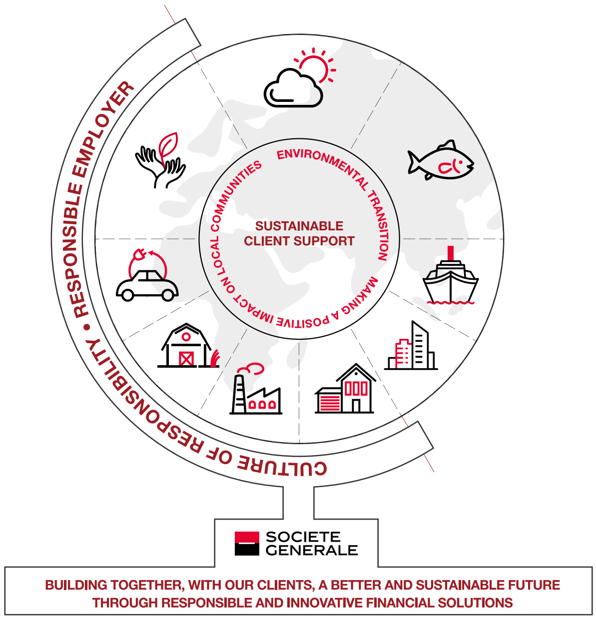
"Building together, with our clients, a better and sustainable future through responsible and innovative financial solutions" is Societe Generale's corporate purpose and is the embodiment of our collective ambition, the bedrock of the Group's strategic choices and the compass that guides our actions on a daily basis. It embodies the Group's vision and values, its team spirit, innovation, responsibility and commitment, and is the cornerstone of Societe Generale's banking model.

Following on from its previous strategy, Societe Generale used the findings of its materiality survey to guide its CSR actions in 2021. The materiality survey is outlined in the following section. Survey findings placed the focus on four areas. Two of them form the framework for responsible banking:

- the culture of responsibility (see Creating a robust sustainability management framework, page 272);
- the responsible employer (see Being a responsible employer, page 314).

The other two areas are the springboards for positively transforming the Group's actions as a responsible bank:

- supporting the environmental transition (see Being committed through action to the environmental transition, page 296);
- making a positive impact on local communities (see Contributing to local communities, page 299).



Through its geographic presence, the diversity of its businesses and its responsible engagement, Societe Generale helps achieve the Sustainable Development Goals (SDGs) defined by the UN (for more information, see *https://www.un.org/sustainabledevelopment/sustainable-development-goals/*), and specifically through the four focus areas of its CSR ambition, each of which contributes directly to the successful outcome of one or several objectives:

Core themes of the Group's CSR policy

Culture of responsibility By complying with legislation and ethical obligations in force and by introducing its own commitments, Societe Generale's objective is to work to make a genuinely positive impact on the environment, standing shoulder to shoulder with and being attuned to the various stakeholders of its global ecosystem (see Creating a robust sustainability management framework, page 272).	
Responsible employer Monitoring quality of working life, and the diversity and professional development of its teams are crucial to encouraging employee engagement within the Group and optimising performances. Societe Generale has undertaken to move the Group forward with five Human Resources priorities: Corporate Culture and Ethics Principles, Professions and Skills, Diversity and Inclusion, Performance and Compensation, Occupational Health and Safety (see Being a responsible employer, page 314).	
Supporting the environmental transition Being committed through action to the climate and environment by supporting fair, environmental and inclusive transition (see Being committed through action to the environmental transition, page 296).	
Making a positive impact on local communities Societe Generale is committed to supporting the development and resilience of local economies by taking part in community-focused innovations emerging locally and in its markets. One of the Group's actions is to make positive transformations by supporting businesspeople, working to develop sustainable cities and infrastructures and promoting green mobility (see Contributing to local communities, page 299). This initiative has particular significance in Africa where the Group supports positive transformations on the continent through its Grow with Africa programme.	

5.1.2 CONSULTING STAKEHOLDERS TO UNDERSTAND THEIR EXPECTATIONS

The Group consulted key internal and external stakeholders at the end of 2020 to update the priorities of the Group's CSR ambition and ensure that it was aligned with risks and opportunities. The survey findings were aggregated into a materiality matrix, which is presented below. The materiality matrix was interpreted in accordance with the Group's values and company purpose in order to define the four focus areas of the CSR ambition.

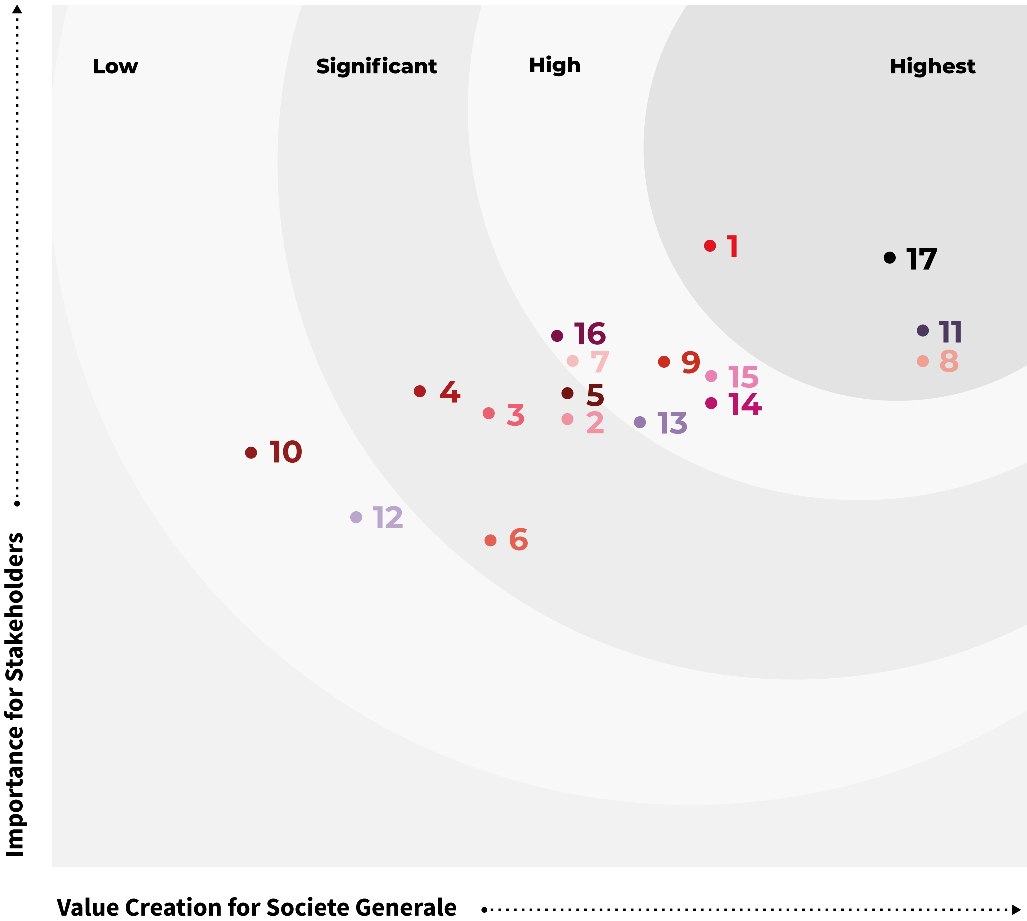
The Group used a qualitative approach to take the stakeholders' pulse: in-depth one-on-one interviews were conducted with a representative panel of Group stakeholders. More than 80 employee managers were specifically trained to conduct the campaign, which involved 141 interviews. Interviewees were selected from a diverse sample of professionals spanning the entire range of businesses and geographical zones where the Group operates. Some 1,000 Group managers were also interviewed. In order to compare their expectations with those of other stakeholders who participated in the survey, ten more interviews focused on Group Management, including three members on the Board of Directors. These findings were subsequently enriched with responses provided during image and client satisfaction surveys performed regularly by Societe Generale and with submissions from dedicated focus groups composed of internal and external participants.

Societe Generale performed materiality analysis according to three complementary levels:

1. stakeholders surveyed ranked the 17 materiality considerations identified by an Internal Group Work Committee according to their impression of relative importance;
2. Group Management also ranked the materiality considerations according to their impact on the different value creation dimensions for the Company;
3. the recurrence of the considerations under review was analysed during stakeholder interviews. All their contributions were subsequently studied on a qualitative basis. The study was conducted in line with the main materiality assessment standards, *i.e.* the GRI*, AA1000*, IIRC* and ODD standards.

The materiality matrix classifies the issues according to their impact (evaluated by General Management) on the different dimensions of value creation in the Company (x axis) and according to their relative importance for internal and external stakeholders (y axis). As a result, four issues manifested in the core circle, followed by five issues in the second inner circle, six issues in the third circle and, last, two issues of minor impact in the outermost circle.

MATERIALITY MATRIX



- 1 Accelerate the low-carbon transition and increase the positive impact of the Group's products and services dedicated to fighting climate change
- 2 Contribute to the preservation of biodiversity
- 3 Participate in the inclusion of stakeholders in situation of fragility
- 4 Expand the Group's offering of products and services with a positive social impact
- 5 Contribute to the sustainable development of territories/regions
- 6 Contribute to the sustainable development of Africa
- 7 Anticipate and support transformations and innovations
- 8 Commit to safe and responsible digital development
- 9 Ensure effective ESG risk management in all businesses
- 10 Co-develop ESG risk assessment methodologies
- 11 Strengthen the satisfaction and trust of all the Group's clients
- 12 Nurture the innovation dynamic of all the Group's staff
- 13 Unite the teams around committed and responsible employer management
- 14 Attract and grow talents
- 15 Value diversity in Skills and Talent management
- 16 Rely on a Group and business Governance with a long-term vision
- 17 Conduct the Group's business in an exemplary manner

5.1.3 ANALYTICAL APPROACH TO EXTRA-FINANCIAL RISK FACTORS

In addition to the materiality matrix substantiating the strategic analysis, the Group conducts a number of extra-financial risk identification procedures. The Group approaches these procedures by applying the double materiality concept, *i.e.* by first analysing the environmental and social materiality, which pinpoints the impact of Societe Generale's activities on the environment and on human rights and, second, the financial materiality, which identifies the risks that stand to affect the Group's economic and financial activities as a result of Environmental Social and Governance (ESG) factors. Accordingly, Societe Generale considers that environmental, social and human rights risks do not belong to a new category, but, rather, are factors aggravating certain previously identified risks, such as credit risks, non-compliance risk and reputation risk. Details concerning each of these categories are cross-referenced in the dedicated sections of the present Universal Registration Document.

As a result of these assessments, the principal extra-financial risk factors are ranked according to two criteria, namely, their potential severity and the probability of them materialising. This identification process examines the intrinsic risk, *i.e.* before internal action is sought to minimise its impact. A time frame is applied to certain risk factors; a risk that is perceived as low today may intensify in future.

The methodology and findings of this evaluation, which were submitted to the Independent Third-Party Body (ITB) during a prior study, are still valid for the purposes of this document.

The most meaningful extra-financial intrinsic risk factors emanating from the study are as follows:

- IT systems failure, including cybercrime (see Chapter 4.8 Operational risk, section Risks related to information security and information and communication technologies, page 235 and the IT systems security master plan 2021-2023, page 235);
- non-compliance with business ethics, including corruption, tax evasion and money laundering (see Chapter 4.11 Compliance risk, litigation, section Anti-corruption measures, page 256);
- data protection (see Chapter 4.11 Compliance risk, litigation, section Data protection, page 257);
- the Environmental and Social (E&S) challenges that stand to impact 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, page 285);
- non-compliance with E&S legislation or the Group's E&S commitments, including non-compliance with labour regulations, and health and safety standards (see Being a responsible employer, page 314).

A number of moderate extra-financial risk factors were also identified:

- E&S issues that may affect the Group's credit risk, especially climate change issues, *i.e.* transition risks and physical risks. These risks could escalate over a longer time frame (see Supporting the environmental transition, page 296);
- inappropriate employee behaviour, *e.g.* non-compliance with the Group's Code of Conduct and Guidelines (see Being a responsible employer, page 314);
- a risk factor relating more specifically to Human Resources management, *i.e.* lack of qualified staff (see Being a responsible employer, page 314).

The Group's Human Resources Department created a specific mapping to identify the key risk factors related to Societe Generale's Human Resources (HR) and those of its subsidiaries. The chosen HR focus areas were listed according to their potential impact in the event of materialised risk in five areas: financial, compliance/legal, reputation, employee health and safety, and loss of skills/business disruption. The focus areas impacting 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], which pinpointed five chief HR risks for Societe Generale (see Being a responsible employer, page 314).

The present Universal Registration Document includes the changes in the procedures implemented by the Group to minimise these risks. A DNFP (declaration of non-financial performance) cross-reference table appears in Chapter 9 of the present document (see page 654) and a summary of non-financial risk factors and emerging risks can be found on the Societe Generale corporate 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 and appear in the Glossary, page 658.

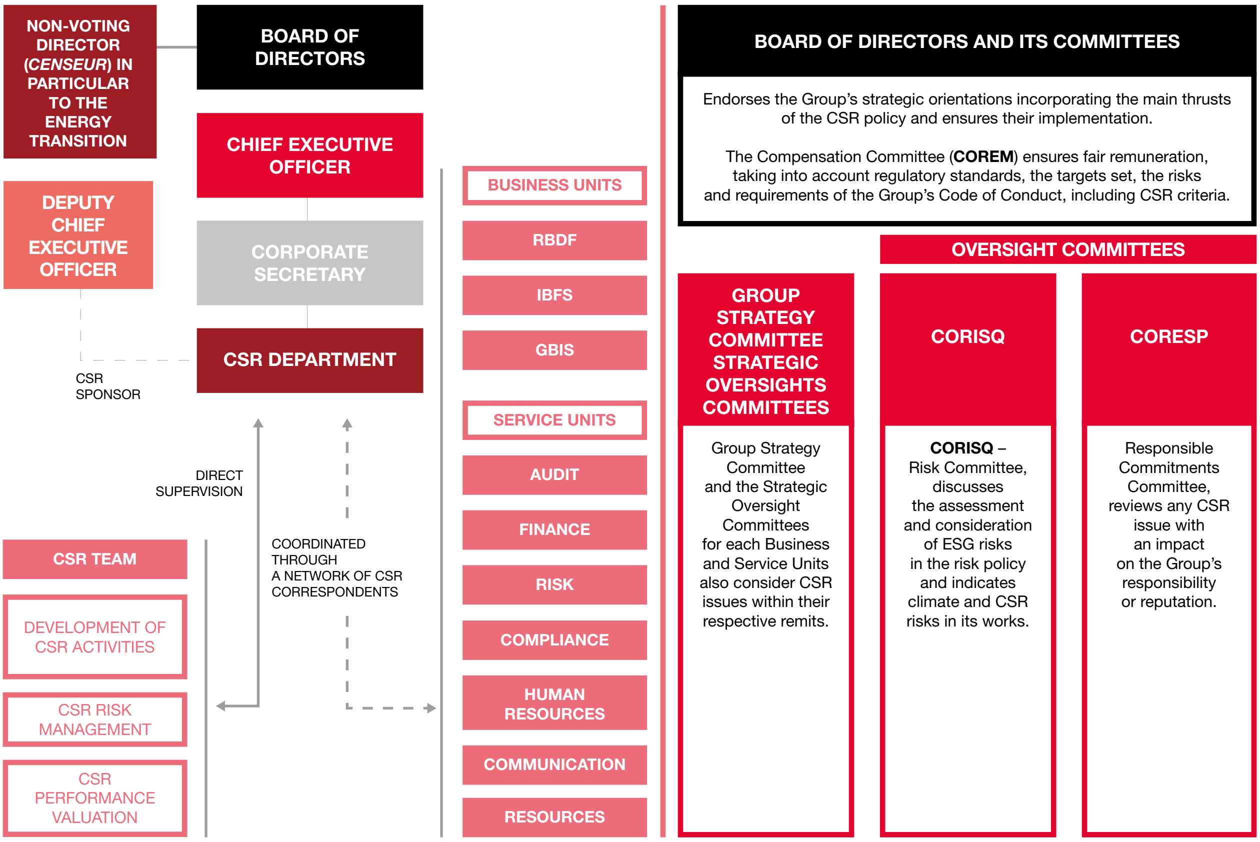
Quantified indicators can be found here: *https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/corporate-social-responsibility-group-key-figures.xlsx*

(1) *https://www.maplecroft.com/.*
(2) *https://www.humanrights.dk/.*

5.2 DEFINING A ROBUST SUSTAINABILITY MANAGEMENT FRAMEWORK

Societe Generale's is committed to conducting its activities in an exemplary manner and has made the **culture of responsibility** a prime focus of its CSR strategic ambition. The Group has also made CSR the linchpin of its **governance and compensation policy**. In addition, as part of its quest to be a vehicle for transformation towards a more sustainable world, Societe Generale participates in **numerous coalitions** which debate environmental, social and governance (ESG) issues and enable it to make **genuine and concrete commitments.** Last, the Group has developed a **strict framework to manage environmental and social (E&S) risks** to ensure it rolls out these commitments throughout the entire organisation.

5.2.1 CSR IN THE GROUP'S GOVERNANCE



Five bodies play a specific role in CSR:

1. the **Board of Directors** approves the Group's strategies and supervises their rollout, in particular with regard to CSR. These strategies embody the Group's values and Code of Conduct, as well as the main thrusts of its environmental and social strategy, its HR policy, its information systems and organisational blueprints. CSR achievements and issues are regular agenda items at Board of Director meetings and those of its Committees (see Chapter 3.1.2 Board of Directors, sections The Board of Directors' expertise (page 80) and The Board of Directors' work, page 81). The Group Compensation Committee also explores CSR issues under its remit; see Chapter 3.1.2 Board of Directors, respectively at pages 83 and 86. Ever mindful of the challenges related to energy transition, the Group decided in 2021 to appoint to the Board of Directors a non-voting Director specially dedicated to these areas for a two-year term; see Chapter 3.1 Board of Directors' report on corporate governance, page 63. Since 2020, members of the Board of Directors have received regular progress reports on the Group's CSR initiatives, as well as news of regulatory developments *via* a monthly Key Facts and Figures update on the topics;
2. at least once a year, the Board of Directors review the Group's strategic approaches to CSR and their rollout;

3. **General Management**, which examines CSR themes through:
   - the Responsible Commitments Committee (CORESP), chaired by the Chief Executive Officer, or in his absence, the Deputy Chief Executive Officer, who is specifically tasked with supervising the Group's CSR commitments and standards, including aligning its actions with climate targets. It also examines any E&S issue having an impact on the Group's responsibility or reputation; see E&S risk management in the Group's businesses to promote fair and responsible growth page 291,
   - the Group Risk Committee (CORISQ), chaired by the Chief Executive Officer or, in his absence, by the Deputy Chief Executive Officer, who supervises the Risk Division, which defines the Group's main risk strategies, *i.e.* credit risks, including those stemming from and related to monitoring the Group's CSR commitments, as well as country, global markets and operational risks,
   - the Group Strategy Committee and the Business and Service Units' Strategic Management Committees (see Chapter 3.1.4 Governance bodies, page 93);
4. **the CSR Department**, the Head of which is a member of the Group Management Committee. Backed by a 14-strong team and supported by a network of over 300 ESG ambassadors in the Business and Services Units (at Q4 21), she is in charge of formulating a dedicated policy for the Group that is attuned to stakeholders, and of monitoring actions in this area. The CSR Department has been renamed the Sustainable Development Department and has reported to General Management since 1 January 2022. It formerly reported to the Corporate Secretary;
5. The **Group BU/SU entities** are tasked with implementing and aligning their initiatives with Societe Generale's CSR policy.

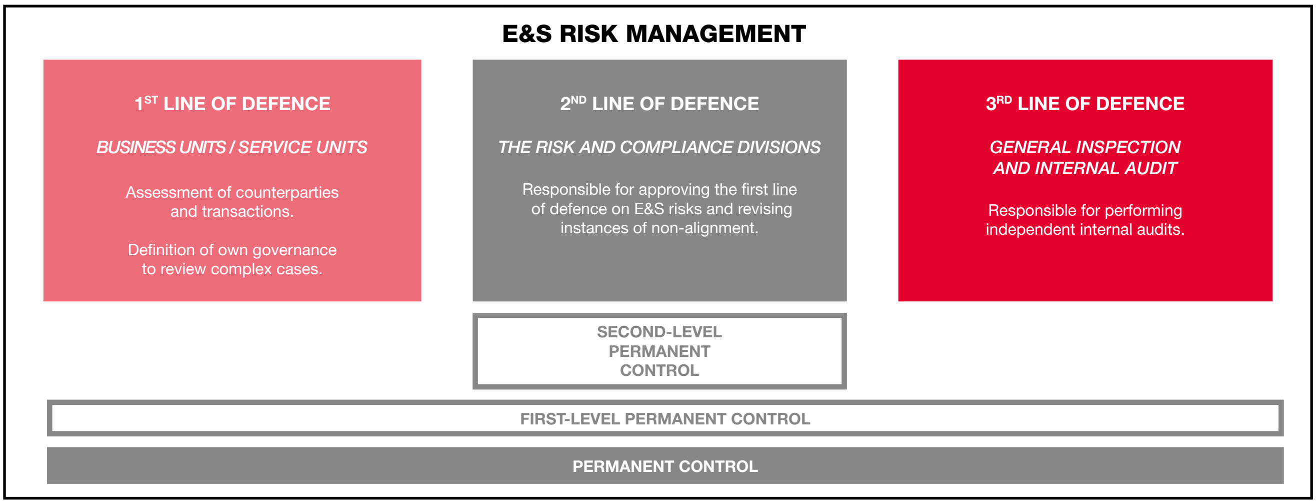
Application of the principles of separation of responsibilities in the lines of defence

Governance was strengthened in 2019 when E&S risks were integrated in a Group standard policy document. The roles of the first line of defence and the second line of defence (Risk and Compliance Departments), as well as the those of the CSR Department were clearly articulated:

- the BU/SUs are in charge of deploying the E&S risk management system throughout their scope of activities, and must comply with the Group's counterparty and transaction assessment recommendations. They can call on the E&S service experts of other businesses to carry out these assessments. They define their own governance bodies to review complex cases, request guidance and direction from their manager where necessary and help keep Societe Generale's E&S standards up to date;
- the Risk and Compliance Departments are in charge of the second line of defence with respect to E&S risk management. As such, they perform level 2 controls on non-alignment, reputation, credit and E&S risks and assess the quality of the first line of defence procedures on the E&S risks.

Against this backdrop, the Responsible Commitments Committee (CORESP), which was created in 2019, met twelve times in 2021. CORESP explored the following topics:

- the change in the Group standards with regard to managing E&S risks, notably in the oil and gas sector, and preserving biodiversity;
- the latest Group commitments, such as aligning its credit portfolios and the Group's own operations with the Paris Agreement's terms;
- reviewing particularly sensitive clients and transactions from an E&S standpoint.



5.2.2 INCORPORATING CSR PRINCIPLES INTO COMPENSATION

Compensation of employees, corporate officers and the Management Committee, is aligned with the Group's Corporate Social Responsibility considerations at several levels (for more information see the Performance and Compensation Report: *https://www.societe generale.com/en/responsability/responsible-employer/performance-and-compensation*;

- in the **collective compensation of Societe Generale SA employees in France**, the amount of profit-sharing and incentive schemes depends on the annual achievement of two social responsibility targets which are measured according to Societe Generale Group's ranking at the main extra-financial ratings agencies S&P Global CSA (formerly RobecoSAM), Sustainalytics and MSCI;
- in the compensation of **Management Committee members** (61 people[1]). Since 2018, the members of the Group Management Committee have pursued shared collective targets, including financial performance, customer satisfaction and experience;
- according to the Net Promoter Score©, the employee engagement rate, which is measured by the Group's Employer Satisfaction Survey, the Company's corporate social responsibility, *via* the Group's extra-financial rating from S&P Global CSA (formerly RobecoSAM), Sustainalytics and MSCI. These targets dictate part of their variable compensation; for more details see the Performance and Compensation Report *https://www.societegenerale.com/en/responsability/responsible-employer/performance-and-compensation*;
- in the **compensation of General Management** at two levels: 40% of the variable compensation of corporate officers depends on qualitative CSR criteria and the acquisition of long-term incentives is 20%-driven by meeting CSR conditions, i.e. compliance with the Group's energy transition financing commitments and the Group's ranking at the main extra-financial ratings agencies.

5.2.3 DIALOGUE WITH STAKEHOLDERS

Societe Generale endeavours to take a constructive attitude when engaging in dialogue with its stakeholders. The approach is described on the Group's corporate website: *https://www.societegenerale.com/fr/responsabilite/dialogue-with-our-stakeholders*.

Societe Generale strives to remained attuned to its stakeholders and adapt its approach to better meet their expectations whenever possible, in accordance with legislation and regulations in force. More specifically, the Group practices an active listening policy with:

- clients, see section Applying the highest client relationship standards, page 306;
- employees, see Being a responsible employer, page 314;
- investors and shareholders, see *https://www.societegenerale.com/en/responsability/dialogue-with-our-stakeholders*;
- regulatory and supervisory bodies, see *https://www.societegenerale.com/en/responsibility/dialogue-with-our-stakeholders*;
- suppliers and service providers, see Being a responsible purchaser: the positive sourcing programme, page 323;
- the media;
- financial and extra-financial rating agencies, see *https://www.societegenerale.com/en/responsibility/dialogue-with-our-stakeholders*;
- civil society, see *https://www.societegenerale.com/en/responsibility/dialogue-with-our-stakeholders.*

As regards **civil society**, the Group is attuned to and engages in dialogue 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 Sustainable Development Department to centralise communication or contact from NGOs or other stakeholders informing it about the E&S impact of its financing services or other services.

In the course of 2021, Societe Generale consulted with or participated in working groups with some ten NGOs, either in writing, in bilateral meetings or through broader, more global consultations organised by the associations themselves, by the French Banking Federation (*Fédération bancaire française* – FBF) or Companies supporting Human Rights (*Entreprises pour les Droits de l'Homme* – UNEP-FI), amongst others.

Societe Generale has a "Statements" section on its corporate website. In 2021, the Group responded to questions regarding its minority shareholding in Cofigéo. For more information, the document is available at *https://www.societegenerale.com/en/news/statements.*

The Group also maintains open dialogue with civil society through its Dialogue & Transparency rubric on its website. Societe Generale published its position on three occasions in 2021: first, in response to the "Banking on climate chaos" report (a joint publication by Reclaim Finance, Rainforest Action, Network, BankTrack, Indigenous Environmental Network, Oil Change International and the Sierra Club) following the "Fossil assets; second, following the new subprimes" report by the Institut Rousseau, Amis de la Terre France and Reclaim Finance; and third, in reaction to the OXFAM report on banks' carbon footprint. The Bank's stance in response to these reports can be found on the Group's website: *https://www.societegenerale.com/en/responsibility/csr-ambition/dialogue-transparency*.

(1) *At 17 January 2022.*

5.2.4 A CODE OF CONDUCT UNDERPINNED BY SHARED VALUES

The Group seeks 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. To that end, 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 possesses 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)*.

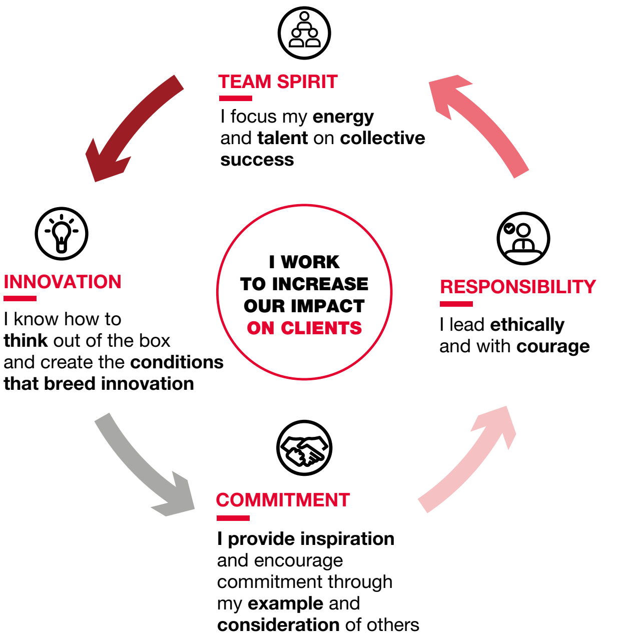
Societe Generale has built a strong culture based on its values, its **Leadership Model** and the **Code of Conduct**. Societe Generale is guided by **four key values which is shared by all employees** – Team Spirit, Innovation, Responsibility and Commitment – and which is defined with a common objective in mind: the client, for whom the Group strives to achieve the highest possible standards of service quality.

5.2.4.1 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 shared 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 the guide, a self-assessment tool available on the intranet asks twenty questions through which respondents can see how they rate in relation to appropriate conduct and provides leadership development tools to work through the various skills.

The annual appraisal targets are set based on the four Leadership Model values. One of the values is attached to each behavioural objective and employees can use the Leadership Model to formulate their annual targets.

5.2.4.2 The Code of Conduct, a vehicle for the Group's values

The Group conducts its operations in accordance with the values and principles set out in the following major 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.

The values espoused in the Code of Conduct policy document span the entire spectrum of Group activities and the countries where it operates. The Code describes our commitments towards all stakeholders: clients, employees, investors, shareholders, suppliers, the regulator and supervisory bodies, the general public and civil society, as well the principles of expected individual and collective behaviour. It refers directly to the whistleblowing procedure which forms part of the mechanism to combat inappropriate behaviours.

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, anti-money laundering and counter-terrorist financing measures, respect for market integrity, data protection, proper conduct regarding gifts and invitations, and responsible sourcing.

Code of Conduct rules go beyond the minimum statutory and regulatory requirements in force, especially in countries whose laws and regulations are not as stringent as the Group's high ethical standards.

Stakeholders can view the Code of Conduct on the Societe Generale corporate 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/sites/default/files/documents/Code%20de%20conduite/code-governing-the-fight-against-corruption-and-influence-peddling-uk.pdf)*.

The Group undertakes to operate with the utmost integrity and transparency, and to comply with the applicable laws and regulations in all the countries where it operates, in particular regarding the offering 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.

The **whistleblower** tool, which is accessible on the Societe Generale website at *https://report.whistleb.com/en/societegenerale* and on the Societe Generale's intranet, is a global channel for submitting whistleblowing reports. With **WhistleB,** anyone may raise the red flag when they believe that they have good reason to suspect the existence of a situation or an action that manifestly violates an international treaty, law, regulation, the violation of human rights and fundamental freedoms, health and safety of persons and the environment. The whistleblower may be any employee, external or part-time collaborator and any service provider with whom an established commercial relationship is maintained (subcontractors or suppliers). The reporting tool, which is based on a secure platform guaranteeing the protection of personal data and strict confidentiality required by the provisions of the law on transparency, the fight against corruption and the modernisation of economic activity (law No. 2016-1691 of 9 December 2016, known as the "Sapin 2" law). The right to report is a basic right afforded to everyone to express themselves and whistleblowers will be protected from any sanctions for having made a report in good faith.

On 2 December 2021, the US Department of Justice (DOJ) moved to permanently end legal proceedings brought against Societe Generale for the Libyan Investment Authority ("LIA") case. In so doing, the DOJ confirmed that the Bank had fully complied with its obligations under the related deferred prosecution agreement.

The deferred prosecution agreement reached in June 2018 with the DOJ was entered into contemporaneously with a French settlement (*Convention judiciaire d'intérêt public*, "CJIP") between Societe Generale and the French Financial Prosecutions Department (*Procureur National Financier*, "PRF"). The PRF terminated the public proceedings against Societe Generale on 14 December 2020 following its acknowledgement that Societe Generale had fulfilled its obligations under the CJIP after receiving the final audit report of the French Anticorruption Agency ("AFA") regarding the rollout of anti-corruption and anti-influence peddling procedures.

In addition to complying with obligations under French, European and local laws, Societe Generale has also signed the following commitments:

- Transparency International France's joint statement *(https://transparency-france.org/wp-content/uploads/2016/04/2015_D%C3%A9claration-commune-sur-le-lobbying.pdf);*
- 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)*;
- the Transparency Register of European Institutions *(https://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=34369111614-57&locale=en#en)*, jointly with the European Parliament and the European Commission, supplemented by a Code of Conduct;
- French Senate's Code of Conduct *(https://www.senat.fr/ fileadmin/Fichiers/Images/sgp/Code_de_conduite.pdf)*;
- French National Assembly's Code of Conduct *(https://www.assemblee-nationale.fr/dyn/pages-statiques/pages-simples/decouvrir-l-assemblee/code-de-conduite-applicable-aux-representants-d-interets)*;
- 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 created its "interest representative" sheet *(https://www.hatvp.fr/fiche-organisation/?organisation=552120222)*;
- compliance with local codes of conduct and registration with the authorities of its interest representation activities on any other existing register with which Societe Generale operates locally.

The full list of these commitments appears:

- for internal use, in Societe Generale's normative documentation (Societe Generale Codes) in a dedicated section available to employees and is also available to the service providers;
- for public consultation, in a document describing measures governing interest representation which is available in English only 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.*

5.2.4.3 The Culture & Conduct approach

At the end of 2016, the Board of Directors approved the launch of a Group Culture & 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 & Conduct governance system at the highest level of the organisation and in the businesses, publication of a dashboard to monitor changes in Culture & 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 & 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 came to an end on 31 December 2020 and evolved into a long-term system, with the Culture & Conduct approach remaining a major consideration for the Group.

Now that the programme has been fully implemented, all BU/SUs are expected to push further ahead with integrating Culture & Conduct considerations into the performance of their daily activities. To help achieve this, a Culture & Conduct website dedicated to BU/SUs has set up a toolbox for them containing a summary of Group best practices to enhance the teams' knowledge on culture- and conduct-related topics, as well as a list of contacts to facilitate the exchange of best practices in the Group. In 2021, each BU/SU formalised its own Culture & Conduct road map.

Central oversight of these topics has been maintained at Group level. Since 1 January 2021, the role has been coordinated and performed jointly by two departments: Human Resources for culture-related topics and Compliance for conduct-related matters. They intend 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. Culture & Conduct Supervision Committee meetings, chaired by General Management, are held quarterly. At the meetings, the Human Resources and Compliance Departments must report jointly on cross-business action plans and achievements. Two BUs and SUs also present progress reports on the rollout schedule of Culture & Conduct themes according to a single assessment grid. Last, General Management received a third Culture & Conduct dashboard, which was also submitted to the Board of Directors. It provides an overview of the main conduct risks in the businesses, identifies the action plans necessary to improve risk management in these areas and helps track indicator trends.

General Management supervises the entire programme and prepares an annual dashboard on the results for the Board of Directors.

The Report on Corporate Culture and Ethics Principles sets out the Culture & Conduct approach *(https://www.societegenerale.com/sites/default/files/documents/Employeur_responsable/corporateculture-and-ethics principles-2019-report.pdf)*.

The main Culture & Conduct achievements in 2021 were:

- the annual compulsory Code of Conduct learning module that deals with four areas: the Group's Culture & Conduct ambitions stakeholder expectations, content of the Code of Conduct and additional Codes regarding tax and anti-corruption measures, together with ethical reasoning. In addition, new training was organised for key risk evaluation contributors as part of the annual Risk and Control Self-Assessment (RSCA) which is aimed at improving the 2021 results of each Business and Service Unit;
- the continued alignment of the main Human Resources management processes with the Group's Culture & Conduct ambitions: the fight against inappropriate behaviour (new HR alert tool), appropriation of the Group's policy on disciplinary sanctions, procedure describing the management of disciplinary action; see the Corporate Culture and Ethics Principles report available on the Group's website: *https://www.societegenerale.com/en/responsability/responsible-employer/corporate-culture-and-ethics-principles*;
- Culture & Conduct Awareness actions carried out by the Human Resources and Communication Departments aimed at fostering an environment supportive of appropriate behaviour and which mirror the Group's values. A roadmap was devised and has four strategic targets: 1) communicate Group Culture & Conduct expectations (values, normative framework, definitions, and roles and responsibilities), 2) encourage the BUs and SUs to share best practices more and make use of them, 3) promote a speak-up culture at Group and BU and SU levels, and 4) keep in touch with other culture-related initiatives, such as Diversity and Inclusion, CSR and the Life@work programme;
- continued work on defining a methodology to ensure full awareness of Culture & 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.

CULTURE & CONDUCT KEY FIGURES

- One single Code of Conduct for all Group employees, available in 18 languages.
- 92% of employees had validated their Code of Conduct module training for the 2021-2022 campaign at end-December 2021 (campaign ending in March 2022), *i.e.* 88,700 employees.
- 27,400 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 Culture & Conduct correspondent.
- At end-2021, 89% of employees believed that their manager encouraged ethical and responsible behaviour.
- At end-2021, 84% of employees confirmed that they were ready to whistleblow if they witnessed or experienced inappropriate behaviour.
- At end-2021, 86% of employees said they could confidently express themselves to team members.
- At end-2021, 80% of employees confirmed that their managers encouraged BU/SUs to work together.
- Whistleblowing mechanism: a total of 122 admissible alerts were reported in the whistleblowing tool in 2021 (*vs.* 80 in 2020), 75% of which concerned HR issues (*vs.* 60% in 2020).

5.2.5 RESPECTING HUMAN RIGHTS

Societe Generale is committed to respecting and promoting human rights, which constitutes one of the fundamental values of its CSR policy. **The Group defines and implements E&S policies, processes and operational procedures to uphold its human rights commitments.**

Societe Generale reaffirms these commitments in its Human Rights Statement *(https://investors.societegenerale.com/sites/default/files/sg-humanrights-statement-.pdf)*, appended to its Environmental and Social General Principles (the E&S General Principles). 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 E&S General Principles *(https://www.societegenerale.com/sites/default/files/documents/2021-03/Environmental-and-Social-General-Principles.pdf)*.

Societe Generale is also governed by 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 ensure that its activities do not result in serious breaches of human rights or fundamental freedoms, or damage to the health, safety and security of persons or the environment. The Group's Duty of Care Plan is included on page 346.

As required under Section 54 of the **Modern Slavery Act 2015**, Societe Generale also publishes an annual statement on its website outlining the steps it has taken to prevent modern slavery and human trafficking *(https://www.societegenerale.com/sites/default/files/documents/2020-10/modern-slavery-act.pdf).*

Over the years, the Group has voluntarily adopted various 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. Accordingly, Societe Generale saw this regulatory obligation as an opportunity to clarify and strengthen its existing framework.

The Group's risk management framework covers three main areas:

- respecting the human rights of its employees and social partners (for more information, see Being a responsible employer, page 314);
- respecting human rights in its supply chain and through its suppliers (for more information, see Being a responsible purchaser: the positive sourcing programme, page 323
- respecting human rights in its financial and banking products and services (for more information, see E&S risk management in the businesses to promote fair and responsible growth, page 287).

All policies applied in these three areas are detailed in the Group's Duty of Care Plan, presented on page 339.

Societe Generale reaffirms its commitment in its Human Rights Statement, appended to its E&S General Principles *(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 E&S General Principles *(https://www.societegenerale.com/sites/default/files/documents/2021-03/Environmental-and-Social-General-Principles.pdf)*.

Last, as mentioned above, a whistleblowing system exists. Whistleblowers can report any potential or actual violations in respect of human rights, fundamental freedoms, health and safety or the environment using the Group's online tool *(https://report.whistleb.com/en/societegenerale)*.

5.2.6 COMMITMENTS AND WORKING GROUPS

Conscious that the banking sector has a key role to play in transitioning towards a sustainable future, Societe Generale has voluntarily committed to a number of actions designed to accelerate positive societal transformation. Given the stakes involved, however, joint action is essential, strengthening cooperation between financial institutions and combining forces for the greater good. **The Group has therefore helped found or participated in various global cross-disciplinary initiatives.** The environmental transition, in particular, calls for significant investment and a redirection of capital flows. Jointly developed methodologies and standards will enhance transparency and boost the impact of the positive changes made.

Societe Generale's resolve to play an active part in the transition towards a sustainable future spurred its decision to become a founding signatory of the Principles for Responsible Banking, as well as a founding member of the Net-Zero Banking Alliance (see section 5.2.6.2).

2001

UNEP-FI
Participation in the United Nations Environment Program Finance initiative (UNEP FI)

2007

EQUATOR PRINCIPLES
Project finance

2015

COP 21
Alignment with the IEA's 2°C scenario

2016

SCIENCE-BASED TARGETS
Setting emissions reduction targets

2018

KATOWICE COMMITMENT
Five-bank pledge to align lending portfolios with the Paris Agreement

2019

PRINCIPLES FOR RESPONSIBLE BANKING, COLLECTIVE COMMITMENT ON CLIMATE ACTION
Founding signatory, involved in defining the principles

GREEN INVESTMENT PRINCIPLES
Adoption of responsible practices in E&S risk management and positive impact financial products along the Belt and Road region

POSEIDON PRINCIPLES, GETTING TO ZERO COALITION
Decarbonising the shipping industry: founding signatory

SUSTAINABLE IT CHARTER
Limiting environmental impact of technology and promoting digital inclusion

2020

HYDROGEN COUNCIL
Supporting the development of hydrogen for energy transition

CFO TASKFORCE OF UN GLOBAL COMPACT
CFO's network to meet the challenge of sustainable development and the SDGs

2021

NET-ZERO BANKING ALLIANCE (UNEP-FI)
One of the founding members

5.2.6.1 Principles for Responsible Banking

Officially presented at the UN General Assembly in September 2019, the Principles for Responsible Banking 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. Societe Generale is a founding signatory.

The six principles define a common framework that allows each signatory bank to make commitments aimed at 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 SDGs, setting targets in terms of positive impacts and reduction of negative impacts, providing responsible support to clients, consulting and cooperating with stakeholders, developing a responsible banking culture and governance, and making targeted and public commitments and subsequently reporting transparently on their achievement.

Societe Generale's CSR ambition aims to align the Bank with the Principles for Responsible Banking and ensures it contributes to positive change for a sustainable future, as reflected in the Group's fourth Integrated Report *(https://www.societegenerale.com/sites/default/files/documents/2021-07/Integrated-Report-2020-2021.pdf)*.

2021 UPDATE

- **Principle 1 – "Alignment" and Principle 2 – "Impact & Target Setting":** Societe Generale joined the Net-Zero Banking Alliance (NZBA) in 2021. For details of its progress towards net-zero, see section 5.2.6.2 below.

  The Group continued to strengthen its in-house frameworks, tightening up the checks and balances on its business in sensitive sectors. It updated its E&S General Principles and appended three new statements setting out its commitments on human rights, the climate and biodiversity. It also updated its E&S policies (for more details see E&S risk management in the Group's businesses to promote fair and resonsible growth, page 290). In addition, the Group stepped up its actions in favour of preserving biodiversity, adding to its list of protected areas (*i.e.* areas in which it has undertaken not to finance new projects in sectors covered by its sector policies and considered particularly sensitive from a biodiversity standpoint).

  The Group also continued to support the energy transition:

  - **energy transition financing** – with a broad range of sustainable financing solutions (loans, bonds, advisory services), the Group met its goal of raising EUR 120 billion for the energy transition between 2019 and 2023 ahead of schedule;
  - **renewable energies** – the Group has supported renewables as a way of promoting the energy transition for over 20 years, and was acclaimed No. 1 for renewable energy financing within the EMEA* region at the end of June 2021 (Dealogic).

  Last, Societe Generale made **a new commitment aiming to reduce its carbon emissions by 50% from 2019 levels by 2030**. To achieve this, it plans to make its buildings, IT equipment and vehicle fleet more energy efficient and reduce air travel. It also decided to ban single-use plastics in its work environments by 2025 (and even earlier, if possible, in certain countries).
- **Principle 3 – "Clients & Customers":** Societe Generale continued to enhance its client protection policy and is working on cementing responsible relationships with all clients. For more information on the Group's relationships with its clients and how it protects their data and assets, see Applying the highest standards in client relationship management.
- **Principle 4 – "Stakeholders":** In addition to its ongoing policy of dialogue with its stakeholders, the Group conducted a large-scale survey with its key internal and external stakeholders over 2020 and 2021 to help it update its materiality matrix and the priorities of its CSR ambition (see Consulting shareholders to understand their expectations, page 306).
- **Principle 5 – "Governance & Culture":** The Group strengthened its CSR governance. In particular:
  - the Board of Directors appointed a non-voting Director for a two-year term from 18 May 2021 to assist it on matters regarding the energy transition (see Chapter 3.1, Board of the Directors' Report on Corporate Governance, section Organisation of the governance, page 63);
  - Board members received training on ESG topics (see Chapter 3, Board of Directors, section Training, page 89).
- **Principle 6 – "Transparency & Accountability":** Striving for ever greater transparency and going beyond its regulatory obligations (*i.e.* the Declaration of Extra-Financial Performance and Duty of Care Plan), the Group published the following documents in 2021:
  - its first self-assessment report on its progress in implementing the Principles for Responsible Banking;
  - its fourth Integrated Report;
  - its first report on its tax contribution (relating to 2020) *(https://www.societegenerale.com/sites/default/files/documents/2021-07/Report-on-our-2020-tax-contribution.pdf)*;
  - its first Sustainability Accounting Standards Board (SASB) mapping report.

5.2.6.2 Net-Zero Banking Alliance

As a Founding Member of the UNEP-FI's Net-Zero Banking Alliance in 2021, alongside 42 other international banks, Societe Generale has committed to:

- aligning its portfolios and activities with pathways to net-zero CO_2 emissions by 2050 (consistent with a maximum temperature rise of 1.5°C);
- setting itself targets to be met by 2030 (or sooner) and 2050;
- focusing as a priority on its most GHG-intensive sectors, *i.e.* those that will have a major impact in transitioning towards net-zero;
- basing its alignment efforts on credible climate scenarios published by recognised bodies;
- being transparent, through annual reporting on its progress and action plans.

Over the next 36 months, Societe Generale will set itself a series of targets, beginning with the priority macro-sectors in which it can make the greatest impact, *i.e.* the most carbon-intensive sectors in its portfolios. Societe Generale's reference scenario so far has been the International Energy Agency's Sustainable Development Scenario (SDS). It will gradually shift all its alignment targets over to a 2050 net-zero scenario.

2021 UPDATE

Societe Generale began work on aligning its loan portfolios in the coal sector several years ago. Continued efforts in this area are bearing fruit, with sound progress being made towards the goal of reducing to zero its exposure to thermal coal by 2030 for companies operating in the sector within the European Union or OECD member countries, and by 2040 elsewhere. In the Oil and Gas sector, the Group was among the first banks to announce the goal of reducing overall exposure by 10% in absolute terms by 2025. At the COP26 climate conference, the Group announced further commitments to address global warming, particularly regarding shale oil and gas, oil sands, extra heavy crude oil, and Arctic oil and Ecuadorian Amazon oil. Accordingly, Societe Generale will no longer:

- provide new financing for the exploration and production of these types of oil and gas;
- work with pure upstream players for which the above resources represent more than 30% of their global production;
- work with diversified players (upstream, midstream and downstream) who derive more than 30% of their overall revenues from the production of above resources;
- accept new mandates for new liquefied natural gas production projects in North America (whether greenfield projects or significant expansions of existing capacity), extending the effects of changes further down the value chain.

As regards power generation, the Group has undertaken to reduce the average CO_2 emission intensity of its power portfolio to 67 gCO_2/kWh by 2040, with interim targets of 212 and 163 gCO_2/kWh, respectively, for 2025 and 2030.

In shipping, Societe Generale is working with the International Maritime Organization to apply the Poseidon Principles, designed to reduce CO_2 emissions from the sector (targeting a 50% reduction on 2008 levels by 2050).

Last, in steel production, the Group is actively involved in defining shared standards for greenhouse gas emissions.

Looking ahead to its next steps, Societe Generale is also a member of the NZBA's Sectorial Work Track working group, tasked with deciding which sectors to prioritise next when aligning portfolios and devising action plans.

5.2.6.3 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 large 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*.

2021 UPDATE

The Societe Generale Group's Deputy General Manager and Head of Finance joined the UN Global Compact's CFO Taskforce in September 2020, not long after it had been set up, making Societe Generale the first commercial bank to join.

Since then, the cross-sector working group has developed the first UN-backed CFO Principles on Integrated SDG Investments and Finance.

The taskforce has pinpointed four key areas 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.

This taskforce includes the CFOs of 60 companies from around the world. In September 2021, its members set themselves the target of investing a combined total of USD 500 billion towards SDGs over the next five years and to fostering the necessary environment to attract more capital towards sustainable development. The taskforce's members have also pledged to strengthen their governance frameworks to integrate sustainability in their commercial operations and align their activities with the SDGs most relevant to their respective businesses.

5.2.6.4 Equator Principles

Adopted by the Group in 2007 and since revised several times, the Equator Principles (EP) are one of the initiatives underpinning Societe Generale's E&S General Principles. In their latest version, dubbed the EP4, which entered into force on 1 October 2020, the Equator Principles serve as a common framework for the financial sector and are designed to help signatories (126 international financial institutions across 38 countries as at 15 December 2021) identify, assess and manage the E&S risks associated with the major infrastructure projects they advise on and finance.

2021 UPDATE

Having worked with the EP Association to prepare the launch of the EP4, Societe Generale continued to adapt its own tools and procedures accordingly in 2021, training its E&S experts and sales teams on this new version of the EP to ensure its smooth rollout.

As in previous years, the Group published a report on its Wholesale Banking website describing how it had applied the Equator Principles over the year and listing those of its project financing transactions that fell within their scope. This report is available on the Group's website at *https://wholesale.banking.societegenerale.com/fileadmin/user_upload/SGCIB/pdf/2020-Equator-Principles-Report.pdf/*.

5.2.6.5 Green Investment Principles (GIP)

Societe Generale signed the Green Investment Principles in November 2019. Defined by the China Green Finance Committee and the City of London's Green Finance Initiative, the GIP comprise seven principles for green investment, covering matters such as strategy, operations and innovation. They are intended to guide financial institutions in adopting responsible practices in E&S risk management and positive impact financial products for the Belt and Road* region. The GIP Secretariat is also planning to compile a database of green projects to make investments within the Belt and Road region more transparent, while bridging the information gap between financiers and project developers.

The GIP overlap with and bolster certain other commitments made by Societe Generale, such as the Principles for Responsible Banking, the Equator Principles and the UN-PRI, signed by Societe Generale Private Banking and Societe Generale Assurances.

They come into play mainly in connection with investments in Asia, making the Group's rollout of its E&S risk management framework in the region key when implementing them.

2021 UPDATE

At the third plenary meeting of the Green Investment Principles for the Belt and Road, held in Beijing in 2021, Societe Generale was presented with the Best Implementation Award. The award recognises the overall performance of signatories as regards the four main aspects of the GIP: governance and strategy, risk assessment and management, investment and corporate footprint, disclosure and engagement.

The Group submitted its second report to the GIP Secretariat. The GIP Secretariat uses the information gleaned from these reports from its members to prepare consolidated annual progress reports. It released its second such report in 2021, entitled Stepping into the Net Zero Era. This report features a project in which Societe Generale was involved, namely an infrastructure project in Vietnam. A number of the Group's best practices are also included in the form of case studies, *e.g.* a case study on monitoring progress towards climate goals.

The Societe Generale teams also contribute to the GIP's working group created to compile a database on sustainable investment to encourage green investment and financing.

5.2.6.6 Poseidon Principles

Societe Generale is one of the founding signatories of the Poseidon Principles, launched in 2019 together with other banks that finance the shipping industry and in collaboration with the Global Maritime Forum. **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 financing. 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 compared to 2008 levels. Societe Generale has also announced that it has joined the Getting to Zero coalition, which aims to develop and deploy commercially viable deep-sea zero-emission vessels by 2030.

2021 UPDATE

In September 2021, Societe Generale signed the Call to Action for Shipping Decarbonization, the launch of which was timed to coincide with the UN General Assembly.

It has also updated the indicator used to monitor the alignment of its shipping portfolio. Details of this change will be given in the Group's Climate Disclosure Report, in the societegenerale.com corporate website.

5.2.6.7 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 has more than 120 member companies from across the various industrial and energy sectors involved in the hydrogen value chain: energy, oil and gas, chemicals, commodities, metals and mining, equipment manufacturers, cars and trucks, and other forms of transport (air, rail, shipping). The Council estimates 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, illustrating its enormous potential for the energy transition (see the Hydrogen Council's November 2017 report entitled Hydrogen, Scaling Up).

Societe Generale has joined the Hydrogen Council's new Investor Group, thereby reiterating its commitment to playing a key role in the energy transition. **Hydrogen can make low-carbon supply chains a reality and Societe Generale intends to make an active contribution to developing these solutions**, just as it did with the financing of renewable energies. The Group's robust innovation, advisory, financing, and debt and equity structuring franchises will all come into play in developing this energy of the future.

2021 UPDATE

Societe Generale helps hydrogen project leaders better understand how to attract investors and get long-term financing for their large-scale projects. The Hydrogen Council's members work on a wide range of projects; as part of the Investor Group, Societe Generale focuses more specifically on financing for hydrogen transmission infrastructure and large captive fleets of hydrogen trucks. The Group gets involved upstream and discusses issues of financing and fixed assets with project leaders.

2021 saw Societe Generale act as the sole financial advisor on the creation and structuring of the world's largest fund dedicated to clean hydrogen infrastructure. The target fund size totalled EUR 1.5 billion, with initial commitments of EUR 800 million already secured from investors and industrial sponsors. Founded on solid industrial expertise and offering significant investment potential, the fund will be uniquely placed to unlock large-scale projects under development and accelerate the scaling-up of hydrogen markets.

The Group's discussions with public and state bodies are invaluable in this respect, allowing it to offer an expert's perspective on questions surrounding how best to set up public financial support to facilitate the ramp-up of these new low-carbon technologies.

5.2.6.8 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 in 2014 by the Consumer Goods Forum (CGF) and the Banking Environment Initiative (BEI). It aims to support the banking sector in its efforts to combat deforestation by transforming the supply chains of certain agricultural commodities such as palm oil, soy, timber and beef.

The signatory banks – which, since 2015, have included Societe Generale – undertook to help their main clients in these sectors achieve zero net deforestation by the end of 2020.

2021 UPDATE

Although the target of zero net deforestation in 2020 was not met – signatory banks collectively recognised the complexity of the challenges involved – Societe Generale nonetheless forged ahead with its own efforts to combat the deforestation and biodiversity loss stemming from exploitation of the commodities covered by the Soft Commodities Compact.

In 2020, the Group published a study of its own impact on deforestation and the level of maturity shown by its Corporate and Investment Banking clients concerning this issue *(https://www.societegenerale.com/sites/default/files/documents/2020-12/SG-Tackling-deforestation-Soft-commodities-report-12.2020.pdf)*. The study formed the basis for a review of its agricultural sector policies in 2021.

5.2.6.9 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.

This Charter is a French initiative developed by the *Institut du Numérique Responsable* (the INR, a French think and do tank) in partnership with the General Commission on Sustainable Development (CGDD) of the French Ministry for the Ecological and Solidarity Transition, WWF*, ADEME* (the French Environment and Energy Management Agency) and Fing* (a leading think tank on digital transformation). It was launched in June 2019 and now has 82 signatories spanning companies, non-profit associations, VSBs and SMEs, and public entities. For more information on the Charter, see *https://charte.institutnr.org/wp-content/uploads/2020/10/english-charter-sustainable-it.pdf*.

In signing the Charter, Societe Generale committed to:

- optimising digital tools to limit their environmental impact and consumption;
- developing accessible, inclusive and sustainable service offerings;
- disseminating ethical and responsible digital practices;
- making digital technologies and services measurable, transparent and readable; and
- fostering the emergence of new behaviours and values.

2021 UPDATE

Having defined its strategy, launched its CSR by IT programme and developed the first key deliverables in 2020, the IT Function focused in 2021 on delivering and rolling out the tools needed for the “CSR by design” approach:

- it optimised digital tools by adding CSR criteria to the parameters used when comparing IT architecture scenarios and assessing IT proposals;
- It worked on ethical and responsible digital practices by commissioning reviews of its digital accessibility from a number of service providers in the social and solidarity sector;
- it promoted the development of accessible, inclusive and sustainable service offerings and the adoption of the corresponding mindset by making the MOOC on responsible digital technology part of the training programme for all IT Function employees;
- it circulated ethical and responsible digital practices by coordinating several campaigns to promote eco-friendly practices and digital accessibility, and recorded four masterclasses which it posted online (in French) for Group employees and anyone else interested in learning more about responsible digital practices *(https://careers.societegenerale.com/green-it-program?xtor=AD-122-[link-masterclass])*;
- it worked on making digital technology measurable, transparent and comprehensible by launching a new version of the carbon footprint calculator for its IT systems;
- it fostered the emergence of new behaviours and values by pushing ahead with its efforts to reduce electronic waste in France, focusing in particular on finding new uses for decommissioned IT equipment and offering Societe Generale employees refurbished mobile phones.

For more information, see IT systems and Infrastructures, page 337.

5.2.7 E&S RISK MANAGEMENT IN THE BUSINESSES TO PROMOTE FAIR AND RESPONSIBLE GROWTH

The Group constantly strives to boost the positive impacts and reduce or manage the negative impacts of its activities, products and services on people and the environment. One of the main premises of its CSR ambition is to consider the economic, social, environmental and ethical impacts linked to its operational activities (both direct and indirect) as well as its commercial activities.

Environmental, social or human rights risk factors may also trigger or aggravate various other risks for the Group, such as compliance, reputation or credit risks.

E&S issues may dent the Group's credit risk. Climate change, in particular, can hinder the capacity of borrowers to repay loans.

Inadequate E&S risk management, such as a framework that is not a good fit for the Group's activities, that does not go far enough, or one that lacks diligent implementation, could lead to a risk of non-compliance with laws governing E&S issues or with the Group's E&S commitments. This compliance risk could, in turn, trigger a reputation risk for the Group. Reputation risk could also arise from a negative perception by stakeholders, particularly external stakeholders, of how the Group handles E&S issues.

5.2.7.1 A strengthened E&S risk management framework

E&S risk management is an important factor in the processes governing how Societe Generale conducts business. The Group works with its partners to identify and assess its E&S impacts and the associated risks, so as to adopt appropriate prevention or mitigation strategies. E&S impact and risk assessment is also included in its decision-making processes through a multi-pronged approach: identification, quantification, determination of risk appetite, control and mitigation.

The framework for and governance of E&S risk management are regularly reviewed to consider developments in E&S issues or associated regulations, as well as any new commitments for Societe Generale. They were significantly strengthened at Group level in 2019 before being adopted operationally within the Business Units in 2020.

The E&S risk management framework was further reviewed over 2020 and 2021 in light of the Duty of Care Act and the Group's gradual implementation of the Principles for Responsible Banking.

5.2.7.2 E&S General Principles and sector policies

The E&S General Principles apply to all financial and banking transactions and services provided by Societe Generale entities. They set out the framework applicable to those Group activities that could have an E&S impact due to their product and service offering.

The E&S General Principles were updated in 2021. The updated version and the appendices are available on the Group's corporate website (*https://www.societegenerale.com/sites/default/files/documents/2021-03/Environmental-and-Social-General-Principles.pdf).*

The updated principles include the addition of **three statements on major cross-sector issues:**

- human rights (updating the previous statement);
- the climate (new statement); and
- biodiversity (new statement).

These statements set out the main reference standards for these issues, as well as Societe Generale's undertaking to comply with these standards and encourage its clients to do likewise. They also detail the various initiatives the Group has joined to improve how it handles these issues in its economic activities.

The **sector-specific and cross-sector policies, referred to as the E&S policies,** define the standards that the Group agrees to apply in sectors considered potentially sensitive from an E&S or ethics perspective, including oil and gas, and mining. The E&S policies are public and available on the Group's corporate website *(https://www.societegenerale.com/en/responsibility/ethics-and-governance)*. The E&S General Principles and policies are updated in line with regulatory, scientific or societal developments, peer practices and the Group's strategy. All updates are approved by the Responsible Commitments Committee (CORESP).

Societe Generale's E&S policies cover sensitive sectors in which the Group operates. Several policies deal with energy and mining due to the importance of these sectors for both the economy and for Societe Generale, and the potential they offer for significant progress in terms of atmospheric emissions as well as impacts on the natural environment and on local communities (dams and hydroelectric power, thermal power plants, thermal- and coal-fired power plants, mines, civil nuclear power, and oil and gas) – see Supporting the environmental transition, page 296. Policies exist covering the defence, shipping, farming and forestry sectors.

The E&S policies all follow the same structure: they identify E&S risk factors, list sector-specific or thematic reference standards, specify the scope of the activities covered (subsectors, financial and banking products and services) and define for each sector or theme the criteria in respect of:

- the Group's corporate clients (excluding financial institutions and sovereigns);
- transactions: products and services with a known underlying (for example, asset or project finance);
- securities held for the Bank's own account or on behalf of third parties;
- specific products or services, such as agricultural commodity derivatives.

The E&S sector policies define three sets of criteria for each of the above-listed categories:

- **E&S exclusion criteria** are designed to exclude from the Group's activities certain types of corporate clients, issuers, and banking or financial products, dedicated services and transactions associated with underlying practices or activities that are damaging to the environment and/or human rights in ways that make improvement within a reasonable timeframe impossible;

- **E&S priority assessment criteria** address priority risk factors requiring a targeted and systematic response as part of the assessment process. If a client does not satisfy the assessment criteria, it must improve its practices within a reasonable timeframe (steps required may include a formal action plan or the signature of contractual undertakings). For dedicated transactions or projects, satisfaction of the criteria must form part of the project development phase. For dedicated advisory services ahead of project development, the Group must assess the client's commitment to developing a project that will satisfy these criteria;
- **other E&S assessment criteria** are designed to identify other risk factors associated with the sector in question that also need to be considered as part of the E&S assessment, and to set out the best practices the Group wishes to promote:
  - its E&S policies were reviewed in 2021, bringing them into line with the changes made to its E&S risk management system, as detailed in the Group's normative documentation (the SG Code and the recently updated E&S General Principles), as well as with the Group's new commitments (under the Principles for Responsible Banking and Poseidon Principles, and as part of the Net-Zero Banking Alliance),
  - in addition, the updates to the Oil and Gas sector policy reflected the Group's targets in its latest commitments regarding this sector, while the Industrial Agriculture, Agri-food and Forestry policy, which henceforth covers the palm oil, fisheries, soy and South American livestock sectors, deepened Societe Generale's commitments in these sectors by insisting on a more ambitious framework regarding deforestation risks,
  - the previous cross-sector biodiversity policy has been abandoned, given that tougher, more specific criteria on biodiversity are now included in the sector-specific policies for sensitive sectors.

5.2.7.3 Operational implementation procedures

E&S risk management procedures have been in place within the Group for several years. 2019 was marked by the updating of the E&S risk management principles and their integration into its new normative documentation (the Societe Generale Code). The idea behind the revision and implementation process was to integrate E&S risk management into existing risk management processes, such as transactional processes, onboarding processes and periodic client review processes. Aspects relating to E&S issues are thus gradually being included in the Business Units' credit and reputation risk management policies and processes. These efforts continued throughout 2020 and 2021, with the gradual integration of the latest changes into BU and SU processes.

E&S risk management comprises three main steps:

- **E&S risk identification:** this step consists in identifying whether the counterparty's activities or the transaction with that counterparty could present an E&S risk. This is done primarily by checking whether the counterparty or its underlying activities are on the E&S exclusion list or the E&S identification list, whether they are the subject of any E&S-related controversy and whether they are covered by a sector policy (some Business Units limit this to sector policies containing exclusion criteria). This process is designed to confirm compliance with the exclusion criteria from the sector policies.

  An E&S identification list is regularly updated by in-house experts and sent to all businesses concerned. This internal list details any projects, company, activity sectors or countries that are the object of severe controversy or public campaigns on the part of civil society for E&S reasons, irrespective of whether they are financed by Societe Generale. The purpose of this internal list is to alert the operational teams to potential concerns ahead of the client and transaction review process, so that they can be prepared to carry out a more in-depth E&S assessment of any transactions and clients concerned.

  In addition to the E&S identification list, there is also an exclusion list, which is likewise regularly updated and sent out to the operational teams at least once a year. This internal list indicates 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 pledged that it will not knowingly supply banking or financial services to such companies, their parent companies or their subsidiaries.

  This exclusion list is gradually being extended to reflect the new exclusion criteria added to certain E&S policies when they were updated. Going forward, the aim is to eventually incorporate this list directly into the Group's IT processing systems. Companies can also be excluded on a case-by-case basis, for example further to E&S assessments conducted as part of onboarding processes or in relation to processes for certain types of specific activity such as coal, oil sands and Arctic oil;
- **E&S assessment (of counterparties or transactions identified as presenting an E&S risk):** when an E&S risk is identified, the business line assesses compliance with the criteria from the applicable E&S policy(ies) and the Group's other E&S commitments, and weighs up the severity of any E&S controversies. This assessment may include a prospective analysis of these criteria. Based on the conclusions of the assessment, an E&S opinion is then issued. The opinion may be positive, conditional (subject to contractual conditions, action plans, restrictions) or negative;
- **E&S actions:** E&S mitigation actions may be recommended to mitigate the risks identified.

E&S assessments and actions are reviewed by the second line of defence (the Risk or Compliance Department, depending on the process) and may, where necessary, be mediated by the heads of the business lines or by General Management, through the CORESP. The business units are also gradually introducing monitoring and controls into their E&S risk management processes.

In addition to identifying, assessing and defining actions to mitigate potential negative impacts, these processes also serve to identify counterparties and transactions for positive impact financing regarding sustainable development. This dual approach underpins Societe Generale's efforts in respect of Sustainable and Positive Impact Finance (see A Bank committed to sustainable and responsible finance, page 290.

To ensure a smooth and systematic rollout of this E&S risk management framework across the Group, a new compulsory online training module was developed in 2021 for all BUs and SUs covered by the framework. It is available in 11 languages, ensuring that the same content is consistently available to everyone in the Group wherever it operates. At the end of 2021, 11,065 Group employees had completed the training module.

5.2.7.4 Operational implementation in the Group's Business Units

In the **Corporate and Investment Banking** arm, a dedicated team of experts assists the sales teams to assess E&S issues in respect of clients. This E&S analysis was until recently underpinned by a risk-based approach, with in-depth E&S assessments being reserved for clients deemed to be a priority. This situation has evolved since 2020, however, with the aim now being to eventually extend this analysis to all Corporate and Investment Banking clients (excluding financial institutions and sovereigns), regardless of their sector of activity. The purpose is to gain a better understanding of their portfolios so as to be able to support them in transitioning towards sustainable development. This dedicated team of experts helps the sales teams assess and better understand the E&S impacts of transactions, which reflects the Group's voluntary commitments, notably its E&S policies and the Equator Principles.

Corporate and Investment Banking has also voluntarily implemented procedures to manage the E&S risks associated with dedicated projects and assets not currently covered by the Equator Principles (as last amended in 2020), namely in capital market transactions (equity or debt), mergers and acquisitions, and acquisition financing. The Group modified the E&S assessment form in its IT systems in 2021, optimising the assessment process for transactions and how information is shared with the Risk Division. Over 500 employees across the various regions and business lines concerned were trained in the new process when it entered into effect. A recording of the training session remains available for those who need it.

Throughout 2021, **Private Banking** began work on centralising CSR/ESG governance for all of its pillars (France, Private Banking Europe and United Kingdom). Certain existing initiatives have now been transferred to this new centralised governance structure, which, for example, has:

- taken over the operational rollout of E&S risk monitoring policies;
- stepped up employee training on CSR issues: some 1,700 training hours were dispensed in 2021.

French Retail Banking strengthened its E&S assessment process for corporate clients in 2020 to reflect recent changes in the Societe Generale Code. The main tools, such as the E&S assessment procedure and client assessment forms, were improved and updated. In the same year, a new Customer Experience, Responsibility and Ethics Division was also created within French Retail Banking to better coordinate actions designed to improve client experience, while adhering to CSR and ethics standards. This division liaises with regional business centres through a team of corporate customer officers.

This team supervises the achievement of Retail Banking's CSR goals and produces metrics, including for E&S risk management. It also organises an assimilation programme, designed to make all employees fully aware of the ethics and responsibility issues involved in banking and to ensure they adhere to them.

In 2021, Retail Banking added three new themes to the CSR training programme available to its 21,000 employees:

- the first concerns the energy transition (2,720 employees working with corporate clients completed this module between June and September);
- the second covers the basics of CSR and the Group's strategy, and is now compulsory training for all Retail Banking employees (completed by 18,241 employees);
- the third theme deals with the Group's culture as regards climate change and biodiversity (completed by 409 employees).

Within **International Retail Banking** since 2019, E&S experts have been appointed in both of the regional divisions in sub-Saharan Africa and both structured finance platforms in North Africa, as well as in the main subsidiaries in Eastern Europe, Russia and Asia. These experts support local sales departments and work closely with Sustainable Development Department experts at Group and BU level.

The Group's normative documentation has been transposed into a procedure for the Business Unit covering subsidiaries in Africa and overseas France. E&S experts were on hand to provide training when the procedure was rolled out in these subsidiaries throughout 2021 to guide the supplementaire training initiatives. A new procedure was also introduced in 2021 for the structured financing platforms in Africa, detailing how their middle offices should manage E&S clauses in contracts. A total of 315 team-lead employees received training with regard to the regulatory framework.

E&S experts have been tightening up due diligence processes on projects covered by the Equator Principles, in line with the latest version (EP4). Through their work and with the help of other in-house experts and training from outside providers such as IBIS Consulting in Africa, these experts also continue to perfect their own skills.

The Group's subsidiaries in **Europe and Russia** (BRD*, KB* and Rosbank*) have transposed the Group's regulatory documentation into their own respective regulatory documentation, ensuring compliance with local laws. These new procedures were deployed and implemented over the course of 2021. Employees in these subsidiaries were offered training on E&S policies.

Within **Financial Services**, Societe Generale Equipment Finance* (SGEF) is in the process of adapting the E&S risk assessment framework to its clients and transactions. SGEF also performs E&S assessments on the main assets it finances, especially those manufactured by Vendor partners. Green financing is a growth area for SGEF and is the subject of regular discussions with the other entities.

At **ALD Automotive***, client E&S risk identification has been part of KYC (Know Your Customer) processes for several years, as with all Group entities. The corporate E&S experts conduct in-depth E&S assessments of priority clients. For more information, see ALD's Statement of extra-financial performance: *(https://www.aldautomotive.com/Portals/international/Documents/ALD_URD2020_EN_MEL_21-04-27.pdf?ver=2021-04-27-142150-220#page=115)*.

KEY INDICATORS RELATED TO E&S RISK ASSESSMENT WITHIN THE BUSINESS UNITS

	2019	2020	2021
Group			
Total number of clients (groups or units) that underwent an in-depth E&S assessment	686	1,015	4,743[(1)]
Total number of transactions that underwent an E&S assessment	ND	1,239	1,277
o/w transactions covered by the Equator Principles	*48*	*90*	*103*
Number of people trained in E&S risk management	ND	3,400	41,142[(2)]
Global Banking & Advisory (GLBA)			
Total number of dedicated transactions that underwent an E&S assessment	112	118	134
o/w transactions covered by the Equator Principles	*48*	*66*	*75*
o/w dedicated transactions assessed as part of Societe Generale's voluntary commitments	*64*	*52*	*59*
Amount of new financing for dedicated transactions having undergone an E&S assessment under the Equator Principles (EP) (in EUR bn)	3.6	4.7	3.8
Amount of new financing for dedicated transactions having undergone an E&S assessment as part of Societe Generale's voluntary commitments *(in EUR bn)*	4.2	3.2	3.4
Number of client groups that underwent an E&S assessment	134	153	199
French Retail Banking			
Number of clients (groups or units) that underwent an E&S assessment	389	456	3,813[(1)]
International Retail Banking			
Number of clients that underwent an E&S assessment	167	406	728

(1) Change due to the introduction of a follow-up procedure on E&S assessment questionnaires in 2021.
(2) Change due to the introduction of CSR training for French Retail Banking employees.

5.2.7.5 Additional E&S risk management processes related to the specific characteristics of certain Group activities

Some businesses, in light of their specific characteristics, implement their own E&S risk management processes in addition to those imposed by the Group on all activities.

Societe Generale Private Banking applies the Societe Generale E&S General Principles to manage E&S risks in its investment solutions. The asset management arm applies both the Group's Coal and Weapons exclusion list and Private Banking's own exclusion list – issuers subject to a particularly severe ESG controversy (MSCI red flags) as well as those with the poorest ESG ratings – for all direct security investments (shares and bonds). The principles apply to all assets under advisory or discretionary management. Private Banking has also applied these same exclusion rules to its advisory services since 2020, *i.e.* it no longer provides advisory on the most controversial or least favourably rated securities, although all investment and disinvestment decisions ultimately lie with the end client. Societe Generale Private Banking's investment policy is publicly available on its website (*https://www.privatebanking.societegenerale.com/fileadmin/user_upload/SGPB/PDF/SGPB_Investment_Policy-Sustainability_risk_and_adverse_impacts.pdf*). As an extension of its responsible investor approach, Societe Generale Private Banking has defined a proxy voting policy for voting rights attached to securities held by the collective investment schemes (AIFs and UCITS) it manages. This policy sets out the main principles of corporate governance with which the asset management company agrees to comply, and establishes Societe Generale Private Banking's voting principles on key issues. The Proxy Voting Policy is reviewed annually to consider any legal developments or changes in Corporate Governance Codes and market practices that may have occurred over the year. It is approved by the Internal Governance Committee. The policy is publicly available on the Societe Generale Private Banking website, as is the corresponding policy for the management company, SG29: *https://sgpwm.societegenerale.com/fileadmin/user_upload/sgpwm/PDF_doc_funds/SGPWM_-_Proxy_Voting_2020_11_EN.pdf; https://sg29haussmann.societegenerale.fr/fileadmin/user_upload/SG29H/pdf/NEW_REG/Politique_d_engagement_et_de_vote_2021_SG_29_Haussmann.pdf [in French]*.

In the **Insurance activities**, extra-financial risks are managed using risk management and internal control systems. The aims of these systems are, respectively, to:

- manage risk at all times through identification and assessment, followed by the implementation of appropriate mitigating measures, where necessary;
- prevent malfunctions, ensure the suitability and effectiveness of internal processes, and guarantee the reliability, integrity and availability of financial, prudential and management information. These systems are based in particular on policies approved by the Sogécap Board of Directors which defined the principles, processes and procedures implemented, as well as the governance and key metrics, for each type of risk.

More information on the risk management and internal control systems can be found in the Solvency Reports (pages 19-32 of the Sogécap report on the life insurance activity:

https://www.assurances.societegenerale.com/uploads/tx_bisgnews/SOGECAP_SFCR_2020_02.pdf [in French]; pages 19-33 of the Sogessur report on the non-life insurance activity: *https://www.assurances.societegenerale.com/uploads/tx_bisgnews/SOGESSUR_SFCR_2020_02.pdf* [in French]).

5.2.7.6 Integrating climate risks within the risk management framework

The Group does not view the risks associated with climate change as a separate risk category but rather a trigger or aggravating factor for the categories already covered by its risk management framework (credit risk, compliance risk, reputation risk, market risk, operational risk, etc.), for further details see Chapter 4 Risk factors, page 152. As a result, climate-related risks can be integrated using its existing governance and processes and managed according to the standard approach of identification, quantification, definition of risk appetite, control and mitigation.

The impacts of climate change on the world's physical, social and economic systems are becoming ever more apparent. They include both direct impacts (the physical effects of climate change) and indirect impacts (measures to transition to a low-carbon economy or to adapt to or minimise the negative effects of climate change).

Societe Generale has adopted the Task Force on Climate-related Financial Disclosures' (TCFD) definitions for transition risks* and physical risks*.

The Group uses the following indicators to assess climate-related risks and to act accordingly.

5.2.7.6.1 CORPORATE CLIMATE VULNERABILITY INDICATOR

The impact of transition risk* on the credit risk of Societe Generale's corporate clients has been identified as the main climate-related risk for the Group. In order to assess this impact, the Group is gradually incorporating a Corporate Climate Vulnerability Indicator (CCVI) into the credit risk assessments it performs on its most exposed counterparties in particularly vulnerable sectors. The idea is to assess transition risks by quantifying the impact of a given climate scenario on the credit rating of borrowers in a set of priority sectors, assuming that the borrowers do not implement any adaptation measures. Assessing transition risk is a five-stage process: identify priority sectors, select a single climate scenario, define homogeneous segments within each sector, assign borrowers to segments, and assess the borrowers' climate vulnerability. The CCVI pinpoints clients that are vulnerable to transition risks. These clients' transition strategies will subsequently be reviewed, and an opinion issued.

5.2.7.6.2 INDUSTRY CLIMATE VULNERABILITY INDICATOR

The Industry Climate Vulnerability Indicator (ICVI) assesses the ability of the industry sectors covered to withstand the consequences of climate-related risks or adapt to moderate potential damage. It expresses how vulnerable each sector is to the physical and transition risks of climate change, making it possible to identify both the sectors that are most at risk and those that stand to gain from the situation. Each sector is awarded a score for physical and transition risks, adding to the information gleaned through other sector assessments.

5.2.7.6.3 SOVEREIGN CLIMATE VULNERABILITY INDICATOR

The Sovereign Climate Vulnerability Indicator (SCVI) assesses the vulnerability of sovereign counterparties to physical and transition risks. It has been developed for use with various climate change scenarios. It expresses how vulnerable a country is to climate-related risks, with a view to understanding the direct impact on the associated country risk, *i.e.* on the country's ability and willingness to honour its external debt commitments.

5.2.7.6.4 IDENTIFYING HOW PHYSICAL RISK* AFFECTS CREDIT RISK, USING SCENARIO ANALYSIS

The Group has opted to focus on developing its own in-house tools to identify physical climate-related risks. It began its R&D work on the physical impacts of these risks on its portfolios by looking at the French retail mortgage portfolio, where the precise location of the financed assets was known. The Group has also developed a web application capable of identifying municipalities at risk of drought or flooding (coastal or inland), as well as French administrative areas *(départements)* subject to wildfire risk.

5.2.7.6.5 TREATING PHYSICAL RISK AS PART OF THE GROUP'S OPERATIONAL RISK

Societe Generale defines operational risk as the risk of losses resulting from human error, external events, or inadequacies or failures in processes or systems. It assesses the physical risks to its assets and operations as part of its operational risk analysis. The Group performs analysis region by region and the results feed into the business continuity plans (BCPs) designed to address local risks. The existing BCPs therefore cover the consequences of weather events, whether affecting the entirety of the Group's human, technical and installation resources or solely one part thereof.

For more information, see the Group's Climate Disclosure Report: *https://www.societegenerale.com/sites/default/files/documents/2020-12/societe-generale-climate-disclosure-report.pdf.*

5.3 BUILDING A BETTER AND SUSTAINABLE FUTURE WITH OUR CLIENTS

5.3.1 A BANK COMMITTED TO SUSTAINABLE AND RESPONSIBLE FINANCE

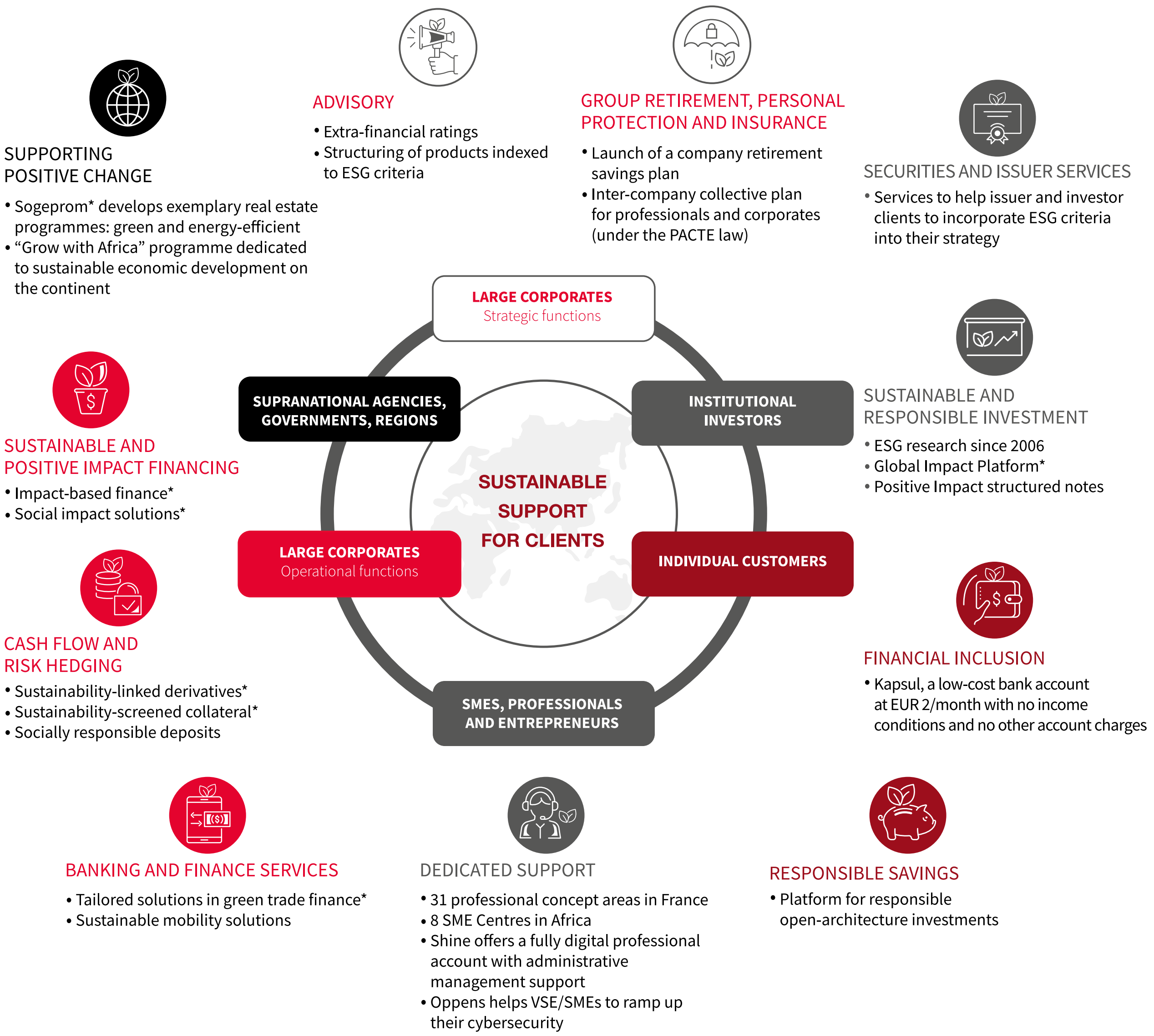
Societe Generale has decided to further its corporate purpose and commitment to being a responsible bank by helping its customers to achieve their own sustainability goals. To this end, the Group has developed a **comprehensive approach to incorporating CSR considerations** into its range of products and services. It has also developed **sustainable finance indicators** to monitor how this offering performs with its customers. In addition to this broad approach, Societe Generale has decided to focus its Corporate Social Responsibility efforts on two major areas: **the environmental transition and contributing to local communities.** As a long-standing leader in energy, the Group has made the energy transition a priority and is supporting its customers in this regard. As a major player in economic development, Societe Generale has made sustainable regional development the second priority area in its action plans, especially in Africa, where the Group enjoys a strong foothold and a presence spanning more than 100 years.

5.3.1.1 A holistic approach to sustainability

Societe Generale has structured **responsible and innovative investment and financing solutions contributing to the United Nations Sustainable Development Goals (SDGs)** as a way of fostering activities with a positive impact on the development of the economy and society, beyond the challenges of the energy transition. As a responsible bank, Societe Generale is determined to work with its clients, whether or not they currently meet all its sustainability criteria, to help them progress towards a fair, green and inclusive transition in keeping with its own commitments.

Sustainability concerns are an integral part of the offer and **are suited to all the Group's clients**, covering corporate and investment banking as well as financial services.

It is based on an innovative approach that merges Societe Generale's expertise in working ESG criteria into its financial products and services with the analysis of its customers' financial sustainability requirements, as illustrated in the following chart.



5.3.1.1.1 SUPPORTING GLOBAL BANKING CLIENTS WITH THEIR SUSTAINABILITY APPROACH

Societe Generale consistently seeks to strengthen the strategic dialogue with its clients on ESG. The range of products aimed at Global Banking and Investor Solutions clients relies on the expertise of a dedicated team of experts in the E&S Advisory and Impact Finance Solutions department. They are responsible for analysing the specific needs of customers and for helping them with their own positive-impact projects* in order to select or structure appropriate solutions in keeping with the Group's own commitments.

Accordingly, the Group offers a wide range of products tailored to its customers' ESG strategies, including:

- **green, social and sustainable loans, bonds and securitisation*:** Societe Generale has developed a range of green loans and bonds generating social benefits and including a sustainability component. The range links the financing structure to the achievement of ESG goals, encouraging customers to step up their sustainability efforts. Sustainability mechanisms offer multiple structuring possibilities that are set on a case-by-case basis. Goals are discussed with clients and supported by incentives. With this tailor-made structured offer, the Group works hand in hand with its clients to help them achieve their sustainability goals and CSR targets;
- **green, sustainable export finance*:** the Group's finance offer focuses on five main sectors: renewable energy, hydrogen, clean transport, waste management and sustainable water use. Compared to the previous offer, the sustainable export finance offer now aims to support the Group's customers who have embarked on a genuine transition to a more sustainable business model. Based on an incentive mechanism, Societe Generale undertakes to adapt its financial terms to the CSR targets set with our customers. In so doing, the Group lends active support to its clients' transition;

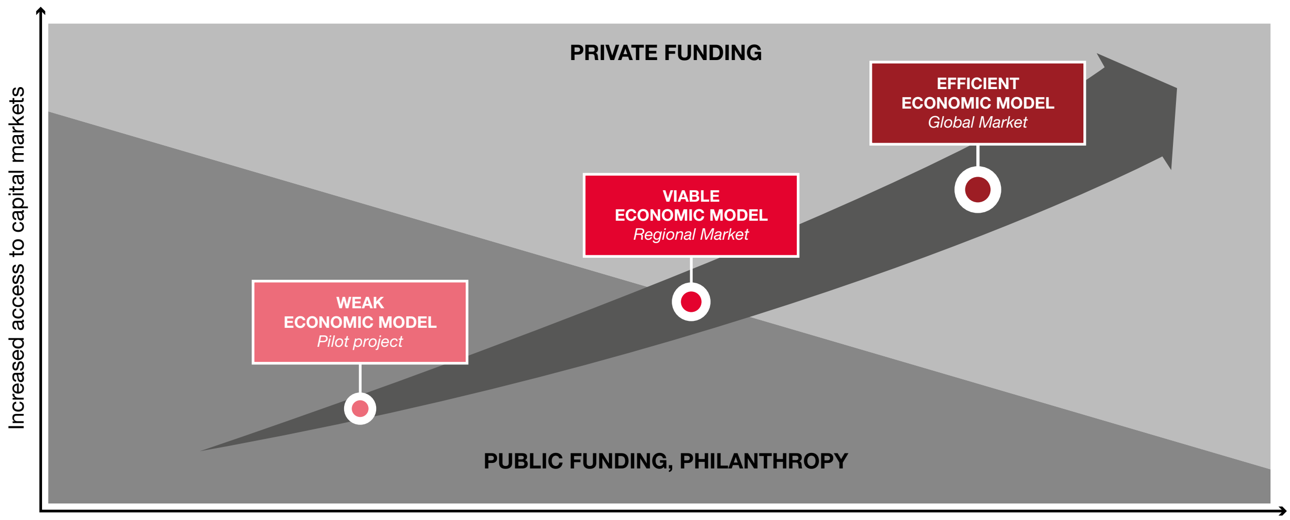
- **equipment finance*:** the Group finances sustainable assets in five business segments: Technology, Industrial Equipment, Health, Green Energy, and Transport. In conjunction with manufacturers, energy service suppliers and specialised financial intermediaries, Societe Generale Equipment Finance incorporates circular economy principles into its financing solutions. In so doing, it fosters the transition from a model based on asset ownership to models connected to an asset's life cycle.

Moreover, the Group has developed a dedicated ESG Advisory offer to guide its clients in stepping up their extra-financial performance with a view to accessing financial markets.

Impact-based finance approach

In addition to sustainable finance products, experts from the E&S Advisory and Impact Finance Solutions team are working to develop new ways of financing high-impact investment with the business lines where no suitable package exists in the traditional markets.

IMPACT AND STRUCTURING ADVISORY TO JOINTLY CREATE AND FINANCE NEW ECONOMIC MODELS



The impact-based finance approach for global clients focuses on analysing impacts to address global clients' need for advisory as they shift towards incorporating the United Nations SDGs into their business model, but struggle to finance their investments. We help clients 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 built on three steps:

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 quality:** Societe Generale provides expert structuring advice to improve credit quality using blended finance* mechanisms and aggregation vehicles* to reach critical mass for placement in the global private debt and equity markets;
3. **make the most of digital:** throughout the process of analysis, the Group focuses on using digital technologies to combine services, create more value, as well as to collect and analyse data on operational performance, payment track records and impacts to demonstrate the project's potential and support its scale up.

The Impact-based finance approach acts as a catalyst to pool all Societe Generale's know-how to deliver the best financing solutions for corporate customers and offer suitable sustainable investment opportunities. 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. This approach is supplemented by the Social Impact Solutions offer. This offer engineers solutions to unlock public and private funding for social projects developed by 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.

Sustainable solutions for hedging and market financing activities

Societe Generale continues to pioneer innovative ESG solutions in addition to its investment activities and has developed sustainable and positive products and services in hedging solutions and market financing:

1. **Sustainability-Linked Derivatives:** these rate or currency derivatives, which are contingent on the achievement of ESG targets, strengthen the Group's commitment to helping our corporate customers on their sustainable transformation journey. Sustainability-linked derivatives* can be used to hedge sustainability-linked loans* and bonds*;
2. **Sustainability-Screened Collateral and Sustainability-Linked Financing:** the Group believes in the importance of supporting its institutional clients to achieve their sustainability aims. It does this by completing ESG-rated financing transactions whose features match its clients' agenda.

Sustainable and Positive Investment

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 (according to an internal methodology), or for commodity finance transactions selected for their ESG qualities (evaluated internally). We offer a comprehensive range of products and services for our institutional customers to give access to a wide gamut of issuers – sovereign, supranational, agencies and large corporates – picking from solutions that stretch from vanilla to tailored. For example, the Group offers ESG-indexed products based on internal research or our partner network. Moreover, Societe Generale issues structured ESG Notes in the five main sustainable and positive investment formats:

1. **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. These products are flexible to adapt to a wide range of investment objectives (maturity, capital guarantee at term, etc.). 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;
2. **repackaging green or social bonds:** Societe Generale can issue bond-repacked notes whose funding source is the yield on a third-party green bond;
3. **green, social or sustainable notes issued by a third party:** The issuer earmarks the note's proceeds for green or social projects, or is a recognised pure player which exclusively funds such projects;
4. **charity notes:** The issuer undertakes to sponsor a charitable organisation for a proportion of the amount raised on the notes;
5. **positive contribution notes:** The investor contributes by investing in positive-impact initiatives, such as agro-forestry and CO_2 emission reduction, through the voluntary carbon market.

Equity research

Lastly, as of 2020, Equity research (part of Global Markets) systematically builds in ESG analysis as part of the overall financial analysis. ESG Research was established in 2006 and has consistently featured in the Institutional Investor Research survey Top 10 in the past ten years, as well as receiving the ESG Research of the Year – 2021 award from Environmental Finance magazine.

5.3.1.1.2 ENABLING SMALL- AND MEDIUM-SIZED ENTERPRISES, PROFESSIONAL AND INDIVIDUAL CLIENTS TO CONTRIBUTE TO POSITIVE TRANSFORMATION IN SOCIETY

Conscious of its role in supporting the economy, Societe Generale has made VSEs and SMEs one of its priorities in France and abroad. They are offered dedicated guidance: see Supporting business and entrepreneurs, page 300.

The Group is actively marketing the responsible products offered by its various countries of operation to its **individual customers**, in keeping with their wishes. In France, for example, Societe Generale is enabling individual customers to access government-subsidised loans (Eco-PTZ+*) or to channel their savings into savings passbooks with a strong environmental and social dimension (Livret A*, LDDS* and PEA PME/ETI*). In addition to these regulated products, Societe Generale has entered into agreements with several asset managers to offer a range of responsible savings products. Alongside Amundi, new partnerships have been established with BlackRock, DNCA, La Financière de l'Échiquier, Lyxor, Mirova and Primonial REIM. Accordingly, the Group offers a range of 20 SRI or environmentally geared funds. The first category allows customers to invest in companies that comply with environmental, social and governance criteria in their management, while the second focuses on considerations like combating climate change, the environmental transition, developing renewable energies and reducing pollution.

Societe Generale Assurances provides a range of protection policies that encourage responsible behaviour by policyholders (in terms of mobility, health, etc.). Accordingly, the networks distribute suitable products, such as lower insurance rates for owners of low-emission vehicles, and offer 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. With the entry into force of the "100% Santé" health reform programme in 2020, they also distribute "responsible" health insurance policies with more modular cover to adjust guarantees in line with the customer's requirements and budget. Lastly, the heath crisis triggered exceptional measures to protect customers: rates were not increased in 2020, and all recovery processes and contract terminations due to outstanding payments were suspended during the protected period (March to September 2020), allowing customers to continue to enjoy cover despite their financial difficulties.

Socially responsible investments

All the Group's **asset management entities** have signed the Principles of Responsible Investment (PRI) developed by the United Nations *(www.unpri.org)*, committing them to adhere 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 ESG factors in investment decisions and by the companies invested in. This signature marks a major step forward towards more responsible management and positive impact private banking. It demonstrates Societe Generale's commitment to socially responsible investment (SRI*) and to supporting our private customers on the path to a more sustainable future.

In the life insurance segment, **Societe Generale Assurances** has a range of sustainable financial products for customers to invest in environmentally and socially responsible projects and companies. In accordance with the Pacte law, all Societe Generale Assurances' French contracts offered at least one vehicle backed by a solidarity fund: either an SRI* or a Greenfin* (energy and environmental transition financing) certified fund since the end of 2019. These are supplemented on a regular basis and cover a wide range of asset classes and risk profiles. They offer an ideal opportunity for customers to imbue their savings with meaning: at the end of 2021, more than 1,000 responsible financial products (labelled or with similar characteristics) were listed , for a total amount outstanding of almost EUR 13 billion. In 2021, Societe Generale Assurances launched a new generation of socially responsible savings (dubbed "new generation") for its policyholders, made up exclusively of funds with a strong ESG dimension (18 of the 20 funds offered have an ISR or Greenfin certification).

In addition to its range of unit-linked supports, 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 ESG factors, alongside financial and credit ratings. Every year, asset portfolios are formally scrutinised according to these three criteria, their carbon footprint measurement, and their alignment with a global warming trajectory that is well below 2°C.

Private Banking continued to develop its range of positive and sustainable investments, initiated in 2017 and available across all its entities in France, Europe and the United Kingdom. It is structured around three areas:

- **responsible portfolio management** through its two management companies (SG29 Haussmann for French customers and SGPWM in Luxembourg for European customers), which offer CIUs* that have been awarded well-known certifications: the French government's SRI* label and Luxembourg's LuxFLAG* label. The discretionary portfolio management solution launched recently through SG29 Haussmann with renowned third-party management companies (BlackRock, DNCA, La Financière de l'Echiquier, Mirova, Primonial REIM and Lyxor) also expand this certified offering. Moreover, Private Banking was recently distinguished in France with the launch of the first discretionary management solution to receive the French government's SRI* label. At end-2021, the funds managed by these two management companies and rewarded with a government label amounted to 45% in Luxembourg and 85% in France of total outstandings for said two companies;
- **the positive and sustainable structured product range** with ESG underlyings (EUR 100 million in 2021) or participating in the following programmes: 1) positive-impact finance developed by the Group and to which Private Banking contributed EUR 220 million this year, 2) the charity programme (with nearly EUR 900 million in nominal value, for nearly EUR 2.5 million in donations in 2021), and 3) the "Let's Plant Trees" programme (32,000 trees planted in 2021). Nearly 50% of the structured products distributed by Private Banking in 2021 formed part of this "positive and sustainable" category;
- **the advisory management offering,** which now incorporates an increasing proportion of funds or securities showing strong extra-financial performance. Since 2020, Private Banking has continued to apply exclusions to the suite of stocks it directly advises on: those taken from the Environmental & Social General Principles defined in the Group's policy (stocks linked to thermal coal or controversial weapons) and those connected to the most serious ESG controversies, tobacco activities, or having the lowest ESG ratings. Lastly, the expertise in open architecture fund selection continued to incorporate a growing share of labelled funds or funds associated with new regulatory categorisations.

At the same time, **Crédit du Nord** offers its private and high-net-worth customers sustainable investments incorporating ESG characteristics across various asset classes. These offers, which provide clear and legible information for investors, represent oustandings of EUR 18 billion and 90% of all assets under custody at 31 December 2021.

5.3.1.1.3 MEASURING CUSTOMER GUIDANCE IN SUSTAINABLE TRANSFORMATION

To monitor its positive impact and progress in guiding its customers, the Group developed a standard several years ago to measure the distribution of its Sustainable and Positive Impact Finance offer – SPIF* (see Glossary, page 658 and Methodology note, page 331) dedicated to financing the economy and enterprises, and a range of Sustainable and Positive Investments – SPI* (see Glossary, page 658 and Methodology note, p.337). Changes in the standard are presented in the Methodology note, page 331.

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 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.

Within the Corporate and Investment Bank, a methodology has been developed and aligned with the Model Framework: Financial Products for Specified Use of Proceeds published by UNEP-FI (available here: *https://www.unepfi.org/positive-impact/unep-fi-impact-analysis-tools/model-frameworks/*), which sets out the major steps and criteria for identification, assessment and monitoring of funding in support of specific Positive Impact projects or assets. During the identification phase, transactions are pre-selected based on the business sector, the geographic location of projects or assets, and their ability to generate a material positive impact on various impact categories (*e.g.* improved energy efficiency and circular economy). This phase is useful in pre-empting the significant positive impacts triggered by eligible transactions. The assessment phase involves evaluating the materiality and demonstrability of the positive impacts generated by the projects or assets in the impact categories selected in the UNEP-FI Impact Radar *(https://www.unepfi.org/positive-impact/impact-radar-mappings/)*. To this end, the team of E&S experts has developed a series of performance indicators and analysis tools to measure positive impacts while ensuring the acceptable identification and management of any negative impacts in the three areas of sustainable development. The methodology for analysing Positive Impact Finance is updated regularly to factor in market developments and changes in standards, such as the EU taxonomy.

MAIN KEY FIGURES[1]

SUSTAINABLE AND POSITIVE IMPACT FINANCING (SPIF)	2019	2020	2021
Total production in SPIF-compliant financing commitments, of which:	EUR 11.0bn	EUR 11.9bn	EUR 18.5bn[2]
■ Green financing or financing for the energy transition	EUR 6.5bn	EUR 6.8bn	EUR 12.6bn
■ Social/societal financing	EUR 4.5bn	EUR 5.1 bn	EUR 5.9bn
Large clients			
In this set, the production of Positive Impact Financing according to the UNEP-FI methodology	EUR 4.7bn	EUR 5.2bn	EUR 7.5bn
Sustainable bond issues led by Societe Generale (annual volume)	EUR 36bn	EUR 36bn	EUR 73bn
Allocation of credit lines indexed to environmental and social performance	EUR 3.6bn	EUR 4.2bn	EUR 11.1bn
Nominals of rate and/or Fx hedges processed on certified Positive Impact Finance transactions	EUR 6.1bn	EUR 5.5bn	EUR 3.3bn
Corporate, professional and individual clients			
Eco-PTZ or equivalent and sustainable loans to individual retail clients (outstandings)			EUR 137.4m
Government-backed loan and equivalent schemes		EUR 18bn	EUR 17bn
SUSTAINABLE AND POSITIVE INVESTMENTS (SPI)			
Total SPI-compliant assets under management	EUR 29.5bn	EUR 52.3bn	EUR 27.7bn[3]
Large clients			
Volume of investment products referenced to indices or baskets subject to ESG selection or linked to sustainability themes[4]			EUR 8.1bn
Positive impact notes			
Inflows		EUR 300m	EUR 386m
Total inflows from the start		EUR 1,300m	EUR 1,686m
Charity notes			
Inflows		EUR 548m	EUR 1.05bn
Total inflows from the start		EUR 1.48m	EUR 2.5bn
Socially responsible deposits			EUR 1.3bn
Corporate, professional and individual customers			
Livret A, LDDS, PEA PME – Assets under management		EUR 24bn	EUR 25bn
Life insurance investment - Total outstandings for responsible financial products[5]		EUR 2.8bn	EUR 13bn
Life insurance investment – Number of responsible financial products[6]		248	>1,000
Share of sustainable investments[7] in general assets		EUR 2.5bn	EUR 6.4bn

(1) Figures reported in respective years. The breakdown of the relevant scopes for each year appears in the Methodological note on page 331.
(2) Figures include the increased scope of activities used for 2021, totalling EUR 1.6bn. Total like-for-like SPIF volumes in 2021 thus totalled EUR 16.8bn. Breakdown of the increased scope appears in the Methodological note on page 334.
(3) The change between 2020 and 2021 is attributed to the disposal of Lyxor, the Group's former asset management subsidiary.
(4) Including products listing indices complying with ESG selection processes or related to sustainable themes.
(5) With explicit inclusion of ESG risks and opportunities under traditional financial analysis and investment decisions based on systematic processes and appropriate resource research.
(6) Article 8 supports of the SFDR (financial product which promotes, amongst other things, environmental or social characteristics in as much as the companies in which the investments are made apply good governance practices), article 9 of the SFDR* (sustainable financial investment product) and/or having a certification such as ISR, Greenfin, etc.) – Scope widened in 2021.*
(7) Investments contributing to resolving social and/or environmental problems (climate change, green efficiency, ISR- or healthcare-certified real estate) including products aligned with the framework definition of sustainable activities in the EU taxonomy, as well as Article 9 products of the SFDR - Scope widened in 2021.*

In accordance with the EU sustainable finance taxonomy regulation (Regulation (EU) 2020/852), the Group has disclosed its on-balance sheet exposures to eligible sectors since 2021. As required by this regulation, the information reported is on taxonomy-eligible economic activities mainly, with issues of alignment being addressed later on, in accordance with the regulatory calendar. The methodology applied, which factors in the most recent version of FAQs issues by the European Commission on measuring these exposures, is presented in the Methodology note, page 331. Societe Generale's climate strategy, including the product and commitment design process, is described from the following page.

		REQUIREMENTS	MANAGEMENT RULES APPLIED	AMOUNT (in EURbn)	%
		Total Assets Balance Sheet (FINREP)	**Total prudential asset corresponding to FINREP balance sheet**	**1,311.0**	**100%**
EXCLUDED FROM COVERED ASSETS	1	The proportion of **trading portfolio**	• FINREP Asset Class "Held for Trading" except derivaives	**229.8**	**17.5%**
EXCLUDED FROM COVERED ASSETS	2	The proportion of **exposures to central governments, central banks and supranationals**	• FINREP asset exposures related to corresponding portfolio	**255.1**	**19.5%**
COVERED ASSETS		**Total Covered Assets**	**Total assets accounting for denominator in the KPIs for EU Taxonomy 2022**	**826.1**	**100%**
COVERED ASSETS – EXCLUDED FROM THE NUMERATOR	3	The proportion of **derivatives**	• FINREP Derivatives Asset Class classified as "Held for Trading" or "Hedge Accounting"	**114.0**	**13.8%**
COVERED ASSETS – EXCLUDED FROM THE NUMERATOR	4	The proportion of **on-demand interbank loans**	• Loans and advances identified as receivables on demand with credit institutions (FINREP)	**27.0**	**3.3%**
COVERED ASSETS – EXCLUDED FROM THE NUMERATOR	5	The proportion of **exposures to undertakings that are not obliged to publish an NFRD**	• Financial and Non-Financial corporate exposures **NOT subject to NFRD corresponding to following cases:** - Company and parent company outside EU - Company or parent company inside EU but with number of employees below 500	**289.3**	**35.0%**
COVERED ASSETS – ASSETS SUBJ. TO ELIGIBILITY SCOPE	6	The proportion of **exposures to EU Taxonomy-non-eligible activities**	• SPV exposures subject to NFRD with non-EU Taxonomy eligible NACE codes • Financial and Non-Financial corporate exposures (excluding SPV) subject to NFRD • Households excluding loans collateralized by residential immovable property • Local government exposures	**112.2**	**13.6%**
COVERED ASSETS – ASSETS SUBJ. TO ELIGIBILITY SCOPE	7	The proportion of **exposures to EU Taxonomy-eligible activities**	• SPV exposures with EU Taxonomy eligible NACE codes and with parent company subject to NFRD • Loans collateralized by residential immovable property or "Crédit Logement"	**151.6**	**18.4%**

NB: not all covered assets are included in the total sum of the individual items presented above. Items also include cash and cash equivalents, as well as other non-transactional assets that are not subject to a performance indicator.

5.3.1.2 Being committed through action to the environmental transition

In keeping with the findings of the materiality survey, Societe Generale has made the environmental transition its first priority in the operational roll-out of its CSR ambition with respect to its customers. The Group is keen to play an active part in combating global warming and decarbonising the world's economy.

The climate change strategy, as approved by the Board of Directors, is structured around three core themes:

- developing a common CSR culture (on risk management and business opportunities connected with the energy transition);
- having a risk management system associated with climate change (physical and transition risks – see Integrating climate risks within the risk management framework, page 289);
- managing the Group's impact on global warming (through its proprietary activities – see Being a company that cares about the environment, page 325 or *via* its portfolio – see A bank committed to sustainable and responsible finance, page 290);
- helping the Group's customers to achieve their energy transition goals through suitable products and services see A bank committed to sustainable and responsible finance, page 290).

MAPPING OF THE ENVIRONMENTAL IMPACT OF SOCIETE GENERALE'S BUSINESS

GROUP'S DIRECT FOOTPRINT	PRODUCTS AND SERVICES FOR CUSTOMERS			
• Group real estate (3.8 million m²) • IT Infrastructure • Employee mobility (201 million km travelled by employees) • Consumption of resources: - energy (581 GWH) - water (1.06 million m³) - paper (5,713 tonnes) • Waste management (11,633 tonnes) and reducing food waste • Supplier relations (Group purchasing: EUR 5.8 billion)	• Real estate development (17,721 housing units and 3,170 m² in office real estate delivered by SOGEPROM) • Leasing ALD Automotive (1.4 million vehicles) SGEF – Equipment finance	• Third-party management activities (EUR 265 billion in assets under management) including life insurance: EUR 135 billion (Sogécap) and Private Banking: EUR 130 billion	• Financing (EAD of the Corporate portfolio in accordance with the Basel rules): EUR 380 billion at 31 December 2021 • Advisory activities	• Global Markets activities (Fixed Income and Currencies, Equities) • Investor Services (Securities Services) • Payment Services → Indirect environmental impact through customers' business

\+ Level of influence / impact -

The Strategic Oversight Committees and Cross-functional Oversight Committees reporting to General Management monitor proper implementation of the Group's climate strategy and set appropriate CSR targets in the roadmaps for each of the Business and Service Units.

5.3.1.2.1 IDENTIFYING AND LIMITING THE GROUP'S IMPACT ON GLOBAL WARMING

The various measurement methodologies and credit portfolio alignment goals

Societe Generale joined the UNEP-FI Net-Zero Banking Alliance in 2021 as a founding member alongside 42 international banks. Accordingly, **the Group undertakes to align its portfolios and proprietary activities with trajectories aiming at carbon neutrality by 2050** (limiting global warming to 1.5°C), setting itself targets for 2030 (or sooner) and 2050. It focuses as a priority on its most GHG-intensive sectors, which will have a major impact in transitioning towards net-zero. The Group has extended its efforts beyond fossil fuel reduction and the decarbonation of the shipping industry, which it has been working towards in recent years, to include the steel sector in 2021.

In 2015, Dutch financial institutions launched **the PCAF initiative** to develop a standard for measuring and reporting the greenhouse gas emissions generated by their credit portfolios and investments. This initiative was extended to North America in 2018 and taken up globally in 2019. The PCAF standard provides methodological guidance for different asset classes. A company's emissions are assessed based on public disclosures or estimated according to the GHG Protocol. They are then allocated to the financial institutions based on the proportional share of lending or investment in the borrower or investee (for more information, see the PCAF Standard – *https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf*). In 2021, the Group used this methodology to measure the greenhouse gas emissions of 95% of its loans to major companies. The calculations are currently based on monetary emission factors in the PCAF database, but Societe Generale aims to enhance the data's accuracy and granularity in the next few years.

In 2016, the Group developed an initial methodology and set alignment targets for the coal sector (see below). Following on from this first step, in 2018 Societe Generale 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). These 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. This led to the publication of a first report on the application of this methodology in September 2020 *(https://2degrees-investing.org/wp-content/uploads/2020/09/Katowice-Banks-2020-Credit-Portfolio-Alignment.pdf)*.

Aligning credit portfolios in various sectors

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 for coal mining or coal-fired power plant projects.

In 2019, the Group stepped its commitments up a level, announcing a goal of zero exposure to thermal coal by 2030 in the 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.

This policy comprises two stages:

1. first, the Group has disengaged 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. Accordingly, it has tightened its criteria for prospects in the sector;
2. in 2021, Societe Generale reviewed its total portfolio and discussed transition plans and a timeline for phasing out thermal coal with all of its corporate client that have mining or power generation assets.

OIL AND GAS

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 Group embarked on a new stage in its climate strategy in 2020, announcing the commitment to reduce its exposure to the oil and gas extraction sector worldwide by at least 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 sector. Moreover, this commitment reflects the Group's gradual transition to carbon neutrality by 2050, since it 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.

Lastly, at COP26 in 2021, Societe Generale announced that it was strengthening its commitments in several segments related to unconventional hydrocarbons and the protection of biodiversity in protected areas. As such, the Group will no longer finance:

- new projects with underlying activities involving the exploration and production of shale oil and gas, oil sands, extra-heavy crude oil, Arctic oil or Ecuadorian Amazon oil;
- pure upstream players for which these categories of hydrocarbons (shale oil and gas, oil sands, extra-heavy crude oil, Arctic oil or Ecuadorian Amazon oil) represent more than 30% of their overall production; and
- diversified players (upstream, midstream, downstream) for which the production of these categories of hydrocarbons represent more than 30% of their revenues.

Moreover, no new mandates will be accepted for new greenfield projects to produce liquefied natural gas in North America, in order to extend efforts down the value chain. Lastly, the Group undertakes to increase its protection of biodiversity by expanding the categories of protected areas in which no new hydrocarbon exploration and production projects will be financed.

These commitments are set out in the Oil and Gas Policy revised in 2022, available on the Group's corporate website: *https://www.societegenerale.com/sites/default/files/documents/CSR/Oil-Gas-sector-policy.pdf.*

POWER GENERATION

In 2020, the Group 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 goes further than the SDS requirements set by the International Energy Agency for the same period. The Group will achieve its goal by adjusting the energy mix it finances, reflecting both its decision to gradually exit the coal sector and its leading position in renewable energies.

STEEL

In 2021, Societe Generale joined the Steel Climate-Aligned Finance Working Group as co-leader alongside five other leading lenders of the steel industry who will work at defining standards advancing the decarbonisation of the sector. The working group aims to establish a joint climate-aligned finance agreement modelled after the Poseidon Principles. To that end, it will define standards for measuring, disclosing and assessing the degree to which greenhouse gas emissions associated with each financial institution's portfolio are in line with the United Nations target of limiting global warming to 1.5°C by 2100. The working group will work hand in hand with existing decarbonisation initiatives and industry players, under guidance from the Rocky Mountain Institute's Center for Climate-Aligned Finance – a non-profit organisation from which this initiative originates.

SHIPPING

For more information on this subject, see Poseidon Principles, page 283.

The following chart summarises the Societe Generale Group's alignment targets. For more details on these indicators and targets, see the most recent Climate Disclosure (*https://www.societegenerale.com/sites/default/files/documents/2020-12/societe-generale-climate-disclosure-report.pdf*).

Indicator	Benchmark (end of year)	Target	Achievement at end-2020
Gross commitments to coal power & mining (EUR, 100 base index)	100 (2019)	0 (2030/40 OECD/RoW)	81 (Q4 20)
Gross commitments to oil & gas extraction (USD, 100 base index)	100 (2020)	90 (2025)	92 (Q4 20)
Power generation CO_2 emissions intensity (gCO_2e/kWh)	260 (2019)	212/67 (2025/40)	181 (Q4 20)
Proportion of fossil fuels in the overall primary & secondary energy financing mix (% EUR)	69 (2019)	No target	51 (Q4 20)
Shipping CO_2 emissions intensity (gCO_2e/tnm, 100 base index)	100 (2019)	20-25 (2050)	102(1) (Q4 20)

(1) In 2021, the methodology used to measure emissions intensity for passenger ships was modified to include the distance travelled. The change in methodology was more detrimental in 2020 when passenger shipping was seriously affected by the Covid-19 pandemic. Ships were inactive and distances travelled were limited, but their engines continued to run, thereby burning fuel and causing high emission intensity levels. Hence, portfolio emission intensity was greater than in 2021. By comparison, if on had used the previous methodology, the portfolio intensity would have been relatively stable compared with the previous year's (84 in Q4 2020 vs. 87 in Q4 19).

5.3.1.2.2 FINANCING THE ENERGY TRANSITION AND WORKING WITH CUSTOMERS TO HELP THEM TRANSFORM THEIR BUSINESS MODELS

In December 2019, the Group renewed its efforts to foster the energy transition and undertook to raise **EUR 120 billion between 2019 and 2023** through a range of sustainable finance solutions (loans, bonds and advisory).

The EUR 120 billion 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.

This commitment was achieved by the end of 2021, two years ahead of schedule. The proportion of renewables in the electricity mix financed by the Group topped 56.2% at end-2020 *vs.* mid-2019.

	2019	2020	2021	Target
Commitment to promoting the energy transition (2019-2023)	**34% achieved**	**67% achieved**	**131%**	**EUR 120bn**
Renewable energy financing and consulting	EUR 5.2bn	EUR 9.2bn	EUR 12.9bn	EUR 20bn
Sustainable bond(1) issues led or co-led (2019-2023)	EUR 36.1bn	EUR 71.6bn	EUR 144.1 bn	EUR 100bn

(1) Sustainable bonds include Green Bonds and Sustainability Bonds as defined by the ICMA rules and the EU's Green Bond Standard.

Climate-aligned offering

As a responsible partner committed to the fight against climate change, Societe Generale offers a wide range of products and services to its customers, whether they operate in the energy sector or are simply eager to reduce their environmental footprint. Accordingly, the Group's businesses worldwide are using their **expertise in financial engineering and innovation to develop a new sustainable investment and financing solution in their regions of operation.** 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, renewable energy storage technologies, etc.). At the end of June 2021, Societe Generale's expertise in renewable energy financing earned it the title of No. 1 in the financing of renewable energies for the EMEA* region (Dealogic).

Over and above its own balance sheet commitments, the Group is very active in **issuing green, social and sustainable bonds, with more than 235 bond issuance mandates managed since 2013 for a total issuance volume of more than EUR 240 billion**. Societe Generale adopted a framework governing its own bond issues in 2020 in order to tap into an additional source of refinancing to support its commitments, while allowing investors to benefit from the Group's excellent capacity for origination. As at 31 December 2021, the Group has issued a total volume of EUR 7.312 billion in green bonds since 2015 (for more information on the Group's Positive Impact Bond Framework, see *https://investors.societegenerale.com/sites/default/files/documents/2020-11/sg_sustainable_and_positive_impact_bond_framework_june_2020.pdf*).

Last, Societe Generale also strives to satisfy the expectations of its investor customers, offering a broad range of sustainable investment solutions. Accordingly, the Group markets initiatives that address environmental priorities:

- **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;
- **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;
- **positive impact notes** that allow customers to invest in a structured note while promoting positive impact finance. Some of the positive impact loans financed by Societe Generale contribute to reducing global warming. For more information, see *https://www.societegenerale.com/sites/default/files/documents/2021-06/SG-SPIF-Reporting-as-of-2020-12-31.pdf*;
- **structured notes** that allow investors to contribute to reforestation projects to improve carbon sequestration.

EMBLEMATIC EXAMPLES OF THE GROUP'S COMMITMENT TO THE ENERGY TRANSITION IN 2021

Societe Generale acted as sole financial advisor in the creation and structuring of the Hy24 Fund, the world's largest investment platform dedicated to low-carbon hydrogen infrastructure. The fund, which aims to accelerate growth of the hydrogen ecosystem by investing in large strategic projects and leveraging the alliance of industrial and financial players, has already secured initial commitments of EUR 800 million out of the EUR 1.5 billion total target. With this significant investment potential and a strong industrial expertise at its heart, the fund will have a unique capacity to accelerate the scaling up of hydrogen markets. With the announced support of public policies and some use of debt financing, the fund should be able to participate in the development of hydrogen projects with a total value of about EUR 15 billion. This landmark transaction in the hydrogen sector demonstrates the Group's commitment to leveraging its expertise in innovative financing and energy advisory to help create tomorrow's low-carbon hydrogen solutions.

As an important player in the credit market for local and multinational companies, BRD* (a Societe Generale subsidiary in Romania) granted Hidroelectrica (the largest producer of green energy in Romania) approximatively EUR 250 million – the largest green loan granted to the country to date. The credit facility, granted for a period of seven years, will finance the realisation of direct investments in operational projects based on wind and solar energy production.

In 2021, Komerční banka* – the Group's subsidiary in the Czech Republic – established a partnership with ČEZ, the largest energy producer in the country. ČEZ and KB began working together on rooftop solar panel installations for households, municipalities and companies. ČEZ Prodej (household installations) will provide one solar panel free of charge to KB's clients for whom it will install a rooftop photovoltaic power plant. ČEZ ESCO, in partnership with KB and SGEF*, will enable municipalities, businesses and larger consumers to install solar panels on their roofs at no initial investment cost.

ČEZ is also collaborating with KB on other products and in areas related to decarbonation and emission reduction. ČEZ ESCO has already installed 12 wall-mounted charging stations for electric vehicles in KB branches. More are currently being negotiated.

Societe Generale Real Estate Finance (SGFI), the French Retail Banking entity specialised in financing business property, signed its first loan linked to CSR performance with its long-standing client FM Logistic – a global leader in logistics. This allowed the Company to launch the major refinancing of six French logistics platforms in the summer of 2020, for a total amount of EUR 222 million. As it is linked to CSR performance, this loan enables the Company to enjoy better financial terms. The loan is based on three E&S performance indicators: energy performance, reduced Greenhouse Gas (GHG) emissions, and maintaining its leading industry position in terms of extra-financial performance. The interest rate is indexed to the achievement of these three indicators. Every year, upon monitoring the performance indicators, the customer's margin will be increased or decreased depending on the results and thresholds set out in the agreement. FM Logistic Group is one of the first logistics businesses indexing its financing costs to environmental and social goals.

MAIF Solutions Financières, the asset management subsidiary of the insurance group MAIF, offers structured notes with ESG underlyings that include a contribution to a greenhouse gas emission reduction project in sub-Saharan Africa – a Societe Generale innovation.

5.3.1.3 Contributing to local communities

Over and above its commitments to fighting climate change, the Group is eager to make a positive impact on local communities as a way of helping customers to achieve their own transformation and innovation goals. It does so through efforts to **support entrepreneurship, develop sustainable cities, and contribute to the scaling up of low-carbon mobility.**

The Group contributes to social innovations that are shaping the communities of the future, with a special focus on the African continent. The Grow with Africa programme launched in November 2018 illustrates and sets out a framework for Societe Generale's ambition to become **a leading player on the continent, focused on promoting sustainable economic development in Africa** and accelerating positive change. Based on its local knowledge in its areas of operation, Societe Generale continued its work in the four priority areas identified for its Grow with Africa programme in 2021, all of which represent drivers of sustainable growth: multi-dimensional support for African SMEs, infrastructure financing (including the on-grid energy sector), innovative financing solutions for the off-grid energy and agricultural sectors, and financial inclusion. By their very nature, these four areas allow the Bank to make a positive impact on the continent, as well as progress towards the UN Sustainable Development Goals.

The Group forges close ties with its customers in all its regions of operation, including outside of Africa, and works with them to achieve positive change by paying special attention to industry players and entrepreneurs.

5.3.1.3.1 SUPPORTING BUSINESS AND ENTREPRENEURS

As a local bank present in the regions, 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 – to help create and protect jobs. This support is put in practice across all Societe Generale's retail banking regions.

In France

A DEDICATED SALES STRATEGY

Societe Generale is a player in the business world (start-ups, SMEs and mid-caps), focused on developing local relationships. It therefore aims to become the **leading partner bank** chosen for the quality and commitment of its teams and its offering. To guarantee a long-term partnership, the Group has established a dedicated organisation relying on more than 31 regional business centres, a longer term of office for Business Advisors, and more than 300 Customer Relations Advisors. Moreover, Societe Generale is guided by more than 190 experts to meet specific requirements in terms of cash and cash flow, payroll, employee savings schemes, factoring, international business and investments, and provides its customers with regional Corporate and Investment Banking hubs. In this respect, Societe Generale devotes more than EUR 20 billion every year to financing the economy.

In addition, through its **"Societe Generale Entrepreneurs" sales strategy,** 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 eight regional divisions to better support key stages of the development and transfer of ownership of their business.

SUPPORTING THEIR GREEN TRANSFORMATION

With respect to CSR investments, Societe Generale works with its customers who are SMEs, non-profits and public economic actors to set up financing aimed at accelerating their sustainable transformation. The Group offers **environmental and social loans ("PES")** to support environmentally friendly initiatives, sustainable development and the social role of businesses. Upon providing documentation on the specific nature and characteristics of the subject of financing, customers can benefit from an environmental and social loan with a term of up to 15 years for a maximum amount of EUR 5 million for companies and non-profit associations, and up to 30 years for an uncapped amount for public economy players. In 2021, environmental and social loans granted represented EUR 11.5 million for agreements on temporary occupation (*Conventions d'Occupation Temporaire* – COT; public economy)* and EUR 100 million for companies (*via* a single loan for this amount with the sub-participation of Crédit du Nord during the first 18 months).

SHINE, THE NEOBANK FOR ENTREPRENEURS

In addition to providing full support to its professional customers with two expert advisors – one for professional and the other for private matters – and a simplified bank with a range of digital solutions, the Group has expanded its product offering for professionals by acquiring the neo-bank Shine. **The offer combines a fully online bank account with support in administrative management for entrepreneurs (billing, calculation of taxes and contributions, simplified accounting, etc.)**. Shine has received the international Certified B Corp. label, which recognises its commitment in six areas: environmental performance, social performance, staff, governance, community and customers. The Group markets 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 – without changing banks. As well as their complementarity, the tie-up between Societe Generale and Shine is generating 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. Against this backdrop, in 2021, Shine developed a range of loans designed specifically for self-employed individuals and small businesses. This unprecedented offering has two goals: continuing to simplify entrepreneurs' daily activities through easier access to loans, and promoting a responsible vision of entrepreneurship by supporting businesses committed to an entrepreneurial approach. For the first time, this fully online offering allows self-employed individuals and small businesses committed to improving society and protecting the environment to enjoy a special rate based on a list of predetermined social and environmental criteria, such as conducting a carbon assessment, organising training for greater diversity and inclusion, setting up a responsible sourcing policy, and qualifying for labels like B Corp, Lucie or ISO 26000. Entrepreneurs meeting some of these criteria will benefit from preferential terms. This approach aims to reward the most committed businesses and to motivate others to undertake a similar commitment.

BOOSTING BUSINESS CREATION

The French Retail Banking network is also a partner to 84 local branches of the nationwide non-profit organisation Initiative France. These 84 branches were behind the creation or takeover of a total of 7,034 companies in 2020, thus creating or saving 18,239 direct jobs. In addition to Initiative France's own interest-free loans, Societe Generale Retail Banking in France granted 370 loans for a total of EUR 32.3 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 VSEs and solidarity-based companies secure bank loans. As part of this partnership, Societe Generale funded projects to the tune of EUR 2.5 million as at end-October 2021 (*vs.* EUR 3.7 million in 2020).

Moreover, Societe Generale Factoring offers reverse factoring to mid-caps and large corporations. Reverse factoring (also known as supply chain finance) allows suppliers of large contractors to be paid faster and under better conditions than if they had applied for factoring directly. For large corporates, reverse factoring is one way of being responsible to its smaller suppliers.

STANDING SHOULDER TO SHOULDER IN TIMES OF CRISIS

To manage the health crisis of 2020 and 2021, the Group actively distributed government support schemes to its customers. **Government-backed loans** granted up to the summer of 2021 aimed to help businesses and professionals meet their cash flow requirements to better tackle the **financial repercussions of the Covid-19 pandemic**. These funds are intended to help maintain business and jobs in France. Since 2021 and until the summer of 2022, the Group also distributes **participating loans (*Prêt Participatif Relance* – PPR)** intended to boost economic recovery, with a focus on companies working on development projects and needing to strengthen their solvency. These loans also bolster the Company's financial solidity by providing long-term financing with a structure made up of equity and debt (thanks to its 4-year minimum grace period). They are used for the long-term financing of investments (whether to strengthen and modernise the production tool or for R&D investment) and development projects (digital or energy transition, commercial development in France or abroad, external growth opportunities). This support scheme offers an alternative for companies unable to access market instruments and preferring not to change their governance structure, at an attractive cost on account of the government backing. Lastly, the Group also offers its customers access to recovery bonds ***(Obligations Relance, OR)***, another government-led support scheme. The recovery bonds aim to strengthen the balance sheet of French companies and reinforce the financial position of SMEs and mid-caps to simplify their access to additional financing and help them to bounce back. The bonds have an 8-year term and are repaid in full at maturity.

Societe Generale Assurances has protected its policyholders and supported the French economy with respect to the health crisis by contributing EUR 1 billion to the participating loan and recovery bond schemes, along with EUR 75 million to the insurer investment programme in favour of mid-caps, SMEs and the health and tourism sectors, and by taking extra-contractual and solidarity measures to support the most affected customers (healthcare professionals and staff).

SAFEGUARDING AGAINST CYBER RISKS

Lastly, given that our customers' security is a key priority, Societe Generale launched a new start-up Oppens in 2020. **Oppens advises particularly vulnerable VSEs and SMEs, and helps them to ramp up their cybersecurity** through a digital platform. Oppens is currently the first player in the French market to make comprehensive and tailored cybersecurity expertise available to this client segment. The start-up helps them to better understand the risks and to assess their vulnerability through a simple, personalised process built on three steps:

- assessing their level of cybersecurity *via* a free, online self-diagnosis based on five considerations: password, data protection, raising employee awareness, securing devices, and protecting websites;
- free recommendations based on the priority areas identified during the self-diagnosis;
- support with a catalogue of mainly French and European products and services, selected and tested by Societe Generale experts and distributed *via Oppens.fr*. Oppens can also provide unique solutions, custom-built with its partners, or exclusive packages that are usually only available to large corporates.

Moreover, professional customers can now identify themselves and log into the PRO app by way of Face ID and Touch ID biometric authentication. They can block, lock and unlock their Business cards directly from the app.

CONTRIBUTING TO DEDICATED FRENCH FUNDS

Moreover, to support the Group's 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**. Societe Generale's 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 1,009 million in 2021, an increase of 41% compared with 2020.

Internationally

Small- and medium-sized companies are at the heart of the development process for African economies. They account for 90% of private companies and hire 70% of the rural population. As such, they are essential in driving the emergence of the African middle class and greater access to jobs. SMEs represent two thirds of Societe Generale's African corporate customer base. The Bank is deeply attached to adapting its processes to support them more efficiently and thus better contribute to their success, while also playing a part in the dynamic local economic fabric. This ambition was reflected in the decision to increase its outstanding loans to African SMEs by 60% between end-2018 and end-2022. The achievement of this target was impeded by the effects of the health and economic crisis in 2020 and 2021. By relying on several revitalised systems, however, Societe Generale maintains its ambition to help and support SMEs with a strong growth target for this market by 2025. SMEs are already showing successful results, notably in West Africa, and this encourages the Group to continue its efforts.

This initiative is characterised by the unique concept of SME Centres, with the very first SME Centre opening its doors in 2018. SME Centres are now serving the needs of SMEs and VSEs in eight African countries: Senegal, Burkina Faso, Côte d'Ivoire, Benin, Ghana, Cameroon, Guinea-Conakry and Madagascar. 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.

Alongside various players supporting the development of SMEs, such as AFD-Proparco, Bpifrance, Investisseurs & Partenaires, the Réseau Entreprendre and local players in each country, Societe Generale is eager to launch an initiative pooling the strengths of each player in support of the SMEs. Helping SMEs to organise their efforts to obtain funding, giving them access to comprehensive resources, covering all funding channels and helping them to get training to expand their business are all challenges of the multidimensional, coordinated support provided by the players involved. Accordingly, the Group has already set up several partnerships, such as AFD-Proparco and the ARIZ guarantee, with Societe Generale being the first to use the AFD risk-sharing mechanism on the continent; Bpifrance Université, which has posted online training sessions dedicated to business managers in Côte d'Ivoire and Senegal; Investisseurs & Partenaires; ADEPME in Senegal; the Upgrade Office in Senegal; and the Réseau Entreprendre (partnership in Morocco, Senegal and Tunisia).

HIGHLIGHTS AND MAIN ACHIEVEMENTS IN 2021

Global Finance magazine granted the Best SME Bank Award to Societe Generale Côte d'Ivoire for 2022.

To counter the effect of the health crisis on very small enterprises (VSEs) and small- to medium-sized enterprises (SMEs) in Africa, the Choose Africa Resilience initiative was launched. Its EUR 1 billion budget is funded by the French government and distributed by AFD/Proparco to support African micro-enterprises, VSEs and SMEs affected by the health crisis and meeting eligibility criteria. Through its subsidiaries in Africa, Societe Generale is the leading partner in this initiative. As at end-2021, seven Societe Generale subsidiaries (Burkina, Cameroon, Congo, Côte d'Ivoire, Senegal, Madagascar and Tunisia) distribute loans that are 80% guaranteed by AFD/Proparco as part of this budget, valid until the end of 2022.

Allocated to Societe Generale Mozambique, the EUR 3 million EURIZ portfolio guarantee should allow the Bank to support nearly 90 VSEs and SMEs, as well as 270 jobs in the next few years. Launched in May 2019 with the support of the European Union, the European Development Fund and the Organization of African, Caribbean and Pacific States (OACPS), the EURIZ guarantee aims to provide VSEs and SMEs with easier access to loans, especially in high-impact sectors in terms of economic growth and job creation. VSEs and SMEs owned by women and those operating in the agricultural sector will be targeted as a priority. By supporting women entrepreneurs, this project contributes to the Bank's achievement of the fifth sustainable development goal (gender equality) and the 2XChallenge, an initiative launched by a group of development finance institutions to promote gender equality.

SUPPORTING BUSINESS AND ENTREPRENEURS: KEY FIGURES

	2019	2020	2021
Loan production for SMEs/mid-caps and professionals			
o/w France		*EUR 4.5bn*	*EUR 4.7 bn*
o/w International		*EUR 4.2m*	*EUR 443 m*

5.3.1.3.2 SUSTAINABLE INFRASTRUCTURE AND MOBILITY

Sustainable cities and infrastructure

Today, cities are required to meet several challenges: optimise urban development and infrastructure projects and develop an inclusive, joined-up urban planning approach aligned with environmental and social issues. Societe Generale acknowledges that the cities of the future are facing high stakes; accordingly, the Group is continuing to invest in sustainable cities through innovations in its relevant businesses, notably in real estate.

FOSTERING THE TRANSITION TO SUSTAINABLE CITIES IN FRANCE

Fully committed to investing in sustainable cities, the Group's Real Estate Division (property of the French Retail Banking and Crédit du Nord network, SGFI, Sogeprom, Ville E+, SGIP and SG Real Estate Advisory) hired a CSR manager in November 2020 tasked with organising and coordinating such initiatives.

Sogeprom*, the Group's real estate development subsidiary, is a responsible player committed to reducing its carbon footprint by guaranteeing green building practices and fostering the wellness of its occupants. It also relies on its regional foothold to guarantee the local integration of its building projects, thereby supporting the ambitions of local representatives working to enhance urban areas. Sogeprom focuses on five key indicators that are at once ambitious and achievable: reducing the carbon footprint of its programmes, factoring the circular economy and innovation into its choice of materials, adopting a frugal water management strategy, respecting biodiversity and achieving the highest levels of certification.

By pursuing these goals, Sogeprom 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 the study and building of new homes that meet the needs of individuals and local communities. The real-estate specialist develops mixed-use urban developments and upgrades existing properties using sustainable techniques and materials. Accordingly, Sogeprom measures its carbon footprint and assesses 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. Moreover, a "Low-Carbon Community" of some 60 staff was launched in early 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.). Lastly, 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, while also promoting the wellness and health of users.

To meet the Societe Generale Group's aim to bolster Sustainable and Positive Impact Financing (SPIF), **SGFI,** the French Retail Banking entity specialised in financing business property, has been working since 2018 to make CSR a strategic feature of its customer journey. Positive impact financing concerns both environmental (frugal consumption habits, biosourced materials, respect for biodiversity, etc.) and social aspects (non-profit organisations, regional authorities, health, education, social and affordable housing, disabilities, etc.). More and more of the Group's customers have worked it into their social commitments. SGFI produced EUR 1.201 billion in positive impact financing in 2021, representing 47% of its annual production. Moreover, the real estate sector is responsible for 38% of global greenhouse gas emissions(1); as such, it is one of the main sectors that should adopt an ambitious low-carbon transition strategy. Within this context and in keeping with the Group's commitment to align its portfolio with the targets of the Paris Agreement, SGFI has decided to manage its portfolio on the basis of "energy" (kWh/m^2) and "carbon" ($kgCO_2/m^2$). These are two key components in asset valuation, as included in the Energy Performance Diagnosis (DPE), which will henceforth be collected from customers for each building financed. Over and above its importance in valuing a property asset, the DPE rating will now enable SGFI to assess the carbon footprint of the current portfolio and to define the sales policy to be adopted to gradually align this portfolio with a view to achieving carbon neutrality in 2050. Lastly, to be most effective as a responsible bank, SGFI has included CSR considerations into its due diligence processes for customers and transactions, and carries out awareness-raising and training initiatives for the benefit of its employees. It also ensures that the CSR dimension is incorporated into its sales approach – from customer canvassing through to follow-up appointments – making it a differentiating commercial advantage.

LaVilleE+* is Societe Generale's urban strategic consulting firm, created four years ago as a start-up through an intrapreneurship programme. Committed to building sustainable cities, this start-up supports regional development projects in France and Africa every day, with a view to helping local representatives to address the three following questions:

- How do you build a regional development project with a holistic, overarching approach (rather than a siloed one) based on impact (rather than solutions)?
- How do you make this regional development project inclusive, robust and efficient, working together with stakeholders?
- How do you eliminate the risk of controversy, opposition or appeal proceedings in response to a regional development project?

The team at LaVilleE+ has developed methods and tools to help local communities and their representatives to address these three challenges.

The method is based on the organisation of collaborative workshops approached as "serious games", which aim to leverage collective intelligence through panels (non-mixed) on subjects selected beforehand with the project governance (mayors and their close advisors in most cases), along with the various stakeholders affected and involved (representatives, services, citizens, merchants, associations, and more).

The relevant tools are intended to assess the impact (economic, environmental, social, etc.) of the solutions developed through this joint process and to develop a clear, robust roadmap with tangible targets firmly rooted in the region.

For its part, **Societe Generale Assurances** also contributes to local communities and infrastructure development in France and in Europe. When making property investments, the Group 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 3.4 billion at the end of 2021 (*vs.* EUR 3.1 billion at the end of 2020).

HIGHLIGHTS AND MAIN ACHIEVEMENTS IN 2021

Together with LCL and Arkéa Banque Entreprises et Institutionnels, Societe Generale has granted a green loan of EUR 100 million to INEA, a real estate developer specialised in new office buildings and green building in the regions. This seven-year loan will finance or refinance office buildings meeting at least a performance level of RT2012 -15% (*i.e.* energy use 15% lower than the RT2012 regulatory requirement) and whose energy use is also less than required by the *Éco-énergie tertiaire* (EET) French regulation on office buildings set for 2030 (*i.e.* the obligation for building landlords and occupiers to cut energy use by at least 40% by 2030 for buildings exceeding 1,000 m^2 in size). Moreover, INEA undertakes to reinvest a share of the potential savings secured by this approach into reforestation projects.

Setting up training focused on the real estate sector: the Group's Real Estate Division contributes to developing its employees' CSR culture and skills by way of training sessions that analyse the major environmental and social challenges of the real estate sector (structural regulations, certifications, strategy, etc.).

(1) 2020 UNEP – Global Status Report for Buildings and Construction.

Societe Generale also reiterated its determination to be a proactive player in developing sustainable real estate by joining the *Observatoire de l'Immobilier Durable* (OID, the French sustainable real estate observatory). OID is a renowned non-profit organisation that has become a key CSR player in the real estate sector. Through the Group's membership, the BDDF/IMM entities are able to converse with all market players through working groups on various subject areas (carbon, energy, biodiversity, etc.) and, accordingly, to make a greater contribution to the sustainable transformation of the real estate sector.

In 20201, the Group also furthered its commitment to help finance the Greater Paris project. Active in the real economy, the Societe Generale Group finances the Greater Paris project and contributes to its development through its subsidiaries – whether alongside public or private stakeholders. Its commitment is expressed in three major areas: the public economy – Societe Generale partners with local authorities in the Paris region and with social housing operators; real estate development and urban planning strategic advisory – *via* Sogeprom, the Group 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; specialised financing – by addressing the needs of small, medium and large companies working on Greater Paris infrastructure sites (construction and public works, civil engineering and more), and those of real estate firms (developers and landowners) working on this major transformative endeavour. At the end of 2021, 67% of the EUR 5.5 billion committed by the Group by 2023 had already been contributed.

CONTRIBUTING TO THE DEVELOPMENT OF SUSTAINABLE INFRASTRUCTURE IN DEVELOPING AFRICAN COUNTRIES

Infrastructure financing is a key factor in Africa's development, and Societe Generale has decided to develop a dedicated solution by creating **infrastructure financing platforms** on the continent. Based in Algeria, Morocco and Côte d'Ivoire, these platforms comprise some 50 experts. They aim to deploy Societe Generale's expertise in structured financing in the Group's countries of operation, as close as possible to its customers and their projects. This set-up is complementary to what Societe Generale offers through its Investment Banking teams in Europe. It allowed the Group to increase its financial commitments related to structured finance in Africa, including infrastructure financing by 20% between 2018 and 2021. At end-2021, structured finance commitments totalled EUR 12.1 billion (*vs.* EUR 7 billion at end-2018), enabling the Group to achieve its target. Societe Generale is the leading French bank financing infrastructure in Africa over the last five years. The infrastructure in question covers several sectors, in particular energy, transport, telecommunications, the environment, and healthcare.

HIGHLIGHTS AND MAIN ACHIEVEMENTS IN 2021

In Benin, Societe Generale acted as Joint Sustainability Structuring Advisor and Joint Bookrunner on an innovative EUR 500 million transaction: the first ever sustainable bond issue out of Africa and one of the first in the world. The country opted for bonds dedicated to financing projects with a strong impact on the Sustainable Development Goals (SDG) to support the reforms and investments necessary to ensure that the population has suitable work conditions, an adequate healthcare system, the food and clean water they need, but also access to clean energy.

In Côte d'Ivoire, thanks to EUR 177 million and FCFA 23 billion loan facilities (about EUR 35 million), the Ministry of Equipment and Road Maintenance will finance the rehabilitation of the Eastern Corridor road as well as the construction of four new bridges to enhance commercial trade and the Ivorian population's mobility. The construction work will be completed by 2024. This financing obtained the Positive Impact Finance label.

Societe Generale also arranged a EUR 443 million syndicated loan for Côte d'Ivoire to finance roadworks and water treatment projects. The purpose of this financing is aligned with the National Development Plan of Côte d'Ivoire, which aims in particular to improve the population's quality of life through the development of social infrastructure and basic facilities.

In Rwanda, Bugesera International Airport is expected to start handling 1.7 million passengers a year to reach 3 million passengers by 2030. The new airport will serve as a world-class gateway to Rwanda, with the potential to become a key hub for airlines operating to and from the regional airports of Rwanda and other neighbouring East African nations. The national airline, RwandAir, has already planned to open new routes, including the United States of America, Ethiopia, Mozambique and Angola. This extensive project should allow Rwanda to enjoy a rebound in tourism and business travel. Societe Generale acted as fronting and issuing bank of an advance payment bond, and the Group also acted as participating bank to the issuance of a performance bond.

In Burkina Faso, the Group was mandated Arranger and Lead Bookrunner by the Ministry of the Economy, Finance and Development, acting as lender and agent for the financing and construction of a Regional University Hospital in Gaoua (south-east of the country) and the addition of 300 beds for EUR 83 million.

Sustainable mobility

Societe Generale subsidiary **ALD Automotive*** is a European leader in long-term vehicle lease solutions, with sustainable mobility being the linchpin of its strategy. It furthers this goal through the vehicle technology offered to its customers and the responsible use of said vehicles. ALD's commitments are recognised by the main extra-financial ratings agencies (top 3 in the Business Support Services sector as per Vigeo Eiris, top 3 Sustainalytics, top 5 Ecovadis). These extra-financial assessments recognise ALD's capacity to successfully build environmental, social and governance criteria into its strategy and the day-to-day conduct of its business. ALD has also committed to the Science-Based Targets initiative for the validation of its direct and indirect emissions trajectory.

On the strength of its positioning as facilitator/leader, ALD has a major role to play in supporting its customers to reduce mobility-related emissions by offering a suitable and competitive product and service. ALD is making a strong contribution to the energy transition by supporting customers with an approach guided by TCO (total cost of ownership), an all-in-one solution for electric vehicles including access to smart charging infrastructure (ALD Electric offer available in more than 20 European countries), targeted partnerships, and a global programme dedicated to electric vehicles.

As part of its 2025 plan, ALD has set itself specific targets: the share of electric vehicles[1] in new vehicle deliveries is set to rise to 30% by 2025. And 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. In practice, the efforts made to improve the product offer, growing customer demand and a favourable regulatory environment position ALD ahead of the market, whether in terms of electrification or CO_2 emissions. The share of electric vehicles in new vehicle deliveries in 2021 was 27% at end-September (*vs.* the market average of 14%), already nearing the 2025 target. The continuation of this momentum and the conquest of new growth drivers, such as commercial vehicles (last-mile delivery, in particular), which are essential to vehicle leasing companies, will make ALD one of the leading electric vehicle operators in the world and a major player in the energy transition for new and second-hand vehicles. In the future, the operational vehicle leasing sector will be one of the only channels bringing a considerable volume of recent and more financially accessible electric vehicles (compared to new vehicles) to the second-hand market, thus benefiting society.

Sustainable mobility is not just about vehicle technology, it's also about transforming how we use transport. It requires tailoring our offering to new customer expectations. ALD is investing in new, shared mobility solutions, available on demand or multimodal. Take ALD Move, a mobility-as-a-service app: users can tap into daily advice on the best options for their travel needs (car, public transport, bike). ALD recently acquired share capital in Skipr, which will help accelerate the ramp-up of ALD's solutions in this area.

ALD is also seeking to meet its customers' requirements in terms of flexibility. As such, it has developed ALD Flex, a service providing a broad range of vehicle categories, from compact to light commercial, on demand. Users can select their vehicle by budget, transmission, fuel and CO_2 emissions rating. Fleetpool, the leading German car subscription company and ALD's most recent acquisition, will broaden ALD's capabilities in this new generation of flexible solutions.

Over and above its leasing and fleet management activities, Societe Generale supports sustainable mobility players through dedicated financing. Accordingly, the Group regularly helps its customers to set up infrastructure promoting sustainable mobility, such as public transport solutions.

(1) Electric vehicle = Battery-powered electric vehicle + Rechargeable hybrid electric vehicle + Hydrogen-powered vehicle. Targets set for deliveries of new passenger vehicles for the EU + Norway + United Kingdom + Switzerland.

(2) Average emissions for new vehicle deliveries in the EU + Norway + United Kingdom + Switzerland (CO_2 in g/km - NEDC standard).

HIGHLIGHTS AND MAIN ACHIEVEMENTS IN 2021

ALD Automotive has been chosen as Tesla Group's preferred operational leasing partner in 16 countries across Europe. Tesla's professional customers (large corporates and SMEs) opting for a long-term vehicle leasing solution are directed to ALD Automotive. They can now benefit from a long-term leasing package for passenger cars Model 3, Model Y, Model S and Model X.

Smart, the pioneer in urban mobility, has selected ALD Automotive, the leading vehicle leasing company in Europe, as its exclusive fully digital operational leasing services partner for its new generation of all-electric vehicles. Starting with Smart's new premium compact SUV from Q1 2023, corporates and private individuals will have access to a fully integrated digital leasing offering in Europe. ALD Automotive's full-service leasing packages will be available with flexible durations and mileage for the all-electric vehicles directly on Smart's website and *via* the smart local network.

In 2021, ALD Automotive developed a long-term leasing package for bicycles (ALD Bike) to transition to soft mobility. Based on a full catalogue (+200 models) ranging from urban to folding bikes, including cargo bikes, the ALD Bike solution includes the long-term leasing (36 months) of the VAE e-bike and its accessories, its servicing and maintenance, theft/breakage insurance and assistance. The ALD Bike solution enables companies to further develop their Employer Mobility Plan by offering employees a "company bike" or a "soft mobility" alternative for employees currently using a company car.

In the new area of electromobility, Societe Generale acted as financial advisor and lender alongside the Meridiam infrastructure fund to finance the establishment of a network of fast and ultra-fast electric vehicle charge points across more than 200 Carrefour hypermarkets in France. The EUR 124 million financing, structured by Societe Generale as a green loan with contributions from seven European banks, is one of the very first special-purpose project finance vehicles to develop charging infrastructure. Carrefour and Meridiam will thus offer a full electromobility solution, ranging from 22 kW to 300 kW, to address various user requirements. This network of 2,000 charge points will be powered entirely by green energy. Carrefour's good regional coverage means this charging service will be one the most extensive networks in France, in additional to offering excellent quality, with 56% superchargers. This project is an example of a very practical contribution to the energy transition in France, in the service of regions and their inhabitants.

Rosbank*, the Group's subsidiary in Russia, worked with the City of Moscow to issue a green bond (for RUB 70 billion, or EUR 825 million, with a maturity period of seven years). The funds will finance several projects aimed at reducing greenhouse gas emissions: creating a modern, environmentally friendly transport system; reducing the energy intensity of the Gross Regional Product; creating a full-service solid municipal waste treatment system, etc. The plans for 2021-2023 include the purchase of approximately 1,675 electric buses and the building of 18 stations and 43.8 kilometres of lines, as well as the reconstruction of three stations and four kilometres of underground metro lines. Rosbank acted as a co-arranger of this issue traded on the Moscow Exchange.

5.3.2 APPLYING THE HIGHEST STANDARDS IN CLIENT RELATIONSHIP MANAGEMENT

5.3.2.1 Aiming for the highest level of client satisfaction

Serving the economy for more than a hundred and fifty years, Societe Generale supports 30 million(1) individual customers, businesses and institutional(2) 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 objectives are integrated into its CSR policy. Accordingly, continuous improvement in customer satisfaction, the Net Promoter Score© and the customer experience are all factored into the variable remuneration of the members of the Management Committee (61 people(3)).

In 2021, Societe Generale's team responsible for its customer relationships on social networks was awarded Customer Service of the Year by Viséo Customer Insights. The service provided was audited over a period of six weeks by mystery customers who assessed their conversations on the basis of twenty criteria, including the form and quality of replies received, level of personalisation, tone and response time. The Group obtained the seventh best score for its social network services among more than 150 participants, all categories included.

Measuring client satisfaction

In order to measure and monitor client satisfaction and to identify the practical actions to be taken, Societe Generale has implemented various measurement processes to gain a full overview of the quality delivered and the quality perceived by customers. The Group uses the Net Promoter Score© (NPS), considered an indicator of customer satisfaction and loyalty based on the customer's probability of recommending the Bank, the product or the service used.

Every year, **Societe Generale and Crédit du Nord Group** jointly commission a competitive satisfaction survey by the CSA* research institute, the results of which are taken into account in its improvement initiatives. This survey is conducted on the top ten or eleven banks (depending on the market) and includes an NPS. In 2021, 6,569 individuals, 5,113 professionals and 3,202 corporates were polled. For Societe Generale, the NPS has increased over the last five years for individuals (below the market average) while it continues to lag for professional customers. It improved among corporates amid a particularly strong market. For Crédit du Nord, the overall satisfaction score was stable in 2021 across the three client markets.

(1) Excluding clients of Group insurance companies. A change in methodology regarding the counting of clients in the international banking network occurred which does not impact the change in the number of like-for-like clients relative to 2020.
(2) Excluding clients of Group insurance companies.
(3) At 17 January 2022.

Internationally, a client satisfaction survey (which includes an NPS and competitive surveys) is conducted every year by Ipsos on individual and corporate clients. This is rounded out at KB*, BRD* and Rosbank* by on-the-spot surveys conducted among individual customers after they interact with the Bank to measure their satisfaction level. The Group adapted the schedule in each country to take account of the health situation.

Correspondingly, the NPS of the Group's banks in Central Europe and Russia showed positive trends in 2021 in increasingly competitive markets for both individual and professional clients. In Romania and the Czech Republic, BRD and KB showed significant progress in a context of accelerated digital transformation while Rosbank's score remained stable. In the corporate segment, the Group's subsidiaries obtained very high recommendations and confirmed their leading positions in their markets.

In Africa, the Group's banking network delivered volatile NPS scores, in line with the market in general. In the individual client segment, the score was stable in North Africa, with more moderate recommendation levels in Morocco after a particularly strong year in 2020. Trends were more mixed in sub-Saharan Africa, where the Group's subsidiaries scored above the market average. In the corporate segment, North Africa saw an increase in its score while that of sub-Saharan Africa displayed a negative trend.

Societe Generale Assurances has set up a NPS measurement procedure for its main French and international markets. Its NPS increased in 2021 due in particular to a simplification of the customer experience and the implementation of regular personalised communication at key life milestones.

ALD* has implemented a global NPS measurement mechanism to determine the satisfaction of fleet managers and drivers across 41 countries. Its NPS fell slightly in 2021 but still reflects a high level of customer satisfaction.

SGEF* (Societe Generale Equipment Finance) focuses on a qualitative survey of the satisfaction of its main vendors. Its NPS rose in relation to 2019 (last comparable survey), confirming a high level of vendor recommendation.

For its **Global Banking** segment (large corporates and financial institutions), Societe Generale carried out its seventh satisfaction survey[1] between June and December 2021, which included NPS measurement. In 2021, Societe Generale involved members of the Group Management Committee in this process, by carrying out nearly 150 satisfaction surveys among the Bank's largest clients. The large corporates and financial institutions polled again gave Societe Generale high scores, highlighting strong relationship management, the quality of products and services offered, and the high level of balance sheet commitments with them. They also emphasised the value of the support provided by the Group during the health crisis and its positive impact on their level of satisfaction. Overall, the customers polled represent almost 71% of the Group's NBI from this segment. Finally, themed surveys were conducted among key accounts to understand their expectations and better serve them in areas such as the intensification of digital relationships.

NUMBER OF SOCIETE GENERALE CLIENTS IN FRANCE POLLED ON THEIR SATISFACTION IN LOCAL SURVEYS AND ON-THE-SPOT FEEDBACK

	2019	2020	2021
Individual clients	150,000 (2% of the Bank's client base)	180,000 (greater than 2% of the Bank's client base)	239,200 (approx. 3% of the Bank's client base)
Professional clients	15,000	9,000	11,600
SMEs	3,500	3,000	3,100

5.3.2.2 Protecting clients and their assets in all circumstances

The Group pays **special attention to issues relating to client protection**, implementing strong employee training and awareness-raising initiatives, developing tools and strengthening internal rules related to client claim processing, including on social networks. The processing of a claim is a commercial act that impacts client satisfaction. As such, it is covered in the Group's Code of Conduct.

When an ongoing disagreement occurs with a client, Societe Generale offers them free and direct access to the Customer Relations Department. This has been the case since 1996 (*i.e.* before it became compulsory 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 90 days. A mediation team under the ombudsman's hierarchical and functional authority works for nearly all Group entities in France, with two dedicated websites – one dedicated to Societe Generale and the other to Crédit du Nord and its subsidiaries. Boursorama uses the mediation services of the French Banking Federation - FBF.

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 ombudsman independently of the sales teams are binding on the entities concerned, which have undertaken in advance to comply with them.

The Group has also strengthened its client data protection systems (see Chapter 4.11 Compliance risk, Data protection paragraph, page 257).

(1) *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).*

MAIN KEY FIGURES

	2019	2020	2021
Requests for mediation received by the Ombudsman			
for Societe Generale	*3,148*	*4,458*	*3,358*
for Crédit du Nord	*832*	*1,158*	*995*
Cases processed by the ombudsman, deemed admissible			
for Societe Generale	*379*	*698*	*681*
for Crédit du Nord	*279*	*278*	*215*
Cases processed by the ombudsman, decision made			
for Societe Generale	*250*	*405*	*947*(1)
for Crédit du Nord	*200*	*246*	*280*
Ombudsman response time in case of disagreement (France) *(Nb of days)*	90	> 90	> 90

(1) Change due to a catch-up in the number of cases processed relative to 2021 and to file updating.

For more information on customer protection measures, see Chapter 4.11 Compliance Risk, from page 257.

5.3.2.2.1 DATA PROTECTION AND CYBERSECURITY

In order to comply with the General Data Protection Regulation (GDPR), Societe Generale has significantly strengthened its personal data processing framework, in particular by implementing solid and proven governance, consolidating or implementing a number of processes. The Bank responds to requests to exercise rights, manages violations of personal data and rolls out supplier management procedures, and has strengthened personal data security and data erasure measures within the more general framework of the Group's security policy, and has created processing registers. In addition, the Group's normative documentation has been updated to reflect these changes. Last, the Group Data Protection Officer (DPO) function was created in September 2017 and reports to the Compliance Division.

For more information on this matter, see Chapter 4.11 Compliance Risk, Data Protection paragraph, page 257.

Societe Generale has set up an information security risk management system coordinated by the Security Department. Working in conjunction with the teams of the Resources and Digital Transformation Division, it strives to continuously improve the Information Security Policy and its implementation.

For more information on cybersecurity measures, see Chapter 4.7 Operational risk, Risks related to information security paragraph, page 238 and IT security master plan 2021-2023, page 235.

5.3.2.2.2 THE FIGHT AGAINST CORRUPTION, TAX EVASION AND MONEY LAUNDERING

This information is provided in Chapter 4.11 Compliance risk, The fight against corruption*,* page 261, Anti-money laundering and counter-terrorism financing (AML/CTF), page 259 and Tax compliance, page 260. Societe Generale published a report on its 2020 tax contribution during 2021. This document completes the Group's Tax Code of Conduct and can be viewed on its website at *https://www.societegenerale.com/sites/default/files/documents/2021-07/Report-on-our-2020-tax-contribution.pdf.*

5.3.2.3 A marketing policy that takes the client's interests into account

Societe Generale offers banking products and services suited to the needs of its clients, in compliance with the European and French legal framework.

The responsibility of Group employees with regard to the sale of banking products and services to customers is covered in the **Code of Conduct** (see page 8: *https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/code_of_conduct_eng.pdf*). Stakeholders can view the Code of Conduct on the corporate website. It is based on the four core values that drive Societe Generale and which are shared by all its employees, namely team spirit, innovation, responsibility and commitment. These values were defined out of a shared objective to serve clients by striving to reach the highest possible standards of service and form the basis of our employees' annual evaluations. They are also incorporated into the HR recruitment process.

Every year, a Group-wide extensive training programme on the Code is dispensed to employees in all countries in which Societe Generale operates (see A Code of Conduct underpinned by shared values, page 275). It stresses that the products and services offered to clients must suit their situation and needs to best anticipate their projects and expectations. Societe Generale enters into contracts only with corporate clients whose practices comply with the Group's Environmental and Social General Principles *(https://www.societegenerale.com/sites/default/files/documents/2021-03/Environmental-and-Social-General-Principles.pdf)* or aim to comply with them. The Group has also established rigorous procedures to prevent conflicts of interest.

The Group's employees advise clients and inform them of the terms and risks associated with certain transactions, taking into consideration their level of expertise and their objectives. The Bank's products and services are proposed only after an in-depth meeting with the advisor. For instance, clients can avail themselves of an investment and savings profiling service in their branch which evaluates their profile, taking into account their personal situation, assets, budget, financial expertise and risk profile to propose suitable advisory services and personalised solutions.

In **French Retail Banking**, the Operational Risk Committee (COROC) has added the risk of misconduct to its remit, including tied selling. It examines the root causes and proposes an action plan. The "Client" and "Human Resources" teams send out guidelines on sales targets and appropriate conduct to managers every year, stressing the core concept of responsible sales. Mystery customer visits throughout the year are another tool used to reinforce this policy. To further improve the customer's experience and satisfaction, a customer satisfaction target was added to the sales force evaluation criteria in 2021. A specific internal procedure expressly states 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.

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. The Directive defines three types of clients: eligible counterparties (banks and financial institutions), professional clients (businesses) and retail clients (individuals). Societe Generale has set out a formal policy describing its processes for executing the orders of financial market players. This policy document is presented to investors for acceptance and is accompanied by a best execution obligation.

In accordance with commitments made to the authorities in 2019, the Group has also made efforts to protect financially vulnerable clients by implementing fee capping systems. In parallel, specific training in this regard has been put in place for advisors dealing with vulnerable customers. For more information on the protection of financially vulnerable clients, see the Chapter on Inclusive banking (and the Social and Solidarity Economy), page 316.

Societe Generale has also strengthened its client data protection systems (see Chapter 4.11, Compliance risk, Data Protection paragraph, page 257).

Clarity of information

To ensure transparency, the retail banking service complies with its display obligations by making a pricing brochure available on the website and at all Group branches.

To make contracts easier to understand, 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 has been harmonised to make the legal commitment clearer.

5.3.2.4 Tackling discrimination

In line with its Environmental and Social General Principles, the Group proposes financial products and services to all customers pursuant to French law, which penalises all forms of discrimination (for more information, see Articles 225-1 to 225-4 of the French Criminal Code *(Code pénal)* *https://www.legifrance.gouv.fr/codes/id/LEGISCTA000006165298/* [in French]). These obligations are transposed into the Group's standards documentation (Societe Generale Code) and its Code of Conduct and must be complied with by all permanent and temporary employees. Societe Generale's standards documentation makes specific reference to discrimination and extends compliance with French law to all entities; it states that situations involving the rejection of a client's request may not be motivated by discrimination based on gender, ethnic origin or religion.

In 2021, as part of the measures to raise employee awareness around the rules of client protection and efforts to combat discrimination, a library of the instructions and rules that are in force at national and international level was made available on the intranet for Societe Generale's employees:

- MiFID 2 regulation
- Insurance Distribution Directive (IDD)
- Products and Services offering
- Protection of retail customers
- Conflicts of interest – customers
- Protection of customer assets
- Customer complaints
- Employee compliance

Supporting vulnerable clients

In France, the Group provides a free package of basic banking services in accordance with Article L. 312-1 of the French Monetary and Financial Code (on the right to hold a bank account). Favourable terms are offered to young people on student loans to pay for their tuition, housing, equipment and other requirements. In 2021, Societe Generale renewed its partnership with Bpifrance, offering loans to students who have no income and nobody to act as guarantor for them. The maximum amount of the government-backed student loan offered to students aged under 28 with Bpifrance was EUR 20,000 in 2021 (*versus* EUR 15,000 in 2020) to fund university studies, while the overall amount allocated was doubled. The share of government-backed student loans offered in conjunction with Bpifrance in 2021 to students in technical courses and universities was 37% (*vs.* 35% in 2020). The percentage was 39 (*vss* 41% in 2020) for students in 5-year higher education programmes and engineering schools.

In 2021, the French Retail Banking business galvanised around the "1 Jeune 1 Solution" programme created by the government under its "France Relance" stimulus plan to facilitate employment and inclusion among young people. Around ten recruitment events were organised in France, in Paris, Marseilles, Rennes, Lyons, Strasbourg, Lille, Bordeaux and Orléans. Societe Generale invited ten or so recruitment companies to participate in the events and help candidates with their job search.

Societe Generale also offers the Boost platform involving twelve services specifically designed for clients aged 18-24 who subscribed to its Sobrio package of basic services between 1 July and 31 October 2021. The services cover different themes such as learning a new language, searching for a job or preparing for the driving theory test.

To help start-up clients launch their business, the "devenir entrepreneur" (become an entrepreneur) programme is a unique four-step process aimed at potential entrepreneurs to help them take their first steps. The "start-up" section of the professional clients' web page has been completely revamped and now offers more than 80 pages of educational content for business creators, while the advisory section proposes dedicated e-learning courses and a series of four meetings with the prospective entrepreneur depending on the stage of their project.

In accordance with Article R. 312-4-3 of the French Monetary and Financial Code *(Code monétaire et financier)*, introduced pursuant to Article L. 312-1-3, paragraph 2 of said Code, the French Retail Banking business has developed a system to identify financially vulnerable clients. These clients can sign up to Généris, a day-to-day banking services package designed to help them manage their finances, for just EUR 3 a month. At the end of 2021, 55,831 Societe Generale clients had signed up for the Généris package (*vs.* 57,086 at the end of 2020).

2020 saw the Group introduce a new inclusive offer, Kapsul, targeting clients seeking more independent services on a budget. Available online or in-branch, this new account costs EUR 2 per month with no income conditions and no other account charges. Kapsul clients 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 5,170 clients had signed up for a Kapsul account by the end of December 2021 (3,553 at the end of 2020).

The Group's Boursorama subsidiary also offers solutions tailored to clients experiencing temporary financial difficulties. In 2020, the "least expensive bank in France" for thirteen consecutive years added a new free-of-charge, easy-to-use and educational financial management coaching service *via* its Wicount® Budget account offering. Wicount® Budget helps customers to 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.

PHYSICAL ACCESSIBILITY (PEOPLE WITH DISABILITIES, SENIORS)

The Group strives to ensure that its services are accessible to clients 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);
- bank statements in Braille;
- outfitting: 84% of Crédit du Nord branches and 95% of Societe Generale branches were wheelchair accessible by the end of 2020;
- digital access to the Societe Generale mobile application.

Societe Generale is a signatory to the French manifesto for the inclusion of people with disabilities in economic life *(Manifeste pour l'inclusion des personnes handicapées dans la vie économique)* as part of which it is optimising access by people with disabilities to the Company's digital tools and integrating digital accessibility into the design of information system master plans and the development of digital solutions. Digital access is one of the four thrusts of Societe Generale's policy for the integration of people with disabilities, together with recruitment and integration, training and responsible purchasing. For more information on the manifesto, see *https://handicap.gouv.fr/le-manifeste-inclusion-enclenche-une-nouvelle-dynamique*.

The Group publishes its Multi-annual Accessibility Plan on its corporate website *(https://www.societegenerale.com/sites/default/files/documents/2021-06/Schema-pluriannuel-2021_EN.pdf)*.

5.3.2.4.1 INCLUSIVE BANKING (AND THE SOCIAL AND SOLIDARITY ECONOMY)

As part of its policy on financial inclusion, Societe Generale supports innovative solutions designed to promote sustainable economic development incorporating environmental and societal performance, using a variety of set-ups such as companies, cooperatives, non-profit associations and private individuals.

Financing the non-profit sector in France

Societe Generale has developed close relationships in this sector, thanks to its network of non-profit specialists throughout the country. The Group offers its expertise to some 93,000 non-profit structures of all sizes (representing market share of 7% overall, and as much as 20% in the management association segment) to help them achieve their day-to-day management goals.

Through Societe Generale's social impact 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 the use of funds. For each donation, the Group adds an additional 10% which it pays directly to the association. The scheme has been awarded the Finansol label.

The **French Retail Banking business** plans to offer associations the use of its empty premises. For example, a temporary occupancy agreement was signed in 2021 with the Life Project for Youth organisation which fosters professional and social inclusion of young people living in extreme poverty and who are victims of exclusion: the association does not pay any rent and has occupancy of the premises for up to three years.

Since 2018, Societe Generale has drawn on its **Private Banking** arm and its philanthropic expertise to provide support in different areas to clients looking to adopt a philanthropic approach. As at the end of 2021, nearly 200 clients or families had received support and more than 15 foundations or endowment funds were created. At the same time, the Private Banking business sealed a partnership with Philanthro-Lab[1], a unique space and incubator for philanthropic projects in France.

Moreover, since 2018, Societe Generale Private Banking has set itself apart by launching the first charity structured product on the market. To date, EUR 4 million in accumulated donations have been collected (EUR 2.5 million in 2021) for distribution to non-profit organisations working in the areas of cancer prevention, services for disabled people, services for children and inclusion through housing, and to help combat exclusion among the most disadvantaged.

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. Crédit du Nord's approach is distinctive in that the Bank works closely with the Fondation de France and the client's own advisers (lawyers, notaries, etc.) throughout the entire process, from initial discussions with the client through to creating and investing in a foundation, and 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:

- with Crédit du Nord Private Banking's support, various business clients 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 Marseilles manages the fund's endowment and investments.

Given that such projects are always highly personal to each client, 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 share their experience of setting up a foundation and talk about the support they were given. Crédit du Nord clients 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 its Philanthropy Trophy to this partnership.

In 2021, through its offering of social impact products and services, Societe Generale paid a total of EUR 2.6 million to some fifty French partner associations recognised as operating for the public good (*vs*. almost EUR 2 million in 2020).

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 2021, this partnership resulted in the provision of EUR 18.3 million in credit lines (EUR 14.8 million at end-2020) and EUR 167,000 in sponsorship aid (the same level as 2020). Overseas loan outstandings with ADIE stood at EUR 4.3 million (EUR 3.9 million in 2020).

INTERNATIONALLY

In Africa, back in 2005 Societe Generale had already identified the scope of requirements and the emergence of microfinance in Africa, deciding to support the sector and, through its intermediary, to help boost the local rate of bank account penetration of microenterprises and SMEs which did not have access to traditional banking. Its work in this business sector, which is very specific and differs from that carried out through its retail banking network, takes several forms: from traditional refinancing of microfinance institutions to acquiring holdings in the capital of certain local institutions in Madagascar, Cameroon, Ghana, Côte d'Ivoire and Burkina Faso, as well as acting as arranger for funding deals in the markets.

In its Grow with Africa programme, Societe Generale expressed its resolve to use microfinance as a means to strengthen its work around financial inclusion and made a commitment to double its outstandings between 2018 and 2022. Looking further out to 2025, it reasserted this strategy at the end of 2021 to be present and active in this sector in Africa, both through capital holdings and solid partnerships, and by working alongside professional and responsible players.

The institutions in which the Group has remained a shareholder from the beginning served more than 500,000 clients at the end of 2021, around 20% of whom are borrowers (with an average loan outstanding of less than EUR 2,200).

Today, Societe General's African teams are the partners of choice for microfinance institutions because they can use their experience and knowledge of local players to best meet the needs of these institutions. Despite a challenging market environment, an encouraging level of new inflows were registered in 2021, while the Group's exposure to microfinance institutions in Africa had surpassed EUR 101 million at the end of 2021.

The Group's goal is to leverage this franchise by developing relationships with microfinance institutions and groups that offer sound conditions in terms of profitability, risk and compliance. This involves a three-pronged approach:

1. bolstering the Bank's relationships and role in the financing of robust institutions in Africa by meeting their local debt financing needs (or marginally through capital interests where such an option is useful). This is needed in North Africa where microfinance institutions are not authorised to collect deposits from their clients. Although less structural, there is also a significant need in sub-Saharan Africa, by supporting growth networks (Advans, Baobab, ACEP, Cofina, etc.) or as part of an ALM approach to offset the volatility of deposits through long-term financing. At the same time, the Group will act as a preferred partner for equity financing deals among the subsidiaries or holding companies of microfinance groups;

(1) *Philanthro-Lab is a physical meeting place entirely dedicated to philanthropy. Its missions are twofold: to create an ecosystem for the development of philanthropy and to foster a broader culture of donation and engagement. For more information, see https://philanthro-lab.org.*

2. building a risk management policy around these players and a dedicated mechanism for steering risk-taking and risk management relating to them. Guidelines have been approved on the provision of credit to microfinance operators. These will be accompanied by internal work on the commercial structure, management and the training of sales teams;
3. holding a dedicated workshop to define and implement a compliance framework tailored to the Group's relationship goals.

Societe Generale's anti-money laundering and counter terrorist financing requirements applicable to microfinance institutions will be adjusted based on an internal examination of the laws and regulations governing microfinance within the Group's scope in Africa. The defined standards will be communicated to its microfinance institution clients.

HIGHLIGHTS AND MAIN ACHIEVEMENTS IN 2021

Lumo, the Group's crowdfunding platform opened the second tranche of funding for CEV ("Changeons notre Vision de l'Énergie"), a producer of low carbon, local short-circuit power. Totalling EUR 8 million, this is the biggest crowdfunding venture in France, in accordance with the regulatory limits on this type of project funding. Lumo already obtained half of its overall target amount – EUR 4.1 million – during the first round of funding which opened in June. This funding success is also a triumph for the impact investment platform in favour of the green and social transition: 863 individual investors and more than EUR 4 million collected.

Educational actions, supporting financial education

The Group's subsidiaries actively support financial education, which also helps in combatting discrimination in the distribution of products and services. They make their websites a valuable source of information to help the general public keep up to date with and understand all the latest financial news.

IN FRANCE

With visits to its *boursorama.com* website topping 50 million a month, **Boursorama** is the leading portal for economic and financial news in France. It offers agency news dispatches, economic and stock market information, and budget management content, making it more accessible through a variety of resources: articles, videos, podcasts, fact sheets and discussion forums. It is an undisputed free source of financial education which is at the fingertips of the everyday person, whatever their background.

Boursorama also helps to 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 2021, Boursorama and *Liv'Invest*, in partnership with l'Oréal, organised *BoursoLive*, the first ever online conference on the stock exchange and financial markets open to the general public. During this free event, private individuals, both clients and non-clients of Boursorama Bank, had the opportunity to chat directly *via* chatrooms and video calls with listed companies, asset managers and issuers of financial products (ETF, stock market instruments) to obtain advice on the most appropriate products for them, whether as a first foray into the stock markets or to diversify their portfolio. Complementing the many educational tools and content features on *boursorama.com*, this exceptional three-day event with industry experts helps private individual investors to enhance their knowledge of the stock markets, find out more about risk-taking and invest in a more responsible manner.

Since 2018, Societe Generale's **French Retail Banking** activity has been offering twelve services through its Boost platform which are 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. At the end of 2020, the Group introduced an e-wallet app designed to teach 10–17-year-olds how to manage their pocket money/allowance in a way that is fun, adaptable and reassuring for both parents and youngsters. This 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 such as contactless payment, international use and online purchases.

In 2020, the French Retail Banking activity launched "Le 5' des Experts", a five-minute video programme on all things related to money. Every Tuesday, an expert from Societe Generale spends five minutes answering questions from consumers (mainly individuals but also open to professionals once a month, and sometimes businesses) on subjects relating to lending, saving and insurance. The videos are published on the app (one video a week), on the website page for individual clients under "Nos conseils" (Our advice), and on Facebook and Instagram, and are included in the client newsletters.

Societe Generale **Private Banking** has produced a series of educational videos on "Understanding Responsible Investment" which are available on *www.privatebanking.societegenerale.com*. These are also available on the Spotify and Apple Podcast streaming platforms *via* the "Private Talk by Societe Generale Private Banking" programme.

In 2021, **Societe Generale** began to offer a training module for young clients in responsible digital technology, with an emphasis on the objectives of green IT. It was prepared by the Group's IT experts and is available at *https://careers.societegenerale.com/green-it-program?xtor=AD-122-[lien-masterclass]*. This training module is free of charge for everyone, while students and job seekers can also obtain a certificate of completion free of charge.

INTERNATIONALLY

Rosbank*, Societe Generale's Russian subsidiary, launched a training programme on Java-script for young people with a disability. Some 76 students completed the course, 12 of whom obtained certification. Three participants in the programme obtained a work experience placement in Rosbank's IT Department, while one student was hired by the Human Resources Department.

In Russia, Rosbank* has supported the "Start 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 request 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. In 2021, some 154 requests were submitted from 69 cities in Russia, of which 11 were selected for the programme, which won the Finaward prize in the Social Project category.

In **Morocco**, Societe Generale launched a new offer for parents and children in 2021. The SoGé Banky account can be used by parents to acquaint their children with the notion of financial autonomy, at a low cost, with no risk and while keeping control of the account at all times. The offer comes with a free "pocket money" card for each child. Parents with a SoGé account can also avail themselves of an interest-bearing savings account free of account fees, the funds of which are available at all times.

5.4 SETTING THE EXAMPLE: AN EXEMPLARY FINANCIAL COMPANY

5.4.1 BEING A RESPONSIBLE EMPLOYER

	2019	2020	2021
Group headcount (at end of period, excluding temporary staff)	138,240	133,251	131,293
Full-Time Equivalents (FTEs)	129,586	126,391	124,089
Number of countries	62	62	66[(1)]

(1) Including the new ALD entities in Belarus, Bulgaria, Chile and Peru.

Societe Generale makes its responsibility as an employer towards the Group's 131,293 employees in 66 countries and its social impact a top priority.

Taking measures to ensure well-being at work and promote the diversity and professional development of teams is essential to deepen employee engagement and boost performance. In line with the corporate purpose announced at the beginning of 2020, Societe Generale is committed to five priority Human Resources areas:

- a culture of responsibility based on strong values to foster constructive social dialogue to successfully achieve the Group's structural transformation in an approach based on transparency and dialogue (see the Report on Corporate Culture and Ethics Principles at societe.generale.com);
- a robust approach to anticipating how professions and skills will evolve so that the Group can effectively support employees in their career path and development, and offer them alternative ways of working, such as working from home (see the Report on Professions and Skills);
- a proactive diversity and inclusion policy illustrating the Group's determination 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/responsibility/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);
- 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 and A closer look at preventing psychosocial risks, page 321).

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, page 339 and the Corporate Culture and Ethics Principles report).

5.4.1.1 Governance around key HR risks

As part of its responsibility as an employer and to respect human rights, the Group takes care to prevent and control social and operational risks related to human resources management. This ensures that its operations comply with regulations (labour law, health and safety standards, 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.

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, page 173).

The HR Department and its teams draw on:

- **global policies** in the various HR areas, governing the management of human resources in each of the Group's BUs/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.

The HR Department and its teams are also covered by the Group's risk management and permanent control systems, including:

- **a set of controls on key HR processes** deployed throughout the Group;
- **risk identification and prevention** exercises;
- **business continuity** plans and crisis exercises.

Periodic controls are carried out on HR activities by the Audit and Inspection teams.

5.4.1.2 Risks related to weak management of careers, skills and talent, which affect the Group's attractiveness, performance and employee retention

5.4.1.2.1 MOTIVATING ALL EMPLOYEES TO FULFIL THEIR POTENTIAL AND ATTRACTING NEW TALENT

Societe Generale's people are its greatest assets and a key component of its business model and value creation. Appropriate 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, as well as on its ability to attract and retain talent.

Recruitment policy

Societe Generale's recruitment policy is tailored to the specific needs of its business lines, activities and to the local context. Its hiring processes are consistent and standard across the Group and always include a HR interview to assess the candidate's affinity with the Group's values (see "A Code of Conduct underpinned by shared values", page 275).

The Group is diversifying its recruitment methods drawing on new technological and digital features, in addition to traditional ways of attracting new hires, such as:

- partnerships with target higher education institutions in nearly 59% of the Group's entities, representing 95% 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).

Principles for mobility and filling positions

Societe Generale has expertise across a broad range of sectors and offers employees a host of career opportunities. Twelve principles underpin the Group's policies on internal mobility and filling positions and apply to all entities.

They focus on:

- transparency as regards vacancies, by systematically posting opportunities on the internal job exchange (Job@SG), in 88 entities that use this tool;
- giving priority to filling positions from within the Group; 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 form of discrimination or favouritism.

Employee performance and compensation policy

Employee performance 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 how these operational targets were achieved. Individual employee development is also discussed during the annual appraisal interview and during regular meetings between employees and their manager or HR manager. In France, it is also discussed during the employee interview with their manager or HR manager every year.

Societe Generale has a balanced compensation policy that meets regulatory requirements. Adapted to the economic, social, legal and competitive environment of the markets in which the Group operates, this 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 equal treatment of customers.

The principles governing Societe Generale's compensation 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.

In addition, Group entities offer employee benefits specific to their environment and employee savings schemes in locations in France (representing 43% of the workforce).

Talent management policy

Built around its Leadership Model, Societe Generale implements the **same talent management policy in all its entities,** businesses and regions to optimise and develop the potential of its staff, while deepening engagement to the Group. The aim of the policy is not only to identify, develop and retain high-potential employees and the leaders of tomorrow, but also to ensure the Group has the right managers for key Group positions through succession planning.

In 2021, the Group further strengthened its policy of identifying, managing and developing high-potential talents and future leaders. It:

- reviewed succession plans for the main key positions in the Group;
- managed and tracked diversity targets and commitments (see the Report on Diversity and Inclusion;
- identified and incorporated talents in the Group tool;
- continued to help develop talent, using the tools and solutions set up in 2020 during the pandemic and which are compatible with an organisation that includes working remotely;
- provided support to the HR teams to effectively manage the Group's talent.

(1) The 2018 Compensation Policies and Practices Report was submitted to the ACPR in April 2019 and appears on the Societe Generale website.

5.4.1.2.2 RECAST OUR ORGANISATION, JOBS AND SKILLS

In 2021, the Group reaffirmed its determination to continue the in-depth transformation of its businesses and functions in order to bring about lasting improvements in its commercial and financial competitiveness in a weaker and uncertain economic environment. It also ran a number of projects to adjust its organisation and continued to take a forward-looking approach to adapting skills to changing needs, based on strategic workforce planning, its internal mobility policy and training programme.

Making changes to the organisation while fulfilling our commitments to supporting staff

2021 saw a number of organisational adjustment projects to help improve operational efficiency and structural profitability, while strengthening the customer experience and digitalisation, and complying with the highest standards in terms of risk and compliance.

The project to transform Securities Services, Global Markets and some Central Services (Risk, Compliance, HR and Communication) led to 302 employees leaving of their own accord in 2021, after receiving support to create their own businesses or training leading to qualification.

These departures took place within the framework of the agreement on the development of professions, skills and employment signed in March 2019. Moreover, Societe Generale gives priority to providing alternative employment opportunities in the organisation. Employees affected by this transformation were also offered training and skills assessments, funded by the Group, to help them reskill and retrain for other jobs within the Group. Workshops focusing on preventing psychosocial risks were also organised for the employees within the scopes most impacted by the transformation, together with close monitoring by HR.

The planned merger of Crédit du Nord and Societe Generale brands (VISION 2025) illustrates the Group's ability to look ahead and reinvent its business model to stay abreast of changing customer needs and developments in the economy and society as a whole.

This merger is also the ideal opportunity to accelerate delivery on the Group's CSR commitments and to stand by its promises as a responsible employer, which include firm commitments to provide support for employees under the VISION 2025 plan.

The first commitment is to complete the merger **with no compulsory redundancies** by focusing on natural attrition and offering alternative employment within the organisation.

The second is to provide support for each and every employee throughout the project. To do this, a tailored **employee support programme** has been drafted and is being negotiated with the trade unions. In addition, regular and consistent communication on the key aspects of the proposed merger explain why this new bank is being created and what it sets out to achieve. The team organised roadshows with general management throughout France to meet employees and answer their questions.

As with any transformation, building the new bank will be underpinned by a major **training programme, upskilling, managerial support** and **change management support**. Developing and upgrading skills are particularly important to address the challenges of recalibrated business models, changes to the businesses of both banks, staff reclassifications and new IT tools and processes. The newly-created **Skills Academy,** based on an analysis of the impacts of the transformation by employee group, will offer the most relevant support possible matched with the needs of employees and managers. Training programmes will start in 2022. More than EUR 100 million is earmarked for staff training and upskilling over the period, which is three times the budget usually allocated for the same period.

Establishing **a shared culture** for the new bank is another priority. The staff of Societe Generale and Crédit du Nord will be treated on a strictly equal basis for all appointments, job moves and promotions.

The Group will also play close attention to employee engagement and psychosocial risks. Risk management and prevention has been strengthened and measures taken to raise awareness amongst HR officers and managers. The Bank listens to its staff and has systems in place to measure employee engagement and their experience in the workplace. Local managers play an essential role, since they are in daily contact with staff.

The proposed disposal of Societe Generale's asset management activities to Amundi is in line with its savings strategy to form partnerships with external asset managers to offer investment and asset management solutions to clients.

The transaction involves transferring all the personnel assigned to this activity. As a responsible employer, the Group has made sure that these employees are joining a major player in the market with bold and ambitious goals to drive the future growth of this business.

Support measures have been introduced to help managers and employees through the transition period. They include group support sessions led by internal and external coaches, digital breakfast meetings, regular presentations on Amundi's businesses providing the opportunity for staff to project themselves into their new environment, communications about the HR implications of the transfer and a health **phone line** for staff.

(See the report on Professions and Skills).

Robust strategic workforce planning

Societe Generale aims to ensure the organisation has the right skills to reach its goals in the medium and long term. To prevent risks associated with a talent shortage or mismatch, **qualitative and quantitative Strategic Workforce Planning (SWP) is in place in all our locations worldwide.** Rolled out across all the Group's key businesses, SWP covers 95% of Societe Generale SA's employees in the core businesses in France, and is being phased in at the Group's other locations (in Asia, the United States and elsewhere). In France, strategic workforce planning is governed by a social agreement signed in 2013, and renewed in 2016 and in 2019, which aims to match HR policies, particularly in terms of training and filling positions, to the skills required to meet the Group's strategic challenges. SWP provides employees with the means to gain and maintain employment and is organised into three stages:

1. defining a qualitative and quantitative target for the skills the Group needs in the medium to long term to deliver on strategic goals;
2. assessing and mapping the skills available to the Group;
3. identifying the gap between the current situation and the target to put in place the right levers (training, internal mobility, recruitment, etc.) and action plans to bridge this gap.

Societe Generale's approach to skills mapping is a voluntary one that puts the employee first and gives them an active role in developing their career and employability. It is based on two skills self-reporting tools: “Mondiag” for the French Retail Banking businesses, and “ACE” (*Appétences, Compétences, Expériences* – or Aspirations, Skills & Experience) destined for the entire Group. Today, more than 63,500 employees worldwide have access to these tools (see Professions and Skills Report).

Phased deployment of initiatives specifically targeting career support and employability

In 2021, the Group rounded off its internal mobility policies with initiatives to ensure BUs/SUs have the talent they need and to help employees build and constantly upgrade their skill sets to be agile enough in response to rapid change and to seize career opportunities. N**ow, all Corporate Division employees can not only apply for vacancies advertised internally, but also be offered opportunities within the Group by a recruiter manager**. The ACE self-reporting platform is an essential tool for managers and recruiters to match employees’ skills with talent needs and quickly identify the profiles that meet their requirements. After a pilot in 2020 and roll-out in Corporate Departments in 2021, the Group intends to extend the initiative across the organisation.

At the same time, the Reskilling Initiative was scaled up in 2021. Kicked off in 2020 in consultation with business experts, Reskilling combines professional training from the Group’s training catalogue with theoretical content delivered by academic partners. **As its name suggests, the Reskilling Initiative aims to offer employees the opportunity to reskill and retrain in growth areas or where there is a shortage of talent.** Some 149 employees participated in the programme in 2021 (an increase on the 40 or so in 2020) as the Reskilling initiative plays its part in ensuring the Group has the skills it needs for the digital revolution and to manage the consequences of the pandemic.

Rich range of training opportunities to help build the key skill sets of the future

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.

DELIVERING A CSR TRAINING PLAN FOR ALL EMPLOYEES

A dedicated CSR training programme for all employees was launched in mid-2020 by the CSR Department and the Human Resources Department and rolled out in BUs/SUs and countries. It is based on four pillars:

1. **Developing a common, cross-business CSR culture.**
   - New modules have been added to the line-up of digital training available to all staff, structured around a number of key topics: climate change and biodiversity, responsible digital technology and ESG analysis. There are around 30 modules in all, and some offer certification when successfully completed.
   - The Group ran climate awareness and education workshops attended by more than 2,000 employees in France and abroad. This training was delivered by in-house personnel trained to lead these collaborative workshops as part of the *Fresques du climat* drive to teach people about the essentials of climate change.
   - **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.
   - French Retail Banking put together a special module on Societe Generale’s CSR strategy for its staff. 17,000 employees completed the module.
2. **Implementing Environmental & Social (E&S) risk management.**
   - The e-learning course was originated in 2020 to “raise awareness of environmental and social risks” and train target audiences to implement the CSR normative framework and, in particular, to take account of E&S risks in the Group’s activities. The module has been translated into nine languages and distributed widely in the BUs/SUs to more than 40,000 employees in 2021.
3. **Offering expert modules to the sales functions to reinforce customer support on energy transition.**
   - The training course focusing on the challenges of the energy transition, which was developed and delivered in 2020 to some of the Group’s sales functions (in Global Banking and Investor Solutions), was switched up to a Group programme with a very wide audience. In addition, all Group employees had the ability to register for live presentations. In all, some 10,000 people from 12 BUs/SUs signed up for this programme.
   - Societe Generale also offers two training programmes on factoring ESG criteria into financing and investment activities: ESG certification offered by the SFAF (the French association of financial analysts) and the EFFAS (European Federation of Financial Analysts Societies), as well as a SFAF course that does not offer certification. To date, 54 employees have earned certification in this field.

4. **Promoting a cross-business approach and the re-use of expert modules within the Group.**
   - An initial inventory of all CSR expert modules in the Group's BUs/SUs and countries was conducted in 2021 to broaden access for many as possible. Training courses were also converted to digital formats in 2021, working with the Risk Division in particular, to leverage the expertise available in the Group.

CAREER, SKILLS AND TALENT MANAGEMENT RISKS AND THEIR POTENTIAL IMPACT ON THE BANK'S EMPLOYER BRAND, PERFORMANCE AND ATTRITION: KEY INDICATORS

At Group level	2019	2020	2021
% of positions filled through internal mobility	58%	63%	56%
% of employees on permanent contracts changing jobs per year	18%	15%	14%
Number of training hours taken by Group employees (in millions)	4.0	3.0	3.7
Average number of training hours per employee	26.9	20.3[(1)]	26
% of employees having completed at least one training course during the year	90%	85%	88%
Number of employees on permanent contracts who had an appraisal interview	113,000	108,947	106,687
% of the workforce on permanent contracts	93%	93%	94%
The Group's payroll expenses (in EUR billions)	9,955	9,289	9,764
Rate of voluntary staff turnover (permanent contracts)	8.2%	6.2%	9.4%
Turnover rate, excluding Russian, Indian and Romanian subsidiaries	5.7%	4.2%	4.4%

(1) *The number of training hours dispensed and amounts spent on training were impacted by the unexpected health crisis at the start of 2020. Face-to-face training modules were suspended at the start of the crisis. The Group adapted and transformed its programmes and offered new remote training alternatives to maintain the employee training programmes.*

To tackle high staff turnover (partly attributable to local employment patterns), the Group's subsidiaries in some locations, particularly in Russia, India and Romania, have launched targeted HR actions to improve employee engagement and retention. Actions focus on benefit packages, working conditions and career progression.

5.4.1.3 Risks related to non-compliance with internal social regulations and rules and poor working conditions

The Group must comply with various regulations regarding labour law and, more broadly, human rights (compensation 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 expose it to 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 the Company's compliance with any regulations that affect human resources management processes (health and safety standards, duty of care, General Data Protection Regulations, MiFID II Directive, etc.);
- maintain a labour relations climate that is favourable to interactions with the Group's stakeholders (in particular employee representative bodies and employees) 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 the health and safety of persons in the workplace and in the exercise of their work.

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).

5.4.1.3.1 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** covering all staff (see the Group's Duty of Care Plan, page 346). In line with the 2015 agreement on fundamental freedoms and the right to organise, this new agreement includes additional commitments on:
  - preventing misconduct,
  - countering discrimination and promoting diversity in all human resources management processes (a subject already introduced in the initial agreement),
  - maintaining a working environment conducive to health, safety and satisfying working conditions for all employees.

  Regular discussions are held with UNI Global Union on the agreement and the application of these commitments. In addition, an annual follow-up meeting is held between UNI Global Union representatives, the Bank's CSR and Human Resources Departments, and representatives of the Group's trade unions. Several meeting were held in 2021, the most recent in November;
- **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 compensation and employee benefits (in 56% of the entities that signed agreements), working conditions, labour relations practices and equality at the workplace. In 2021, 157 agreements were signed within the Bank, covering 62% of the workforce (compared with 161 in 2020).

5.4.1.3.2 PROMOTING THE HIGHEST STANDARDS OF CULTURE & CONDUCT AND APPLYING AN APPROPRIATE SANCTIONS POLICY

Societe Generale is extremely vigilant when it comes to complying with regulations, internal rules and procedures and the ethical principles governing its business activities. The policy framework includes:

- **a Group policy on inappropriate conduct in the workplace,** introduced in 2019 with the aim of preventing and countering any conduct that contravenes the principles enshrined in its Code of Conduct, especially any form of bullying or sexual harassment. It encourages awareness-raising actions on misconduct, in particular through training for managers and Human Resources teams, and reminds employees that the perpetrators of such acts will be subject to disciplinary measures that may entail the termination of their employment contract (see report on Corporate Culture and Ethics Principles);
- **a whistleblowing framework**, set up for the entire Group, allows an employee or external and occasional co-worker to report a situation of which they are 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 the Group's Duty of Care Plan, page 339 and A Code of Conduct underpinned by shared values, page 275);
- **a global disciplinary policy** published in 2019 formalises the principles and best practices in relation to 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 transposed in all Group entities into operating procedures and supplemented by a list of disciplinary actions. The key indicators are communicated to General Management.

5.4.1.3.3 PROMOTING EQUAL EMPLOYMENT OPPORTUNITY AND DIVERSITY

Societe Generale has a range of policies, actions and processes to promote equal opportunities and diversity, 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. It aims to create the conditions for an inclusive organisation offering equal treatment, through various fields of action:
  - fight against all forms of discrimination,
  - communicate, raise awareness, train,
  - create a work environment and management that is conducive to inclusion,
  - champion diversity and inclusion at governance-level within the Group;
- **sponsorship** at the highest level of the organisation, led by Diony Lebot (Deputy Chief Executive Officer);
- **a Diversity and Inclusion Committee,** with members from the Business and Services Units Management Committees. Its main mission is to define the Group's diversity and inclusion aims and guidelines as well priorities on a yearly or multi-year basis;
- **a special team** tasked with promoting diversity and inclusion through a network of sponsors to roll out the Group's commitments in the Business and Services Units in France and in our international locations;
- **ambitious targets,** including a gender equality target of increasing the number of women in senior management positions to 30% by 2023;
- **even more robust public commitments in 2021:**
  - signing charters to foster gender diversity: *#JamaisSansElles, Financi'Elles* and Towards the Zero Gender Gap,
  - signing the *Autre Cercle* Charter (a French non-profit promoting an inclusive workplace for LGBT+ professionals),
  - signing the new Parenthood in the Company Charter,
  - taking part in the first diversity survey conducted by *Club 21^{e} siècle*, an organisation formed to promote diversity at all levels of society, to measure social and cultural diversity at the top echelons of France's large corporates;

- **in addition to our commitments in prior years, through:**
  - signing the Women's Empowerment Principles in 2016,
  - signing the ILO's "Global Business & Disability" Charter in 2016,
  - supporting the UN's guiding principles on the fight against LGBTI* discrimination in 2018,
  - renewing the global agreement on fundamental rights with UNI Global Union in 2019, the collective agreements signed with trade unions in **France**:
    - 2020-2022 three-year agreement promoting the employment and professional integration of people with disabilities,
    - an agreement on gender equality in the workplace;
- **practical management, awareness and training actions** (see below, Focus on diversity in the Company).

The Duty of Care Plan also includes a focus on the risk of discrimination at work (see the Group's Duty of Care Plan, page 339).

FOCUS ON DIVERSITY IN THE COMPANY

With more than 131,000 employees of 141 nationalities working in 66 different countries, and with 57% of its employees working outside of France, Societe Generale reiterates 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:

- monitoring indicators in respect of women and international employees, *i.e.* their representation within high-potential pools and succession plans, promotions, pay rises, grades and classes, etc.;
- more collegiality in the appointment of senior executives (see Chapter 3.1.5 Diversity policy within Societe Generale", page 96);
- 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:

- a "diversity and inclusion" playlist available to all Group employees *via* the e-learning platform;
- awareness campaigns aimed at all employees on why diversity and inclusion are important and the impact of unconscious bias;
- development of inter-generational cooperation through specific programmes, reverse mentoring and focus groups.

The Group's commitment to diversity is also evident in:

- including questions on diversity and inclusion in the Employee Satisfaction Survey to gauge their experience and introduce targeted actions to make our environment more inclusive;
- support for in-house employee networks working to promote inclusion (Women@SG, WAY, Pride&Allies, etc.).

Staying with diversity and inclusion, 123 entities covering 98% of the Group's workforce are implementing local actions to strengthen gender equality, 78 entities covering 87% of the Group's workforce are carrying out local actions to support employees with disabilities, 55 entities covering 73% of the Group's workforce have actions under way for employees aged 50 and over, and 70 entities covering 85% of the Group's workforce are working to promote inclusion and professional integration. For more information, see the Report on Diversity and Inclusion.

5.4.1.3.4 GUARANTEEING HEALTH AND SAFETY AT WORK AND 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 the office layout plans and the ergonomics of the workstations;
- awareness-raising and preventive actions to ensure physical and mental health at work;
- recommending regular medical check-ups for all employees, in accordance with local regulatory requirements;
- incorporating a set of commitments on health, safety and working conditions into a global 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).

The Group's longstanding commitment to offer the best possible working conditions by:

- **ensuring a minimum level of social, health and welfare protection for all its employees worldwide**. To date, nine out of ten employees benefit from a supplementary company health or personal protection plan, and one of the objectives set by the Group is that each employee should have coverage amounting to two years' salary in the event of death;

- a **safety and security master plan,** prepared by the Security Division for France and provided to international branches and subsidiaries as best practice, in addition to the safety and security rules that apply in their locations;
- **continuous monitoring of risks** that may have an impact on people's health and safety as well as social risks (see Focus on the prevention of psychosocial risks, below), and targeted prevention actions to reinforce the safety and security culture in the Group.

  The management of risks related to health, security and personal safety is included in the Group's Duty of Care Plan on human rights and the environment (see the Group's Duty of Care Plan, page 346);
- **a Life at Work programme that promotes well-being in the workplace.** Launched in 2015, the Life at Work programme breaks down into six topics: individual and collective efficiency; health and prevention; remote working and new organisational models; the 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 raft of measures to make the workplace and working conditions better,** either through this programme or in addition to it. They include a charter on work-life balance, a flexitime policy, making changes to the workspace, etc. (see the Report on Occupational Health and Safety);
- **the opportunity to support partner organisations** through skills sponsorship programmes (see the Report on Corporate Culture and Ethics Principles).

A CLOSER LOOK AT PREVENTING PSYCHOSOCIAL RISKS

Societe Generale established its general policy on preventing psychosocial risks several years ago as part of its ambition to provide a safe and healthy working environment for all employees.

This policy is applied by:

- all Business Units and Service Units, which are tasked with raising awareness and ensuring employees have good working conditions. BUs and SUs can draw on the tools available from the Group's Human Resources Department;
- managers, who receive custom support when they are affected by reorganisation plans. They are trained to detect and handle warning signals;
- employees considered to be vulnerable to direct them towards the right supports and help them get back to work.

Psychologists are also available for employees, in addition to the support available from the Occupational Health Department. The objectives of the Group's policy on psychosocial risk are:

- provide time for employees in complicated situations to talk and be listened to by an external psychologist;
- help employees to resolve specific problems, possibly by providing support and guiding them towards appropriate solutions.

The Group offers training in preventing psychosocial risks for employees, HR personnel and managers.

As most people were working from home in 2021, Societe Generale took practical steps to identify, assess and prevent this type of risk:

- providing employees with a kit to help identify psychosocial risks remotely;
- raising awareness about psychosocial risks and what resources are available for the HR function to mitigate them;
- webinars on the risks of an excessive workload, isolation and stresses that come with working from home.

Stress prevention initiatives are conducted in 118 Group subsidiaries and branches, covering 94% of Societe Generale's 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 Russian subsidiary Rosbank set up online psychological support for its employees and their families.

As the pandemic has upended our lives and changed how we work and how work is organised, the Group has stepped up its commitments to protecting the health and safety of its staff, notably by:

(see the Report on Occupational Health and Safety)

- **introducing remote working in 130 Group entities.** Triggered by the Covid-19 crisis, the Group successfully implemented group-wide working from home for all compatible positions. In January 2021, General Management signed a Remote Working Agreement with the French trade unions. The agreement entered into force on 4 October 2021 and stipulates that working from home is now a working arrangement available to all employees (*i.e.* whether on permanent or temporary contracts, interns, work-study participants or new hires). The agreement defines the principle and sets two days of remote working per week as the standard. Each BU/SU will decide how many days a week its employees can work from home, and will be able to increase or decrease the number depending on the activity involved. In implementing this agreement, the Group's entities adhere to all principles of equality, rules on working hours, the right to disconnect, and health and safety requirements for staff working from home. Alongside this agreement, the Group also rolled out preventive 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 remote working;

- **measures to protect employees' health during the pandemic**, following the guidelines issued by the World Health Organization, the directives issued by the French authorities and recommendations applicable to the local context:
  - a Crisis Management Committee to coordinate measures across the Group, overseen by General Management. It is tasked with ensuring employees are protected and supervising the application or lifting of lockdown restrictions according to the local situation,
  - informing staff about the public health measures in place, in accordance with government guidelines,
  - offering vaccination to employees in Societe Generale's medical services in France,
  - e-learning modules for personnel in France on Covid-19 and how to protect themselves and others;
- **steps to ensure optimum, safe working conditions for hybrid working:**
  - informing employees about information security and cybersecurity risks and the precautions to take,
  - strengthening measures aimed at providing psychological, medical and social support for employees (remote consultation, tailored psychological, direct lines to occupational health and social services),
  - workshops on managerial transformation as part of the Life at Work programme to guide managers in setting up hybrid working.

FOCUS ON THE EMPLOYEE SATISFACTION SURVEY

Societe Generale measures employee engagement through the Employee Satisfaction Survey, an annual and anonymous internal survey conducted throughout the Group in France and abroad.

Employees are asked to freely give their opinion and impressions on a range of topics related to corporate life. All answers are strictly confidential.

Shared with employees, the results serve as the basis for action plans and working groups, where necessary, in the spirit of continuous improvement.

The 2021 survey looked at the following topics:

- engagement, according to an indicator monitored since 2009;
- working conditions;
- Culture & Conduct;
- diversity and inclusion.

Here are some of the key findings from this year's survey:

- the employee engagement score was 66%, up 3 points on the 2020 figure. This can be notably attributed to an upturn in the employee satisfaction indicators regarding decisions taken by Societe Generale's Management team (63% *vs.* 56% in 2020);
- pride in belonging to Societe Generale came in at 76%, underscoring that employees are proud to work in the Group (*vs*. 75% in 2020);
- 89% of employees think that their manager encourages ethical and responsible behaviours (*vs.* 88% in 2019).

Since 2018, the members of the Group Management Committee have set shared collective targets including the employee engagement rate, which is measured by the Group's Employee Satisfaction Survey (see Report on Performance and Remuneration).

KEY INDICATORS LINKED TO RISKS RELATED TO NON-COMPLIANCE WITH INTERNAL SOCIAL REGULATIONS AND RULES AND POOR WORKING CONDITIONS

	2019	2020	2021
Number of different nationalities within the Group	136	137	141
% of non-French employees	56%	56%	57%
Number of collective agreements signed with social partners	205	161	157
% of workforce covered	66%	64%	62%
o.w. focused specifically on health and safety	*15*	*13*	*27*
% of women on the Group Strategy Committee (Top 160)	19%	21%	25%
Absenteeism rate(1)	3.5%	4.6%(2)	3.5%
Number of occupational accidents	747	524	570
% of the workforce targeted by prevention and information campaigns on health	98%	99%	99%
% of the workforce targeted by prevention and information campaigns on safety	98%	98%	98%
Number of employees able to work remotely(3) worldwide	32,000	54,700	77,671
% of the workforce benefiting from measures to promote work-life balance(4)	84%	87%	89%
Engagement rate	64%	63%	66%
Number of employees involved in the Group's initiatives to support the community	21,476	3,626	12,459
Number of days that employees devoted to initiatives to support the community	20,430	15,397	20,141

(1) 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) 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 multiplied by 365).

(2) The change in the absenteeism rate in 2020 was chiefly linked to the increase in the number of days absent for other reasons. Owing to the health crisis, employees had specific indemnities related to child care or due to health reasons requiring them to remain at home that were supported by the Group.

(3) Excluding remote working under the Business Continuity Plan.

(4) Any agreement, measure, action brought to foster work-life balance of employees as defined by the Charter of the "15 work-life balance commitments" which Societe Generale has signed.

5.4.2 BEING A RESPONSIBLE PURCHASER: THE POSITIVE SOURCING PROGRAMME

The Sourcing Function plays an important role in implementing the Group's CSR strategy. It helps give tangible form to our values and strives to ensure the Group's social and environmental commitments are achieved. First launched in 2006, Societe Generale's responsible sourcing policy is broken down into action plans over several years and involves the entire value chain, from expert partners to buyers and suppliers.

The Sourcing Division's 2021-2023 Positive Sourcing Programme (PSP) follows on from the 2018-2020 PSP. This sixth action plan will consolidate what has been gained thus far, working around two main priorities:

- the CSR Duty of Care Plan;
- promoting positive impact sourcing strategies.

In support of the plan, the Group's normative documentation (the Societe Generale Code) on responsible purchasing actions defines the measures to manage E&S risks.

Societe Generale's Sourcing practices are part of a continuous improvement process and in line with the rules of conduct and ethics applicable to purchasing annexed to the Global Agreement on Fundamental Rights with the UNI Global Union (see Being a responsible employer, page 314).

Implementing the PSP is also a Group commitment for 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, which is underpinned by ISO 20400: 2017 – Sustainable Procurement, attests to a company's commitment to establishing sustainable and balanced relationships with its suppliers.

When it signed the Responsible Supplier Relations Charter, Societe Generale was one of only four large French companies – and the first bank – to be awarded certification in 2012, which was renewed for a further three years early in 2019.

5.4.2.1 Improving E&S risk management during the sourcing process

5.4.2.1.1 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.

Identifying E&S risks related to products and services: risk mapping

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. It identifies four risk levels, from low to high. The categories identified as representing the greatest risk include those related to building work (renovations, interior outfitting and construction work), waste management, as well as some categories related to IT equipment (such as mobile phones and workstation equipment).

Identifying E&S risks related to suppliers: Know Your Supplier (KYS)

In May 2020, the Sourcing Division reinforced the measures it had put in place in 2016 to monitor certain suppliers and manage the risks of corruption and reputational damage. The KYS process was extended to all suppliers representing significant sums or sensitive purchases for the Group. It now routinely conducts KYS checks at the outset of the business relationship as well as periodically over the contract term, in line with the supplier's risk level. Data protection is ensured by analysing the personal data involved in these measures ahead of time. What is more, supplier contract templates include the personal data protection stipulations required by law.

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 conducts an assessment.

Assessing E&S risks related to products and services: Inclusion of CSR criteria in calls for tender

Based on the risks identified through E&S risk mapping in the sourcing process, the Sourcing Division (and the entire international Sourcing Function for high-risk categories) includes CSR criteria specific to each eligible purchasing category in its calls for tender. These criteria are weighted in the final choice of supplier according to the level of risk identified. Adapted to suit an international context, they are now available for use throughout the Group.

Assessing E&S risks related to suppliers: extra-financial evaluation

A non-financial evaluation is required to assess the CSR performance of suppliers under contract, those accounting for large purchase volumes at Group-level or representing the brand. The audit is conducted by an independent third party on their environmental and social performance, business ethics and subcontracting practices.

RISK MITIGATION

Sustainable Sourcing Charter and CSR clauses in contracts

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/construiredemain/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.

The reciprocal commitments set out in the Charter are based on the fundamental principles of the United Nations Global Compact as regards human rights, working conditions, the environment and countering corruption.

A CSR clause is included in all standard contracts used by the Sourcing Division in France and by the function 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 with respect to human rights, working conditions (health and safety), the environment and the fight against corruption (see Chapter 4.11 Compliance Risk, section Anti-corruption measures, page 256).

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 2021, it approved action plans as a result of four supplier audits implemented with the Bank's peers in 2020. Action plans and remediation actions are currently being monitored with suppliers.

Training on E&S risks

Within the Sourcing Division, the contribution to CSR performance through the implementation of the Positive Sourcing Programme is part of the job descriptions of buyers and their managers. For categories involving high CSR risks, individual operational objectives have been set. When they take up their positions, buyers follow a Sustainable Sourcing training course, included in the in-house onboarding training for new hires.

By end-2021, all the Group's professional purchasers in France and in 16 other countries had received training on responsible sourcing and E&S risk management tools.

In addition, the Group's short awareness-raising motion-design video, made in 2020 to present its sustainable sourcing programme, was made available to all employees that are occasionally involved in purchasing on the Group intranet.

5.4.2.2 Developing positive-impact sourcing

Three priorities have been defined for the 2021-2023 Positive Sourcing Programme and in line with the Group's CSR ambition:

- 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 most recent survey started in December 2021. Action plans based on the findings will be set in motion in 2022;
- the Social and Solidarity Economy (SSE): the Group continues its efforts to support SSE initiatives to the tune of EUR 12.4 million in expenditure in 2021;
- climate: Societe Generale joined the UN-convened Net-Zero Banking Alliance (NZBA) in 2021. It is committed to cutting carbon emissions by 50% between 2019 and 2030 by reducing energy consumption in its buildings, for IT and by rethinking the use of flights and cars for business travel. The Sourcing Division will advise Group entities and help manage air/car travel to steer them towards meeting these targets;
- the Group is also banning single-use plastics from the workplace by 2025, and sooner if possible in some regions.

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.*

	2019	2020	2021	Target
Total Group purchasing	EUR 6.1bn	EUR 5.5bn	EUR 5.9bn	N/A
Proportion of suppliers under contract within the target scope that had a non-financial evaluation by an independent third party	77%	80%	89%	90%
Average invoice payment time (weighted by amount)	33 days	31 days	27 days	30 days
Proportion of calls for tender in high-risk purchasing categories that included CSR criteria	94%	100%	99%	100%
Average weighting of CSR criteria in the tender process	14%	14%	14%	N/A
Expenditure directed to SSE structures	EUR 12.9m	EUR 10.1m	EUR 12.4m	EUR 10m
Proportion of purchasers trained in sustainable sourcing	100%	100%	100%	100%

More detailed information on all indicators here: *https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/corporate-social-responsibility-group-key-figures.xlsx.*

5.4.3 BEING A COMPANY THAT CARES ABOUT THE ENVIRONMENT

5.4.3.1 Direct impact of the Group's business

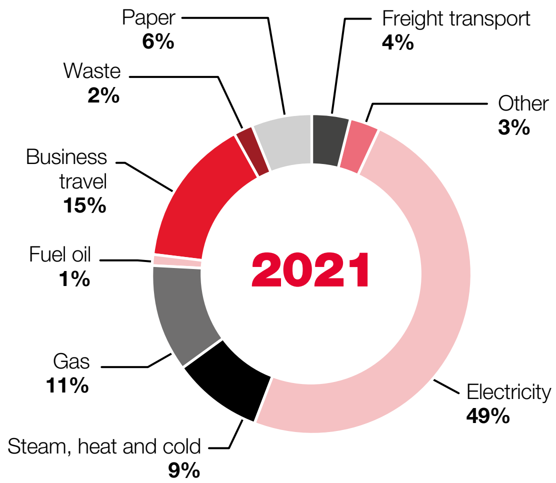
5.4.3.1.1 MANAGING CO_2 EMISSIONS

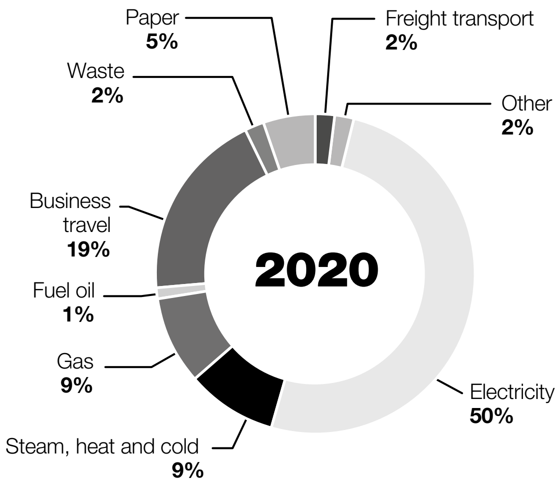
Societe Generale looked deeper in 2021 into reducing its own direct emissions, based on the Net Zero Emission by 2050 (NZE) scenario. The analysis reviews the major sources of the Group's emissions (energy for buildings, IT, air travel and fleet of cars) and showed a binding pathway for the Group to reduce carbon emissions by 50% (in tonnes of CO_2 eq.) in the period 2019 to 2030.

The main levers identified concern:

- energy: use more renewable energies and reduce energy consumption post-pandemic in line with new ways of working (remote working, reducing the Group's building footprint);
- air transport and fleet of cars: travel less and make business travel greener (use cleaner travel options, for example by switching company cars to electric vehicles, using more efficient routes or airlines);
- IT: the Group keeps a very sharp eye on its IT carbon footprint and has a special programme in place to reduce it, CSR by IT (see the section on the Responsible Digital Charter, page 284 and on Information Systems and IT infrastructures, page 327).

BREAKDOWN OF THE GROUP'S DIRECT CO_2 EMISSIONS IN 2021 AND 2020





Transport of goods, including transport of funds

		2019	2019 recalculated[(1)]	2020	2020 recalculated[(1)]	2021
Overall Group carbon footprint	T CO_2 eq.	298,517	292,741	221,691	221,829	190,939
Carbon footprint per occupant	T CO_2 eq./occ.	2.12	2.38	1.82	1.81	1.55
Scope 1[(2)]	T CO_2 eq.	26,722	26,722	23,195	23,999	24,415
Scope 2[(3)]	T CO_2 eq.	142,294	143,791	116,642	118,495	110,981
Scope 3[(4)]	T CO_2 eq.	129,501	122,228	81,854	81,363	55,849

(1) *Change in method explained in the Methodology Note, on page 331 and a change in scope witwh new consolidated subsidiaries (Chile, Colombia, Peru, Bulgaria).*
(2) *Scope 1 covers direct emissions related to energy consumption and fugitive emissions of fluorinated gases.*
(3) *Scope 2 covers indirect emissions related to energy consumption (external electricity, steam and chilled water).*
(4) *Scope 3 covers GHG emissions from all office paper consumption, business travel, transport of goods, energy consumption of data centres hosted in France and waste since 2017. In addition to satisfying a clear and firm demand from its stakeholders, the Group's consideration of its direct environmental impact is also a key factor in employee engagement and a source of innovative solutions.*

Historical data were recalculated following the change in methodology. For further details see "Methodology note", page 331

What the Group is doing to protect the environment

INTERNAL CARBON TAX AND THE ENVIRONMENTAL EFFICIENCY AWARDS

An annual carbon tax is levied on each of the Group's entities, based on their greenhouse gas emissions (EUR 25/tonne CO_2 eq. in 2021, up from EUR 10 before). The proceeds of the tax go to rewarding the best initiatives within the Group to reduce its direct environmental impact and generate savings (see *https://www.societegenerale.com/en/news/all-news/internal-environmental-efficiency-awards-encourage-change*).

Since the pandemic derailed plans for the 2020 Environmental Efficiency Awards – although the Group carbon tax was still levied – the 2021 awards cover the best initiatives in both 2020 and 2021. Savings in 2020/2021 amounted to EUR 17.8 million, 13.5 GWH and 21,700 tonnes of CO_2.

AN ECO-SCORE INTRODUCED FOR PURCHASING IN FRANCE TO HELP DECISION-MAKING (PURCHASE OF PROMOTIONAL ITEMS)

To inform decisions on whether or not to work with some suppliers, the catalogue of promotional items for French entities now includes an "eco-score". In addition to the Group's rigorous supplier quality and sustainability requirements (see Being a responsible purchaser: the positive sourcing programme, page 323), an expert has assigned a score to each item representing its environmental and social impact.

The score is calculated based on seven criteria: provenance of the products, raw materials used, type of marking and ink, how recyclable it is, durability, packaging, labelling and the standards it meets.

5.4.3.1.2 RESPONSIBLE USE OF RESOURCES

Renewable energies

Societe Generale is committed to the energy transition. All the Group's Corporate Centre buildings in France have been powered by renewable electricity since 2015, through Guarantees of Origin and the Power Purchase Agreement (PPA) signed in November 2019 for 27 GWh/year, which came into force on 1 January 2021 for three years.

In July 2021, Societe Generale and Crédit du Nord signed a new PPA to supply the Group with green energy directly from a wind farm in France. The two-year contract will cover 20% of the branch network's annual electricity needs as of 2022. The aim is not only to guarantee a fixed tariff for the contract term, but also to provide traceability on the source of the power and to support the development of made-in-France renewable energy by offering power generators a guaranteed revenue over several years. What is more, the deal will shrink the French branch network's electricity carbon footprint by 76% – a cut of 874 tonnes of CO_2 per year.

Societe Generale and Crédit du Nord also signed their first guarantee of origin agreement in 2021 to supply renewable French biomethane gas to power the 545 branches equipped with gas boilers. This three-year contract will reduce the French branch network's gas carbon footprint by 80% per kWh, which equates to 4,341 fewer tonnes of CO_2 emitted per year. The agreement will support the renewable energy sector in France and help to develop the biomethane sector in France and Europe.

ALD Automotive announced that all of its French-based sites will be powered by French-sourced wind power from 1 January 2021 (guaranteed by an independent third party), under its Move 2025 strategy to put sustainability at the heart of what it does.

In the international market, the Group's subsidiaries are also on a green trajectory using a range of levers, such as better energy efficiency in buildings and optimising their real estate footprint. Several of the Group's international subsidiaries have also embarked on the process of obtaining energy efficiency certificates for some of their buildings, such as in Romania, Germany and Luxembourg, something more of our European subsidiaries are doing.

Others, located in Africa, generate their own energy through solar panels installed on their buildings (Ghana has been doing this since 2015) or by equipping their bank branches or independent branches (in Algeria, Morocco and Côte d'Ivoire) to produce enough power to meet all or part of their electricity needs.

Real estate (optimising the Bank's buildings: surfaces, technologies and accessibility)

Moving beyond energy supply, Societe Generale is also intent on continuing to make its buildings more energy efficient.

French regulations (Decree on reducing energy consumption in service sector buildings, July 2019) require users to reduce building energy consumption by 40% by 2030, compared with 2019. The Real Estate Division has set up an energy pilot programme to achieve this ambitious goal for buildings larger than 1,000 sq. m.

For corporate centre buildings in the Paris region, carbon emissions have been cut to 30 gCO_2 per kWh.

The French Networks have set up a system to monitor consumption of utilities at Group sites, 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.

As the Group intensifies its CSR efforts, the Real Estate Division is working with all sites both in France and abroad to improve building energy efficiency.

The Real Estate Division's 2021 -2025 programme to manage the changes to corporate buildings and workspaces to keep pace with remote and hybrid forms of working that emerged during the pandemic illustrates its active embrace of Societe Generale's transformation. The programme seeks to provide answers for BUs/SUs as they grapple with three issues: the need for performance, combined with the challenges of providing clients and staff with a seamless digital experience and the changes to jobs and how we work. The division also works with international entities interested in embarking on similar programmes. Key points include:

- responding to changes in the French Retail Banking business and the customer relationship model, digitalisation and automation of operations, and reconfiguring the layout of Bank branches;
- adapting business premises to factor in the needs of the disabled;
- using materials and equipment that are compliant with the latest standards, and eliminating 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 approximately 5,000m^2 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 Real Estate Division regularly works with contractors from the sheltered employment sector, in particular for facilities management services (removals, cleaning, etc.).

Information systems and IT infrastructures

Societe Generale has a long-standing commitment to responsible digital technology. Since signing the Sustainable IT Charter in 2019, the Group has drafted an official policy with its IT Departments that focuses on nine key goals. This "CSR by IT" policy was rolled out in 2020 and 17 working groups formed. Its goals cover the entire life cycle for IT systems and data, from design right through to the end-use of digital services. The Group is working on introducing standards for IT architecture and project management, defining KPIs to assess its 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 round out these measures (see also the Responsible IT Charter, page 284).

In addition, the IT Departments in France have initiated their own campaigns:

- designing a calculator to measure the carbon footprint of the Group's IT system;
- migrating legacy datacenters to new-generation, more energy-efficient datacenters in France and in international locations;
- gradually introducing green energy to power its IT infrastructures;
- reducing digital waste through two complementary partnerships:
  1. giving a second lease of life to IT equipment for which the Bank no longer has any use. In France, end-of-life equipment is sent to Recyclea in the supported and sheltered employment sector, under a 2019 agreement. Where possible, equipment is reconditioned for resale to other companies within France and throughout Europe. Any items that cannot be reconditioned are sent for recycling in France,
  2. purchasing reconditioned devices. In 2019, Societe Generale partnered with a French SME to offer its employees telephones reconditioned in France;
- promoting recruitment of people with disabilities through two parallel initiatives:
  1. integrating and supporting employees with disabilities, with assistance from *Mission Handicap*,
  2. sourcing from businesses in the supported and 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 and sheltered employment sector,
  3. making the Group's digital services accessible.

The priority in 2021 was on developing modules and formats specifically dealing with responsible digital technology to raise awareness and train IT function staff.

Travel

French Retail Banking launched Mobility Transition in 2020, an initiative to green its fleet of cars, which accounts for 60% of Societe Generale's entire fleet. It has three aims:

- comply with new government regulations designed to push carmakers into producing greener cars. One of the main pieces of legislation is the Mobility Law[1] (LOM);
- fit in with the overall CSR strategy to shrink the Group's impact on the environment;
- optimise costs.

Three engine types were chosen after studying the data – electric, hybrid and petrol. The type of vehicle depends on need (distance and usage analysis) and priorities. Lease terms have been extended from 48 to 60 months. Under these new rules, the Group ordered 47 electric cars in December 2021. From a financial perspective, reducing the fleet and switching to greener vehicles will save Retail Banking's vehicle budget around 9% in operating expenses over the period 2021-2022.

With more electric vehicles comes the need for more charging points. Retail Banking is in the process of a call for tenders for large-scale installation of charging points at its branches in France. Optimisation of the fleet should be complete by 2023 with all diesel engines phased out.

In another pilot to encourage cycling, French Retail Banking installed a shared electric bike station (only in Marseilles for now), using a solution offered by ALD Automotive and its partner GREEN ON.

Remote working

A growing number of Group entities are trialling remote working, with more than 77,671 individuals worldwide working from home under normal circumstances (compared to 54,730 in 2020) – an increase of 42% on 2020.

	2019	2020	2021
Energy consumption			
2025 target: reduce consumption by 35% compared with 2014	-19%	-30%	-32%
Total energy consumption *(MWh)*	687,590	589,750	580,777
Total electricity *(mWh)*	512,122	441,984	421,823
Share of green energy in Group electricity consumption *(%)*	48.9	50.5	52
Real Estate			
Group real estate *(m^2)*	4,000,000	3,250,000	3,170,788
Corporate centre buildings ISO 50001 certified (number)	22	22	21
Mobility			
Km travelled by all employees	423	272	201
Raising awareness on responsible use of digital services			
No. of employees who took the Responsible Digital MOOC (short version developed in 2020 by the Institut du Numérique Responsable (INR), a French think tank)	N/A	N/A	10,900[2]

(1) Drafted by the Ministry of Transport, the Mobility Law (Loi d'Orientation des Mobilités, LOM) overhauls France's December 1982 transport rules. Its aim is to improve transport links and make everyday mobility easier for all. Achieving these aims means new regulations on using different forms of transport: cars, bicycles and mopeds, public transport, etc.

(2) At 31 January 2022.

5.4.3.1.3 WASTE MANAGEMENT

The circular economy

Societe Generale intends to reduce consumption and waste of resources and is also taking steps to cut down on food waste.

Tackling food waste

In 2019, Societe Generale signed the Charter against Food Waste and joined the non-profit *La Défense des Aliments* to team up with other companies from the business district to tackle the scourge 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 2021, *Le Chaînon manquant* collected over 534 kg of food (*vs.* 2,000 kg in 2020) and used it to distribute 1,068 meals (4,000 in 2020). In the majority of cafeterias, the remaining waste is then sorted and methanised. The Group also works with a third non-profit, *Phenix**, to cut 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. In addition, three more cafeterias at La Défense and Val-de-Fontenay followed the Societe Generale cafeteria's lead and signed up for the Too Good To Go app in 2021. Employees can use the app to buy reduced-price salads and sandwiches left over after the lunch rush. 897 meal baskets were sold in 2021 under this partnership.

In France, the requirement to sort bio-waste at source has been brought forward to 31 December 2023 under new legislation. But, without waiting for this deadline, the Group has already acted to introduce measure to process and reuse bio-waste. Since September 2020, all leftovers from the Group's cafeterias at La Défense have been composted by *Les Alchimistes*[(1)] (specialist in the collection and composting of organic waste). It produced 18 kg of compost from 100 kg of food waste. Located close to collection sites (no more than 10 and 15 km away), *Les Alchimistes*' teams collect the waste from the Group's canteens in electric vehicles. Last year, it collected 50 tonnes of waste and generated 9 tonnes of compost.

Paper

Societe Generale has reduced paper consumption (the main consumable used by service activities) by a range of measures in place across the Group, including good printing practices, moves towards digital rather than paper resources, and using recycled paper.

A Societe Generale representative sits on the Board of Directors of CITEO, a not-for-profit company formed from the merger between *Eco-emballages* and *Ecofolio* that promotes the circular economy.

Societe Generale is increasingly digitising its product offering to make its services greener, more practical and more economical. French Retail Banking customers with life insurance or individual personal protection policies now have the option to go paperless and receive secure online statements and due date notices on their website for private customers. To get the paperless system up and running Retail Banking offered customers the option of digital statements and documents. 43% of life insurance and individual personal protection policyholders said yes. Groupe Crédit du Nord introduced paperless for its customers in December 2019. It is estimated that the move could amount to savings of more than 2 million letters to French Retail Banking and Crédit du Nord customers every year.

In another innovation for its customers, Societe Generale launched its first debit card made from recycled materials in 2021. French Retail Banking features the Smurfs for the card, echoing the United Nations' Small Smurfs Big Goals Campaign (to call attention to the 17 Sustainable Development Goals).[(2)]

These exclusive new Visa Evolution, Visa and Visa Premier cards in the Planet Smurfs Collection are made from 85.5% recycled materials and offered to individual customers. (They use recycled PVC so there is no extra cost involved).

This new manufacturing process could be extended to all Societe Generale cards. The Group's new services reflect its commitment to protecting the environment and these recycled PVC cards are part of a responsible approach to managing bank cards:

- made in France according to the strictest standards;
- limited quantities to avoid overproduction;
- eliminating a lot of correspondence, using recycled paper and developing online services;
- waste collection, recycling and recovery system with certified partners.

Waste management

The Group strives to minimise the direct impact of its waste on the environment through recycling. Selective sorting in five streams (paper and cardboard, metal, plastic, glass and wood) is widespread in all Societe Generale branches and central buildings.

To encourage employees to sort their waste, individual waste bins are no longer provided in the new flexible workspaces in Corporate Centre buildings. Recycling sorted by category in "print corners", kitchens and cafeterias are essential to improving waste management in these buildings. 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).

All the waste sorted in Corporate Centre buildings in 2021 was recycled, including paper (newspapers, sheets of paper, ads, boxes), plastic bottles, paper cups, cans, glass, wood, bulky equipment and furniture items, and, since September 2020, bio-waste from the cafeterias in Tours Societe Generale at La Défense.

For the most part, non-recycled waste (which includes surgical masks under government recommendations) is converted to energy in incinerators for use in urban heating.

The Group is also spreading the word amongst employees about the importance of steering clear of plastics and using recyclable materials. In November 2021 it committed to banning single-use plastics from the workplace by 2025, and earlier if possible, depending on location.

(1) See more information (in French) on Les Alchimistes here: https://alchimistes.co/valorisation-biodechets-compostage/.

(2) In 2017, the United Nations kicked off its Small Smurfs Big Goals Campaign to encourage the general public to buy into the 17 Sustainable Development Goals adopted by the 19 UN member states in 2015. For more information, see https://www.un.org/press/en/2017/envdev1775.doc.htm.

Furniture

As how we work changes with more remote and hybrid working, the Group Real Estate Division is tasked with transferring occupants and outfitting workspaces in the Paris region. It is responsible for the supply and management of furniture (offices, meeting tables, chairs, cupboards, lockers, cloakrooms, etc.) for buildings according to entities' needs.

When a new furniture bid is selected, the old furniture is stored until it can be used in new office layouts. But, some items do not meet the standards for new layouts.

In keeping with the Group's CSR policy and to reduce storage costs, the Real Estate Division offers office furniture in good condition, which has been checked and reconditioned by an external company, to employees to set up a home office, following the new agreement on remote working. Items in large quantities, like cabinets, were passed on to brokers, professional resellers specialising in these second-hand markets (850 m^3 were offered for resale in 2021). Items in smaller quantities were donated to organisations in the *Talents & Partage*[(1)] network. Any obsolete items that could not be sold were collected for recycling by *Valdelia.*[(2)]

Reduction of digital-related waste

For more information on this issue, see Information systems and IT infrastructures, page 327.

	2019	2020	2021
Waste management			
Waste production *(in tonnes; including methane gas production)*	14,653	11,633	9,402
Total waste recycled *(tonnes)*	8,432	5,224	3,950
Total paper[(1)] *(tonnes)*	8,978	6,506	5,713
Proportion of paper recycled	44%	41%	42%
Reduction of digital-related waste			
Items recycled by Recyclea	30,000	47,615	40,488

(1) Including office paper, documents for customers, envelopes, account statements and other types of paper.

Please refer to *https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/corporate-social-responsibility-group-key-figures.xlsx* for all indicators.

(1) Talents & Partage is a community outreach group formed in 1994 by Societe Generale employees and retired employees. For more information (in French), see https://talents-partage.org/.

(2) Valdelia is a non-profit environmental organisation approved by the French Ministry of the Ecological and Solidarity Transition formed on 31 December 2012. It is responsible for organising the recycling of end-of-life business fixtures and furniture. For more information (in French), see http://www.valdelia.org.

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 *(www.societegenerale.com/en)* and other Societe Generale communications, as well as the Group's Integrated Report in respect of financial year 2021 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. Part of the quantitative and qualitative data was provided by the Planethic Reporting tool, used to standardise collection of information on management and monitoring indicators. Reporting is coordinated by the Group's CSR Department, which reported to the Group Corporate Secretary at 31 December 2021.

The Group regularly organises 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. New protocols were drawn up in 2021 and include indicators designed to offer a more precise assessment of the extra-financial risk factors identified as being the most material to Societe Generale.

5.5.2 DATA COLLECTION

The following data collection methods were used for the reporting scope:

- for social, environmental and business 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 (Sustainable Development Department) at Group level, who carry out the final checks prior to consolidation;
- the Group's Sustainable Development Department collects other data directly from the CSR officers for each core business or from the relevant division (Sourcing Division, Risk Department, 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 2021 to 31 December 2021 (12 months), with data taken as at 31 December 2021.

Environmental data

Quantitative indicators are calculated for the period running from 1 October 2020 to 30 September 2021 (12 months), with data taken as at 30 September 2021.

5.5.4 CSR CONSOLIDATION SCOPE

The entities included in the reporting scope satisfy at least one of the following criteria:

1. 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;
2. entities in which SGSA holds a controlling interest of at least 20% but less than 50% and over which SGPM has significant influence as regards management and financial policy; in particular, entities whose management team has been appointed by Societe Generale and whose activity is regularly monitored by the Group's core businesses.

The CSR consolidation scope included 154 companies within the Group's financial consolidation scope at 31 December 2021.

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 2021 indicators were selected with a view to satisfying the legal and regulatory requirement for the Group to present a consolidated declaration of extra-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 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 total number of paid days' leave (sick leave, parental leave or other types of leave, such as for bereavement, moving house, getting married, looking after a sick child, as well as any unjustified absence*) to the total number of days paid, expressed as a percentage. It is counted in calendar days and calculated on the basis of the total headcount (workforce present multiplied by 365).

Data were collected on 131,293 employees. Societe Generale therefore estimates the coverage – i.e. where at least the data on occupants and surface area were provided – to be approximately 100% 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 131,293 employees. Societe Generale therefore estimates the coverage – *i.e.* where at least the data on occupants and surface area were provided – to be approximately 100% 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 2019-2021 are given in the table of quantitative data published on the Group's corporate website.

Reported data for previous financial years do not correspond to data adjusted for changes in scope.

5.5.9 ENVIRONMENTAL DATA: GENERAL RULES

Environmental data are calculated on the basis of invoices, direct readings, information received from suppliers and estimates. The reported data is managed 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);

* *Unjustified absence = when an employee misses work but their line manager agrees, exceptionally, not to dock their pay.*

- with a view to continually improving data reliability, qualitative questions (requiring answers in the form of written comments) are used to identify the various data scopes 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 Sustainable Development 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, as at 30 September 2021.

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 at 30 September 2021.

Methodology changes.

In 2021, the Societe Generale Group decided to review its methodology for calculating its carbon footprint in connection with car travel:

- until 2020, the Group had calculated the resulting emissions based on the distance travelled, multiplied by an emissions factor for each country defined according to manufacturer's data on g/km of CO_2 emitted;
- this changed in 2021 and the calculation is now, wherever possible, based on the actual fuel consumption (in litres), multiplied by a single emissions factor for the specific type of fuel used (as provided by ADEME*). If the data needed to perform this calculation is not available, then the previous method (distance travelled multiplied by an emissions factor for each country defined according to manufacturer's data on g/km of CO_2 emitted) is used and an uplift applied.

	Unit of measure	Jan-Dec 2019	Jan-Dec 2019	Jan-Dec 2020	Jan-Dec 2020	Jan-Dec 2021
			New method Car travel		New method Car travel	New method Car travel
CARB19C: CO_2 emissions due to business travel by car	tCO_2e	24,865	17,320	22,465	22,158	23,435

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, transport of goods, waste, and energy consumption of French data centres.

CO_2 emissions are calculated according to the GHG Protocol.

5.5.11 MAIN MANAGEMENT RULES FOR SPIF AND SPI INDICATORS

In order to support clients in their sustainable transformation initiatives, the Group has devised two measurement standards to follow up action plans:

- 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 SPIF and SPI indicators began in 2018 and was broadened in 2019, 2020 and 2021 with the aim of gradually including as many of the Group's businesses and regions as possible. The following methodology choices 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 clients;
- outstanding managed overall according to SPI criteria by Group entities;
- advisory activities, client 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, 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)

5.5.11.2.1 ANALYSIS FRAMEWORK

The SPIF framework is based on the UN's Sustainable Development Goals *(https://www.un.org/sustainabledevelopment/sustainable-development-goals/)*, but there are no specific impact measurements imposed for each SDG.

Various filters are used to ensure stringent selection of SPIF activities as regards:

1. compliance with the three pillars of sustainable development (economic, environmental and social):
   - financing of a dedicated project satisfying social and/or green guidelines, or financing of counterparties who primarily pursue activities contributing to the environmental transition and/or management of the common good (such activities must represent more than 50% of their overall business) and inspired notably by the SDGs,
   - an E&S risk approach which, in accordance with the commitment given in the Group's Duty of Care Plan (see page 346), complies with the environmental, social and human rights risk mapping conducted. This internal mapping serves to ensure that any financing with major negative externalities is excluded from SPIF-labelled commitments and that the Bank adheres to its ESRM obligations resulting from regulations or volunatry commitments made by the Group,
   - a financial analysis that takes into account the sustainability of the counterparty's operations by monitoring internal rules of engagement;
2. external guidelines: work on the green taxonomy by the European Commission's high-level expert group (HLEG), which will continue to be fed into the Bank's analysis process, as will the frameworks defined by the European Investment Bank (EIB) and the UNEP-FI. NB: as a co-founding partner of the Positive Impact Finance Initiative coordinated by the UNEP-FI, Societe Generale has developed an analysis of this methodology, which it uses for dedicated transactions in the global banking segment (Global Banking and Investor Solutions). On that score, the scope of activities used in the methodology was broadened in 2021. Following the publication of the EU green taxonomy, the SPIF framework was widened to include taxonomy-eligible activities which were previously out of scope. In addition, on back of the introduction of legislation on the energy consumption of new buildings in France ("RE2020"), financing activities for new housing in mainland France were also added to the SPIF framework. Information on the resulting increase in SPIF volumes is detailed in footnote (2) under the Main Key Figures table on page 295.

5.5.11.2.2 EXCLUDED ACTIVITIES

The guidelines on social commitments and contributions to the common good are not exhaustive. On health, for example, the guidelines used 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 pursued within a very specific positive-impact framework.

SPIF is a far more restrictive concept than that of financing the real economy.

5.5.11.3 Sustainable and Positive Investment (SPI)

ANALYSIS FRAMEWORK

To be considered SPI-compliant, investment products must meet one of the following criteria:

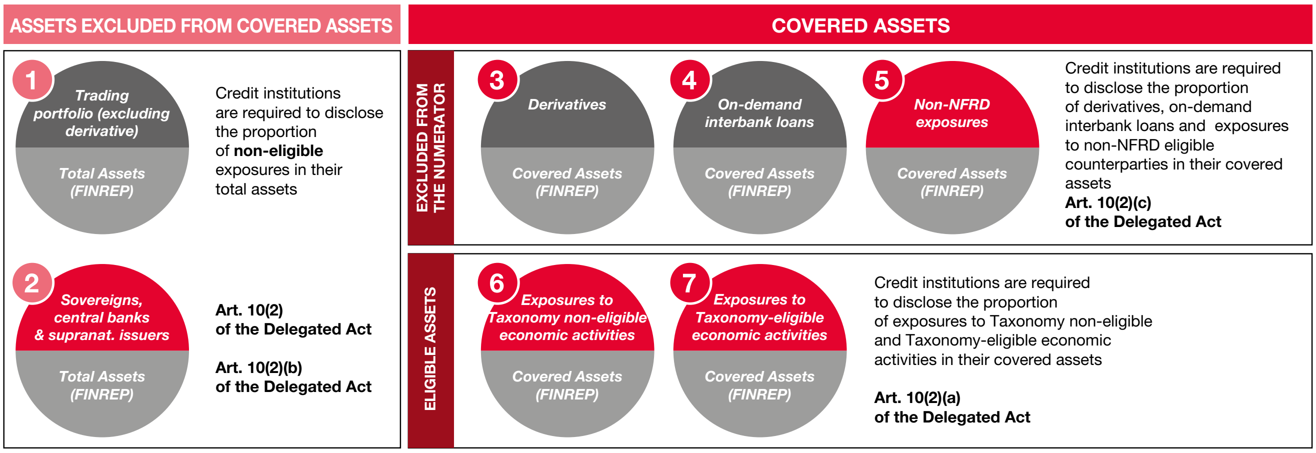
1. structured products put together with an ESG selection (positive impact and/or exclusion) that filters out at least 20% of the eligible investment universe;
2. investment products involving Articles 8 and 9 of the SFDR* regulation;
3. investment solutions for which Societe Generale commits to holding on its balance sheet an equivalent value in Positive Impact Finance assets or loans to counterparties with a high rating based on the ESG Research team's criteria (see structured notes or cash investment products for corporates);
4. products with a "solidarity" or "sharing" component, involving return-sharing or a donation, or risk-taking on the amount invested, of more than 20%.

NB: these guidelines have been developed by the Asset Management, Private Banking and Markets teams and by Societe Generale Assurances. They have been prepared with reference to existing market guidelines.

The advisory, proxy voting and ESG reporting services offered by Societe Generale Securities Services are mentioned but not included in SPI production.

5.5.12 PERFORMANCE INDICATORS AND QUALITATIVE DATA TO IMPLEMENT THE EU TAXONOMY REGULATION

Under the **EU's Non-Financial Reporting Directive (NFRD), transposed into French law through the Declaration of Extra-Financial Performance (DEFP)**, credit institutions are required to report annually on the alignment of their activities with the EU Taxonomy, based on the scope of their prudential consolidation. Although these reporting requirements will not fully enter into effect until 2024, credit institutions must **report on certain indicators from Q4 2021. This includes, in particular, disclosing the proportion of Taxonomy-eligible financing in their portfolios.** The following diagram details the regulatory reporting requirements for Q4 2021.



Numerators in grey are based on FINREP aggregates

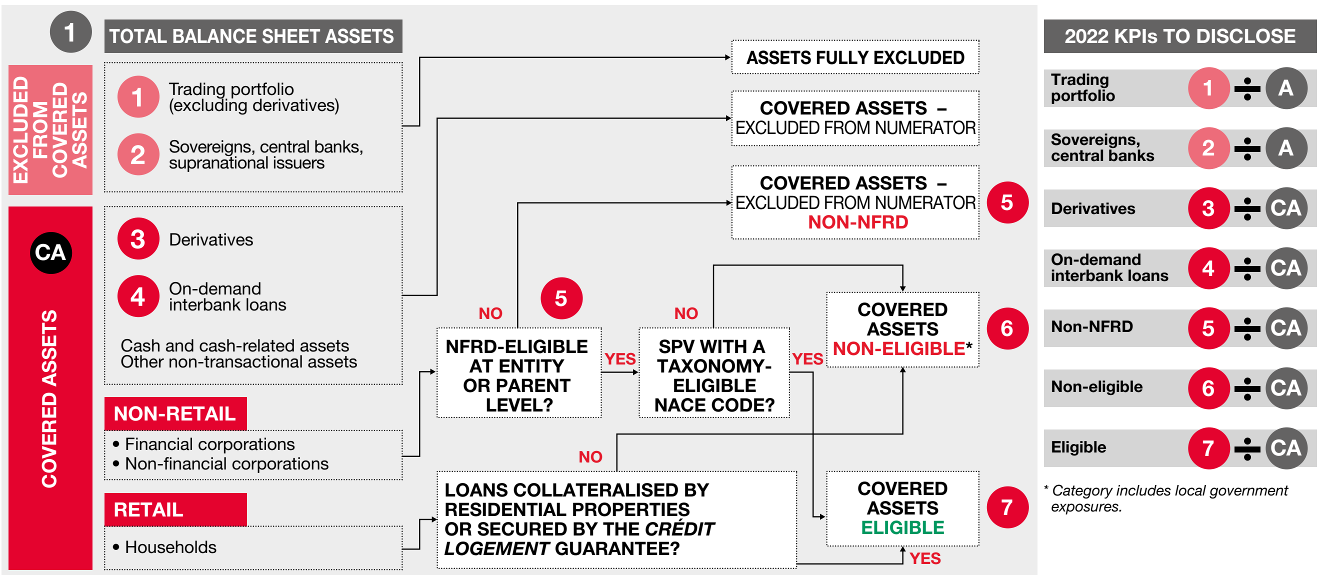
Numerators in red are either based on new ESG concepts or require a higher level of granularity than that provided in the FINREP statements

The Group has calculated the data needed for the requisite disclosures based on the EBA's recommendations and the European Commission's FAQs, and used the FINREP reporting format, which is employed when communicating with the banking supervisors. The difference between the balance sheet used to produce quantitative data required under the Taxonomy Regulation and the prudential balance sheet lies in the different treatment of provisions for the various assets, which are included in the prudential balance sheet but excluded when calculating the Taxonomy Regulation metrics. In accordance with the European Commission's FAQs, the Group has not used proxies to identify eligible assets. It has taken a conservative approach: in the event of any doubt as to a counterparty's eligibility, due to insufficient data, the Group considered it non-eligible. NFRD eligibility was assessed at the level of both the counterparty itself and its parent company, based on the following criteria: (1) EU residency, and (2) headcount in excess of 500 at the reporting date, in addition to which the European Commission's FAQs rule out using the main activity (*i.e.* the NACE code) as an eligibility criterion, making virtually all of the Group's corporate exposures are automatically non-eligible.

The FAQs also stated that loans to local government authorities were deemed to be non-eligible this year owing to their not being subject to the Taxonomy Regulation, which was confirmed by the French Tax Administration, making the use of data from these public entities impossible. Car loans will only become eligible as from 1 January 2022 and thus were deemed non-eligible at 31 December 2021. Home improvement loans were deemed non-eligible as they could not be separately identified on the balance sheet, typically being included as part of the overall financing for the property.

Mortgage loans secured by a guarantee (such as the *Crédit Logement* guarantee, for example) were, however, considered eligible and accounted for most of the Group's Taxonomy-eligible assets.

The following chart sets out the decision-making process used to determine eligibility for the various FINREP balance sheet items, with a view to producing the performance indicators presented on page 296.



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 General Assembly,

In our quality as an independent third party, accredited by the COFRAC under the number n° 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 conducted our work in order to provide a conclusion expressing a limited level of assurance on the compliance of the consolidated non-financial statement for the year ended 31st December 2021 (hereafter referred to as the "Statement") with the provisions of Article R. 225-105 of the French Commercial Code (*Code de commerce*) and on the fairness of the historical information (whether observed or extrapolated) provided pursuant to 3° of I and II of Article R. 225-105 of the French Commercial Code (hereafter referred to as the "Information") prepared in accordance with the entity's procedures (hereafter referred to as the "Guidelines"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Conclusion

Based on the procedures performed, as described in "Nature and scope of the work", and on the elements we have collected, we did not identify any material misstatements that would call into question the fact that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Comments

Without modifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comments:

The management of the E&S risks is implemented in the different Business Units, but the controls, and notably second-level controls, must be reinforced and systematized in order to ensure an effective and homogeneous implementation across the Group.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.

Therefore, the Information should be read and understood with reference to the Guidelines, the significant elements of which are presented in the Statement.

Limitations inherent in the preparation of the Information

The information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

The entity's responsibility

It is the responsibility of the Board of Directors to:

- select or establish appropriate criteria for the preparation of the Information;
- prepare a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks as well as the results of these policies, including key performance indicators and, in addition, the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy); and to
- implement the internal control procedures it deems necessary to ensure that the Information is free from material misstatement, whether due to fraud or error.

The Statement has been prepared in accordance with the entity's procedures, the main elements of which are presented in the Statement.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks.

As it is our responsibility to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as this could compromise our independence.

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory requirements, in particular the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the French duty of care law and anti-corruption and tax avoidance legislation;
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional standards

The work described below was performed 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 (revised)[1].

(1) ISAE 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Means and resources

Our verification work mobilized the skills of eight people and took place between October 2021 and February 2022 on a total duration of intervention of about sixteen 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.

Nature and scope of the work

We planned and performed our work taking into account the risks of material misstatement of the Information.

In our opinion, the procedures we have performed in the exercise of our professional judgment enable us to provide a limited level of assurance:

- 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 used to identify and confirm 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 well 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)[1] 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;
- 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 23% 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.

Paris-La Défense, the 9 March 2022

French original signed by:

Independent third party

EY & Associés

Caroline Delérable

Partner, Sustainable Development

(1) The full list of BUs and SUs is available at www.societegenerale.com.

Annex: information considered as the most important

SOCIETAL AND BUSINESS INFORMATION

Qualitative Information (Actions or results)	**Quantitative information** (Key performance indicators and coverage)
■ Definition and deployment of voluntary commitments. ■ 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).	■ Number and new funding of transactions subject to an E&S review (12% of the new funding for the transactions reported in Corporate and Investment Banking, including 12% 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). ■ Total production in SPIF-compliant financing commitments (14% of new funding) and total SPI-compliant assets under management (23% of the assets).

SOCIAL INFORMATION

Qualitative Information (Actions or results)	**Quantitative information** (Key performance indicators and coverage)
■ Management of jobs and skills.	■ Share of positions filled through internal mobility (16% of the workforce). ■ Average number of hours of training per employee (16% of the workforce).

ENVIRONMENTAL INFORMATION

Qualitative Information (Actions or results)	**Quantitative information** (Key performance indicators and coverage)
■ General environmental policy.	■ Reduction of the carbon footprint per occupant since 2014 (17% of the Group's GHG emissions) including review of GHG emissions (tCO2e) 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 monitoring of their implementation, as well as 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 risks related to human rights, fundamental freedoms, health and safety and the environment as part of how it manages its Human Resources, supply chain and businesses. Over the past four years, implementation of this regulatory obligation 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 freedom 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 workings 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 Duty of Care plan is being rolled out across all consolidated companies over which Societe Generale exercises exclusive control[1] (hereinafter the "**Group**"). 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 manage 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[2] (*i.e.* level 1) subcontractors;
- **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 Department, the Compliance Division, the Human Resources Department and the Sourcing Division, in association with the Legal Department and the Group Security Division.

The Plan and progress with implementing its measures are presented to General Management every year.

It is also included in the Management Report prepared by the Board of Directors and published in the Universal Registration Document.

Roll-out 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 was 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-II 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 IDENTIFYING AND PRIORITISING E&S RISKS: MAPPING INHERENT ENVIRONMENTAL AND SOCIAL RISKS

A number of years ago, Societe Generale first began identifying the risks of breaches of human rights, fundamental freedoms, health, safety and security and the environment that are inherent it its activities (referred to as **inherent E&S risks**). This identification process, which served as the basis for the Group's existing E&S risk management tools and procedures, was completed by mapping the inherent E&S risks[1] for each of the three pillars.

These risks were assessed and then ranked based on both sector and geographic data. The assessments used information from recognised external databases[2] as well as internal experts.

Human resources, safety and security pillar

The Societe Generale Group operates in 64 countries and the Human Resources Department sees the local context as critical in the analysis of intrinsic risks and the policies and measures implemented to prevent them. The Group assesses exposure to risks of serious violations of human rights and fundamental freedoms, together with employee health and safety, in all its host countries to identify where and how operations are at risk and gain deeper insights into local issues.

Mapping of inherent E&S risks for the Human Resources, Safety and Security pillar was updated in 2021 using an external base[3] of indicators detailing the risk levels specific to the country and to financial sector activities.

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 inherent risk. The remaining employees are thus located in low-risk countries.

RESULTS

Risk exposure	Moderate	Average	High
Freedom of association and collective bargaining rights	4.6% of the workforce	None	None
Discrimination	29.5% of the workforce	1% of the workforce	None
Health and safety[1]	27.4% of the workforce	None	None
Working conditions[2]	34.7% of the workforce	0.3% of the workforce	None

(1) The figures presented here do not take Covid-19 health risks into account. They are not included in the data used. Employees are exposed to Covid-19 health risks in all the Group's countries of operation, and the Group has put measures in place 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: Algeria, Cameroon, China, Congo, United Arab Emirates, United States of America, Equatorial Guinea, Madagascar, Mexico, Turkey and Ukraine.

Following on from the global agreement on fundamental rights signed with UNI Global Union, and for the first time this year, Societe Generale dived deeper into the data for additional analytics, using the ITUC Index developed by the International Trade Union Confederation.

According to this index, which covers all sectors, the Group's workforce is spread as: 56.8% in countries to be low to medium risk, 18.3% in medium-high risk countries and 22.5% in high-risk countries.

The differences found between the results based on the ITUC and the Verisk Mapplecroft – Financial Sector indices will be examined with UNI Global Union throughout 2022.

In terms of discrimination, Societe Generale's countries of operation with a medium-high risk for the banking sector are: Cameroon, United Arab Emirates, Guinea, Chad and Turkey. The Group's moderate-risk countries of operation are as follows: Algeria, Benin, Brazil, Burkina Faso, China, Congo, Côte d'Ivoire, United States of America, Ghana, Equatorial Guinea, India, Japan, Madagascar, Morocco, Mexico, Russia, Senegal, Singapore, Tunisia and Ukraine.

Turning to health and safety, Societe Generale's country of operation with a moderate risk for the banking sector are. Algeria, Benin, Brazil, Cameroon, China, Congo, Côte d'Ivoire, United Arab Emirates, Ghana, Guinea, Equatorial Guinea, India, Madagascar, Morocco, Mexico, Russia, Senegal, Chad and Turkey.

Regarding working conditions, Societe Generale's countries of operation with a medium-high risk for the banking sector are Benin, United Arab Emirates and Chad. The Group's moderate-risk countries of operation are: Algeria, Brazil, Burkina Faso, Cameroon, China, Congo, Côte d'Ivoire, Ghana, Guinea, Equatorial Guinea, India, Japan, Madagascar, Morocco, Mexico, Romania, Russia, Senegal, Taiwan, Turkey and Ukraine.

(1) A distinction is made between inherent and residual risks. The latter are obtained after taking account of applying the measures to avoid the risks or mitigate their consequences.

(2) For the HR, Safety & Security and Activities pillars: Verisk Mapplecroft and Reprisk; for the Sourcing pillar: Transparency International, the World Bank Group, the ILO and UNICEF.

(3) Verisk Maplecroft.

Sourcing pillar

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 actors and distance from the intermediaries to the end purchaser) and labour intensity.

E&S risks specific to purchasing categories were mapped in conjunction 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 5% 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.

Amongst 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 products and services to customers in many sectors, and some may expose it to E&S risks. As in prior years, the Group has identified and ranked E&S risks for each sector, based on external sources (including information on reputation and controversies) and on expert opinion.

It then cross-referenced the risk ratings obtained with the Group's activity data to identify the Group's exposure to E&S risk industries.

The risk management framework includes mitigation measures, in line with the more in-depth due diligence required for Societe Generale products and services directly associated with the most exposed activities and regions.

Results: as we noted in prior years, the industries most vulnerable to E&S are in the energy sector (fossil fuels and electricity generation), transport and logistics (especially automotive and aerospace), agriculture (especially upstream) – although risk has decreased dramatically in the soya business, industry, construction, chemicals, mining, forestry, textiles and defence.

The main risks identified in these sectors include higher climate risks, erosion of biodiversity, risks related to working conditions (including workplace accidents), risks of forced labour and child labour, and the risk of violating community rights.

25% of the Group's exposure[(1)] (a slight decrease on 2020) relates to sectors with high human rights and environment risks. Once geography is taken into account (*i.e.* 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 E&S RISK ASSESSMENT PROCEDURES AND RISK PREVENTION AND MITIGATING MEASURES

The aim of the Duty of Care Plan is 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, Societe Generale regularly reviews its E&S risk management framework to identify risks of serious violations that may not be adequately covered by the existing framework and to step up prevention and mitigation measures.

Human resources, safety and security pillar

The Group's assessment and prevention model is underpinned by a set of operational processes and systems, which are constantly updated to meet continuous improvement goals.

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 of these issues at Group level 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 is based on implementing commitments that are discussed with the UNI Global Union on a regular basis;
- staff are also represented through a European Works Council;

(1) Corporate exposures.

- **discrimination:** Societe Generale demonstrates its determination to recognise and promote all talents through its Diversity and Inclusion policy, in place since 2019. The Group is committed to creating the conditions of an inclusive organisation in all its HR processes and entities, and prohibits all forms of discrimination. A Diversity and Inclusion Committee, with members from the BU and SU Management Committees, sets the goal and priorities and oversees progress towards achieving them;
- **health and quality of life at work:** the Group's Health policy is implemented by the entities working with local support teams (HR, logistics managers, occupational health, etc.). Each Group subsidiary defines a level of supplementary health cover depending 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 a supplementary company health or personal protection plan;
- **safety and security:** the safety of people and property on Societe Generale premises is supervised by the Group Security Division within the Corporate Secretariat. A network of departments 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 to nurture employee loyalty and boost the Group's performance over the long term. The compensation policy is based on principles of non-discrimination and other principles shared by all. It is then adjusted to the businesses and geographic areas in which the Group operates, taking into account market practices and contexts;
- in addition, the Group introduced further measures to protect employees' health and facilitate them as the Covid-19 pandemic accelerated trends in new ways of working. (See Guaranteeing employees' health and safety in the workplace and in performing their professional duties, and ensuring continuous improvement of working conditions, page 314).

These are backed by ensuring that everyone knows the rules and teams are trained in all our host countries. Societe Generale's training offer primarily targets the Risk and Compliance culture (including training in the Code of Conduct, ethics and E&S responsibility). It also offers training courses specific to each business line or function, thereby limiting operational risks.

Further information on what the Group is doing in this area is available in the Group's Declaration of Non-Financial Performance (DNFP) (Chapter 5 of the Universal Registration Document, see Being a responsible employer, page 320).

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 purchases made by the Group Sourcing Division and at least for high-risk categories in the Sourcing function in other countries. They are being phased in across the Group. To support effective implementation of these E&S risk management measures in purchasing, dedicated training has been provided to all professional buyers. In addition, to make sure occasional buyers are mindful of what is at stake, a motion design video is available presenting the Group's sustainable sourcing programme.

To identify and assess risks, the Sourcing Division draws primarily on:

- E&S risk mapping for the various purchasing categories to identify the E&S risk category for the category in question;
- inclusion of E&S criteria in calls for tender involving purchasing categories ranked as medium-high or high E&S risk;
- inclusion of E&S criteria in the KYS (Know Your Supplier) assessment for shortlisted suppliers, including verifying compliance with the E&S exclusion list;
- non-financial assessment of certain "targeted"[(1)] suppliers by independent third parties;
- review of controversies.

Managing and mitigating risks involves:

- including E&S criteria in calls for tender covering the main risks for the category of purchases identified in the risk mapping, for categories with a medium-high or high E&S risk;
- weighting E&S criteria according to the degree 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 into contracts that impose a binding commitment to abide by the Group's Sustainable Sourcing Charter and Code of Conduct, as well as a reference to the right to audit (to perform E&S audits if necessary) and a request for non-financial assessment of "targeted" suppliers;
- if E&S performance falls short:
  - encouraging remedial action plans,
  - option to conduct on-site E&S audits,
  - review of E&S controversies or changes in non-financial ratings.

(1) Suppliers accounting for large purchase volumes at Group level or directly representing Societe Generale brand.

At the end of 2021, 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. For calls for tenders managed by the Sourcing Function in the international market for all high-risk E&S categories, suppliers must meet the Group's E&S requirements. E&S evaluation criteria are included in the bid analysis matrix.

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. Further information on Sourcing is provided on page 327, Being a responsible purchaser: the positive sourcing programme.

A questionnaire was prepared with an independent third party in 2021 for new supplier CSR audits in 2022 concentrating on service provision in two medium-high risk E&S categories.

Activities pillar

Societe Generale is subject to a set of regulations (anti-money laundering regulations, 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.

Beyond its regulatory obligations, the Group has also been developing processes to manage the E&S risks associated with its activities for over 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-sector and sector-specific 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.

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. Since then, most of the Business Units continued to gradually introduce 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.

Last, the tools to identify and assess E&S risks, used internally in the Group, are also updated at least every six months, including:

- the E&S watch list of projects, companies or sectors/countries representing a high risk on E&S issues, designed to trigger a more in-depth due diligence on such sectors, projects or companies;
- 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, page 285).

5.7.4 WHISTLEBLOWING PROCEDURE

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), companies must have a whistleblowing procedure. To comply with both these laws, a Group-wide whistleblowing system is now in place in addition to existing measures. 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 other countries, and is now available in 21 languages. This is in addition to going through the managerial channel and direct referral *via* the Chief Compliance Officer, to whom the issue can be 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 made disclosures in good faith.

The Group's Code of Conduct reflects this whistleblowing process (see A Code of Conduct underpinned by shared values, page 275).

5.7.5 MONITORING OF DUTY OF CARE MEASURES

Societe Generale has developed management and reporting tools to comply with its extra-financial reporting obligations and monitor implementation of its E&S risk management processes. These tools provide the Human Resources Department, Security Division, Sourcing Division and Sustainable Development Department with key extra-financial performance indicators. A common extra-financial reporting system is in place throughout the Group and supplies the data needed for extra-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, to:

- monitor how E&S risk management processes are applied in Business Units, 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.

Human resources, safety and security pillar

Societe Generale uses controls to assess monitoring of applicable rules.

How well it manages its risks determines the Bank's ability to achieve its HR risk prevention goals. Therefore, which control systems it uses, and how they are determined and monitored all play a crucial 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 uses self-assessment exercises to assess risk mitigation measures.

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 2021, entities were asked to emphasise major residual risks, Culture & Conduct, recruitment, psychosocial risks and emerging risks. The Human Resources Department, the Risk Division and the Finance Division are responsible for governance and controls relating to this exercise;
- the other is specific to correct application by the Group's entities of their duty of care. It is based on a questionnaire (Planethic Reporting) that covers how local policies and processes are implemented, as well as checks performed on all issues presented in the Universal Registration Document, Being a responsible employer on page 314. The Human Resources Department governs and consolidates these data.

Societe Generale assesses the satisfaction and well-being of its employees.

In addition to these measures, the Group gauges employee engagement and gathers direct feedback on working conditions through the Employee Satisfaction Survey, an annual anonymous internal survey carried out throughout the Group. The 2021 survey set out to gain insights on insight, Culture & Conduct, working conditions and diversity. The results, shared with employees, help to take the pulse of our workforce and their expectations and to read the labour relations climate. Based on the survey findings, action plans are implemented where necessary to continuously improve employees' daily working conditions.

Sourcing pillar

The Sourcing Division tracks E&S risk indicators on suppliers and calls for tender on a quarterly basis. For procurement overseen by the Sourcing Division:

- CSR tool sheets cover 100% of the purchasing categories representing a high or medium-high E&S risk (more than 50 tool sheets in total). These tool sheets 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;
- 99% of calls for tender in high E&S risk categories included CSR criteria;
- 89% of a targeted scope of suppliers under contract have an up-to-date non-financial evaluation conducted by an independent third party;
- a tool to help tackle controversies involving companies suspected of using forced labour in their supply chains was also developed;
- at 31 December 2021, 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 implement procedures and controls aimed at managing E&S risks in its activities, drawing on the annual monitoring in the framework of the DNFP (see E&S risk management in the businesses to promote fair and responsible growth, page 285) and on the Compliance Risk Assessment.

The Compliance Risk Assessment was conducted in 2020 and looked in detail at E&S risks in 188 Group entities. It provided the Group with more granular detail over a wider scope on implementation of its E&S risk management frameworks and insights to define the necessary improvement actions.

These internal management tools have made it possible to assess:

- familiarity with the regulatory framework for managing E&S risks in the Group (E&S policies, E&S watch list, E&S exclusion list) and their transposition into the Business Units' own procedures;
- the Business Units with the highest exposure, that implemented particular procedures (transposing the Societe Generale Code) with respect to the environmental and social risk management system;
- implementation of Group procedures and associated controls, as part of the Group's permanent control system;
- human resources and skills devoted to E&S risk management;
- governance framework to address complex E&S issues at local level, before escalation to Group level;

- number of people trained in managing E&S and climate risks;
- 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 main findings confirmed that:

- Business Units are gradually applying the E&S exclusion list (81% at the survey date) and call on E&S experts for an in-depth review if they identify this type of risk (85% at the survey date);
- E&S expert teams have been created in the Business Units and additions have been made to second line of defence staff with dedicated E&S personnel;
- E&S KYC checks or E&S watchlists are being progressively introduced (69% of entities surveyed).

5.7.6 REPORT ON EFFECTIVE IMPLEMENTATION OF THE DUTY OF CARE MEASURES

Summary

Since 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 2021 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 applying the Duty of Care Plan in the Group's entities.

Among the entities located in high, medium-high or moderate risk countries on the topics assessed under the Duty of Care Plan:

Risks	Workforce exposure level
Freedom of association and collective bargaining rights	Entities that need to strengthen their employee representation systems employ **1.8%** of the workforce.
Discrimination	Entities that need to strengthen their checks to ensure that HR processes are non-discriminatory employ **0.3%** of the workforce.
Health and safety	Entities that need to step up checks that health and safety rules are implemented employ **1.6%** of the workforce.
Working conditions[1]	Entities that need to strengthen checks that working conditions meet International Labour Organization standards employ **0.7%** of the workforce.

(1) Covers forced labour and modern slavery, child labour, decent working hours and decent wages.

Looking at freedom of association and collective bargaining, staff representation systems were improved in Societe Generale in the following host countries: China, United Arab Emirates, the United States and Turkey.

On discrimination, policies, procedures and formalised rules were improved in the following host countries to ensure non-discriminatory HR processes: Algeria, United Arab Emirates, Equatorial Guinea and Ukraine.

As announced last year, reflecting the Group's commitment to diversity and to preventing all forms of discrimination, measures are in place as follows:

- consolidation of policies to stamp out harassment and establishment of internal audits to ensure compliance with the principles of non-discrimination;
- conducting the five additional checks included in the internal control system in 2020 (on preventing discrimination and legal obligations concerning employment of people with disabilities);
- creation of a Group department responsible for corporate culture, diversity and inclusion;
- a more muscular diversity and inclusion strategy, including campaigns to address unconscious bias and stereotypes, and proactive actions to increase the representation of women in senior management positions.

On health and safety, policies, procedures and formal rules on health and/or safety at work were improved in Societe Generale in the following host countries: Cameroon, United Arab Emirates, Equatorial Guinea, Madagascar, Morocco and Russia. More generally, steps have been taken across all Group entities worldwide to protect employees' health during the pandemic.

As for working conditions, policies, procedures and formalised rules were improved in the following countries of operation to meet International Labour Organization standards: Algeria, Congo, United Arab Emirates, Morocco, Romania, Russia, Chad and Ukraine.

The 2021 self-assessment exercise was performed in entities representing 100% of the Group's headcount.

Sourcing pillar

The main achievements in 2021 were:

- enhancements to the regulatory documentation since May 2021 with new obligations to include requirements in specifications (for high-risk E&S categories for the international function and purchasing delegated in entities), as well as E&S assessment criteria in bid analysis matrices (for high-risk E&S categories for the international function);
- review of 16 tool sheets that include E&S requirements and criteria for high-risk IT equipment categories, and creation of three tool sheets for moderate- or low-risk purchases;
- training provided to the Sourcing Function in all tools;
- monitoring of action plans based on the E&S audits in 2020 at some of our suppliers with the highest E&S risks;
- kick-off of groundwork in preparation for E&S audits in 2022 (drafting the audit questionnaires on two medium-high risk purchasing categories);
- procedure for managing controversies.

Results: for procurement overseen by the Sourcing Division:

- around 5% of the spending analysed was found to be on purchasing categories with a high E&S risk and 9% on categories with medium-high E&S risk. Building work (1,5% of Group spending) emerged as the highest risk category;
- CSR tool sheets cover 100% of the purchasing categories representing a high or medium-high E&S risk (more than 50 tool sheets in total). To meet specific challenges, 50 or so additional CSR tool sheets cover other purchasing categories;
- 99% of calls for tender in high E&S risk categories included CSR criteria;
- as at 31 December 2021, 100% of the Sourcing Division's active buyers had received Responsible Sourcing training.

Activities pillar

The main achievements in 2021 were:

- review of the environmental and social (E&S) general principles in March 2021 to meet certain obligations enshrined in Regulation 2019/2088 on sustainabilityrelated disclosures in the financial services sector, especially with regard to the transparency of policies on the integration of sustainability risks and negative impacts on sustainability factors. They set out the principles that apply to transactions and dedicated products or services and define three types of criteria: exclusion criteria, priority risk assessment criteria and additional risk assessment criteria. Four sector-based policies were revised in 2021 (thermal power plants, dams and hydro power, maritime transport and mines), as well as two cross-cutting policies covering climate and biodiversity;
- roll-out of a new tool to flag transactions located in protected areas (Unesco World Heritage, IUCN I – IV, Ramsar, Alliance for Zero Extinction) to reinforce biodiversity criteria;
- definition of a procedure to escalate E&S risks;
- bolstering expertise in managing E&S risks in the Business Units and in the second line of defence. The Compliance Division appointed people assigned to handling cases where any doubt exists on compliance with the Group's voluntary E&S commitments. The decision circuit for such cases was clarified;
- continued controls on management of E&S risks were included in the permanent supervision system;
- e-learning module on E&S risk management. Training was made compulsory for staff in direct or indirect contact with corporate customers. The module described the scope, governance and main stages in managing E&S risks: identifying and assessing risk and ensuing action plans;
- all employees were offered free-to-access online training on E&S topics. The Business Units and Service Units organised workshops focusing on sector policies;
- action plans were monitored by the Compliance Division following the 2020 Compliance Risk Assessment, including specific monitoring of the highest risks. All action plans intended to target the highest risks have been introduced.

Results:

- The mapping exercise demonstrated that 8% of the Group's risk exposure was linked to activities that potentially pose an E&S risk (*i.e.* energy, transport and logistics, upstream agriculture, industry, construction, etc.) and that are conducted in countries that also entail risk;
- Action plans shed light on the following:
  - the 2020 evaluation underscored that over 90% of the Business Units apply the E&S identification and exclusion list at the KYC or transaction due diligence stage, and, at the end of 2021, 80% of entities evaluated stated having had introduced E&S review and identification or exclusion application controls,
  - more than 1,200 transactions underwent an E&S review in 2021,
  - the number of assessments increased on clients of the main Business Units with a financing activity, and produced a range of widely differing opinions: 88.5% were positive, 9.5% posed additional conditions and 2% were negative,
  - E&S training deployment continued: around 40,000 employees had received training in managing E&S risks through e-learning modules by end-2021.

5.7.7 OUTLOOK AND PLANNED DEVELOPMENTS

Part of the existing E&S risk assessment and management procedures were reviewed in 2021, 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 2022.

Human resources, safety and security pillar

Managing work-related psychosocial risks is more important than ever, both in the face of the Covid-19 pandemic and as result of changes brought about by the Group's transformation. And not just for Societe Generale, all companies must step up their response and vigilance.

In the Group, the main steps to prevent and manage health and safety risk are:

- analysing the results of the employee survey, paying particularly close attention to engagement and psychosocial risks;
- stepping up measures to prevent psychosocial risks, especially risks generated by the Group's transformation projects (monitoring labour relations indicators, developing preventive policies, setting up actions to contain psychosocial risk factors, and more);
- training managers and HR personnel to detect and prevent psychosocial and mental health risks;
- communicate and inform staff about health and safety rules and best practice with information on safety processes and concepts available on the Group's intranet;
- adapting properties to create a good working environment for employees and reconfigure workspaces in response to the growth of remote and hybrid forms of working, with a 2021-2025 programme led by the Group's Real Estate Division.

Additional measures are also planned in entities that need to improve their controls, for example:

- mental health information sessions are planned in the United Arab Emirates;
- in Morocco, the Bank has strengthened governance and expanded the prerogatives of the health, Safety and Security Committee;
- in Russia, all employees will be asked to complete regular questionnaires and evaluations on health at work;
- plans for Madagascar include standardising the approach to applying workplace health, safety and security rules to improve how controls are set up and monitored.

Moreover, the Group will continue to implement measures to protect and support staff during the pandemic in 2022. 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 and through continued dialogue with the UNI Global Union.

Sourcing pillar

The main actions planned are as follows:

- continued improvements to the tools used to identify and assess risks, including creating new tool sheets on moderate and low-risk categories for buyers;
- translating all tool sheets into English for the international function, covering all risk levels and purchasing categories;
- more regular training for Group buyers and the function as a whole, and extending training to entities that habitually manage sourcing when they request it;
- performing CSR audits and setting up remedial action plans with suppliers under contract that present E&S risk factors;
- beefing up procedures to identify and manage E&S controversies for suppliers using new E&S risk analysis tools.

Activities pillar

The main actions planned are as follows:

- publishing updated sector policies – with the addition of biodiversity criteria – with the aim of improving identification and prevention of environmental and social risks;
- defining a normative framework dealing with forced labour and related tools;
- developing aids for Business Units to apply sector policies and qualify the materiality of E&S controversies;
- continuing training workshops on sector policies.

6

FINANCIAL INFORMATION

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

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

6.1.2 CONSOLIDATED BALANCE SHEET – LIABILITIES

(In EURm)		31.12.2021	31.12.2020
Due to central banks		5,152	1,489
Financial liabilities at fair value through profit or loss*	Notes 3.1, 3.2 and 3.4	307,563	372,705
Hedging derivatives	Notes 3.2 and 3.4	10,425	12,461
Debt securities issued	Notes 3.6 and 3.9	135,324	138,957
Due to banks	Notes 3.6 and 3.9	139,177	135,571
Customer deposits	Notes 3.6 and 3.9	509,133	456,059
Revaluation differences on portfolios hedged against interest rate risk		2,832	7,696
Tax liabilities*	Note 6	1,577	1,227
Other liabilities	Note 4.4	106,305	84,937
Non-current liabilities held for sale		1	-
Insurance contracts related liabilities	Note 4.3	155,288	146,126
Provisions*	Note 8.3	4,850	4,732
Subordinated debts	Note 3.9	15,959	15,432
TOTAL LIABILITIES*		**1,393,586**	**1,377,392**
SHAREHOLDER'S EQUITY			
Shareholders' equity, Group share			
Issued common stocks and capital reserves		21,913	22,333
Other equity instruments		7,534	9,295
Retained earnings*		30,631	32,102
Net income		5,641	(258)
SUB-TOTAL*		**65,719**	**63,472**
Unrealised or deferred capital gains and losses	Note 7.3	(652)	(1,762)
SUB-TOTAL EQUITY, GROUP SHARE*		**65,067**	**61,710**
Non-controlling interests*	Note 2.3	5,796	5,302
TOTAL EQUITY*		**70,863**	**67,012**
TOTAL*		**1,464,449**	**1,444,404**

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

6.1.3 CONSOLIDATED INCOME STATEMENT

(In EURm)		2021	2020
Interest and similar income	Note 3.7	20,590	20,721
Interest and similar expense	Note 3.7	(9,872)	(10,248)
Fee income	Note 4.1	9,162	8,529
Fee expense	Note 4.1	(3,842)	(3,612)
Net gains and losses on financial transactions		5,723	2,851
o/w net gains and losses on financial instruments at fair value through profit or loss	*Note 3.1*	*5,704*	*2,785*
o/w net gains and losses on financial instruments at fair value through other comprehensive income		*44*	*69*
o/w net gains and losses from the derecognition of financial instruments at amortised cost		*(25)*	*(3)*
Net income from insurance activities	Note 4.3	2,238	2,124
Income from other activities	Note 4.2	12,237	11,471
Expenses from other activities	Note 4.2	(10,438)	(9,723)
Net banking income		**25,798**	**22,113**
Personnel expenses	Note 5	(9,764)	(9,289)
Other operating expenses	Note 8.2	(6,181)	(5,821)
Amortisation, depreciation and impairment of tangible and intangible fixed assets	Note 8.4	(1,645)	(1,604)
Gross operating income		**8,208**	**5,399**
Cost of risk	Note 3.8	(700)	(3,306)
Operating income		**7,508**	**2,093**
Net income from investments accounted for using the equity method	Note 2.3	6	3
Net income/expense from other assets		635	(12)
Value adjustments on goodwill	Note 2.2	(114)	(684)
Earnings before tax		**8,035**	**1,400**
Income tax	Note 6	(1,697)	(1,204)
Consolidated net income		**6,338**	**196**
Non-controlling interests	Note 2.3	697	454
Net income, Group share		**5,641**	**(258)**
Earnings per ordinary share	Note 7.2	5.97	(1.02)
Diluted earnings per ordinary share	Note 7.2	5.97	(1.02)

6.1.4 STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

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

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

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 2020	**21,975**	**9,133**	**32,787**	**-**	**(368)**	**63,527**	**5,043**	**68,570**
Effect of IFRS IC decision related to IAS 19	-	-	26	-	-	26	7	33
At 1 January 2020 restated*	**21,975**	**9,133**	**32,813**	**-**	**(368)**	**63,553**	**5,050**	**68,603**
Increase in common stock and issuance/redemption and remuneration of equity instruments	-	162	(628)	-	-	(466)	(33)	(499)
Elimination of treasury stock	316	-	(57)	-	-	259	-	259
Equity component of share-based payment plans (see Note 5.3)	42	-	-	-	-	42	-	42
2020 Dividends paid (see Note 7.2)	-	-	-	-	-	-	(91)	(91)
Effect of changes of the consolidation scope	-	-	80	-	-	80	(21)	59
Sub-total of changes linked to relations with shareholders	***358***	***162***	***(605)***	***-***	***-***	***(85)***	***(145)***	***(230)***
2020 Net income	-	-	-	(258)	-	(258)	454	196
Change in unrealised or deferred gains and losses	-	-	-	-	(1,394)	(1,394)	(57)	(1,451)
Other changes	-	-	(106)	-	-	(106)	-	(106)
Sub-total	***-***	***-***	***(106)***	***(258)***	***(1,394)***	***(1,758)***	***397***	***(1,361)***
At 31 December 2020*	**22,333**	**9,295**	**32,102**	**(258)**	**(1,762)**	**61,710**	**5,302**	**67,012**
Allocation to retained earnings	-	-	(290)	258	32	-	-	-
At 1 January 2021	**22,333**	**9,295**	**31,812**	**-**	**(1,730)**	**61,710**	**5,302**	**67,012**
Increase in common stock and issuance/redemption and remuneration of equity instruments (see Note 7.1)	-	(1,761)	(627)	-	-	(2,388)	(33)	(2,421)
Elimination of treasury stock (see Note 7.1)	(468)	-	(36)	-	-	(504)	-	(504)
Equity component of share-based payment plans (see Note 5.3)	48	-	-	-	-	48	-	48
2021 Dividends paid (see Note 7.2)	-	-	(468)	-	-	(468)	(193)	(661)
Effect of changes of the consolidation scope (see Note 7.1)	-	-	(41)	-	-	(41)	(18)	(59)
Sub-total of changes linked to relations with shareholders	***(420)***	***(1,761)***	***(1,172)***	***-***	***-***	***(3,353)***	***(244)***	***(3,597)***
2021 Net income	-	-	-	5,641	-	5,641	697	6,338
Change in unrealised or deferred gains and losses	-	-	-	-	1,078	1,078	43	1,121
Other changes	-	-	(9)	-	-	(9)	(2)	(11)
Sub-total	***-***	***-***	***(9)***	***5,641***	***1,078***	***6,710***	***738***	***7,448***
At 31 December 2021	**21,913**	**7,534**	**30,631**	**5,641**	**(652)**	**65,067**	**5,796**	**70,863**

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

6.1.6 CASH FLOW STATEMENT

(In EURm)	2021	2020
Consolidated net income (I)	**6,338**	**196**
Amortisation expense on tangible and intangible fixed assets (including operational leasing)	5,444	5,263
Depreciation and net allocation to provisions*	684	1,894
Net income/loss from investments accounted for using the equity method	(6)	(3)
Change in deferred taxes	425	496
Net income from the sale of long-term assets and subsidiaries	(41)	(74)
Other changes*	2,353	(747)
Non-cash items included in net income and other adjustments excluding income on financial instruments at fair value through profit or loss (II)	**8,859**	**6,829**
Income on financial instruments at fair value through profit or loss	4,619	6,077
Interbank transactions	(2,338)	42,149
Customers transactions	9,034	43,790
Transactions related to other financial assets and liabilities	(16,838)	(21,347)
Transactions related to other non-financial assets and liabilities	10,620	3,064
Net increase/decrease in cash related to operating assets and liabilities (III)	**5,097**	**73,733**
Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III)	**20,294**	**80,758**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long term investments	(3,652)	(1,275)
Net cash inflow (outflow) related to tangible and intangible fixed assets	(6,466)	(5,588)
Net cash inflow (outflow) related to investment activities (B)	**(10,118)**	**(6,863)**
Cash flow from/to shareholders*	(4,894)	57
Other net cash flow arising from financing activities	1,268	2,109
Net cash inflow (outflow) related to financing activities (C)	**(3,626)**	**2,166**
Effect of changes in foreign exchange rates on cash and cash equivalents (D)	2,154	(2,596)
Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C) + (D)	**8,704**	**73,465**
Cash, due from central banks (assets)	168,179	102,311
Due to central banks (liabilities)	(1,489)	(4,097)
Current accounts with banks (see Notes 3.5 and 4.3)	26,609	21,843
Demand deposits and current accounts with banks (see Note 3.6)	(11,354)	(11,577)
Cash and cash equivalents at the start of the year	**181,945**	**108,480**
Cash, due from central banks (assets)	179,969	168,179
Due to central banks (liabilities)	(5,152)	(1,489)
Current accounts with banks (see Notes 3.5 and 4.3)	28,205	26,609
Demand deposits and current accounts with banks (see Note 3.6)	(12,373)	(11,354)
Cash and cash equivalents at the end of the year	**190,649**	**181,945**
Net inflow (outflow) in cash and cash equivalents	**8,704**	**73,465**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 1 SIGNIFICANT ACCOUNTING PRINCIPLES

NOTE 1.1 Introduction

ACCOUNTING STANDARDS

In accordance with European Regulation 1606/2002 of 19 July 2002 on the application of International Accounting Standards, the Societe Generale Group ("the Group") prepared its consolidated financial statements for the year ended 31 December 2021 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date. The Group includes the parent company Societe Generale (including the Societe Generale foreign branches) and all of the entities in France and abroad that it controls either directly or indirectly (subsidiaries and joint arrangements) or on which it exercises significant influence (associates).

These standards are available on the European Commission website.

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

FINANCIAL STATEMENTS PRESENTATION

As the IFRS accounting framework does not specify a standard model, the format of the primary financial statements used to present the data for financial year is consistent with the format of financial statements proposed by the French Accounting Standard Setter, the *Autorité des Normes Comptables (ANC)*, under Recommendation No. 2017-02 of 2 June 2017.

The disclosures provided in the notes to the consolidated financial statements focus on information that is both relevant and material to the financial statements of the Societe Generale Group, its activities, and the circumstances in which it conducted its operations of the period still impacted by the Covid-19 crisis.

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

PRESENTATION CURRENCY

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

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

NOTE 1.2 New accounting standards applied by the Group as at 1 January 2021

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

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

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

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

Applied early by the Group as of 31 December 2020.

In the context of the interest rate benchmark reform – or IBOR reform – currently being implemented (see Chapter 4 of the present Universal Registration Document), the accounting standards applicable have been amended by the IASB. The purpose of Phase 1 of these amendments, implemented by the Group since 31 December 2019, has been to enable the continued application of hedge accounting treatments despite uncertainties regarding the timetable and specifics regarding the transition from old interest rate benchmarks to new ones. These amendments shall apply until the targeted uncertainties are removed with the effective cessation of the abandoned benchmarks. As at 31 December 2021, these amendments thus still apply to all hedges in which the hedged item and/or hedging instrument remain indexed on an IBOR rate, for instance the USD Libor.

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

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

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

The economically equivalent nature of the migration stems mainly from the use of the credit risk margins fixed by market authorities or from the standard market practices for the benchmark index chosen (see Chapter 4 of the present Universal Registration Document). In the marginal cases where a different margin is used, a quantitative analysis is performed, based on the changes in value of the future cash flows of the modified instrument.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 1.3 Accounting standards, amendments or interpretations to be applied by the Group in the future

The IASB published accounting standards and amendments, some of which had not been adopted by the European Union at 31 December 2021. Their application is required for annual periods beginning on or after 1 January 2022 at the earliest or on the date of their adoption by the European Union. Hence, they did not apply to the Group as at 31 December 2021.

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

2022

- 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" (see paragraph 4 of the Note 1)
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Income taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

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

Adopted by the European Union on 2 July 2021.

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

ANNUAL IMPROVEMENTS TO IFRS STANDARDS (2018-2020 CYCLE)

Adopted by the European Union on 2 July 2021.

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

AMENDMENTS TO IAS 1 "DISCLOSURE OF ACCOUNTING POLICIES"

Published by the IASB on 12 February 2021.

The aim of these amendments is to help companies improve the materiality of the information on accounting policies disclosed in the notes to the financial statements and the usefulness of that information to investors and financial statements users.

AMENDMENTS TO IAS 8 "DEFINITION OF ACCOUNTING ESTIMATES"

Published by the IASB on 12 February 2021.

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

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

Published by the IASB on 7 May 2021.

These amendments clarify and narrow the scope of the exemption provided by the IAS 12 standard allowing institutions to not recognise any deferred tax during the initial recognition of an asset and a liability. Are excluded from the exemption scope all leases and decommissioning obligations for which companies recognise both an asset and a liability and will now have to recognise deferred taxes.

The aim of these amendments is to reduce heterogeneity in the recognition of the deferred tax related to leases and decommissioning obligations.

Since the date of first application of IFRS 16, the Group has been considering the rights of use and the lease-related debt as a single transaction. Consequently, on the initial recognition date, no deferred tax is recognised since the amount of deferred tax asset offsets the amount of deferred tax liability. The net temporary differences resulting from later variations in the right of use and lease debt subsequently result in the recognition of a deferred tax. This amendment thus has no impact on the Group's consolidated financial statements.

NOTE 1.4 Preparation for the first-time application of IFRS 17 "Insurance contracts" and of IFRS 9 "Financial instruments" to the legal entities operating in the insurance sector

The IFRS 17 standard, published on 18 May 2017 and modified by the amendments adopted on 25 June 2020 and 9 December 2021, will upersede the IFRS 4 "Insurance contracts" standard which allows for the recognition of insurance contracts using the methods specified by the local accounting regulation.

On 23 November 2021, the European Commission (EC) published in the official journal Regulation (EU) 2021/2036 of 19 November 2021 adopting IFRS 17 "Insurance Contracts". This adoption was supplemented with a possibility offered to European companies not to apply the requirement stated in the standard to group certain type of insurance contracts by annual cohort for their measurement (see paragraph Grouping of contracts); this possibility of exemption will be re-examined by the European Commission no later than 31 December 2027.

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

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

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

- the valuation of insurance contracts on the balance sheet: their value will be updated at each closing date based on a reassessment of the related future cash flows. This reassessment will take into account market data in relation to the financial elements and policyholders' behaviour;
- the recognition of the margin: even if the profitability of the insurance contracts remains unchanged, the recognition in profit or loss of their margins will be modified to be spread over the duration of the insurance service; and
- the presentation of the income statement: the operating expenses attributable to the execution of the insurance contracts will, from now on, be presented in deduction of the net banking income under Insurance service expenses and will not impact the total operating expenses in the consolidated income statement anymore.

SCOPE OF THE CONTRACTS

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

GROUPING OF CONTRACTS

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

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

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

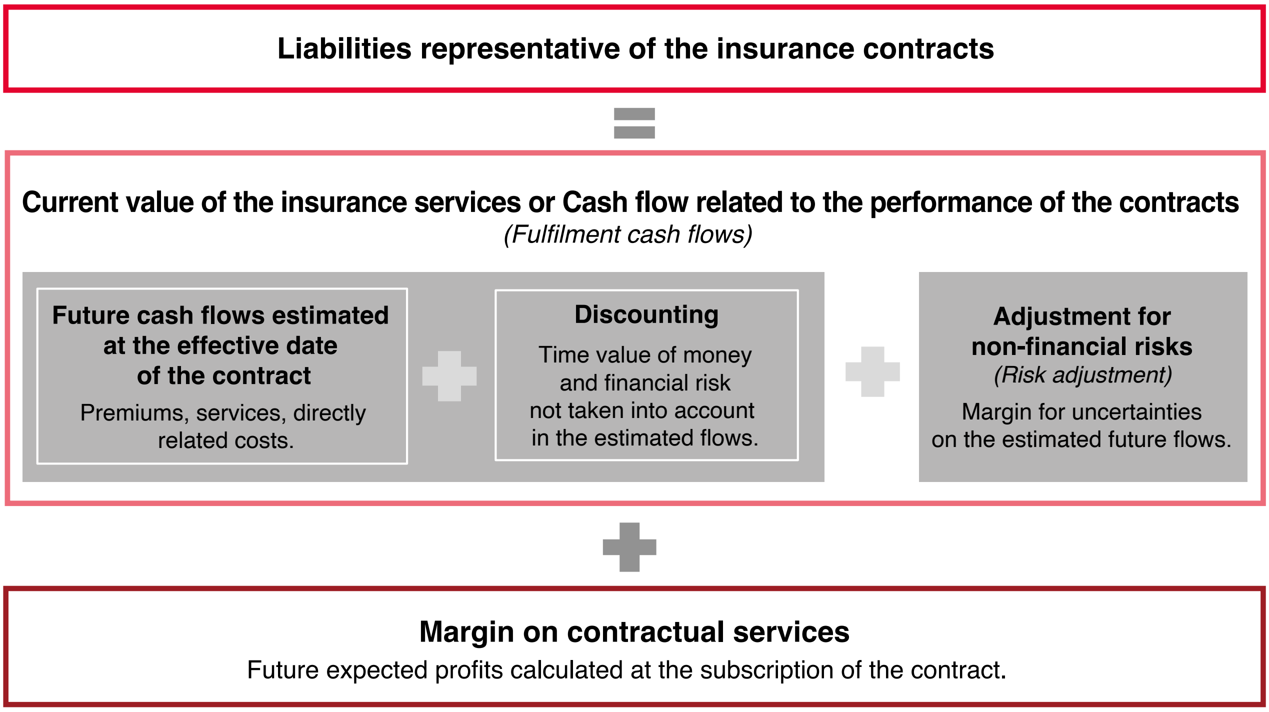
The Group plans to use this optional exemption on its life insurance contracts in France because they include direct or discretionary participation features, which allow the sharing of risks and cash flows between different generations of policyholders. These life insurance contracts are also managed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

MEASUREMENT MODELS

General Model applicable to the insurance contracts issued

INITIAL MEASUREMENT

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



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

SUBSEQUENT MEASUREMENT (EXCEPT FOR ONEROUS CONTRACTS)

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

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

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

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

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

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

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

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

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

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

The major adaptations to the General Model concern:

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

Simplified approach (Premium Allocation Approach) – Option

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

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

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

SAVINGS AND RETIREMENT

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

PROTECTION ACTIVITY

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

PRESENTATION OF THE FINANCIAL PERFORMANCE

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

- the income from the insurance and reinsurance contracts issued;
- the expenses for the services relating to the insurance and reinsurance contracts issued; and
- the income and expenses relating to the reinsurance contracts held;

and on the other side:

- the financial income and expenses of the insurance and reinsurance contracts issued; and
- the financial income and expenses of the reinsurance contracts held.

The expenses for the services relating to the insurance and reinsurance contracts issued as well as the expenses for the reinsurance contracts held will then include the share of operating expenses directly attributable to the execution of the contracts which will thus be deducted from the net banking income.

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

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

TRANSITION

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

Application of the IFRS 17 standard

The initial application of IFRS 17 as at 1 January 2023 will be retrospective and the comparative figures on the 2022 financial year will be restated.

The differences in measurement of the insurance assets and liabilities resulting from the retrospective application of IFRS 17 as at 1 January 2022 will be presented directly under "Equity".

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

- either an adjusted retrospective approach which should, provide, based on the reasonable information available without undue cost or effort, for measurements that are as close as possible to those that would result from the retrospective application of the standard;
- or an approach based on the fair value of the insurance contract portfolios as at 1 January 2022.

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

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

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

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

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

The treatment of the financial assets currently measured at fair value through profit or loss will not be modified. The other financial assets (available for sale financial assets) mainly consist of:

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

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

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

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

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

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

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

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

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

NOTE 1.5 Use of estimates and judgment

When applying the accounting principles disclosed in the following notes for the purpose of preparing the Group's consolidated financial statements, the Management makes assumptions and estimates that may have an impact on the figures recorded in the income statement, on the Unrealised or deferred gains and losses on the valuation of assets and liabilities in the balance sheet, and on the information disclosed in the notes to the consolidated financial statements.

In order to make these assumptions and estimates, the Management uses the information available at the date of preparation of the consolidated financial statements and can exercise its judgment. By nature, valuations based on estimates involve risks and uncertainties concerning their occurrence in the future. Consequently, the actual future results may differ from these estimates and have a significant impact on the financial statements.

The assumptions and estimates made for the preparation of these consolidated financial statements take into account of uncertainties about the consequences, duration and magnitude of the economic crisis generated by the Covid-19 pandemic. The effects of this crisis on the assumptions and estimates used are specified in the 6th part of this note.

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

- the fair value in the balance sheet of financial instruments not listed on an active market which are classified as Financial assets and liabilities at fair value through profit or loss, Hedging derivatives, Financial assets at fair value through other comprehensive income or even Investments of insurance companies (described in Notes 3.1, 3.2, 3.3, 3.4 and 4.3), as well as the fair value of instruments measured at amortised cost for which this information must be disclosed in the notes to the financial statements (see Note 3.9);
- the amount of impairment and provisions for credit risk related to financial assets measured at amortised cost, or at fair value through other comprehensive income, loan commitments granted, and guarantee commitments granted measured with models or internal assumptions based on historical, current and prospective data (see Note 3.8). The uses of estimates and judgment relates in particular to the assessment of the deterioration in credit risk observed since the initial recognition of financial assets and the measurement of the amount of expected credit losses on these same financial assets;

- the assumptions and amortisation conventions used to determine the maturities of financial assets and liabilities for the purpose of measuring and monitoring structural interest rate risk and documenting the related macro fair value hedge accounting (see Note 3.2);
- the amount of impairment on Goodwill (see Note 2.2);
- the provisions recognised under liabilities, underwriting reserves of insurance companies and deferred profit-sharing (see Notes 4.3, 5.2 and 8.3);
- the amount of tax assets and liabilities recognised in the balance sheet (see Note 6);
- the analysis of the contractual cash flow characteristics of financial assets (see Note 3);
- the assessment of control for determining the scope of consolidated entities, especially with regard to structured entities (see Note 2);
- the determination of the lease period to be applied in determining the right-of-use assets and the lease liability (see Note 8.4).

BREXIT

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

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

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

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

CLIMATE RISK

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

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

Environmental risk factors are liable to trigger or increase the risks for the Group. The Group thus considers that climate change-related risks are not a new risk category but rather an aggravating factor for categories already covered by the risk management system. The integration of climate-related risks is based on the existing governance and processes and follows a standard approach (identification, quantification, definition of the risk appetite, control and mitigation).

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

The Group continues its work to gradually integrate climate risks in the preparation of its consolidated accounts (see Notes 2.2, 3, 3.8, 5.3 and 6).

NOTE 1.6 Covid-19

Two years after the outbreak of the Covid-19 pandemic, the year 2021 was marked by an economic upturn in several major economies, in particular as a result of the deployment of vaccines. However, these dynamics are affected by persistent frictions in the global supply chains and labour markets, and by longer delivery times in the manufacturing sector and a reduced capacity of supply in the service sector, which have led to rising costs. Uncertainties remain regarding new developments in the sanitary crisis (emergence of the Omicron variant and slow deployment of vaccines in some countries).

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

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

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

MACROECONOMIC SCENARIOS

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

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

- the central scenario (SG Central), including the assumption that the GDP in the euro area will be back to a 2019 level in 2022, expects no new widespread closures, and assumes that the remaining social distancing measures, such as masks, will enable most sectors to operate almost as usual;
- a scenario of prolonged health crisis (SG Extended), including the assumption that the GDP in the euro area will be back to a 2019 level in 2023, expects a new sanitary shock from the end of 2021, reproducing the lockdown pattern with increased social distancing measures as observed at the end of 2020 and in Spring 2021;

- lastly, two additional scenarios, one favourable (SG Favourable) and one stressed (SG Stress), supplement these two scenarios. The favourable scenario envisages a stronger GDP growth than the central scenario owing to unexpected productivity gains leading to a potentially higher GDP. The stress scenario, including the assumption that the GDP in the euro area will be back to a 2019 level after 2026, corresponds to a crisis situation leading to a negative deviation in GDP compared to the central scenario. This scenario may result from a financial crisis (2008 crisis, Euro area crisis), an exogenous crisis (Covid) or a combination of both.

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

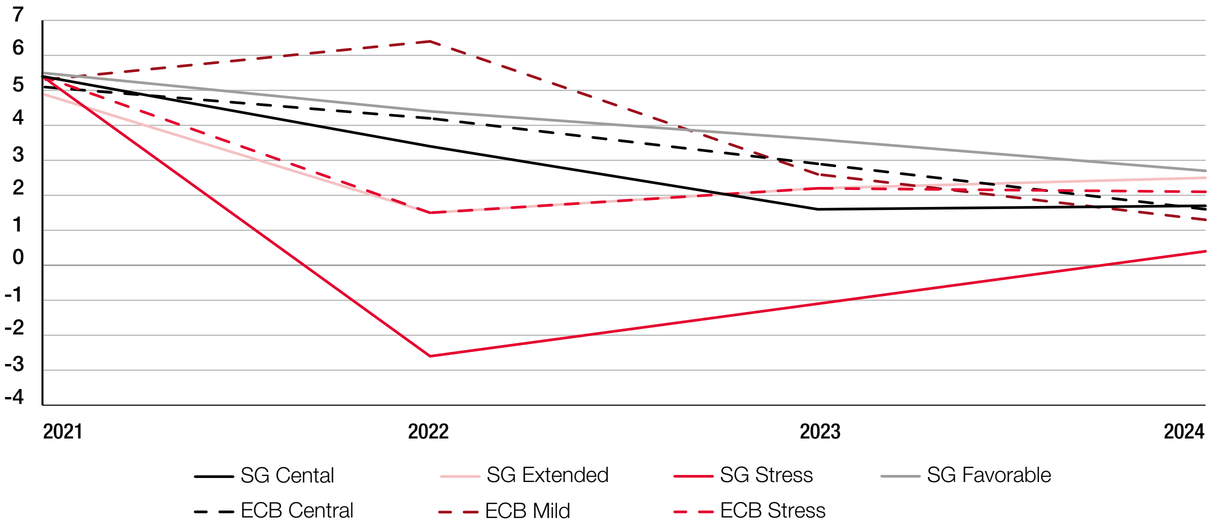
Forecasts from institutions (IMF, Global Bank, ECB, OECD…) and the consensus among market economists serve as a reference to ensure the consistency of the scenarios thus constructed.

Macroeconomic scenarios used in the credit loss measurement models

The scenarios provided by the Group's economists are integrated into the models over a 3-year horizon, followed by a two year period to return in year five to the average probability of default observed during the calibration period. The assumptions made by the Group with a view to developing these macro-economic scenarios are updated to account for the remaining uncertainties regarding the Covid-19 pandemic as well as for the economic recovery prospects.

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

GDP FORECASTS BY SCENARIO, IN PERCENTAGE



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

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

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

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

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

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

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

Weighting of the macroeconomic scenarios

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

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

PRESENTATION OF THE CHANGES IN WEIGHTS:

	31.12.2020	30.06.2021	31.12.2021
SG Central	65%	65%	50%
SG Extended	10%	10%	10%
SG Stress	15%	15%	30%
SG Favourable	10%	10%	10%

CALCULATION OF EXPECTED CREDIT LOSSES AND SENSITIVITY ANALYSIS

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

Sensitivity tests have been conducted to measure the impact of the changes in weights on the models. The scope of this exercise concerns the outstanding amounts classified as Stage 1 and Stage 2 subject to a statistical modelling of the impacts of the macro-economic variables (75% of the outstanding amounts in Stage 1/Stage 2).

The results of these tests, with no impact on the classification of the outstanding amounts concerned, show that, in the event of a 100% weighting:

- of the SG Stress scenario, the impact would be an additional allocation of 381 million euros;
- of the SG Favourable scenario, the impact would be a reversal of 243 million euros;
- of the SG Central scenario, the impact would be a reversal of 150 million euros;
- of the SG Extended scenario, the impact would be a reversal of 64 million euros.

Covid-19 support measures

MORATORIUMS

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

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

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

LOANS SUPPORTED BY THE GOVERNMENT

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

State Guaranteed Loans (*Prêts Garantis par l'État* – PGE)

Thus, the Group will offer, until 30 June 2022, to its customers affected by the crisis (professionals and corporate customers), the allocation of State Guaranteed Loan facilities (PGE) within the framework of the 2020 French Amending Finance Act and the conditions set by the French decree of 23 March 2020. These are financings granted at cost price and guaranteed by the government for a share of the borrowed amount between 70 to 90% depending on the size of the borrowing enterprise (with a waiting period of two months after disbursement at the end of which the guarantee period begins). With a maximum amount corresponding, in the general case, to three months of turnover before tax, these loans come with a one-year repayment exemption. At the end of this year, the customer can either repay the loan or amortise it over one to five more years, with the possibility of extending the grace period for the repayment of principal for one year (in line with the announcements made by the French "*Ministre de l'Économie, des Finances et de la Relance*" on 14 January 2021) without extending the total duration of the loan. The remuneration conditions of the guarantee are set by the State and are applicable by all French banking institutions: the Bank keeps only a share of the guarantee premium paid by the borrower (the amount of which depends on the size of the Company and the maturity of the loan) remunerating the risk it bears, which corresponds to the part of the loan not guaranteed by the State (*i.e.*, between 10% and 30% of the loan depending on the size of the borrowing company).

The State Guaranteed Loans contractual characteristics are those of basic loans (SPPI criterion) and these loans are held by the Group as part of a business model whose objective is to collect contractual cash flows until their maturity; as a result, these loans have been recorded in the consolidated balance sheet under Customer loans at amortised cost. In accordance with the amortised cost method, the frequency of recognition in the income statement of the share of guarantee premiums retained by the Bank is determined during the initial recording of the state-guaranteed loans (PGE) based on their estimated repayment schedules. Any subsequent change in the expected flows of these premiums resulting from the actual repayment terms (depending on the choice made by borrowers at the end of the first year of grace period and on the possibility to extend this period for another year) results in the immediate recognition in the income statement of the updated amount of additional guarantee premiums that the Bank will receive.

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

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

The expected credit losses recognised as at 31 December 2021 in relation to the PGE amount to some 145 million euros, including 78 million euros recognised by the French retail networks (including 35 million euros in Stage 2, and 31 million euros in Stage 3).

A French decree published on 19 January 2022, amending the decree published on 23 March 2020, allows some companies to benefit, under certain conditions, from an extension of their PGE repayment deadlines from six to ten years.

The possible impacts of this decree will be presented in the half-yearly financial statements.

Recovery Equity Loans ("Prêts Participatifs Relance" – PPR)

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

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

NOTE 1.7 Amounts restated compared to the financial statements published for 2020

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

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

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

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

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

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

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

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

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

This change in accounting method also impacts Cash flow statement and the Notes 2.3, 3.12, 5.2, 6, 8.1, 8.3.

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

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

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

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

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

NOTE 2 CONSOLIDATION

MAKING IT SIMPLE

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

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

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

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

ACCOUNTING PRINCIPLES

The consolidated financial statements of Societe Generale include the financial statements of the parent company and of the main French and foreign companies as well as foreign branches over which the Group exercises control as well as a portion of the financial statements of the companies over which the Group exercises joint control or significant influence.

Consolidated entities

SUBSIDIARIES

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

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

Power

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

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

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

Exposure to variable returns

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

Link between power and variable returns

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

Special case of structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Such is the case, for example, when the relevant activities are directed by means of contractual arrangements.

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

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

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

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

JOINT ARRANGEMENTS

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

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

ASSOCIATES

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

Consolidation rules and methods

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

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

CONSOLIDATION METHODS

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

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

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

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

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

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

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

TRANSLATION OF FOREIGN ENTITY FINANCIAL STATEMENTS

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

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

CHANGES IN GROUP'S OWNERSHIP INTEREST IN A CONSOLIDATED ENTITY

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

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

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

When the Group 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 change to the consolidation scope at 31 December 2021, compared with the scope applicable at the closing date of 31 December 2020, is as follow.

TRANSFER OF THE ASSET MANAGEMENT ACTIVITIES PERFORMED BY LYXOR

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

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

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

POST-CLOSING EVENT: ACQUISITION PROJECT

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

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

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

NOTE 2.2 Goodwill

MAKING IT SIMPLE

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

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

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

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

ACCOUNTING PRINCIPLES

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

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

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

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

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

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

The analyses and professional appraisals required for this initial valuation must be carried out within 12 months as from the acquisition date, as must any corrections to the value based on new information related to facts and circumstances existing at the acquisition date. Goodwill and non-controlling interests initially recorded are consequently adjusted.

On the acquisition date, each item of goodwill is allocated to one or more cash-generating units expected to derive benefits from the acquisition. When the Group reorganises its reporting structure in a way that changes the composition of one or more cash-generating units, goodwill previously allocated to modified units is reallocated to the units affected (new or existing). This reallocation is generally performed using a relative approach based on the normative capital requirements of each cash-generating unit affected.

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

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

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

Pillars	Activities
French Retail Banking	
France Networks	Societe Generale's retail banking network, Boursorama online banking activities, consumer and equipment financing in France, retail banking network of Crédit du Nord and its 7 regional banks
International Retail Banking and Financial Services	
Europe	Retail banking and consumer finance services in Europe, notably in Germany (Hanseatic Bank, BDK), Italy (Fiditalia), France (CGL), Czech Republic (KB, Essox), Romania (BRD)
Russia	Banking group Rosbank and its subsidiaries
Africa, Mediterranean Basin and Overseas	Retail banking and consumer finance in Africa, the Mediterranean Basin and Overseas, including in Morocco (SGMA), Algeria (SGA), Tunisia (UIB), Cameroon (SGBC), Côte d'Ivoire (SGBCI) and Senegal (SGBS)
Insurance	Life and non-life insurance activities in France and abroad (including Sogécap, Sogessur, Oradea Vie and Antarius)
Equipment and Vendor Finance	Financing of sales and professional equipment by Societe Generale Equipment Finance
Auto Leasing Financial Services	Operational vehicle leasing and fleet management services (ALD Automotive)
Global Banking and Investor Solutions	
Global Markets and Investor Services	Market solutions for businesses, financial institutions, the public sector, family offices and a full range of securities services, clearing services, execution, prime brokerage and custody
Financing and Advisory	Advisory and financing services for businesses, financial institutions, the public sector and transaction and payment management services
Asset and Wealth Management	Asset and Wealth Management Solutions in France and abroad

FRANCE RETAIL BANKS PROJECTS

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

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

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

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

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

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

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

(1) The CGU Societe Generale Networks was renamed France Networks as at 31 December 2021 (see section France Retail banks Projects).
(2) Corresponds to the decrease in goodwill related to the disposal of Lyxor (see Note 2.1).

ANNUAL IMPAIRMENT TEST OF CGU

The Group performed an annual impairment test at 31 December 2021 for each CGU to which goodwill had been allocated.

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

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

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

- for each CGU, estimates of future distributable dividends are determined over a five-year period, on the basis of a four-year budget trajectory (2022-2025) extrapolated to 2026, the latter year being used to calculate the terminal value;
- these estimates take into account the equity target allocated to each CGU, unchanged compared to 31 December 2020 (11% of the risk-weighted assets of each CGU);
- the growth rates used to calculate the terminal value are determined using forecasts on sustainable long-term economic growth and inflation. These rates are estimated using two main sources, namely the International Monetary Fund and the economic analyses produced by SG Cross Asset Research which provides 2026 forecasts;

- the projected dividends are then discounted on the basis of a rate equal to the risk-free rate grossed up by a risk premium based on the CGU's underlying activities. This risk premium, specific to each activity, is calculated from a series of equity risk premiums published by SG Cross Asset Research and from its specific estimated volatility (beta). Where appropriate, the risk-free rate is also grossed up by a sovereign risk premium, representing the difference between the risk-free rate available in the area of monetary assignment (mainly US dollar area or Euro area) and the interest rate observed on liquid long-term treasury bonds issued (mainly US dollar area or Euro area), in proportion with risk-weighted assets for CGUs covering several countries. The updated discount rates as at 31 December 2021 are detailed below.

The table below presents discount rates and long-term growth rates specific to the CGUs of the Group's three core businesses:

Assumptions as at 31 December 2021	Discount rate	Long-term growth rate
French Retail Banking		
France Networks	8.0%	1.5%
International Retail Banking and Financial Services		
Retail Banking and Consumer Finance	10.4% to 13.7%	2% to 3%
Insurance	9.0%	2.5%
Equipment and Vendor Finance and Auto Leasing Financial Services	9.4%	2.0%
Global Banking and Investor Solutions		
Global Markets and Investor Services	12.0%	2.0%
Financing and Advisory	10.0%	2.0%
Asset and Wealth Management	9.5%	2%

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

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

Pillars	
French Retail Banking	
France Networks	■ In a challenging environment (regulatory constraints, low rates), ongoing efforts to shift operations and relationship banking at Societe Generale and Credit du Nord towards a digital model, and implementation of the project to merge the two retail banking networks ■ Confirmation of Boursorama's customer acquisition plan
International Retail Banking & Financial Services	
Europe	■ Continued adaptation of our models to capture growth potential in the region and consolidate the competitive positions of our operations ■ Strict discipline applied to operating expenses and normalisation of cost of risk
Russia	■ Based on 31 December 2021 assumptions: continued development of activities in Russia and strict discipline applied to operating expenses and cost of risk
Africa, Mediterranean Basin and Overseas	■ Continued development of Societe Generale's sales network ■ Continued focus on operating efficiency (automatisation, dematerialisation, digitalisation and mutualisation initiatives)
Insurance	■ Reinforcement of integrated bank insurance model and continued dynamic growth in France and abroad in synergy with the retail banking network, Private Banking and financial services[1]
Equipment and Vendor Finance	■ Consolidation of leadership in these corporate financing businesses ■ Recovery of profitability by continuing to focus on activities with the best risk/reward ■ Strict discipline applied to operating expenses and scarce resources
Auto Leasing Financial Services	■ Reinforcement of ALD position at the heart of the evolving mobility world and strengthening of competitive edge to become a fully integrated sustainable mobility provider and the global leader in its industry ■ Continued growth for strategic partners and for long-tearm renting to retail customers ■ Continued focus on operating efficiency
Global Banking and Investor Solutions	
Global Markets and Investor Services	■ Thanks to the restructuring initiated in 2019, better balance of the portfolio of businesses securing future revenues and enabling an optimisation of resources utilisation in a standardised market context ■ Consolidation of market-leading franchises (equities) and growth mainly supported by financing and investment solutions activities ■ Continued optimisation measures and investments in information systems
Financing and Advisory	■ Consolidation of origination momentum of financing activities ■ Consolidation of market-leading franchises (commodity and structured financing) ■ Progressive normalisation of cost of risk in improved economic conditions
Asset and Wealth Management	■ Consolidation of commercial and operational efficiency in Wealth Management in an improved economic environment and continued development of synergies with retail banking network ■ Divestment of most of Lyxor's asset management activities

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

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

For other CGUs, the tests carried out at 31 December 2021 show that the recoverable amount remains higher than the book value.

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

- a 50 basis point increase applied to all CGU discount rates shown in the table above would result in a decrease in the total recoverable amount of 7.3% without requiring additional impairment of any CGU;
- a 50 basis point reduction in long-term growth rates would result in a 2.5% decrease in the total recoverable amount without requiring additional depreciation of any CGU;
- by combining these two sensitivity cases, the total recoverable amount would result in a 9.2% decrease without requiring additional depreciation of any CGU.

NOTE 2.3 Additional disclosures for consolidated entities and investments accounted for using the equity method

This note provides additional disclosures for entities included in the consolidation scope.

These disclosures concern entities over which Societe Generale exercises exclusive control, joint control or significant influence, provided these entities have significant impact on the Group's consolidated financial statements. The significance of the impact is considered in particular regarding Group consolidated total assets and gross operating income.

NOTE 2.3.1 CONSOLIDATED STRUCTURED ENTITIES

Consolidated structured entities include:

- collective investment vehicles such as SICAVs (open-ended investment funds) and mutual funds managed by the Group's asset management subsidiaries;
- securitisation funds and conduits issuing financial instruments that can be subscribed for by investors and that generate credit risks inherent in an exposure or basket of exposures which can be divided into tranches; and
- asset financing vehicles (aircraft, rail, shipping or real estate finance facilities).

The Group has entered into contractual agreements with certain consolidated structured entities that may lead to financial support for these entities due to their exposure to credit, market or liquidity risks.

The Group has not provided any financial support to these entities outside of any contractual framework for the closing period and as of 31 December 2021 does not intend to support them financially.

Securities issued by structured debt vehicles carry an irrevocable and unconditional guarantee from Societe Generale for payment of amounts due by issuer. These issuers also enter into hedging transactions with Societe Generale to enable them to meet their payment obligations. As of 31 December 2021, the amount of outstanding loans thus guaranteed is EUR 43.4 billion.

As part of its securitisation activities on behalf of its clients or investors, Societe Generale grants two liquidity lines to ABCP (Asset Back Commercial Paper) conduits for a total amount for EUR 22.2 billion as of 31 December 2021.

NOTE 2.3.2 NON-CONTROLLING INTERESTS

Non-controlling interests refer to equity holdings in fully consolidated subsidiaries that are neither directly nor indirectly attributable to the Group. They include equity instruments issued by these subsidiaries and not held by the Group, as well as the share of income and accumulated reserves, and of unrecognised or deferred gains and losses attributable to the holders of these instruments.

Non-controlling interests amount to EUR 5,796 million at 31 December 2021 (*vs.* EUR 5,302 million at 31 December 2020) and account for 8% of total shareholders' equity at 31 December 2021 (*vs.* 8% at 31 December 2020).

INFORMATION ON SHAREHOLDER'S EQUITY OF NON-CONTROLLING INTERESTS

(In EURm)	31.12.2021	31.12.2020
Capital and reserves*	5,043	4,601
Other equity instruments issued by subsidiaries (see Note 7.1)	800	800
Unrealised or deferred gains and losses	(47)	(99)
TOTAL*	**5,796**	**5,302**

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

The Non-controlling interests, of significant amount in terms of contribution to the total shareholders' equity in the Group's consolidated balance sheet, relate to:

- listed subsidiaries Komerčni Banka A.S, BRD – Groupe Societe Generale S.A and SG Marocaine de Banques;
- ALD S.A, whose data presented here correspond to those of the ALD group;
- Sogécap, fully owned, with the subordinated notes issued in December 2014.

(In EURm)	31.12.2021				
	Group voting interest	Group ownership interest	Net income attributable to non-controlling interests	Total non-controlling interests	Dividends paid during the year to holders of non-controlling interests
KOMERCNI BANKA A.S	60.73%	60.73%	187	1,864	(62)
BRD – GROUPE SOCIETE GENERALE S.A	60.17%	60.17%	98	762	(3)
GROUPE ALD	79.82%	79.82%	183	1,002	(57)
SG MAROCAINE DE BANQUES	57.65%	57.65%	31	499	(13)
SOGÉCAP	100.00%	100.00%	33	829	(33)
Other entities	-	-	165	840	(58)
TOTAL	**-**	**-**	**697**	**5,796**	**(226)**

(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	1,614	-
BRD – GROUPE SOCIETE GENERALE S.A*	60.17%	60.17%	80	776	0
GROUPE ALD	79.82%	79.82%	111	873	(58)
SG MAROCAINE DE BANQUES	57.62%	57.62%	25	465	0
SOGÉCAP	100.00%	100.00%	33	829	(33)
Other entities	-	-	88	745	(33)
TOTAL*	**-**	**-**	**454**	**5,302**	**(124)**

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

SUMMARISED FINANCIAL INFORMATION FOR MAIN NON-CONTROLLING INTERESTS

The information below are the data of the entities or subgroups (excluding Sogécap) taken at 100% and before the elimination of intragroup operations.

(In EURm)	31.12.2021			
	Net banking income	Net income	Net income and unrealised or deferred gains and losses	Total balance sheet
KOMERCNI BANKA A.S	1,173	494	815	49,158
BRD – GROUPE SOCIETE GENERALE S.A	600	247	(26)	13,539
GROUPE ALD	1,812	886	903	48,794
SG MAROCAINE DE BANQUES	438	79	119	9,820

(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	175	43,597
BRD – GROUPE SOCIETE GENERALE S.A	605	197	295	12,684
GROUPE ALD	1,491	696	617	46,546
SG MAROCAINE DE BANQUES	427	59	45	9,512

* *Amounts restated compared to the financial statements published for 2020. The unrealised and deferred gains and losses have been corrected in order to reflect only the change over the period and not the balance at the end of the period.*

NOTE 2.3.3 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (ASSOCIATES AND JOINT VENTURES)

SUMMARISED FINANCIAL INFORMATION

(In EURm)	Joint ventures		Associates		Total investments accounted for using the equity method	
	2021	2020	2021	2020	2021	2020
Group share:						
Net income	4	5	2	(2)	6	3
Unrealised or deferred gains and losses (net of tax)	-	-	-	-	-	-
NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES	**4**	**5**	**2**	**(2)**	**6**	**3**

Commitments to related parties

As at 31 December 2021, the Group has no commitments with related parties linked to associates and joint ventures.

NOTE 2.3.4 SIGNIFICANT RESTRICTIONS ON THE ABILITY TO ACCESS OR USE THE ASSETS OF THE GROUP

Legal, regulatory, statutory or contractual constraints or requirements may restrict the ability of the Group to transfer assets freely to or from entities within the Group.

The ability of consolidated entities to distribute dividends or to grant or repay loans and advances to entities within the Group depends on, among other things, local regulatory requirements, statutory reserves and financial and operating performance. Local regulatory requirements may concern regulatory capital, exchange controls or non-convertibility of the local currency (as it is the case in countries belonging to the West African Economic and Monetary Union or to the Economic and Monetary Community of Central Africa), liquidity ratios (as in the United States) or large exposures ratios that aim to cap the entity's exposure in relation to the Group (regulatory requirement to be fulfilled in most countries in Eastern and Central Europe, Maghreb and sub-Saharan Africa).

The ability of the Group to use assets may also be restricted in the following cases:

- assets pledged as security for liabilities, notably guarantees provided to the central banks, or assets pledged as security for transactions in financial instruments, mainly through guarantee deposits with clearing houses;
- securities that are sold under repurchase agreements or that are lent;
- assets held by insurance subsidiaries in representation of unit-linked liabilities with life-insurance policy holders;
- assets held by consolidated structured entities for the benefit of the third-party investors that have bought the notes or securities issued by the entity;
- mandatory deposits placed with central banks.

NOTE 2.4 Unconsolidated structured entities

The information provided hereafter concerns entities structured but not controlled by the Group. This information is grouped by main type of similar entities, such as Financing activities, Asset management and Others (including Securitisation and Issuing 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, etc.);
- credit enhancement (guarantees, subordinated instruments, credit derivatives, etc.);
- issuance of guarantees (guarantee commitments);
- derivatives that absorb all or part of the risk of variability of the structured entity's returns, except Credit Default Swap (CDS) and options purchased by the Group;
- contracts remunerated by fees indexed to the structured entity's performance;
- tax consolidation agreements.

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

(1) For Asset management: NAV (Net Asset Value) of funds.
(2) In 2021, the decrease of Asset management activities is linked to the disposal of Lyxor (see Note 2.1).

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

However, this year, the Group has not provided any financial support to these entities, except if bound to by contract, and, as of 31 December 2021, does not intend to provide such support.

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

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

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

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

These mitigating amounts must be capped in case of legal or contractual limitation of their realisable or recoverable amounts. They amounted to EUR 2,076 million and mainly concern Others (including Securitisation and Issuing vehicules).

NOTE 2.4.2 INFORMATION ON UNCONSOLIDATED STRUCTURED ENTITIES SPONSORED BY THE GROUP

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

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

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

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

As at 31 December 2021, the total amount of the balance sheet of these unconsolidated structured entities, sponsored by the Group, and in which the Group does not have any interest, was EUR 3,517 million.

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

NOTE 3 FINANCIAL INSTRUMENTS

MAKING IT SIMPLE

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

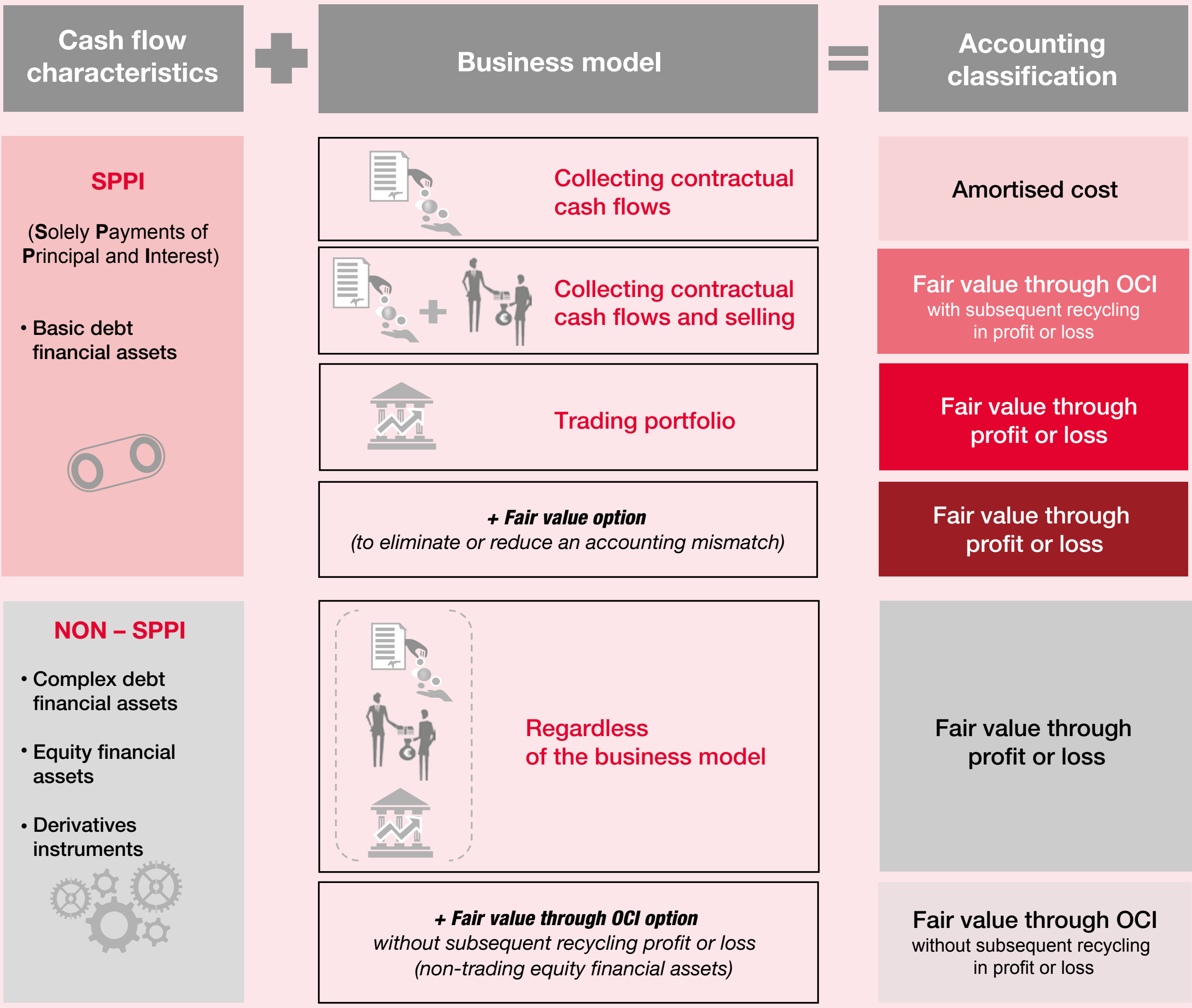
In the financial statements, the classification and valuation of financial assets and liabilities depend on their contractual characteristics and the way the entity manages those financial instruments.

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

ACCOUNTING PRINCIPLES

Classification of financial assets

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



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

ANALYSIS OF CONTRACTUAL CASH FLOW CHARACTERISTICS

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

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

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

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

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

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

ANALYSIS OF THE BUSINESS MODEL

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

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

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

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

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

FAIR VALUE OPTION

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

Classification of financial liabilities

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

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

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

Reclassifications of financial assets

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

Fair value

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

Initial recognition

Financial assets are recognised on the balance sheet:

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

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

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

If the initial fair value is exclusively based on observable market data, any difference between the fair value and the transaction price, *i.e.* the sales margin, is immediately recognised in profit or loss. However, if one of the valuation inputs is not observable or if the used valuation model is not recognised by the market, the recognition of the sales margin is then generally deferred in profit or loss.

For some instruments, due to their complexity, this margin is recognised at their maturity or upon disposal in the event of an early sale. When valuation inputs become observable, any portion of the sales margin that has not yet been recorded is then recognised in profit or loss (see Note 3.4.7).

Derecognition of financial assets and liabilities

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

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

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

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

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

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

Foreign exchange transactions

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

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

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

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

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

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

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

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

This treatment depends on compliance with the following conditions:

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

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

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

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

METHOD OF ANALYSIS OF CONTRACTUAL CASH FLOWS OF FINANCIAL ASSETS

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

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

The prepayment compensation is considered as reasonable especially when:

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

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

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

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

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

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

Impact loans have been granted by the Group to support the enterprises' sustainability approach through an incentive mechanism that reviews the margin according to ESG criteria specific to the borrower or to the achievement by the latter of sustainable development goals (Sustainability-linked loans). An analysis of these loans has allowed them to qualify as basic financial assets (SPPI) provided that their flows meet the de *minimis* criterion as well as the other SPPI criteria.

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

- derivative instruments;
- shares and other equity instruments held by the entity;
- equity instruments issued by mutual funds;
- debt financial assets that can be converted or redeemed into a fixed number of shares (convertible bonds, equity-linked securities, etc.);
- structured instruments the flows of which are indexed in full or in part on an ESG market index.

When the time value component of interest can be modified according to the contractual term of the instrument, it may be necessary to compare the contractual cash flow with the cash flow that would arise from a benchmark instrument. For instance, that is the case when an interest rate is periodically reset, but the frequency of that reset does not match the tenor of the interest rate (such as an interest rate reset every month to a one-year rate), or when the interest rate is periodically reset to an average of short- and long-term interest rates.

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

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

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

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

The data presented in Note 3 exclude the financial instruments of insurance subsidiaries; the data for insurance subsidiaries are presented in Note 4.3.

The information on the types of risks, the risk management linked to financial instruments as well as the information on capital management and compliance with regulatory ratios, required by IFRS as adopted by the European Union, are disclosed in Chapter 4 of the present Universal Registration Document (Risks and capital adequacy).

NOTE 3.1 Financial assets and liabilities at fair value through profit or loss

OVERVIEW

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

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

NOTE 3.1.1 TRADING PORTFOLIO

ACCOUNTING PRINCIPLES

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

This portfolio also includes, among other trading assets, the physical commodities that are held by the Group as part of its market-maker activity on commodity derivative instruments.

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

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

TRADING ACTIVITIES

Financial assets held for trading are:

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

Global market activities

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

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

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

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

ASSETS

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

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*
(1) *See Note 3.2 Financial derivatives.*

LIABILITIES

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

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*
(1) *See Note 3.2 Financial derivatives.*

NOTE 3.1.2 FINANCIAL INSTRUMENTS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

ACCOUNTING PRINCIPLES

Financial assets measured mandatorily at fair value through profit or loss include:

- loans, bonds and bond equivalents that are not held for trading purposes and do not pass the SPPI test (non-basic or non-SPPI instruments);
- shares and share equivalents that are not classified in any other sub-category: trading book at fair value through profit or loss, instruments designated by the Group at fair value through other comprehensive income without subsequent reclassification to profit or loss.

These assets are recorded at fair value in the balance sheet under Financial assets at fair value through profit or loss and changes in the fair value of these instruments (excluding interest income) are recorded in profit or loss under Net gains or losses on financial instruments at fair value through profit or loss.

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

BREAKDOWN OF LOANS AND RECEIVABLES AND SECURITIES PURCHASED UNDER RESALE AGREEMENTS

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

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

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

NOTE 3.1.3 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS USING FAIR VALUE OPTION

ACCOUNTING PRINCIPLES

In addition to the financial assets and liabilities held for trading, and the financial assets measured mandatorily at fair value through profit or loss, the same items in the financial statements include the non-derivative financial assets and liabilities that the Group has designated at fair value through profit or loss. Changes in the fair value of these instruments (including interest) are recorded in profit or loss under Net gains or losses on financial instruments at fair value through profit or loss, except the share related to the Group's own credit risk on financial liabilities which is booked under Unrealised or deferred gains and losses.

Furthermore, in case of derecognition of a financial liability at fair value through profit or loss using the fair value option before its contractual maturity, any gains and losses, related to the Group's own credit risk are booked under Unrealised or deferred gains and losses and then reclassified under Retained earnings at the beginning of the subsequent financial year.

For financial assets, this option may only be used to eliminate or significantly reduce accounting mismatches that would otherwise arise from applying different accounting treatments to certain related financial assets and liabilities.

For financial liabilities, this option may only be used in the following cases:

- to eliminate or reduce discrepancies in the accounting treatment of certain related financial assets and liabilities;
- when it applies to a hybrid financial instrument with one or more embedded derivatives, which should be recognised separately;
- when a group of financial assets and/or liabilities is managed together and its performance is measured at fair value.

The Group thus recognises structured bonds issued by Societe Generale Corporate and Investment Banking at fair value through profit or loss. These issuances are purely commercial and the associated risks are hedged on the market using financial instruments managed in trading portfolios. By using the fair value option, the Group can ensure consistency between the accounting treatment of these bonds and that of the derivatives hedging the associated market risks, which have to be carried at fair value.

ASSETS

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

(1) Including, as at 31 December 2021, EUR 1,331 million of separate assets for defined post-employment benefits compared to EUR 1,150 million as at 31 December 2020 (see Note 5.2).

LIABILITIES

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

	31.12.2021		31.12.2020	
(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	64,451	65,547	70,435	70,941

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

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

NOTE 3.1.4 NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

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

NOTE 3.2 Financial derivatives

MAKING IT SIMPLE

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

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

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

Contrary to other financial instruments, derivative instruments are always measured at fair value in the balance sheet, regardless their purpose (market activities or hedging transactions). The fair value adjustments of trading derivatives are directly recognised in the income statement. However, the accounting method used on hedging transactions aims to neutralise in the income statement the effects of the revaluation of hedging derivatives, as long as the hedge is effective.

ACCOUNTING PRINCIPLES

Derivatives are financial instruments meeting the following three criteria:

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

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

Special case – derivatives having Societe Generale shares as their underlying instrument

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

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

Embedded derivatives

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

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

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

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

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

NOTE 3.2.1 TRADING DERIVATIVES

ACCOUNTING PRINCIPLES

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

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

FAIR VALUE

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

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

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

COMMITMENTS (NOTIONAL AMOUNTS)

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

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

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

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

NOTE 3.2.2 HEDGING DERIVATIVES

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

ACCOUNTING PRINCIPLES

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

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

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

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

Fair value hedges

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

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

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

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

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

Cash flow hedges

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

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

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

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

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold, hedge accounting is discontinued prospectively. The amounts previously recognised directly in equity are reclassified in the income statement over the periods during which interest income is affected by the cash flows from the hedged item. If the hedged item is sold or redeemed earlier than expected or if the hedged forecast transaction ceases to be highly probable, the unrealised gains and losses recognised in equity are immediately reclassified in the income statement.

Hedging of a net investment in a foreign operation

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

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

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

Portfolio hedges (macro-hedge)

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

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

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

- the application of fair value hedge accounting to the macro-hedges used for asset-liability management, including customer demand deposits in the fixed-rate positions being hedged;
- the performance of the effectiveness tests required by IAS 39 as adopted by the European Union.

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

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

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

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

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

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

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

NON-DISCONTINUATION OF HEDGING RELATIONSHIPS

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

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

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

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

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

These updates are performed as and when changes are made to the hedged items or the hedging instruments; an accounting hedge may be updated several successive times.

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

SPECIFIC ACCOUNTING TREATMENTS

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

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

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

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

FAIR VALUE

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

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

Furthermore, through some of its Corporate and Investment Banking operations, the Group is exposed to future cash flow changes in its short and medium-term funding requirements and sets up hedging relationships recognised for accounting purposes as cash flow hedges.

Highly probable funding requirements are determined using historic data established for each activity and representative of balance sheet outstanding. These data may be increased or decreased by changes in management methods.

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

COMMITMENTS (NOTIONAL AMOUNTS)

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

IBOR REFORM

The notional amounts of the hedging instruments affected by the amendments to IAS 39, introduced in the context of the rate reform and aimed at not taking into account the uncertainties associated with the reform in order to meet certain criteria required in terms of hedge accounting, amounted to the following:

	31.12.2021	
(In EURm)	**Fair value hedge**	**Cash flow hedge**
Libor	24,206	2,598
of which Libor USD	*23,960*	*2,598*
of which Libor GBP	*86*	-
of which Libor CHF	160	-

USD Libor contracts which have a maturity date prior to 30 June 2023 amount to EUR 4,943 million.

MATURITIES OF HEDGING FINANCIAL DERIVATIVES (NOTIONAL AMOUNTS)

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

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

FAIR VALUE HEDGE: BREAKDOWN OF HEDGED ITEMS

	31.12.2021		
(In EURm)	**Carrying amount**	**Cumulative change in the fair value**[2]	**Change in the fair value booked during the period**[2]
Hedge of interest rate risk	**257,100**	**4,860**	**5,732**
Hedged assets	68,184	1,431	(1,154)
Due from banks, at amortised cost	*1,204*	*20*	*(22)*
Customer loans, at amortised cost	*7,096*	*227*	*(199)*
Securities at amortised cost	*1,547*	*(153)*	*(186)*
Financial assets at fair value through other comprehensive income	*29,893*	*1,207*	*(480)*
Customer loans (macro hedged)[1]	*28,444*	*130*	*(267)*
Hedged liabilities	188,916	3,429	6,886
Debt securities issued	*46,226*	*130*	*1,148*
Due to banks	*13,511*	*104*	*339*
Customer deposits	*1,543*	*103*	*67*
Subordinated debts	*14,815*	*260*	*468*
Customer deposits (macro hedged)[1]	*112,821*	*2,832*	*4,864*
Hedge of currency risk	**472**	**35**	**(1)**
Hedged liabilities	472	35	(1)
Subordinated debts	*472*	*35*	*(1)*
Hedge of equity risk	**1**	**-**	**1**
Hedged liabilities	1	-	1
Other liabilities	*1*	*-*	*1*
TOTAL	**257,573**	**4,895**	**5,732**

	31.12.2020		
(In EURm)	**Carrying amount**	**Cumulative change in the fair value[2]**	**Change in the fair value booked during the period[2]**
Hedge of interest rate risk	**253,429**	**13,542**	**(709)**
Hedged assets	65,138	3,269	1,031
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)**

(1) The carrying amount of the macro-hedged items represents the sum of the hedged outstanding and the revaluation differences on portfolios hedged against interest rate risk.

(2) Changes in fair value attributable to the hedged risk only and used to determine the ineffective portion of the fair value of the hedging instrument. This change is excluding accrued interests for the items hedged against interest rate risk.

As at 31 December 2021, EUR 79 million of cumulative changes in fair value are still to be amortised because of the disappearance of the hedged item. This amount is mainly related to interest rate risk hedging.

FAIR VALUE HEDGE: BREAKDOWN OF HEDGING INSTRUMENTS

(In EURm)	31.12.2021				
	Commitments (notional amounts)	Fair value[2]		Change in fair value booked during the period	Ineffectiveness recognised during the period
		Asset	Liability		
Hedge of interest rate risk	**251,936**	**12,786**	**10,140**	**(5,741)**	**(9)**
Firm instruments – Swaps	248,899	12,785	10,103	(5,743)	(9)
For hedged assets	*36,082*	*218*	*2,249*	*891*	*4*
For hedged portfolios of assets (macro hedge)[1]	*24,739*	*196*	*124*	*239*	*(26)*
For hedged liabilities	*77,735*	*1,726*	*598*	*(1,987)*	*35*
For hedged portfolios of liabilities (macro hedge)[1]	*110,343*	*10,645*	*7,132*	*(4,886)*	*(22)*
Options	3,037	1	37	2	-
For hedged assets	-	-	-	-	-
For hedged portfolios of assets (macro hedge)[1]	*3,037*	*1*	*37*	*2*	-
Hedge of currency risk	**463**	**36**	**30**	**1**	**-**
Firm instruments	463	36	30	1	-
For hedged liabilities	*463*	*36*	*30*	*1*	-
Hedge of equity risk	**3**	**-**	**-**	**(1)**	**-**
Options	3	-	-	(1)	-
For hedged liabilities	*3*	-	-	*(1)*	-
TOTAL	**252,402**	**12,822**	**10,170**	**(5,741)**	**(9)**

(In EURm)	31.12.2020				
	Commitments (notional amounts)	Fair value[2]		Change in fair value booked during the period	Ineffectiveness recognised during the period
		Asset	Liability		
Hedge of interest rate risk	**241,509**	**19,854**	**12,198**	**801**	**92**
Firm instruments – Swaps	240,756	19,854	12,198	799	92
For hedged assets	*41,944*	*35*	*3,256*	*(1,150)*	*(10)*
For hedged portfolios of assets (macro hedge)[1]	*17,614*	*290*	*563*	*120*	*13*
For hedged liabilities	*67,933*	*3,004*	*149*	*795*	*38*
For hedged portfolios of liabilities (macro hedge)[1]	*113,265*	*16,525*	*8,230*	*1,034*	*51*
Options	753	0	-	2	0
For hedged portfolios of assets (macro hedge)[1]	*753*	*0*	-	*2*	-
Hedge of currency risk	**384**	**32**	**0**	**38**	**-**
Firm instruments	384	32	0	38	-
For hedged liabilities	*384*	*32*	*0*	*38*	-
Hedge of equity risk	**2**	**-**	**1**	**(1)**	**0**
Options	2	-	1	(1)	0
For hedged liabilities	*2*	-	*1*	*(1)*	*0*
TOTAL	**241,895**	**19,886**	**12,199**	**838**	**92**

(1) For macro fair value transactions, the commitment described above equals the net hedging derivatives position in order to represent the economic exposure from these instruments. This position should be linked with the carrying amount of the hedged items which represents the hedged exposure.

(2) The fair value of interest rate hedging derivatives includes accrued interests.

CASH FLOW HEDGE: BREAKDOWN OF HEDGED ITEMS

The following table describes the change of fair value of hedged items used to book the ineffective portion of the hedge during the current period. Regarding the cash flow hedges, the change in fair value of hedged items is assessed using the hypothetical derivative method described in the accounting principles above.

	31.12.2021	31.12.2020
(In EURm)	**Change in the fair value**	**Change in the fair value**
Hedge of interest rate risk	**69**	**(206)**
Hedged assets	(9)	(13)
Financial assets at fair value through other comprehensive income	*4*	*(3)*
Customer loans (macro hedged)	*(13)*	*(10)*
Hedged liabilities	78	(193)
Debt securities issued	*(6)*	*1*
Due to banks	*(60)*	*(11)*
Customer deposits (macro hedged)	*144*	*(183)*
Hedge of currency risk	**(27)**	**6**
Hedged liabilities	(19)	(3)
Subordinated debts	*(19)*	*(3)*
Forecast transactions	(8)	9
Hedge of equity risk	**(69)**	**40**
Forecast transactions	(69)	40
TOTAL	**(27)**	**(160)**

CASH FLOW HEDGE: BREAKDOWN OF HEDGING INSTRUMENTS

	31.12.2021					
		Fair value		Changes in fair value recorded during the period		
(In EUR m)	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	**11,557**	**253**	**26**	**(68)**	**-**	**187**
Firm instruments – Swaps	11,545	253	26	(68)	-	187
For hedged assets	*176*	*1*	*-*	*(3)*	*-*	*-*
For hedged portfolios of assets (macro hedge)(1)	*1,169*	*1*	*11*	*13*	*-*	*(5)*
For hedged liabilities	*5,982*	*115*	*3*	*66*	*-*	*68*
For hedged portfolios of liabilities (macro hedge)(1)	*4,218*	*136*	*12*	*(144)*	*-*	*124*
Firm instruments – FRAs	12	-	-	-	-	-
For hedged liabilities	*12*	*-*	*-*	*-*	*-*	*-*
Hedge of currency risk	**2,148**	**33**	**34**	**23**	**5**	**16**
Firm instruments	2,148	33	34	23	5	16
For hedged assets	*-*	*-*	*-*	*-*	*-*	*-*
For hedged liabilities	*1,465*	*25*	*30*	*19*	*-*	*18*
For hedged future transactions	*683*	*8*	*4*	*4*	*5*	*(2)*
Non-derivative financial instruments	-	-	-	-	-	-
For hedged future transactions	*-*	*-*	*-*	*-*	*-*	*-*
Hedge of equity risk	**157**	**35**	**2**	**69**	**9**	**7**
Options	157	35	2	69	9	7
For hedged future transactions	*157*	*35*	*2*	*69*	*9*	*7*
TOTAL	**13,862**	**321**	**62**	**24**	**14**	**210**

(1) For the macro hedge transactions, the commitment described above equals the net hedging derivatives position in order to represent the economic exposure from these instruments.

	31.12.2020					
		Fair value		Changes in fair value recorded during the period		Cumulative change in fair value recorded in unrealised or deferred gains and losses
(In EUR m)	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**

(1) For the macro hedge transactions, the commitment described above equals the net hedging derivatives position in order to represent the economic exposure from these instruments.

In 2021, EUR 43 million of unrealised or deferred gains and losses were transferred to net income, following the accounting of hedged the cash flows in the income statement.

NET INVESTMENT HEDGE: BREAKDOWN OF HEDGED ITEMS

	31.12.2021		31.12.2020
(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	**(518)**	**671**	**2,029**
Hedged net investment in GBP	(220)	85	484
Hedged net investment in CZK	(122)	(295)	(115)
Hedged net investment in RUB	(77)	882	1,288
Hedged net investment in RON	17	38	36
Hedged net investment in USD	(32)	(72)	40
Hedged net investment (other currencies)	(84)	33	296

(1) Changes in fair value attributable to the hedged risk only and used to determine the ineffective portion of the fair value of the hedged instruments.

NET INVESTMENT HEDGE: BREAKDOWN OF HEDGE INSTRUMENTS

	31.12.2021					
		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	**6,898**	**105**	**2,375**	**519**	**71**	**(672)**
Firm instruments	6,898	105	193	282	71	219
Hedged net investment in GBP	*1,358*	*11*	*39*	*86*	*22*	*179*
Hedged net investment in CZK	*1,420*	*6*	*51*	*76*	*11*	*83*
Hedged net investment in RUB	*909*	*19*	*28*	*55*	*33*	*(44)*
Hedged net investment in RON	*1,028*	*11*	*-*	*(17)*	*10*	*(24)*
Hedged net investment in USD	*(1)*	*15*	*20*	*16*	*7*	*25*
Hedged net investment (other currencies)	*2,184*	*43*	*55*	*66*	*(12)*	*-*
Non derivatives instruments	-	-	2,182	237	-	(891)
Hedged net investment in GBP	*-*	*-*	*484*	*134*	*-*	*(264)*
Hedged net investment in CZK	*-*	*-*	*869*	*46*	*-*	*213*
Hedged net investment in RUB	*-*	*-*	*325*	*22*	*-*	*(838)*
Hedged net investment in RON	*-*	*-*	*42*	*(1)*	*-*	*(14)*
Hedged net investment in USD	*-*	*-*	*203*	*16*	*-*	*46*
Hedged net investment (other currencies)	*-*	*-*	*259*	*20*	*-*	*(34)*

	31.12.2020					
		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)*

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

NOTE 3.3.1 DEBT INSTRUMENTS

ACCOUNTING PRINCIPLES

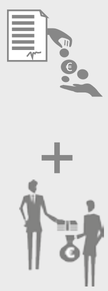
Debt instruments (loans and receivables, bonds and bond equivalents) are classified as Financial assets at fair value through other comprehensive income when their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a Collect and Sell business model.

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

At the reporting date, these instruments are measured at fair value and changes in fair value excluding income, are recorded in equity under Unrealised or deferred gains and losses, except for foreign exchange differences on money market instruments denominated in local currencies, which are recorded in profit or loss. Furthermore, as these financial assets are subject to impairment for credit risk, the changes in expected credit losses are recorded in profit or loss under Cost of risk with a corresponding entry under Unrealised or deferred gains and losses. The applicable impairment rules are described in Note 3.8.

BUSINESS MODEL "HOLD TO COLLECT AND SELL"

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



Cash management

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

CHANGES OF THE PERIOD

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

CUMULATIVE UNREALISED GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

(In EURm)	31.12.2021	31.12.2020
Unrealised gains	334	714
Unrealised losses	(200)	(262)
TOTAL	**134**	**452**

NOTE 3.3.2 EQUITY INSTRUMENTS

ACCOUNTING PRINCIPLES

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

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

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

NOTE 3.4 Fair value of financial instruments measured at fair value

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

	31.12.2021				31.12.2020			
(In EURm)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Trading portfolio (excluding derivatives)	**119,240**	**95,485**	**4,709**	**219,434**	**109,734**	**138,699**	**4,369**	**252,802**
Bonds and other debt securities	19,516	2,584	380	22,480	26,420	3,108	794	30,322
Shares and other equity securities	99,721	9,137	-	108,858	83,314	9,465	1	92,780
Securities purchased under resale agreements	-	77,080	4,202	81,282	-	116,009	3,235	119,244
Loans, receivables and other trading assets	3	6,684	127	6,814	-	10,117	339	10,456
Trading derivatives*	**371**	**96,018**	**3,966**	**100,355**	**49**	**129,875**	**4,070**	**133,994**
Interest rate instruments*	17	53,860	2,683	56,560	4	79,647	2,680	82,331
Foreign exchange instruments	354	17,817	233	18,404	38	18,484	176	18,698
Equity and index instruments	-	23,613	573	24,186	-	30,730	494	31,224
Commodity instruments	-	276	3	279	-	410	3	413
Credit derivatives	-	447	474	921	-	580	717	1,297
Other forward financial instruments	-	5	-	5	7	24	-	31
Financial assets measured mandatorily at fair value through profit or loss	**169**	**16,727**	**4,460**	**21,356**	**183**	**19,517**	**3,930**	**23,630**
Bonds and other debt securities	16	45	132	193	18	43	129	190
Shares and other equity securities	153	368	2,248	2,769	165	359	2,037	2,561
Loans, receivables and securities purchased under resale agreements	-	16,314	2,080	18,394	-	19,115	1,764	20,879
Financial assets measured using fair value option through profit or loss	**-**	**1,565**	**4**	**1,569**	**13**	**1,461**	**16**	**1,490**
Bonds and other debt securities	-	-	4	4	13	-	16	29
Loans, receivables and securities purchased under resale agreements	-	58	-	58	-	158	-	158
Separate assets for employee benefit plans	-	1,507	-	1,507	-	1,303	-	1,303
Hedging derivatives	**-**	**13,239**	**-**	**13,239**	**-**	**20,667**	**-**	**20,667**
Interest rate instruments	-	13,039	-	13,039	-	20,238	-	20,238
Foreign exchange instruments	-	165	-	165	-	429	-	429
Equity and index instruments	-	35	-	35	-	-	-	-
Financial assets measured at fair value through other comprehensive income	**42,798**	**380**	**272**	**43,450**	**51,090**	**708**	**262**	**52,060**
Bonds and other debt securities	42,798	281	2	43,081	51,090	628	3	51,721
Shares and other equity securities	-	-	270	270	-	-	259	259
Loans and receivables	-	99	-	99	-	80	-	80
TOTAL*	**162,578**	**223,414**	**13,411**	**399,403**	**161,069**	**310,927**	**12,647**	**484,643**

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

NOTE 3.4.2 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

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

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

NOTE 3.4.3 VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

(In EURm)	Balance as at 31.12.2020	Acqui-sitions	Disposals/ redem-ptions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	Change in scope and others	Balance as at 31.12.2021
Trading portfolio (excluding derivatives)	**4,369**	**4,337**	**(2,776)**	**(985)**	**-**	**(368)**	**159**	**(27)**	**4,709**
Bonds and other debt securities	794	1,282	(1,603)	(33)	-	(90)	34	(4)	380
Shares and other equity securities	1	-	(1)	-	-	-	-	-	-
Securities purchased under resale agreements	3,235	3,047	(978)	(952)	-	(278)	120	8	4,202
Loans, receivables and other trading assets	339	8	(194)	-	-	-	5	(31)	127
Trading derivatives	**4,070**	**485**	**(68)**	**(168)**	**164**	**(699)**	**182**	**-**	**3,966**
Interest rate instruments	2,680	-	-	(123)	118	(100)	108	-	2,683
Foreign exchange instruments	176	2	-	-	6	38	11	-	233
Equity and index instruments	494	483	(68)	(2)	4	(375)	37	-	573
Commodity instruments	3	-	-	-	-	-	-	-	3
Credit derivatives	717	-	-	(43)	36	(262)	26	-	474
Financial assets measured mandatorily at fair value through profit or loss	**3,930**	**895**	**(313)**	**(6)**	**10**	**(197)**	**164**	**(23)**	**4,460**
Bonds and other debt securities	129	23	(18)	-	10	(12)	-	-	132
Shares and other equity securities	2,037	99	(42)	(6)	-	88	96	(24)	2,248
Loans, receivables and securities purchased under resale agreements	1,764	773	(253)	-	-	(273)	68	1	2,080
Financial assets measured using fair value option through profit or loss	**16**	**8**	**-**	**-**	**-**	**(20)**	**-**	**-**	**4**
Bonds and other debt securities	16	8	-	-	-	(20)	-	-	4
Financial assets measured at fair value option through other comprehensive income	**262**	**-**	**(1)**	**-**	**-**	**11**	**-**	**-**	**272**
Debt instruments	3	-	(1)	-	-	-	-	-	2
Equity instruments	259	-	-	-	-	11	-	-	270
TOTAL	**12,647**	**5,725**	**(3,158)**	**(1,159)**	**174**	**(1,273)**	**505**	**(50)**	**13,411**

FINANCIAL LIABILITIES

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

NOTE 3.4.4 VALUATION METHODS OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE ON THE BALANCE SHEET

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

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

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

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

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

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

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

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

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

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

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

SHARES AND OTHER EQUITY SECURITIES

For listed shares, fair value is taken to be the quoted price on the balance sheet date. For unlisted shares, fair value is determined depending on the type of financial instrument and according to one of the following methods:

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

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

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

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

OTHER DEBTS

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

CUSTOMER LOANS

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

NOTE 3.4.5 ESTIMATES OF MAIN UNOBSERVABLE INPUTS

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

(In EURm)

Cash instruments and derivatives	Main products	Valuation techniques used	Significant unobservable inputs	Range of inputs min.	Range of inputs max.
Equities/funds	Simple and complex instruments or derivatives on funds, equities or baskets of stocks	Various option models on funds, equities or baskets of stocks	Equity volatilities	3.0%	84.8%
			Equity dividends	0.0%	15.8%
			Correlations	-100.0%	100.0%
			Hedge fund volatilities	7.1%	20.0%
			Mutual fund volatilities	1.7%	26.1%
Interest rates and Forex	Hybrid forex/interest rate or credit/interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	-33.6%	90.0%
	Forex derivatives	Forex option pricing models	Forex volatilities	0.0%	45.5%
	Interest rate derivatives whose notional is indexed to prepayment behaviour in European collateral pools	Prepayment modelling	Constant prepayment rates	0.0%	20.0%
	Inflation instruments and derivatives	Inflation pricing models	Correlations	55.0%	88.9%
Credit	Collateralised Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	0.0%	100.0%
			Recovery rate variance for single name underlyings	0.0%	100.0%
	Other credit derivatives	Credit default models	Time to default correlations	0.0%	100.0%
			Quanto correlations	-50.0%	40.0%
			Credit spreads	0 bps	1,000 bps
Commodities	Derivatives on commodities baskets	Option models on commodities	Commodities Correlations	NA	NA
Long term equity investments	Securities held for strategic purposes	Net Book Value/ Recent transactions	Not applicable	-	-

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

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

NOTE 3.4.6 SENSITIVITY OF FAIR VALUE FOR LEVEL 3 INSTRUMENTS

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

To quantify this, fair value sensitivity was estimated at 31 December 2021 on instruments whose valuation requires certain unobservable inputs. This estimate was based either on a "standardised" variation in unobservable inputs, calculated for each input on a net position, or on assumptions in line with the additional valuation adjustment policies for the financial instruments in question.

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

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

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

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

NOTE 3.4.7 DEFERRED MARGIN RELATED TO MAIN UNOBSERVABLE INPUTS

At initial recognition, financial assets and liabilities are measured at fair value, that is to say the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When this fair value differs from transaction price and the instrument's valuation technique uses one or more unobservable inputs, this difference representative of a commercial margin is deferred in time to be recorded in the income statement, from case to case, at maturity of the instrument, at the time of sell or transfer, over time, or when the inputs become observable.

The table below shows the amount remaining to be recognised in the income statement due to this difference, less any amounts recorded in the income statement after initial recognition of the instrument.

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

NOTE 3.5 Loans, receivables and securities at amortised cost

OVERVIEW

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

ACCOUNTING PRINCIPLES

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

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

Loans granted by the Group may be subject to renegotiations for commercial reasons, while the borrowing customer is not experiencing any financial difficulties or insolvency. Such efforts are undertaken for customers for which the Group agrees to renegotiate their debt in the interest of preserving or developing a business relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest. Except in specific cases where the modification due to the renegotiation would not be considered significant, renegotiated loans are derecognised as at the renegotiation date, and the new loans contracted under the renegotiated terms and conditions replace the previous loans in the balance sheet as at this same date. The new loans are subject to the SPPI test to determine how they are classified in the balance sheet. If a loan qualifies as a basic instrument (SPPI), the renegotiation fees received are included in the effective interest rate of the new instrument.

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

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

BUSINESS MODEL “HOLD TO COLLECT”

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

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

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

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

Financing activities

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

NOTE 3.5.1 DUE FROM BANKS

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

(1) As at 31 December 2021, the amount due from banks classified as Stage 3 impairment (credit impaired) is EUR 46 million compared to EUR 58 million at 31 December 2020. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

NOTE 3.5.2 CUSTOMER LOANS

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

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

BREAKDOWN OF OTHER CUSTOMER LOANS

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

ADDITIONAL INFORMATION ON LEASE FINANCING AND SIMILAR AGREEMENTS

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

NOTE 3.5.3 SECURITIES

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

NOTE 3.6 Debts

ACCOUNTING PRINCIPLES

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

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

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

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

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

NOTE 3.6.1 DUE TO BANKS

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

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

TLTRO

The European Central Bank (ECB) launched in 2019 a third series of Targeted Longer-Term Refinancing Operations (TLTRO) with the aim of maintaining favourable credit conditions in the euro area. As in the two previous systems, the level of remuneration of the borrowings depends on the performance of the borrowing banking institutions in terms of loans granted to their household customers (excluding real estate loans) and business customers (excluding financial institutions); depending on these performances, the borrowing institutions may benefit from a reduced interest rate and an additional temporary bonus applicable from 24 June 2020 to 23 June 2021 (reduction by 50 basis points of the average rate of the deposit facility with a floor rate set at -1%). These TLTRO III operations are conducted on a quarterly basis between September 2019 and December 2021, for a possible total of 10 drawdowns. Each such operation has a three-year maturity and includes an early repayment option. Some terms and conditions were modified in March 2020, in particular the loan production objectives, rate conditions and drawdown limit, in order to further support the granting of loans at the outset of the Covid-19 crisis. In January 2021, the ECB decided to extend the temporary additional bonification over the period from 24 June 2021 to 23 June 2022 subject to performance in terms of number of granted loans observed over a new reference period from 1 October 2020 to 31 December 2021.

The entities of the Societe Generale Group have subscribed to TLTRO III loans through quarterly drawings staggered between December 2019 and December 2021. As at 31 December 2021, the total outstanding amount drawn is EUR 71.9 billion.

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

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

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

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

NOTE 3.6.2 CUSTOMER DEPOSITS

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

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

BREAKDOWN OF OTHER DEMAND DEPOSITS BY CUSTOMER TYPE

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

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

NOTE 3.6.3 DEBT SECURITIES ISSUED

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

NOTE 3.7 Interest income and expense

MAKING IT SIMPLE

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

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

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

ACCOUNTING PRINCIPLES

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

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

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

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

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

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

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

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

(1) Negative interest on TLTRO borrowings is recorded as income from Loans/borrowings from credit institutions (see. Note 3.6).

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

BREAKDOWN OF INCOME OF CUSTOMER LOANS AT AMORTISED COST

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

NOTE 3.8 Impairment and provisions

MAKING IT SIMPLE

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

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

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

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

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

ACCOUNTING PRINCIPLES

Recognition of expected credit losses

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

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

Observed deterioration in credit risk since initial recognition of the financial asset

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

Exposures classified in Stage 1

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

Exposures classified in Stage 2

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

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

CRITERIA 1: THE CLASSIFICATION OF THE COUNTERPARTY IN "SENSITIVE"

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

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

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

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

CRITERIA 2: THE MAGNITUDE OF THE CHANGE IN A COUNTERPARTY'S CREDIT RATING SINCE THE INITIAL RECOGNITION

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

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

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

CRITERIA 3: THE EXISTENCE OF PAYMENTS MORE THAN 30 DAYS PAST DUE

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

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

PARTICULAR CASE OF EXPOSURES WITHOUT CREDIT RATING

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

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

Exposures classified in Stage 3

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

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

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

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

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

Measurement of depreciation and provision

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

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

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

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

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

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

Restructured loans

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

Where they still pass the SPPI test, restructured loans are still recognised in the balance sheet and their amortised cost before credit risk allowance is adjusted for a discount representing the 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.

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

The methodology for calculating impairments and provisions for expected credit losses in Stage 1 and Stage 2 was developed in the Basel framework used which was used as a basis for choosing the methods for assessing the calculation parameters (probability of default and loss rate for outstanding loans under the Basel advanced approaches – IRBA and IRBF – and provisioning rate for outstanding loans under the standardised approach).

The Group portfolios have been segmented to ensure homogeneous risk characteristics and better correlation with macroeconomic variables, both local and global. This segmentation makes it possible to address all the Group's specificities. It is consistent with or similar to the one defined in the Basel framework to ensure the uniqueness of the historical records of losses and defaults.

The variables used in the expected credit loss assessment models are presented in Chapter 4.5.4 of the present Universal Registration Document.

Expected losses are assessed based on the above-mentioned parameters, supplemented with in-house analyses of each counterparty's credit quality, performed either individually or statistically.

COVID-19 CRISIS

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

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

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

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

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

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

GDP adjustment

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

Furthermore, the authorities have adopted financial support measures for households and businesses to help them cope with the sudden deterioration in activity. Therefore, it seems likely that a time-lag will appear between the deterioration in the portfolios' credit quality and that of activity, the first being delayed with respect to the second.

In order to account for this time-lag, the Group revised its models in 2020, using for each quarter between 2020 and 2022 an average of the changes in GDP over the last eight quarters compared to a base of 100 in 2019. This adjustment has not been used to determine the GDP rates for 2023 to 2025.

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

- for each quarter of 2021 and 2022, the Group used in its models an average of the changes in GDP over the last eight quarters compared to a base of 100 in 2019. This adjustment has been applied to each of the four scenarios (SG Favourable, SG Central, SG Extended and SG Stress) for the GDP series used in the modelling of expected credit losses (see paragraph 6 in Note 1).

  The data displayed for 2021 and 2022 in the table below correspond to the weighted average of the GDP growth rates of the four scenarios, adjusted as described above;
- the data displayed for the years 2023 to 2025 in the table below correspond to the weighted average of the GDP growth rates of the four scenarios.

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

Adjustment of the margin rate of French companies

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

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

Impact of the model adjustments as at 31 December 2021

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

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

ADJUSTMENTS SUPPLEMENTING THE APPLICATION OF MODELS

Sectoral adjustments

The Group can supplement the models with two types of sectoral adjustments: the first relates to the possible revision of the expected credit loss estimates (with no impact on the classification of loans) of some sectors; the second, implemented since 2020, supplements the analysis of the increase in credit risk and may leads to additional transfers in Stage 2.

Estimate of the expected credit losses

The different models used to estimate the expected credit losses may be supplemented by sectoral adjustments that increase or decrease the amount of expected credit losses. These adjustments allow to better anticipate defaults or recoveries in certain cyclical sectors that have been subject to peaks in default in the past or that are particularly vulnerable to the current crisis and the Group exposure of which exceeds a threshold reviewed and fixed yearly by the Risk Division.

These sectoral adjustments are reviewed and updated on a quarterly basis by the Risk Division and approved by General Management according to the materiality threshold.

The main sectors concerned are the hotel/restaurant/leisure sectors, as well as the oil and gas, commercial real-estate, cruise operators and airline sectors.

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

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

ADDITIONAL CRITERION OF TRANSFER TO STAGE 2

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

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

Other adjustments

Adjustments based on expert opinion have also been made to reflect the heightened credit risk on some portfolios, when this heightened risk has not been detectable through a line-by-line analysis of the loans outstanding:

- for the scope of entities lacking developed models for estimating the correlations between the macroeconomic variables and the probability of default; and
- for the scopes on which models are developed and when these models cannot reflect future risk not observed in historical records.

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

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

The support measures granted (and their actual or upcoming withdrawal) are included in the macro-economic scenarios described in Note 1 and are thus taken into account in the holistic customer analysis in order to assess the significant increase in credit risk (Criteria 1 and 2 presented in the Accounting principles in Note 3.8). The phasing out of the support measures is also taken into consideration through the additional criterion for transfer to Stage 2 (aforementioned) for the total outstanding loans, granted before the crisis, to the sectors considered by the Group as particularly affected by the crisis.

Thus, despite the absence of actual defaults in a context where most support measures have now come to an end, the Group maintain a conservative provisioning policy in an uncertain environment; in particular in France, with the start of PGE repayments for customers having benefited from a two-year repayment exemption.

NOTE 3.8.1 OVERVIEW

The tables of this note do not lay out the IAS 39 impairment related to financial instruments of insurance subsidiaries. This impairment is presented in the Note 4.3.

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

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

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

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

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

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

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

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

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

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

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

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

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

	31.12.2021							
	Outstanding amounts				Impairment and Provisions			
(In EURm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Sovereign	237,733	665	106	238,504	5	4	67	76
Institutions	146,315	794	71	147,180	11	23	12	46
Corporates	406,364	29,825	9,874	446,063	713	1,289	4,771	6,773
SME	*51,823*	*7,589*	*4,122*	*63,534*	*215*	*464*	*2,166*	*2,845*
Retail	213,585	22,162	7,665	243,412	587	663	4,040	5,290
VSB	*25,828*	*4,913*	*2,322*	*33,063*	*131*	*236*	*1,375*	*1,742*
Others	43,311	1,306	113	44,730	50	9	9	68
TOTAL	**1,047,308**	**54,752**	**17,829**	**1,119,889**	**1,366**	**1,988**	**8,899**	**12,253**

	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	315,638	54,984	10,189	380,811	590	1,517	5,082	7,189
SME	*48,517*	*7,255*	*4,148*	*59,920*	*179*	*449*	*2,200*	*2,828*
Retail	204,820	19,536	8,052	232,408	573	738	4,103	5,414
VSB	*27,453*	*5,139*	*2,409*	*35,001*	*136*	*274*	*1,394*	*1,804*
Others	36,964	2,297	121	39,382	65	55	4	124
TOTAL	**903,865**	**78,269**	**18,552**	**1,000,686**	**1,242**	**2,382**	**9,275**	**12,899**

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

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

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

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

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

OUTSTANDING AMOUNTS SUBJECT TO IMPAIRMENT AND PROVISIONS BY RATING OF COUNTERPARTY[1]

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

	31.12.2020*							
	Outstanding amounts				Impairment and Provisions			
(In 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	337,097	23,967	8,897	369,961	798	1,128	4,581	6,507
TOTAL	**903,865**	**78,269**	**18,552**	**1,000,686**	**1,242**	**2,382**	**9,275**	**12,899**

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

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

NOTE 3.8.2 IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN

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

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

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

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

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

(2) Including repayments, disposals and debt waivers.

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

BREAKDOWN OF TRANSFERS BETWEEN STAGES FOR FINANCIAL ASSETS AT AMORTISED COST AS AT 31 DECEMBER 2021

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

NOTE 3.8.3 CREDIT RISK PROVISIONS

BREAKDOWN

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

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

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

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

(2) Including repayments, disposals and debt waivers.

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

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

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

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

NOTE 3.8.4 QUALITATIVE INFORMATION OF CHANGES IN IMPAIRMENT/PROVISIONS ON CREDIT RISK

The variation of EUR -645 million in credit risk impairment and provisions since 31 December 2020 is mainly linked to:

- covered losses on Stage 3 loans (EUR 1,402 million) included in the line derecognition. On 31 December 2020, covered losses on Stage 3 loans amounted to EUR 1,676 million. This is in line with the Group strategy of non-performing loans (NPL) monitoring, by selling its portfolios of exposures in default situation uncovered losses amount to EUR 193 million;
- transfer of loans to Stage 2 due to downgraded ratings, transfer to watch list and 30 days overdue for EUR 16.7 billion. This transfer was linked to the economic environment affected by the Covid-19 crisis and resulted in an increase in impairment and provisions of EUR 378 million mainly including:
  - 62% on Corporates portfolio, including 46% on SME,
  - 37% on Retail portfolio, including 34% on VSB;
- transfer of loans to Stage 3 due to default for EUR 3.3 billion (EUR 4.9 billion at 31 December 2020) of outstanding amounts. This transfer resulted in an increase in impairment and provisions of EUR 533 million mainly including:
  - 45% on Corporates portfolio, including 50% on SME,
  - 53% on Retail portfolio, including 36% on VSB;

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

NOTE 3.8.5 COST OF RISK

ACCOUNTING PRINCIPLES

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

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

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

The decrease in the cost of risk results from:

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

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

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

NOTE 3.9 Fair value of financial instruments measured at amortised cost

ACCOUNTING PRINCIPLES

Definition of fair value

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

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

For financial instruments that are not recognised at fair value on the balance sheet, the figures disclosed in this note and broken down according to the fair value hierarchy as described in Note 3.4, should not be taken as an estimate of the amount that would be realised if all such financial instruments were to be settled immediately.

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

NOTE 3.9.1 FINANCIAL ASSETS MEASURED AT AMORTISED COST

	31.12.2021				
(In EURm)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due from banks	55,972	55,971	-	39,759	16,212
Customer loans	497,164	497,336	-	206,266	291,070
Debt securities	19,371	19,203	6,391	10,307	2,505
TOTAL	**572,507**	**572,510**	**6,391**	**256,332**	**309,787**

	31.12.2020				
(In 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
Debt Securities	15,635	15,767	4,807	9,022	1,938
TOTAL	**517,776**	**520,084**	**4,807**	**201,328**	**313,949**

NOTE 3.9.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

	31.12.2021				
(In EURm)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due to banks	139,177	139,186	113	136,510	2,562
Customer deposits	509,133	509,067	-	498,338	10,729
Debt securities issued	135,324	135,317	22,551	110,092	2,674
Subordinated debt	15,959	15,960	-	15,960	-
TOTAL	**799,593**	**799,530**	**22,664**	**760,900**	**15,965**

	31.12.2020				
(In 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**

NOTE 3.9.3 VALUATION METHODS OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

LOANS, RECEIVABLES AND LEASE FINANCING AGREEMENTS

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

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

For floating-rates loans, receivables and lease financing transactions and fixed-rate loans with an initial maturity of less than or equal to one year, fair value is taken to be the same as the gross carrying amount adjusted for any allowance, assuming there has been no significant change in credit spreads on the counterparties in question since they were recognised in the balance sheet.

DEBTS

The fair value of debts, in the absence of an actively traded market for these liabilities, is taken to be the same as the value of future cash flows discounted to present value at the market rates prevailing on the balance sheet date. When the debt is a listed instrument, its fair value is its market value.

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

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

SECURITIES

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

If no active market exists, the fair value of the securities is calculated by discounting expected cash flows to present value based on the market rates. For variable-rate debt securities and fixed-rate debt securities with an agreed duration of up to one year, the fair value is assumed to be the gross carrying amount adjusted for any allowance provided there have been no significant change in credit spreads on the counterparties in question since they were recognised in the balance sheet.

NOTE 3.10 Commitments and assets pledged and received as securities

ACCOUNTING PRINCIPLES

Loan commitments

Loan commitments that are not considered as financial derivatives or that are not measured at fair value through profit or loss for trading purpose are initially recognised at fair value. Thereafter, they are provisioned as necessary in accordance with the accounting principles for impairment and provisions (see Note 3.8).

Guarantee commitments

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

Securities commitments

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

NOTE 3.10.1 COMMITMENTS

COMMITMENTS GRANTED

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

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

COMMITMENTS RECEIVED

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

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

NOTE 3.10.2 FINANCIAL ASSETS PLEDGED AND RECEIVED AS SECURITY

FINANCIAL ASSETS PLEDGED

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

(1) Assets pledged as security for liabilities mainly include loans given as guarantees for liabilities (guarantees notably provided to the central banks).
(2) Assets pledged as security for transactions in financial instruments mainly include security deposits.

FINANCIAL ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

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

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

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

NOTE 3.11 Transferred financial assets

ACCOUNTING PRINCIPLES

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

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

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

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

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

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

NOTE 3.11.1 TRANSFERRED FINANCIAL ASSETS NOT DERECOGNISED

REPURCHASE AGREEMENTS

	31.12.2021		31.12.2020	
(In EURm)	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Securities at fair value through profit or loss	18,705	15,304	23,375	18,827
Securities at fair value through other comprehensive income	11,251	9,062	12,410	9,913
TOTAL	**29,956**	**24,366**	**35,785**	**28,740**

SECURITIES LENDING

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

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

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

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

NOTE 3.11.2 TRANSFERRED FINANCIAL ASSETS PARTIALLY OR FULLY DERECOGNISED

As at 31 December 2021, the Group carried out no material transactions resulting in the partial or full derecognition of financial assets leaving the Group with a continuing involvement in said assets.

NOTE 3.12 Offsetting financial assets and financial liabilities

ACCOUNTING PRINCIPLES

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

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

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

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

NOTE 3.12.1 AT 31 DECEMBER 2021

ASSETS

		Impact of offsetting on the balance sheet			Impact of Master Netting Agreements (MNA) and similar agreements[1]			
(In EURm)	Amount of liabilities not subject to offsetting	Gross amount	Amount offset	Net amount presented on the balance sheet	Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments pledged as collateral	Net amount
Derivative financial instruments (see Notes 3.1 and 3.2)	17,748	176,550	(80,704)	113,594	(70,403)	(13,415)	(129)	29,647
Securities lent	7,210	7,413	-	14,623	(6,266)	-	-	8,357
Securities purchased under resale agreements (see Notes 3.1 and 3.5)	27,841	168,315	(95,828)	100,328	(9,925)	(511)	(38,360)	51,532
Guarantee deposits pledged (see Note 4.4)	63,074	14,510	-	77,584	-	(14,510)	-	63,074
Other assets not subject to offsetting	1,158,320	-	-	1,158,320	-	-	-	1,158,320
TOTAL	**1,274,193**	**366,788**	**(176,532)**	**1,464,449**	**(86,594)**	**(28,436)**	**(38,489)**	**1,310,930**

LIABILITIES

(In EURm)	Amount of liabilities not subject to offsetting	Impact of offsetting on the balance sheet			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 received	Financial instruments received as collateral	Net amount
Derivative financial instruments (see Notes 3.1 and 3.2)	22,503	175,233	(80,704)	117,032	(70,404)	(14,510)	-	32,118
Amount payable on borrowed securities (see Note 3.1)	28,647	17,174	-	45,821	(6,266)	-	-	39,555
Securities sold under repurchase agreements (see Notes 3.1 and 3.6)	27,794	162,950	(95,828)	94,916	(9,925)	-	(35,158)	49,833
Guarantee deposits received (see Note 4.4)	58,742	13,926	-	72,668	-	(13,926)	-	58,742
Other liabilities not subject to offsetting	1,063,149	-	-	1,063,149	-	-	-	1,063,149
TOTAL	**1,200,835**	**369,283**	**(176,532)**	**1,393,586**	**(86,595)**	**(28,436)**	**(35,158)**	**1,243,397**

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

NOTE 3.12.2 AT 31 DECEMBER 2020

ASSETS

(In EURm)	Amount of assets not subject to offsetting	Impact of offsetting on the balance sheet			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)*	26,495	277,956	(149,790)	154,661	(103,294)	(18,599)	-	32,768
Securities lent*	7,333	3,909	-	11,242	(1,677)	(2)	(91)	9,472
Securities purchased under resale agreements (see Notes 3.1 and 3.5)*	47,044	172,751	(80,718)	139,077	(9,170)	(183)	(49,288)	80,436
Guarantee deposits pledged (see Note 4.4)	36,530	15,366	-	51,896	-	(15,366)	-	36,530
Other assets not subject to offsetting*	1,087,528	-	-	1,087,528	-	-	-	1,087,528
TOTAL*	**1,204,930**	**469,982**	**(230,508)**	**1,444,404**	**(114,141)**	**(34,150)**	**(49,379)**	**1,246,734**

LIABILITIES

(In EURm)	Amount of assets not subject to offsetting	Impact of offsetting on the balance sheet: Gross amount	Impact of offsetting on the balance sheet: Amount offset	Net amount presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements*[(1)]: Financial instruments recognised in the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements*[(1)]: Cash collateral received	Impact of Master Netting Agreements (MNA) and similar agreements*[(1)]: Financial instruments received as collateral	Net amount
Derivative financial instrument (see Notes 3.1 and 3.2)*	27,401	276,484	(149,790)	154,095	(103,294)	(15,366)	-	35,435
Amount payable on borrowed securities (see Note 3.1)	23,038	9,127	-	32,165	(1,677)	-	-	30,488
Securities sold under repurchase agreements (see Notes 3.1 and 3.6)*	53,689	156,297	(80,718)	129,268	(9,170)	-	(44,210)	75,888
Guarantee deposits received (see Note 4.4)	36,955	18,784	-	55,739	-	(18,784)	-	36,955
Other liabilities not subject to offsetting*	1,006,125	-	-	1,006,125	-	-	-	1,006,125
TOTAL*	**1,147,208**	**460,962**	**(230,508)**	**1,377,392**	**(114,141)**	**(34,150)**	**(44,210)**	**1,184,891**

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

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

NOTE 3.13 Contractual maturities of financial liabilities

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

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

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

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

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

NOTE 4 OTHER ACTIVITIES

NOTE 4.1 Fee income and expense

ACCOUNTING PRINCIPLES

Fee income and Fee expense combine fees on services rendered and received, as well as fees on commitments, that cannot be assimilated to interest. Fees that can be assimilated to interest are integrated into the effective interest rate on the associated financial instrument and are recorded under Interest and similar income and Interest and similar expense (see Note 3.7).

Transactions with customers include the fees from retail customers from the Group retail banking activities (in particular credit card fees, account management fees or application fees outside the effective interest rate).

Sundry services provided include the fees from customers from the other Group activities (in particular, interchange fees, funds management fees or fees on insurance products sold within the network).

The Group recognises fee income or expense for an amount equivalent to the remuneration for the service provided and depending on the progress transferring control of these services:

- fees for ongoing services, such as some payment services, custody fees, or digital service subscriptions are recognised as income over the life of the service;
- fees for one-off services, such as fund activity, finder's fees received, arbitrage fees, or penalties on payment incidents are recognised as income when the service is provided.

The amount equivalent to the remuneration for the service provided is composed of fixed and variable contractual compensation whether they are paid in kind or in cash, less any payments due to customers (for example, in case of promotional offers). The variable compensation (for example, discounts based on the provided services volume over a period of time or fees payable subject to the achievement of a performance target, etc.) are included in the amount equivalent to the remuneration for the service provided if and only if this compensation is highly probable not to be subsequently reduced significantly.

The possible mismatch between the payment date of the service provided and the date of execution of the service gives assets and liabilities depending on the type of contract and mismatch which are recognised under Other Assets and Other Liabilities (see Note 4.4):

- customer contracts generate trade receivables, accrued income or prepaid income;
- supplier contracts generate trade payables, accrued expenses or prepaid expenses.

In syndication deals, the effective interest rate for the share of the issuance retained on the Group's balance sheet is comparable to that applied to the other members of the syndicate including, when needed, a share of the underwriting fees and participation fees; the balance of these fees for services rendered is then recorded under Fee income at the end of the syndication period. Arrangement fees are recorded as income when the placement is legally complete.

	2021			2020		
(In EURm)	Income	Expense	Net	Income	Expense	Net
Transactions with banks	**161**	**(107)**	**54**	**159**	**(108)**	**51**
Transactions with customers	3,028		3,028	2,820		2,820
Financial instruments operations	**2,288**	**(2,379)**	**(91)**	**2,208**	**(2,215)**	**(7)**
Securities transactions	532	(1,105)	(573)	503	(1,042)	(539)
Primary market transactions	213		213	203		203
Foreign exchange transactions and derivatives instruments	1,543	(1,274)	269	1,502	(1,173)	329
Loan and guarantee commitments	**894**	**(261)**	**633**	**795**	**(271)**	**524**
Various services	**2,791**	**(1,095)**	**1,696**	**2,547**	**(1,018)**	**1,529**
Asset management fees	659		659	613		613
Means of payment fees	921		921	795		795
Insurance product fees	256		256	260		260
Underwriting fees of UCITS	93		93	77		77
Other fees	862	(1,095)	(233)	802	(1,018)	(216)
TOTAL	**9,162**	**(3,842)**	**5,320**	**8,529**	**(3,612)**	**4,917**

NOTE 4.2 Income and expense from other activities

ACCOUNTING PRINCIPLES

Leasing activities

Leases granted by the Group which do not transfer to the lessee virtually all the risks and benefits associated with ownership of the leased asset are classified as operating leases.

Assets held under operating leases, including investment property, are recorded on the balance sheet under Tangible and intangible fixed assets at their acquisition cost, less depreciation and impairment (see Note 8.4).

Leased assets are depreciated, excluding residual value, over the life of the lease; the latter corresponds to the non-cancellable lease term adjusted for any option to extend the contract that the lessee is reasonably certain to exercise and any early termination options that the lessee is reasonably certain not to exercise (see Note 8.4). Lease payments are recognised as income according to the straight-line method over the term of the lease. Meanwhile, the purpose of the accounting treatment of the income from invoices for maintenance services related to operating leases is to reflect, over the term of the service agreement, a constant margin between this income and the expenses incurred in providing the service.

Income and expenses, and capital gains or losses on investment properties and leased assets, as well as income and expense on maintenance services related to operating lease activities, are recorded under Income and expenses from other activities on the Real estate leasing and Equipment leasing lines.

These lines also include the losses incurred in the event of a decline in the unguaranteed residual value of finance-lease transactions, and the capital gains or losses on disposal related to unleased assets once the lease finance agreements are terminated.

The leases granted by the Group entities may include the maintenance service of the leased equipment. In this case, the portion of rentals corresponding to this maintenance service is spread over the duration of the service (generally the lease contract duration) and, when necessary, considers the progress of the service provided when it is not linear.

Real estate development activities

As the sale of real estate off plan (housing, office property, retail areas, etc.) is an ongoing service, the margin of this activity is progressively recognised over the construction programme's duration until the delivery date to the customer. It is recognised under income when this margin is positive and under expenses when this margin is negative.

The margin recognised at each closing period reflects the programme's estimated margin forecast and its stage of completion at the end of the period which depends on the progress in terms of marketing and the project.

	2021			2020		
(In EURm)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Real estate development	79	-	79	65	(1)	64
Real estate leasing	40	(56)	(16)	37	(23)	14
Equipment leasing(1)	11,630	(9,532)	2,098	10,933	(9,248)	1,685
Other activities	488	(850)	(362)	436	(451)	(15)
TOTAL	**12,237**	**(10,438)**	**1,799**	**11,471**	**(9,723)**	**1,748**

(1) The amount recorded under this heading is mainly due to income and expenses related to long-term leasing and car fleet management businesses. Most of the Group's long-term lease agreements are 36-month to 48-month leases.

NOTE 4.3 Insurance activities

MAKING IT SIMPLE

Insurance activities (life insurance, personal protection and non-life insurance) add to the range of products included in the banking services offered to Group customers.

These activities are carried out by dedicated subsidiaries, subject to regulations specific to the insurance sector.

The rules for measuring and accounting for risks associated with insurance contracts are specific to the Insurance sector as well as the presentation of income and expenses on the Group's insurance activities that are disclosed in this note and which are classified on the basis of their function.

DEFERRED APPLICATION OF IFRS 9 BY INSURANCE SUBSIDIARIES

The amendments to IFRS 17 and IFRS 4 published by IASB on 25 June 2020 as well as the Regulation (EU) 2020/2097 published by the European Commission on 15 December 2020 allow financial conglomerates falling within the scope of Directive 2002/87/EC to defer until 1 January 2023 the implementation of IFRS 9 by their entities belonging to the insurance sector.

The Group has therefore maintained the decision that all its insurance subsidiaries will defer the effective date of IFRS 9 and will continue to apply IAS 39 as adopted by the European Union. The Group maintained the necessary arrangements to forbid all transfers of financial instruments between its insurance sector and any other sector in the Group that would lead to a derecognition of the instrument by the seller, except for transfers of financial instruments measured at fair value through profit or loss by both sectors involved in such transfers.

In accordance with the ANC recommendation of 2 June 2017 related to the consolidated statements of banking institutions with the international accounting standards, separate lines in the consolidated financial statements for clarification purposes: Investments of insurance activities under balance sheet assets, Insurance contracts related liabilities under balance sheet liabilities and Net income from insurance activities under net banking income in the income statement.

The main subsidiaries concerned are Sogécap, Antarius, Sogelife, Oradea Vie, 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 contracts, life and non-life underwriting reserves continue to be measured under the same local regulations, with the exception of certain prudential provisions that are cancelled (liquidity risk provision) or recalculated economically (mainly, overall management reserve).

Risks covered by non-life insurance policies are principally linked to home, car and accident protection guarantees. Underwriting reserves comprise reserves for unearned premiums (share of premium income relating to subsequent financial years) and for outstanding claims.

Risks covered by life insurance policies are principally death, invalidity and incapacity for work. Life insurance underwriting reserves mainly comprise actuarial reserves, which correspond to the difference between the present value of commitments falling to the insurer and those falling to the policyholder, and the reserve for claims incurred but not settled.

In saving-life insurance products:

- underwriting reserves of saving-life insurance contracts invested in EUR-denominated policies with profit sharing clauses consist primarily of mathematical provisions and provisions for profit-sharing;
- underwriting reserves of saving-life insurance contracts invested in unit-linked policies or with a significant insurance clause (mortality, invalidity, etc.) are measured at the inventory date according to the realisation value of the assets underlying these contracts.

Under the principles defined in IFRS 4, and in compliance with local regulations applicable with respect thereto, life insurance policies with discretionary profit-sharing features are subject to "mirror accounting", whereby any changes in the value of financial assets liable to affect policyholders are recorded in Deferred profit-sharing. This reserve is calculated to reflect the potential rights of policyholders to unrealised gains on financial instruments measured at fair value or their potential share of unrealised losses.

To demonstrate the recoverability of the deferred profit-sharing asset in the event of an unrealised net loss, two approaches are verified by the Group in order to show that the liquidity requirements caused by an unfavourable economic environment would not require assets to be sold in the event of unrealised losses:

- the first approach consists in simulating deterministic ("standardised" or extreme) stress scenarios. This is used to show that in these scenarios no significant losses would be realised on the assets existing at the balance sheet date for the scenarios tested;
- the aim of the second approach is to ensure that in the long or medium term, the sale of assets to meet liquidity needs would not generate any significant losses. The approach is verified considering projections based on extreme scenarios.

Moreover, a Liability Adequacy Test (LAT) is also carried out quarterly at the level of each consolidated entities operating in the insurance. This test involves comparing the carrying amount of insurance liabilities with the average economic value using a stochastic model of future cash flows. This test takes into account all of the future cash flows from policies, including benefits, management charges, fees, policy options and guarantees related to the contracts; It does not include future premiums. If the test concludes that the book value is insufficient, the value of insurance liabilities will be adjusted with a corresponding entry in the income statement.

Classification of financial liabilities

At initial recognition, financial liabilities resulting from the Group's insurance activities are classified in the following accounting categories:

- financial liabilities measured at fair value through profit or loss: these are derivative financial liabilities;
- financial liabilities measured at fair value option through profit or loss: these are non-derivative financial liabilities that were initially designated by the Group to be measured at fair value through profit or loss (using the option). These include investment contracts without both discretionary profit-sharing clauses and insurance component, that do not meet the definition of an insurance contract under IFRS 4 (unit-linked insurance contracts only) and are thus governed by IAS 39.

BREAKDOWN

(In EURm)	31.12.2021	31.12.2020
Underwriting reserves of insurance companies	151,148	142,106
Financial liabilities of insurance companies	4,140	4,020
Financial liabilities at fair value through profit or loss	*520*	*583*
Financial liabilities at fair value through profit or loss (fair value option)	*3,620*	*3,437*
TOTAL	**155,288**	**146,126**

UNDERWRITING RESERVES OF INSURANCE COMPANIES

(In EURm)	31.12.2021	31.12.2020
Life insurance underwriting reserves for unit-linked policies	44,138	35,794
Other life insurance underwriting reserves	94,280	92,620
Non-life insurance underwriting reserves	2,020	1,834
Deferred profit-sharing booked in liabilities	10,710	11,858
TOTAL	**151,148**	**142,106**
Attributable to reinsurers	(776)	(749)
Underwriting reserves of insurance net of the share attributable to reinsurers	**150,372**	**141,357**

STATEMENT OF CHANGES IN UNDERWRITING RESERVES EXCLUDING DEFERRED PROFIT SHARING

(In EURm)	Life insurance underwriting reserves for unit-linked policies	Other life insurance underwriting reserves	Non-life insurance underwriting reserves
Reserves at 1 January 2021	**35,794**	**92,620**	**1,834**
Allocation to insurance reserves	2,343	1,073	193
Revaluation of unit-linked policies	3,923	-	-
Charges deducted from unit-linked policies	(267)	-	-
Transfers and allocation adjustments	668	(668)	-
New customers	1,372	849	-
Profit-sharing	270	1,046	-
Others	35	(640)	(7)
Reserves at 31 December 2021	**44,138**	**94,280**	**2,020**

In accordance with IFRS 4 and Group accounting standards, the Liability Adequacy Test (LAT) was performed as at 31 December 2021. This test assesses whether recognised insurance liabilities are adequate, using current estimates of future cash flows under insurance policies. The result of the test as at 31 December 2021 does not show any insufficiency of technical liabilities.

UNDERWRITING RESERVES OF INSURANCE COMPANIES BY REMAINING MATURITY

(In EURm)	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31.12.2021
Underwriting reserves of insurance companies	**14,952**	**9,963**	**39,726**	**86,507**	**151,148**

NOTE 4.3.2 INVESTMENTS OF INSURANCE ACTIVITIES

ACCOUNTING PRINCIPLES

Classification of financial instruments

When initially recognised, financial assets from Group insurance activities are classified into one of the following four categories:

- financial assets at fair value through profit or loss: these are financial assets held for trading purposes (see definition in Note 3.1), which by default include derivative financial assets not qualifying as hedging instruments and non-derivative financial assets designated by the insurance entity upon initial recognition to be carried at fair value through profit or loss (using the option). In particular, insurance entities measure at fair value using the option the financial assets representing unit-linked contracts in order to eliminate the accounting mismatch with the related insurance liabilities, as well as interests in UCITS over which a significant influence exists;
- available-for-sale financial assets: these are non-derivative financial assets held for an indeterminate period, which the insurance entity may sell at any time. By default, they are any assets that do not fall into one of the one of the other categories. These instruments are measured at fair value against Unrealised or deferred gains and losses. Interests accrued or paid on debt securities are recognised in profit or loss using the effective interest rate method while dividend income earned on equity securities is recorded under Net gains and losses on available-for-sale financial assets. If there is an objective evidence on an individual basis, the total accumulated unrealised loss previously recorded in shareholders' equity is reclassified in profit or loss under Net Income from insurance activities;
- loans and receivables: these include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading purposes, not held for sale from the time they are originated or acquired, and not designated upon initial recognition to be carried at fair value through profit or loss (in accordance with the fair value option). They are measured at amortised cost, and impairment, determined on an individual basis, may be recorded if appropriate;
- held-to-maturity financial assets: these are non-derivative financial assets with fixed or determinable payments and a fixed maturity, that are quoted in an active market and which the Group has the intention and ability to hold to maturity. They are measured at their amortised cost and may be subject to impairment as appropriate whether objective evidence of impairment exists individually.

All these categories are presented on the insurance entity's balance sheet under the Investments of insurance companies, which also includes investment properties held by insurance entities and hedge derivatives assessed in accordance with the accounting principles respectively presented in Note 8.4 and Note 3.2.

Reclassification of financial assets

After their initial recognition, financial assets may not be later reclassified as Financial assets at fair value through profit or loss.

A non-derivative financial asset initially recognised under Financial assets at fair value through profit or loss as an asset held for trading purposes may only be reclassified out of this category under specific conditions framed by IAS 39 standard.

IMPAIRMENT

Impairment of financial assets measured at amortised cost

For debt instruments not measured at fair value through net income, the criteria used by the insurance entity's insurance entities to assess individually objective evidence of impairment include the following conditions:

- a significant decline in the counterparty's financial situation leads to a high probability of said counterparty being unable to fulfil its overall commitments, implying then a risk of loss for the insurance entity (the appreciation of this deterioration can be based on the evolution of the rating of the issuers or the variations of the credit spreads changes observed on these markets);
- the occurrence of late payment of coupons and more generally of arrears of more than 90 days;
- or, regardless of whether or not any past-due payments are recorded. There is objective evidence of impairment or legal proceedings have been initiated (bankruptcy, legal settlement, compulsory liquidation).

If there is objective evidence that loans or other receivables, or financial assets classified as held-to-maturity financial assets, are impaired, an impairment is recognised for the difference between the carrying amount and the present value of estimated future recoverable cash flows, taking into account any guarantees. This discount is calculated using the financial assets' original effective interest rate. The amount of this impairment is deducted from the carrying value of the impaired financial asset.

The allocations and reversals of impairments are recorded under net income from investments in the Net income from insurance activities. The impaired loans or receivables are remunerated for accounting purposes by the reversal over time of the discounting to present value, which is recorded under interest income in the Net income from insurance activities.

Impairment of available-for-sale financial assets

An available-for-sale financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of this asset.

For listed equity instruments, a significant or prolonged decline in their price below their acquisition cost constitutes objective evidence of impairment. For this purpose, insurance entities consider as impaired listed shares showing an unrealised loss greater than 50% of their acquisition price on the balance sheet date, as well as listed shares for which the quoted prices have been below their acquisition price on every trading day for at least the last 24 months before the balance sheet date. Further factors, such as the financial situation of the issuer or its development outlook, can lead the insurance entities to consider that the cost of its investment may not be recovered even if the abovementioned criteria are not met. An impairment loss is then recorded through net income equal to the difference between the last quoted price of the security on the balance sheet date and its acquisition price.

For unlisted equity instruments, the criteria used to assess the evidence of impairment are identical to those mentioned above. The value of these instruments at the balance sheet date is determined using the valuation methods described in Note 3.4.

The criteria for the impairment of debt instruments are similar to those for the impairment of financial assets measured at amortised cost.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in shareholders' equity under Unrealised or deferred gains and losses and subsequent objective evidence of impairment emerges, insurance entities recognise the total accumulated unrealised loss previously recorded in shareholders' equity in the income statement among under net income from investments in the Net income from insurance activities for equity instruments and under Cost of risk for debt instruments.

This cumulative loss is measured as the difference between the acquisition cost (net of any repayments of principal and amortisation) and the present fair value, less any impairment of the financial asset that has already been recorded through profit or loss.

Impairment losses recognised through profit or loss on an equity instrument classified as available-for-sale are only reversed through profit or loss when the instrument is sold. Once an equity instrument has been recognised as impaired, any further loss of value is recorded as an additional impairment loss. For debt instruments, however, an impairment loss is reversed through profit or loss if they subsequently recover in value following an improvement in the issuer's credit risk.

OTHER ACCOUNTING PRINCIPLES

Accounting principles relative to fair value, initial recognition of financial instruments, derecognition of financial instruments, derivative financial instruments, interest income and expense, transferred financial assets and offsetting of financial instruments are similar to those described in Note 3 "Financial instruments".

OVERVIEW

(In EURm)	31.12.2021	31.12.2020
Financial assets at fair value through profit or loss (trading portfolio)	211	291
Shares and other equity instruments	*36*	*51*
Trading derivatives	*175*	*240*
Financial assets at fair value through profit or loss (fair value option)	84,448	70,422
Bonds and other debt instruments	*34,280*	*32,178*
Shares and other equity instruments	*49,592*	*37,942*
Loans, receivables and repo transactions	*576*	*302*
Hedging derivatives	353	438
Available-for-sale financial assets	88,486	89,755
Debt instruments	*74,084*	*75,662*
Equity instruments	*14,402*	*14,093*
Due from banks(2)	4,771	5,301
Customer loans	69	76
Held-to-maturity financial assets	22	32
Real estate investments	538	539
TOTAL INVESTMENTS OF INSURANCE ACTIVITIES(1)(2)	**178,898**	**166,854**

(1) Investments in other Group companies that are made in representation of unit-linked liabilities are kept in the Group's consolidated balance sheet without any significant impact thereon.

(2) o/w EUR 1,207 million of current accounts as at 31 December 2021 vs. EUR 897 million as at 31 December 2020.

ANALYSIS OF FINANCIAL ASSETS DEPENDING ON THEIR CONTRACTUAL CHARACTERISTICS

The following table shows the carrying value of the financial assets included in Net investments from insurance activities, whereby those assets whose contractual conditions give rise to cash-flows on set dates which are solely payments of principal and interest (basic instruments). Basic instruments held among a trading portfolio or those managed and whose performance is evaluated on a fair value basis (*i.e.*, financial instruments measured at fair value through profit or loss using fair value option) are presented in the column Other instruments.

	31.12.2021					
	Carrying amount			Fair value		
(In EURm)	Basic instruments	Other instruments	Total	Basic instruments	Other instruments	Total
Financial assets at fair value through profit or loss	-	84,659	84,659	-	84,659	84,659
Hedging derivatives	-	353	353	-	353	353
Available-for-sale financial assets	71,537	16,949	88,486	71,537	16,949	88,486
Due from banks	2,559	2,212	4,771	2,717	2,265	4,982
Customer loans	69	-	69	70	-	70
Held-to-maturity financial assets	22	-	22	22	-	22
TOTAL FINANCIAL INVESTMENTS	**74,187**	**104,173**	**178,360**	**74,346**	**104,226**	**178,572**

	31.12.2020					
	Carrying amount			Fair value		
(In 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**

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

	31.12.2021			
(In EURm)	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss using fair value option	36	174	1	211
Financial assets at fair value through profit or loss using the fair value option	72,819	9,638	1,991	84,448
Hedging derivatives	-	353	-	353
Available-for-sale financial assets	78,236	4,827	5,423	88,486
TOTAL	**151,091**	**14,992**	**7,415**	**173,498**

	31.12.2020			
(In EURm)	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss using fair value option	51	237	3	291
Financial assets at fair value through profit or loss using the fair value option	60,997	9,064	361	70,422
Hedging derivatives	-	438	-	438
Available-for-sale financial assets	80,693	4,934	4,128	89,755
TOTAL	**141,741**	**14,673**	**4,492**	**160,906**

CHANGES IN AVAILABLE FOR SALE FINANCIAL ASSETS

(In EURm)	2021
Balance as at 1 January	**89,755**
Acquisitions	10,254
Disposals/redemptions	(9,609)
Transfers to held-to-maturity financial assets	-
Change in scope and others	(399)
Gains and losses on changes in fair value recognised directly in equity during the period	(1,646)
Net changes in impairment of debt instruments recorded in profit or loss	2
Impairment on equity instruments recognised in profit or loss	(23)
Translation differences	152
Balance as at 31 December	**88,486**

UNREALISED GAINS AND LOSSES ON AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	31.12.2021		
(In EURm)	Capital gains	Capital losses	Net revaluation
Unrealised gains and losses of insurance companies	**431**	**(82)**	**349**
On available-for-sale equity instruments	*2,892*	*(70)*	*2,822*
On available-for-sale debt instruments and assets reclassified as loans and receivables	*5,904*	*(292)*	*5,612*
Deferred profit-sharing	*(8,365)*	*280*	*(8,085)*

	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)*

FINANCIAL ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

(In EURm)	31.12.2021	31.12.2020
Fair value of securities purchased under resale agreements	**4**	**6**

The Group generally purchases securities under resale agreements under normal market terms and conditions. It may re-use the securities received under resale agreement by selling them outright, selling them under repurchase agreements or pledging them as security, provided that it returns these or equivalent securities to the counterparty to the resale agreement at its term. Securities purchased under resale agreements are not recognised on the balance sheet. Their fair value, as shown above, includes securities sold or pledged as collateral.

NOTE 4.3.3 NET INCOME FROM INSURANCE ACTIVITIES

ACCOUNTING PRINCIPLES

Income and expense related to insurance contracts

Income and expense related to insurance contracts issued by Group insurance companies, associated fee income and expense, and income and expense related to investments of insurance companies are recorded under Net income from insurance activities in the income statement.

Other income and expense are recorded under the appropriate headings.

Changes in the provision for deferred profit-sharing are recorded under Net income from insurance activities in the income statement or under Unrealised or deferred gains and losses under the appropriate headings for the underlying assets in question.

The following table shows the breakdown (after eliminating intercompany transactions):

- income and expense from insurance activities and associated investments on a separate line under net banking income: Net income from insurance activities;
- funding costs of insurance activities recorded under Interest and similar expense;
- impairment debt instruments of insurance activities and the deferred profit-sharing recorded under "Cost of risk".

(In EURm)	2021	2020
Net premiums	15,692	10,970
Net income from investments	3,540	2,808
Cost of benefits (including changes in reserves)(1)	(16,984)	(11,377)
Other net technical income (expense)	(10)	(277)
Net income from insurance activities	**2,238**	**2,124**
Funding costs	(5)	(7)
Cost of risk	-	-
o/w impairment of debt instruments	*2*	*(2)*
o/w which deferred profit sharing	*(2)*	*2*

(1) o/w EUR -2,966 million in respect of deferred profit-sharing at 31 December 2021 (vs. EUR -2,592 million at 31 December 2020).

NET INCOME FROM INVESTMENTS

(In EURm)	2021	2020
Dividend income on equity instruments	878	671
Interest income	1,664	1,790
On available-for-sale financial assets	*1,472*	*1,566*
On loans and receivables	*161*	*179*
Other net interest income	*31*	*45*
Net gains or losses on financial instruments at fair value through profit or loss	848	308
Net gains or losses on available-for-sale financial instruments	145	14
Capital gain or loss on sale of debt instruments	*25*	*34*
Capital gain or loss on sale of equity instruments	*142*	*257*
Impairment values on equity instruments	*(22)*	*(277)*
Net gains or losses on real estate investments	5	25
TOTAL NET INCOME FROM INVESTMENTS	**3,540**	**2,808**

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.

	31.12.2021				
(In EURm)	Available-for-sale financial assets	Due from banks	Customer loans	Held-to-maturity financial assets	Total
AAA	3,347	207	-	-	3,554
AA+/AA/AA-	36,087	753	-	-	36,840
A+/A/A-	16,027	537	-	-	16,564
BBB+/BBB/BBB-	14,757	174	-	22	14,953
BB+/BB/BB-	1,057	-	-	-	1,057
B+/B/B-	20	-	-	-	20
CCC+/CCC/CCC-	-	-	-	-	-
CC+/CC/CC-	-	-	-	-	-
Lower than CC-	-	-	-	-	-
Without rating	242	888	69	-	1,199
TOTAL BEFORE IMPAIRMENT	**71,537**	**2,559**	**69**	**22**	**74,187**
Impairment	-	-	-	-	-
CARRYING AMOUNT	**71,537**	**2,559**	**69**	**22**	**74,187**

The rating scale is the one used for meeting the requirements imposed by two purposes, which calls for the second highest rating determined by the rating agencies (Standard & Poor's, Moody's Investors Service and Fitch Ratings) to be used. The ratings in question apply to issues or, where these are not available, to issuers.

NOTE 4.4 Other assets and liabilities

NOTE 4.4.1 OTHER ASSETS

(In EURm)	31.12.2021	31.12.2020
Guarantee deposits paid[1]	77,584	51,896
Settlement accounts on securities transactions	4,265	3,876
Prepaid expenses	1,120	1,019
Miscellaneous receivables[2]	8,473	9,193
Miscellaneous receivables – insurance	1,874	1,752
GROSS AMOUNT	**93,316**	**67,736**
Impairments	(418)	(395)
Credit risk on operating lease receivables	*(181)*	*(187)*
Credit risk on assets acquired by adjudication and on sundry debtors	*(103)*	*(101)*
Other risks	*(134)*	*(107)*
NET AMOUNT	**92,898**	**67,341**

(1) Mainly relates to guarantee deposits paid on financial instruments, the fair value of which is taken to be the same as their book value net of impairment for credit risk.

(2) Miscellaneous receivables primarily include trade receivables, fee income and income from other activities to be received. The operating leases receivables equal to EUR 952 million as of 31 December 2021.

NOTE 4.4.2 OTHER LIABILITIES

(In EURm)	31.12.2021	31.12.2020
Guarantee deposits received[1]	72,668	55,739
Settlement accounts on securities transactions	5,343	4,166
Expenses payable on employee benefits	2,754	2,022
Lease liability	2,318	2,207
Deferred income	1,688	1,527
Miscellaneous payables[2]	12,623	12,690
Miscellaneous payables – insurance	8,911	6,586
TOTAL	**106,305**	**84,937**

(1) Mainly relates to guarantee deposits received on financial instruments, their fair value is taken to be the same as their book value.

(2) Miscellaneous payables primarily include trade payables, fee expense and expense from other activities to be paid.

NOTE 5 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

MAKING IT SIMPLE

Employee benefits correspond to the compensation granted by the Group to its employees in exchange for work carried out during the annual reporting period.

All forms of compensation for work rendered are recorded in the expenses:

- whether it be paid to employees or to outside social security agencies;
- whether it be paid during the annual reporting period or to be paid by the Group in the future as entitlements to employees (pension plans, retirement benefits, etc.);
- whether it be paid in cash or in Societe Generale shares (free share plans, stock options).

Information related to the Group headcount is presented in the Chapter 5 of the Universal Registration Document (Corporate Social Responsibility).

NOTE 5.1 Personnel expenses and related party transactions

ACCOUNTING PRINCIPLES

Personnel expenses include all expenses related to personnel, including employee benefits and expenses related to payments based on Societe Generale shares.

Short-term employee benefits are recorded under Personnel expenses during the period according to the services provided by the employee.

The accounting principles relating to post-employment benefits and other long-term benefits are described in Note 5.2.

Personnel expenses include related party transactions, within the meaning of IAS 24.

The Group's related parties include the members of the Board of Directors, corporate officers (the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers), their respective spouses and any children residing in the family home, subsidiaries which are either controlled exclusively or jointly by the Group, and companies over which Societe Generale exercises significant influence.

NOTE 5.1.1 PERSONNEL EXPENSES

(In EURm)	2021	2020
Employee compensation	(6,785)	(6,715)
Social security charges and payroll taxes	(1,734)	(1,594)
Net pension expenses – defined contribution plans	(764)	(728)
Net pension expenses – defined benefit plans	(136)	(76)
Employee profit-sharing and incentives	(345)	(176)
TOTAL	**(9,764)**	**(9,289)**
Including net expenses from share – based payments	*(197)*	(150)

NOTE 5.1.2 RELATED-PARTY TRANSACTIONS

REMUNERATION OF THE GROUP'S MANAGERS

This includes amounts effectively paid by the Group to Directors and corporate officers as remuneration (including employer contributions) and other benefits as indicated below according to the nomenclature of IAS 24 – paragraph 17.

(In EURm)	2021	2020
Short-term benefits	9.9	14.0
Post-employment benefits	0.4	0.6
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	2.8	2.5
TOTAL	**13.1**	**17.1**

RELATED-PARTY TRANSACTIONS

The transactions with members of the Board of Directors, Chief Executive Officers and members of their families included in this note only comprise loans and guarantees outstanding at 31 December 2021 for a total amount of 1.2 million of euros. All other transactions with these individuals are insignificant.

TOTAL AMOUNTS PROVISIONED OR BOOKED BY THE SOCIETE GENERALE GROUP FOR THE PAYMENT OF PENSIONS AND OTHER BENEFITS

The total amount provisioned or booked by the Societe Generale Group at 31 December 2021 under IAS 19 for the payment of pensions and other benefits to Societe Generale's Chief Executive Officers (Ms Lebot and Mr. Aymerich, the two staff-elected Directors and the Director representing employee shareholders) is 8.4 million of euros.

NOTE 5.2 Employee benefits

ACCOUNTING PRINCIPLES

Employee benefits are divided into four categories:

- short-term employee benefits;
- post-employment benefits, including defined contributions plans and defined benefit plans such as pension plans and retirement benefits;
- others long-term employee benefits which are employee benefits not expected to be settled wholly before twelve months, such as defined variable compensation paid in cash and not indexed to the Societe Generale share, long service awards and time saving accounts;
- termination benefits.

Short-term employee benefits

Short-term employee benefits are recognised as Expenses payable on employee benefits. The settlement is expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, such as fixed and variable compensation, annual leave, taxes and social security contributions, mandatory employer contributions and profit-sharing.

Post-employment benefits

Post-employment benefits can be broken down into two categories: defined contribution pension plans or defined benefit pension plans.

POST-EMPLOYMENT DEFINED CONTRIBUTION PLANS

Defined contribution plans limit the Group's liability to the subscriptions paid into the plan but do not commit the Group to a specific level of future benefits. Contributions paid are recorded as an expense for the current year.

POST-EMPLOYMENT DEFINED BENEFIT PLANS

Defined benefit plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits and therefore 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. These items cannot be subsequently reclassified as income and are presented under Retained earnings on the liabilities side of the balance sheet and on a separate line under the Statement of net income and unrealised or deferred gains and losses.

When a new or amended plan comes into force, past service cost is immediately recognised in profit or loss.

An annual charge is recorded under Personnel expenses for defined benefit plans consisting of the additional entitlements vested by each employee (current service cost), past service cost resulting from a plan amendment or a curtailment, the financial expense resulting from the discount rate and the interest income on plan assets (net interest on the net defined benefit liability or asset), plan settlements.

Other long-term benefits

Other long-term employee benefits are benefits other than post-employment and termination benefits, that are paid to employees more than twelve months after the end of the annual period in which they provided the related services.

Other long-term benefits are measured and recognised in the same way as post-employment benefits, with the exception of actuarial gains and losses, which are immediately recognised as profit or loss.

Termination benefits

Termination benefits refer to the benefits to be granted to an employee following the termination by the entity of the staff member's employment contract before the normal retirement age or the decision of the staff member to voluntarily leave in exchange for these benefits.

Termination benefits payable more than 12 months after the closing date shall be discounted.

DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

(In EURm)	Provisions as at 31.12.2020	Allocations	Write-backs available	Net allocation	Write-backs used	Actuarial gains and losses	Currency and scope effects	Provisions as at 31.12.2021
Post-employment benefits*	1,718	131	(32)	99	(65)	(38)	(3)	1,711
Other long-term benefits	442	76	(58)	18	(38)	-	(0)	422
Termination benefits	378	65	(116)	(51)	(161)	-	2	168
TOTAL*	**2,538**	**272**	**(206)**	**66**	**(264)**	**(38)**	**(1)**	**2,301**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

NOTE 5.2.1 POST-EMPLOYMENT DEFINED CONTRIBUTION PLANS

The main defined contribution plans provided to employees of the Group are located in France, in the United Kingdom and in the United States.

In France, they include state pension plans and other national pension plans such as AGIRC-ARRCO, as well as pension schemes put in place by certain Group entities whose only commitment is to pay annual contributions (PERCO).

In the United Kingdom, the employer pays contributions according to the age of the employees (from 2.5 to 10% of the salary) and can make extra contributions up to 4.5% for the voluntary additional employee contributions.

In the United States, employers fully match the first 8% of employee contributions, within the limit of USD 10,000.

NOTE 5.2.2 POST-EMPLOYMENT DEFINED BENEFIT PLANS

Post-employment pension plans include schemes offering annuities, plans offering retirement bonuses and mixed plans (cash balance). Benefits paid out in annuities supplement the pensions paid by the mandatory basic plans.

The main defined benefit plans are located in France, in Switzerland, in the United Kingdom and in the United States.

In France, the supplementary pension plan for executive managers, set up in 1991, allocates an annual allowance to beneficiaries covered by Societe Generale as described in the Chapter 3 “Corporate Governance” of the present Universal Registration Document. This allowance depends in particular on the beneficiary’s seniority within Societe Generale. Since 4 July 2019, date of publication of the ordinance ending the so-called “random rights” defined benefit pension plans in application of the *Loi Pacte*, this plan is closed to new employees and the rights of beneficiaries were frozen on 31 December 2019.

In Switzerland, the plan is managed by a personal protection insurance institution (the Foundation), comprised of employer and employee representatives. The employer and its employees pay contributions to the Foundation. Pension benefits are revalued at a guaranteed rate of return and converted to annuities (or lump-sum payment) also at a guaranteed conversion rate (cash balance scheme). Because of this minimum guaranteed return, the plan is considered similar to a defined benefit plan.

In recent years, the Societe Generale Group has actively implemented a policy of converting defined benefit plans to defined contribution plans.

In the United Kingdom, the defined benefit plan has been closed to new employees for nearly 20 years, and the benefits of the last beneficiaries were frozen in 2015. The plan is managed by an independent institution (Trustee).

Similarly, in the United States, defined benefit plans were closed to new employees in 2015 and the vesting of new benefits was frozen.

RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

	31.12.2021			
(In EURm)	France	United Kingdom	Others	Total
A – Present value of defined benefit obligations	1,277	934	1,125	3,336
B – Fair value of plan assets	77	1,003	618	1,699
C – Fair value of separate assets	1,330	-	1	1,331
D – Change in asset ceiling	-	-	-	-
A - B - C + D = Net balance	**(130)**	**(69)**	**505**	**306**
ON THE LIABILITIES SIDE OF THE BALANCE SHEET	**1,201**	**-**	**510**	**1,711**
ON THE ASSETS SIDE[(1)] OF THE BALANCE SHEET	**1,331**	**69**	**5**	**1,405**

(1) o/w EUR 1,331 million of separate assets recorded under Financial assets at fair value through profit or loss and EUR 74 million linked to surplus assets under "Other assets".

	31.12.2020			
(In EURm)	France	United Kingdom	Others	Total
A – Present value of defined benefit obligations*	1,227	949	1,143	3,319
B – Fair value of plan assets	76	999	580	1,655
C – Fair value of separate assets	1,147	-	3	1,150
D – Change in asset ceiling	-	-	-	-
A - B - C + D = Net balance	**4**	**(50)**	**560**	**514**
ON THE LIABILITIES SIDE OF THE BALANCE SHEET*	**1,151**	**-**	**567**	**1,718**
ON THE ASSETS SIDE[(1)] OF THE BALANCE SHEET	**1,147**	**50**	**6**	**1,204**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

(1) o/w EUR 1,150 million of separate assets recorded under Financial assets at fair value through profit or loss and EUR 53 million linked to surplus assets under "Other assets".

COMPONENTS OF THE COST OF DEFINED BENEFITS

(In EURm)	2021	2020
Current service cost including social security contributions	132	81
Employee contributions	(5)	(5)
Past service cost/curtailments	2	(12)
Transfer via the expense	0	-
Net interest	2	4
A – Components recognised in income statement	**131**	**68**
Actuarial gains and losses on assets	(159)	(206)
Actuarial gains and losses due to changes in demographic assumptions	(11)	(15)
Actuarial gains and losses due to changes in economic and financial assumptions	(46)	259
Actuarial gains and losses due to experience	(20)	17
Change in asset ceiling	0	-
B – Components recognised in unrealised or deferred gains and losses	**(236)**	**55**
C = A + B TOTAL COMPONENTS OF THE COST OF DEFINED BENEFITS	**(105)**	**123**

CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

(In EURm)	2021	2020
Balance at 1 January*	**3,319**	**3,179**
Current service cost including social security contributions	132	81
Past service cost/curtailments	2	(12)
Settlements	0	-
Net interest	28	42
Actuarial gains and losses due to changes in demographic assumptions	(11)	(15)
Actuarial gains and losses due to changes in economic and financial assumptions	(45)	259
Actuarial gains and losses due to experience	(20)	17
Foreign exchange adjustment	102	(82)
Benefit payments	(156)	(157)
Change in consolidation scope	(0)	1
Transfers and others	(15)	7
Balance at 31 December*	**3,336**	**3,319**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

CHANGES IN THE FAIR VALUE OF FUNDING ASSETS

	Plan assets		Separate assets	
(In EURm)	2021	2020	2021	2020
Balance at 1 January	**1,655**	**1,723**	**1,150**	**963**
Interest expenses on assets	22	29	4	8
Actuarial gains and losses on assets	(24)	134	183	72
Foreign exchange adjustment	103	(80)	-	-
Employee contributions	5	5	-	-
Employer contributions to plan assets	16	32	-	-
Benefit payments	(78)	(81)	(4)	-
Change in consolidation scope	-	-	-	-
Transfers and others	-	(107)	(2)	107
Change in asset ceiling	-	-	-	-
Balance at 31 December	**1,699**	**1,655**	**1,331**	**1,150**

INFORMATION AND TERMS REGARDING FUNDING ASSETS

Funding assets include plan assets and separate assets.

Funding assets represent around 91% of Group obligations, with different rates depending on the country.

Accordingly defined benefit plan obligations in France, the United Kingdom and the United States are fully hedged, while they are not funded in Germany.

The breakdown of the fair value of plan assets is as follows: 73% bonds, 13% equities and 14% other investments. Directly held Societe Generale shares are not significant.

Funding assets excess is EUR 347 million.

Employer contributions to be paid to post-employment defined benefit plans for 2022 are estimated at EUR 12 million.

Plan hedging strategies are defined locally in connection with the Finance and Human Resources departments of the entities, by *ad hoc* structures (Trustees, Foundations, Joint structures etc.) if necessary. Besides, liability investment or financing strategies are monitored at Group level through a global governance system. Committee meetings, with the participation of representatives of the Human Resources Department, the Finance Department and the Risk Division, are organised in order to define Group guidelines for employee benefits investment and management, to validate decisions and to follow up the associated risks for the Group.

Depending on the duration of each plan and local regulations, funding assets are invested in equities and/or in fixed income products, whether guaranteed or not.

The actual returns on plan and separate assets can be broken down as follows:

(In EURm)	2021	2020
Plan assets	(2)	164
Separate assets	191	80

MAIN ACTUARIAL ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

	31.12.2021	31.12.2020
Discount rate		
France	0.85%	0.36%
United-Kingdom	1.81%	1.24%
Others	1.55%	0.99%
Long-term inflation		
France	2.07%	1.22%
United-Kingdom	3.47%	3.01%
Others	1.79%	1.20%
Future salary increase		
France	1.44%	1.47%
United-Kingdom	N/A	N/A
Others	1.35%	1.23%
Average remaining working lifetime of employees *(in years)*		
France	8.37	8.45
United-Kingdom	4.09	4.17
Others	9.12	9.42
Duration *(in years)*		
France	13.90	13.94
United-Kingdom	16.21	16.84
Others	14.55	15.4

Assumptions by geographical area are weighted average by the defined benefit obligations (DBO).

The discount yield curves used are AA corporate bonds yield curves (source: Merrill Lynch) observed at the end of October for USD, GBP and EUR, and corrected at the end of December if the change in discount rates had a significant impact.

Inflation rates used for EUR and GBP monetary areas are market rates observed at the end of October and corrected at the end of December if the change had a significant impact. Inflation rates used for the other monetary areas are the long-term targets of the central banks.

The average remaining working lifetime of employees is calculated taking into account turnover assumptions.

The assumptions described above have been applied to post-employment benefits.

SENSITIVITIES OF DEFINED BENEFIT OBLIGATIONS TO THE CHANGES IN MAIN ACTUARIAL ASSUMPTION

(Percentage of item measured)	31.12.2021	31.12.2020
Variation in discount rate	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	-7%	-7%
Variation in long-term inflation	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	4%	5%
Variation in future salary increase	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	2%	1%

Disclosed sensitivities are averages of the variations weighted by the present value of the defined benefit obligations.

BREAKDOWN OF FUTURE PAYMENTS OF BENEFITS

(In EURm)	2021	2020
N+1	157	169
N+2	147	140
N+3	154	150
N+4	165	156
N+5	166	164
N+6 to N+10	816	798

NOTE 5.3 Share-based payment plans

ACCOUNTING PRINCIPLES

Societe Generale, and its subsidiaries, share-based payments include:

- payments in equity instruments;
- cash payments whose amount depends on the performance of equity instruments.

Share-based payments systematically give rise to an operating expense recognised as Personnel expenses in the amount of the fair value of the share-based payments granted to employees and according to their terms of settlement.

For equity-settled share-based payments (free shares, stock purchase or subscription options), the fair value of these instruments, measured at the vesting date, is spread over the vesting period and recorded in shareholders' equity under Issued common stocks and capital reserves. At each accounting date, the number of these instruments is revised in order to take into account performance and service conditions and adjust the overall cost of the plan as originally determined. Expenses recognised under Personnel expenses from the start of the plan are then adjusted accordingly.

For cash-settled share-based payments (compensation indexed on Societe Generale, or one of its subsidiaries, shares), the fair value of the amounts payable is recorded under Personnel expenses as an expense over the vesting period against a corresponding liabilities entry recognised in the balance sheet under Other liabilities – Expenses payable on employee benefits. This payables item is then remeasured to take into account performance and presence conditions, as well as changes in the value of the underlying shares. When the expense is hedged by an equity derivative instrument, the effective portion of the change in the fair value of the hedging derivative is recorded in the income statement under Personnel expenses, as well.

The Group may award some of its employees stock purchase or subscription options, free shares or rights to a future cash payment indexed to the Societe Generale, or one of its subsidiaries, share price.

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, or for the beneficiaries to exercise their options.

Group stock-option plans are measured using a binomial formula when the Group has adequate statistics to take into account the behaviour of the option beneficiaries. When such data are not available, the Black & Scholes model or *Monte-Carlo* model is used. Valuations are performed by independent actuaries.

The vesting conditions for beneficiaries of payments based on Societe Generale shares include conditions of presence and performance. The performance conditions may be indexed on the Group's financial data (for instance, the Group's profitability, or the relative performance of the Societe Generale share) and/or on the Group's non-financial data (for instance, the achievement of the Group's objectives in terms of social and environmental responsibility – CSR).

EXPENSES RECORDED IN THE INCOME STATEMENT

	31.12.2021			31.12.2020		
(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	145	48	193	108	42	150

The description of Societe Generale stock-options plans and free share plans, which supplements this note, is presented in Chapter 3 of the present Universal Registration Document.

NOTE 6 INCOME TAX

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)	2021	2020
Current taxes	(1,272)	(708)
Deferred taxes	(425)	(496)
TOTAL	**(1,697)**	**(1,204)**

RECONCILIATION OF THE DIFFERENCE BETWEEN THE GROUP'S STANDARD TAX RATE AND ITS EFFECTIVE TAX RATE

	2021		2020	
(In EURm)	%	In EURm	%	In EURm
Income before tax, excluding net income from companies accounted for using the equity method and impairment losses on goodwill		**8,143**		**2,081**
Group effective tax rate	**20.84%**		**57.87%**	
Permanent differences	0.75%	61	1.70%	35
Differential on securities with tax exemption or taxed at reduced rate	1.28%	104	-1.49%	(31)
Tax rate differential on profits taxed outside France	3.13%	255	13.21%	275
Changes in the measurement of deferred tax assets/liabilities[1]	2.41%	196	-39.27%	(817)
Normal tax rate applicable to French companies (including 3.3% national contribution)	28.41%		32.02%	

(1) In 2021, this amount includes a EUR 130 million decrease in the unrecognised portion of deferred tax assets for the French tax group.

In compliance with the French tax provisions that define the ordinary corporate tax rate, the latter will be lowered to 25% in 2022 (Article 219 of the French Tax Code), plus the existing national contribution (CSB) of 3.3%, *i.e.* a compound tax rate of 25.83%.

For the fiscal year running from 1 January 2021 to 31 December 2021 for liable companies with a turnover equal to or greater than EUR 250 million, the ordinary tax rate is 27.5%, plus the existing national contribution (CSB) of 3.3%.

Long-term capital gains on equity investments are exempt, subject to taxation of a portion of fees and expenses at the full statutory tax rate. This portion of fees and expenses is 12% of gross capital gains only if the Company realises a net long-term capital gain.

Furthermore, under the parent-subsidiary regime, dividends from companies in which Societe Generale's equity interest is at least 5% are tax exempt, subject to taxation of a portion of fees and expenses of 1% or 5% at the full statutory tax rate.

NOTE 6.2 Tax assets and liabilities

TAX ASSETS

(In EURm)	**31.12.2021**	**31.12.2020**
Current tax assets	982	895
Deferred tax assets*	3,830	4,100
o/w deferred tax assets on tax loss carry-forwards	*1,719*	*1,840*
*o/w deferred tax assets on temporary differences**	*2,111*	*2,260*
TOTAL*	**4,812**	**4,995**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

TAX LIABILITIES

(In EURm)	**31.12.2021**	**31.12.2020**
Current tax liabilities	760	440
Provisions for tax adjustments	76	90
Deferred tax liabilities*	741	697
TOTAL*	**1,577**	**1,227**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

The Group performs an annual review of its capacity to use tax loss carry-forwards, taking into account the tax system applicable to each tax entity (or tax group) concerned and a realistic forecast of its tax results. For this purpose, the tax results are determined based on the projected performance of the businesses. This performance corresponds to the estimated budget (scenario SG Central) over four years (from 2022 to 2025), extrapolated to 2026, which corresponds to a "normative" year.

These budgets notably take into account the impacts of the commitments to energy and environmental transition and regional development detailed in the Declaration of Non-Financial Performance.

The tax results also take into consideration the accounting and tax adjustments (including the reversal of the deferred tax assets and liabilities bases on temporary differences) applicable to the entities and jurisdictions concerned. These adjustments are determined on the basis of historical tax results and on the Group's tax expertise. An extrapolation of the tax results is performed from 2026 on and over a timeframe considered reasonable and depending on the nature of the activities carried out within each tax entity.

On principle, the appreciation of the macro-economic factors selected and the internal estimates used to determine the tax results involve risks and uncertainties about their materialisation over the estimated timeframe for the absorption of the losses. These risks and uncertainties are especially related to possible changes in the applicable tax rules (computation of the tax result, as well as allocation rules for tax loss carry-forwards) or materialisation of the assumptions selected. These uncertainties are mitigated by robustness checks of the budgetary and strategic assumptions.

The updated projections show that the Group's activated tax loss-carry forwards may likely be used against its future taxable income.

NOTE 6.3 Deferred tax assets recognised on tax loss carry-forwards and deferred tax assets not recognised

As at 31 December 2021, based on the tax system of each entity and a realistic projection of their tax income, the projected period for deferred tax assets recovery is indicated in the table below:

(In EURm)	31.12.2021	Statutory time limit on carry-forwards	Expected recovery period
Total deferred tax assets relating to tax loss carry-forwards	**1,719**	-	-
o/w French tax group[(1)]	*1,413*	*Unlimited[(2)]*	*8 years*
o/w US tax groups	*222*	*20 years[(3)]*	*7 years*
Others	*84*	-	-

(1) In 2020, the amount of deferred tax assets of French tax group amounted to EUR 1,505 million. This variation is explained, on the one hand, by the use of tax loss carry forwards on 2021 taxable result, on the other hand, by the reduction in the amount of unrecognised tax losses.

(2) In accordance with the 2013 French Finance Act, the deduction of previous losses is limited to EUR 1 million plus 50% of the fraction of the taxable income for the fiscal year exceeding this limit. The non-deductible portion of losses may be carried forward to the following fiscal years with no time limit and under the same conditions.

(3) Tax losses generated before 31 December 2011.

The main deferred taxes not recognised as assets in the balance sheet by tax group are presented in the table below. They may be recognised in the balance sheet when it becomes probable that a future taxable profit will allow their recovery.

(In EURm)	31.12.2021	31.12.2020
French tax group	520	650
US tax groups	291	305
SG Singapore	82	70
Societe Generale de Banques en Guinée Équatoriale[(1)]	40	40
SG Kleinwort Hambros Limited	33	20

(1) Including EUR 9 million of tax carry forward and EUR 31 million of temporary differences as at 31 December 2021.

As at 31 December 2021, the updated projections in France have improved owing to the rebound in the economy following the successive ending of the lockdowns and the shortening of the deficit absorption timeline. Consequently, the unrecognised portion of deferred tax assets on the France tax group has been reduced by EUR 130 million.

At the same time, United States of America differed tax assets have reduced of EUR 14 million due to the activation of EUR 37 million of non-recognised differed taxes and to a foreign exchange effect of EUR -23 million.

With regard to the tax treatment of the loss caused by the actions of Jérôme Kerviel, Societe Generale considers that the judgment of the Versailles Court of Appeal of 23 September 2016 does not call into question its validity in light of the 2011 opinion of the French Supreme Administrative Court *(Conseil d'État)* and its established case law which was recently confirmed again in this regard. Consequently, Societe Generale considers that the related tax loss remains recoverable against the future taxable income (see Note 9).

NOTE 7 SHAREHOLDERS' EQUITY

MAKE IT SIMPLE

Equity are the resources contributed to the Group by external shareholders as capital, as well as the cumulative and results (retained earnings). It also includes resources received when financial instruments are issued and for which the issuer has no contractual obligation to deliver cash to the holders of these instruments.

Equity has no contractual maturity, and when compensation is awarded to shareholders or holders of other equity instruments, it does not affect the income statement but directly reduces the retained earnings in the equity.

The statement "Changes in shareholders' equity" presents the various changes that affect the components of equity over the reporting period.

NOTE 7.1 Treasury shares and shareholders' equity issued by the Group

ACCOUNTING PRINCIPLES

Treasury shares

Societe Generale shares held by the Group are deducted from consolidated equity irrespective of the purpose for which they are held. Income on these shares is recognised in Retained earnings.

Recognition of shares issued by Group subsidiaries, which are bought and sold by the Group, is described in Note 2.

Shareholders' equity issued by the Group

Financial instruments issued by the Group are booked in whole or in part to debt or to equity depending on whether or not they contractually oblige the issuer to deliver cash to the holders of the securities.

When they are classified as equity, securities issued by Societe Generale are recorded under Other equity instruments. If they are issued by Group subsidiaries, these securities are recognised under "Non-controlling interests". External costs associated with issuing equity instruments are deducted directly from equity at their after-tax amount.

When they are classified as debt instruments, securities issued by the Group are recorded under Debt securities issued or Subordinated debt depending on their characteristics. They are accounted for in the same way as other financial liabilities measured at amortised cost (see Note 3.6).

NOTE 7.1.1 ORDINARY SHARES AND CAPITAL RESERVES

(In EURm)	31.12.2021	31.12.2020
Issued capital	1,067	1,067
Issuing premiums and capital reserves	21,513	21,465
Elimination of treasury stock	(667)	(199)
TOTAL	**21,913**	**22,333**

ORDINARY SHARES ISSUED BY SOCIETE GENERALE SA

(Number of shares)	31.12.2021	31.12.2020
Ordinary shares	853,371,494	853,371,494
Including treasury stock with voting rights[(1)]	*22,209,068*	*4,512,000*
Including shares held by employees	*67,299,221*	*69,033,084*

(1) Excluding Societe Generale shares held for trading purposes or in respect of the liquidity contract.

As at 31 December 2021, Societe Generale SA's fully paid up capital amounted to EUR 1,066,714,367.50 and was made up of 853,371,494 shares with a nominal value of EUR 1.25.

NOTE 7.1.2 TREASURY STOCK

As at 31 December 2021, the Group held 22,253,761 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 2.6% of the capital of Societe Generale S.A.

The amount deducted by the Group from its equity for treasury shares (and related derivatives) came to EUR 667 million, including EUR 40 million in shares held for trading activities.

The change in treasury stock over 2021 breaks down as follows:

(In EURm)	Liquidity contract	Trading activities	Treasury stock and active management of shareholders' equity	Total
Disposals net of purchases	-	34	(502)	(468)
Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders' equity	-	4	(40)	(36)

As at 31 December 2021, 16,247,062 Societe Generale shares were acquired on the market at a cost price of EUR 468 million, for the purpose of cancellation, in accordance with the decision of the General Meeting of 19 May 2021. The capital reduction by cancellation of securities was carried out on 1 February 2022.

NOTE 7.1.3 SHAREHOLDERS' EQUITY ISSUED BY THE GROUP

PERPETUAL SUBORDINATED NOTES

Perpetual subordinated notes issued by Societe Generale S.A. with some discretionary features governing the payment of interest, are classified as equity.

In 2021, all perpetual subordinated notes issued by Societe Generale S.A. were redeemed.

Issuance Date	Amount in local currency at 31.12.2020	Repurchases and redemptions in 2021	Amount in local currency at 31.12.2021	Amount in EURm at historical rate	Remuneration
1 July 1985	EUR 62m	EUR 62m	-	-	BAR (Bond Average Rate) of -0.25% for the period from 1 June to 31 May before each due date
24 November 1986	USD 248m	USD 248m	-	-	Average 6-month Euro/Dollar deposit rates communicated by reference banks +0.075%

PERPETUAL DEEPLY SUBORDINATED NOTES

Given the discretionary nature of the decision to pay dividends to shareholders, the perpetual deeply subordinated notes have been classified as equity and recognised under Other equity instruments.

As at 31 December 2021, perpetual deeply subordinated notes issued by Societe Generale S.A. and recognised under Group shareholders' equity in Other equity instruments totalled EUR 7,534 million, valued at historical rate.

The change in the amount of perpetual deeply subordinated notes issued by the Group is explained by one issuance and two redemptions at pair made over the year.

Issuance Date	Amount in local currency at 31.12.2020	Repurchases and redemptions in 2021	Amount in local currency at 31.12.2021	Amount in EURm at historical rate	Remuneration
18 December 2013	USD 1,750m		USD 1,750m	1,273	7.875%, from 18 December 2023, USD 5-year Mid Swap Rate +4.979%
7 April 2014	EUR 1,000m	EUR 1,000m	-	-	6.75%, from 7 April 2021, EUR 5-year Mid Swap Rate +5.538%
29 September 2015	USD 1,250m		USD 1,250m	1,111	8% from 29 September 2025, USD 5-year Mid Swap rate +5.873%
13 September 2016	USD 1,500m	USD 1,500m	-	-	7.375% from 13 September 2021, USD 5-year Mid Swap rate +6.238%
6 April 2018	USD 1,250m		USD 1,250m	1,035	6.750% from 6 April 2028, USD 5-year Mid Swap rate +3.929%
4 October 2018	USD 1,250m		USD 1,250m	1,105	7.375% from 4 October 2023, USD 5-year Mid Swap rate +4.302%
16 April 2019	SGD 750m		SGD 750m	490	6.125% from 16 April 2024, SGD 5-year Mid Swap rate +4.207%
12 September 2019	AUD 700m		AUD 700m	439	4.875% from 12 September 2024, AUD 5-year Mid Swap rate +4.036%
18 November 2020	USD 1,500m		USD 1,500m	1,264	5.375% from 18 November 2030, USD 5-year Mid Swap rate +4.514%
26 May 2021			USD 1,000m	818	4.75% from 26 May 2026, USD 5-year Mid Swap rate +3.931%

OTHER EQUITY INSTRUMENTS ISSUED BY SUBSIDIARIES

The perpetual subordinated notes that are issued by the Group's subsidiaries and include discretionary clauses relating to the payment of interest are classified as equity instruments.

As at 31 December 2021, the amount of other equity instruments issued by the Group's subsidiaries and recognised under Non-controlling interests totalled EUR 800 million.

Issuance Date	Amount	Remuneration
18 December 2014 (step-up clause after 12 years)	EUR 800m	4.125%, from 2026 5-year Mid-Swap rate + 4.150% annually

SUMMARY OF CHANGES IN EQUITY INSTRUMENTS ISSUED

Changes related to the perpetual subordinated notes and deeply subordinated notes included in shareholder's equity, Group share are detailed below:

	2021			2020		
(In EURm)	**Deeply subordinated notes**	**Perpetual subordinated notes**	**Total**	**Deeply subordinated notes**	**Perpetual subordinated notes**	**Total**
Remuneration paid booked under reserves	(623)	-	(623)	(618)	(3)	(621)
Changes in nominal values	(1,517)	(244)	(1,761)	162	-	162
Tax savings on remuneration payable to shareholders and recorded under profit or loss	177	9	186	198	12	210
Issuance fees relating to subordinated notes	(4)	-	(4)	(7)	-	(7)

NOTE 7.1.4 EFFECT OF THE CHANGES IN THE SCOPE OF CONSOLIDATION

The impact of changes in the consolidation scope recognised in shareholders' equity Group share for EUR -41 million mainly relate to the financial liabilities with respect to the put options sold to minority shareholders.

NOTE 7.2 Earnings per share and dividends

ACCOUNTING PRINCIPLES

The earnings per share are measured by dividing the net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, excluding treasury shares. The net earnings attributable to ordinary shareholders are adjusted for the preferred shareholders rights, such as holders of preferred shares, subordinated securities or deeply subordinated notes classified in equity. The diluted earnings per share take into account the potential dilution of shareholders' interests in the event where dilutive instruments (stock options or free share plans) are converted into ordinary shares. This dilutive effect is determined using the share buyback method.

NOTE 7.2.1 EARNINGS PER SHARE

(In EURm)	2021	2020
Net income, Group share	5,641	(258)
Attributable remuneration to subordinated and deeply subordinated notes	(586)	(604)
Issuance fees related and deeply subordinated notes	(4)	(7)
Net income attributable to ordinary shareholders	**5,051**	**(869)**
Weighted average number of ordinary shares outstanding[(1)]	846,261,490	850,384,674
Earnings per ordinary share *(in EUR)*	**5.97**	**(1.02)**
Average number of ordinary shares used in the dilution calculation	-	-
Weighted average number of ordinary shares used in the calculation of diluted net earnings per share	846,261,490	850,384,674
Diluted earnings per ordinary share *(in EUR)*	**5.97**	**(1.02)**

(1) Excluding treasury shares.

NOTE 7.2.2 DIVIDENDS PAID

In accordance with the European Central Bank's recommendation of 27 March 2020 relative to dividends distribution policies during the Covid-19 crisis, Societe Generale did not pay dividends on its ordinary shares for the 2019 financial year.

	2021			2020		
(In EURm)	**Group Share**	**Non-controlling interests**	**Total**	**Group Share**	**Non-controlling interests**	**Total**
Paid in shares	-	-	-	-	-	-
Paid in cash	(468)	(193)	(661)	-	(91)	(91)
TOTAL	**(468)**	**(193)**	**(661)**	**-**	**(91)**	**(91)**

NOTE 7.3 Unrealised or deferred gains and losses

BREAKDOWN OF CHANGES OF UNREALISED OR DEFERRED GAINS AND LOSSES

	31.12.2021				
				o/w	
(In EURm)	Gross value	Tax	Net value	Net Group share	Non-controlling interests
Translation differences	(1,130)	-	(1,130)	(1,082)	(48)
Revaluation of debt instruments at fair value through other comprehensive income	134	(35)	99	109	(10)
Revaluation of available-for-sale financial assets	350	(104)	246	249	(3)
Revaluation of hedging derivatives	148	(6)	142	133	9
Sub-total of unrealised gains and losses with subsequent recycling in the income statement	**(498)**	**(145)**	**(643)**	**(591)**	**(52)**
Actuarial gains and losses on defined benefit plans(2)	236	(61)	175	170	5
Revaluation of own credit risk of financial liabilities at fair value through profit or loss(3)	(386)	99	(287)	(287)	-
Revaluation of equity instruments at fair value through other comprehensive income	60	(4)	56	56	-
Sub-total of unrealised gains and losses without subsequent recycling in the income statement	**(90)**	**34**	**(56)**	**(61)**	**5**
TOTAL	**(588)**	**(111)**	**(699)**	**(652)**	**(47)**

	Changes of the period				
				o/w	
(In EURm)	Gross value	Tax	Net value	Net Group share	Non-controlling interests
Allocation to retained earnings					
Actuarial gains and losses on defined benefit plans	55	(16)	39	31	8
Revaluation of own credit risk of financial liabilities at fair value through profit or loss	2	-	2	1	1
TOTAL	**57**	**(16)**	**41**	**32**	**9**
Translation differences(1)	1,457	-	1,457	1,343	114
Revaluation of debt instruments at fair value through other comprehensive income	(318)	55	(263)	(179)	(84)
Revaluation of available-for-sale financial assets	(292)	83	(209)	(204)	(5)
Revaluation of hedging derivatives	(36)	(19)	(55)	(68)	13
Variation of unrealised gains and losses with subsequent recycling in the income statement	**811**	**119**	**930**	**892**	**38**
Actuarial gains and losses on defined benefit plans(2)	236	(61)	175	170	5
Revaluation of own credit risk of financial liabilities at fair value through profit or loss(3)	8	(2)	6	6	-
Revaluation of equity instruments at fair value through other comprehensive income	11	(1)	10	10	-
Variation of unrealised gains and losses without subsequent recycling in the income statement	**255**	**(64)**	**191**	**186**	**5**
TOTAL OF VARIATION	**1,066**	**55**	**1,121**	**1,078**	**43**
TOTAL OF CHANGES	**1,123**	**39**	**1,162**	**1,110**	**52**

	31.12.2020				
				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)
Sub-total of unrealised gains and losses with subsequent recycling in the income statement	**(1,309)**	**(264)**	**(1,573)**	**(1,483)**	**(90)**
Actuarial gains and losses on defined benefit plans(2)	(55)	16	(39)	(31)	(8)
Revaluation of own credit risk of financial liabilities at fair value through profit or loss(3)	(396)	101	(295)	(294)	(1)
Revaluation of equity instruments at fair value through other comprehensive income	49	(3)	46	46	-
Sub-total of unrealised gains and losses without subsequent recycling in the income statement	**(402)**	**114**	**(288)**	**(279)**	**(9)**
TOTAL	**(1,711)**	**(150)**	**(1,861)**	**(1,762)**	**(99)**

(1) The variation in Group's translation differences of EUR +1,343 million is mainly related to the depreciation of euro against the US dollar (EUR +1,049 million).
(2) Gains and losses presented in these items are transferred into Retained earnings for the next financial year opening.
(3) During the derecognition of a financial liability, potential realised gains and losses attributable to Group own credit risk are subject to transfer into Retained earnings for the next financial year opening.

NOTE 8 ADDITIONAL DISCLOSURES

NOTE 8.1 Segment reporting

NOTE 8.1.1 DEFINITION OF SEGMENT REPORTING

The Group is managed on a matrix basis that takes into account its different business lines and the geographical breakdown of its activities. Segment reporting information is therefore presented under both criteria.

The Group includes in the results of each sub-division all operating income and expenses directly related to its activity. Income for each sub-division, except for the Corporate Centre, also includes the return on equity allocated to it, based on the estimated rate of return on Group equity. The return on the sub-division's book equity is then reallocated to the Corporate Centre. Transactions between sub-divisions are carried out under the same terms and conditions as those applying to non-Group customers.

The Group's core businesses are managed through three strategic pillars:

- French Retail Banking, which includes the domestic networks Societe Generale, Crédit du Nord and Boursorama;
- International Retail Banking & Financial Services, which consists of:
  - International Retail Banking, including consumer finance activities,
  - Financial Services (operational vehicle leasing and fleet management, equipment and vendor finance),
  - Insurance activities;
- Global Banking and Investor Solutions which comprises:
  - Global Markets and Investors Services,
  - Financing and Advisory,
  - Asset and Wealth Management.

In addition to the strategic pillars, the Corporate Centre acts as the Group's central funding department. As such, it recognises the carrying cost of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's Asset and Liability Management (ALM) and income from the Group's management of its assets (management of its industrial and bank equity portfolio and of its real estate assets). Income or expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Centre.

Segment income take intra-Group transactions into account, while these transactions are eliminated from segment assets and liabilities.

The tax rate levied on each business line is based on the standard tax rate applicable in each country where the division makes profits. Any difference with respect to the Group's tax rate is allocated to the Corporate Centre.

For the purpose of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the booking entities.

NOTE 8.1.2 SEGMENT REPORTING BY DIVISION AND SUB-DIVISION

	2021										
		International Retail Banking and Financial Services				Global Banking and Investor Solutions					
(In EURm)	French Retail Banking	International Retail Banking	Financial Services	Insurance	Total	Global Markets and Investors Services	Financing and Advisory	Asset and Wealth Management	Total	Corporate Centre[1]	Total Group Societe Generale
Net banking income	7,777	5,000	2,154	963	8,117	5,648	2,924	958	9,530	374	25,798
Operating expenses[2]	(5,635)	(2,914)	(916)	(373)	(4,203)	(4,315)	(1,746)	(802)	(6,863)	(889)	(17,590)
Gross operating income	**2,142**	**2,086**	**1,238**	**590**	**3,914**	**1,333**	**1,178**	**156**	**2,667**	**(515)**	**8,208**
Cost of risk	(104)	(429)	(75)	-	(504)	(1)	(64)	(21)	(86)	(6)	(700)
Operating income	**2,038**	**1,657**	**1,163**	**590**	**3,410**	**1,332**	**1,114**	**135**	**2,581**	**(521)**	**7,508**
Net income from investments accounted for using the equity method	1	-	-	-	-	4	-	-	4	1	6
Net income/expense from other assets[4]	24	18	1	(1)	18	(8)	(1)	(1)	(10)	603	635
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	(114)	(114)
Eearnings before Tax	**2,063**	**1,675**	**1,164**	**589**	**3,428**	**1,328**	**1,113**	**134**	**2,575**	**(31)**	**8,035**
Income tax	(575)	(405)	(270)	(165)	(840)	(281)	(158)	(30)	(469)	187	(1,697)
Consolidated Net Income	**1,488**	**1,270**	**894**	**424**	**2,588**	**1,047**	**955**	**104**	**2,106**	**156**	**6,338**
Non controlling interests	(4)	334	169	3	506	27	1	2	30	165	697
Net income, Group Share	**1,492**	**936**	**725**	**421**	**2,082**	**1,020**	**954**	**102**	**2,076**	**(9)**	**5,641**
Segment assets	**262,512**	**135,993**	**41,362**	**181,148**	**358,503**	**505,796**	**149,202**	**37,052**	**692,050**	**151,384**	**1,464,449**
Segment liabilities[3]	**279,353**	**101,650**	**13,834**	**166,055**	**281,539**	**636,754**	**57,221**	**25,555**	**719,530**	**113,164**	**1,393,586**

	2020										
		International Retail Banking and Financial Services				Global Banking and Investor Solutions					
(In EURm)	**French Retail Banking**	**International Retail Banking**	**Financial Services**	**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)
Eearnings before Tax	**957**	**956**	**645**	**531**	**2,132**	**(182)**	**119**	**45**	**(18)**	**(1,671)**	**1,400**
Income tax	(291)	(227)	(139)	(165)	(531)	40	69	(9)	100	(482)	(1,204)
Consolidated Net Income	**666**	**729**	**506**	**366**	**1,601**	**(142)**	**188**	**36**	**82**	**(2,153)**	**196**
Non controlling interests	-	198	96	3	297	23	-	2	25	132	454
Net income, Group Share	**666**	**531**	**410**	**363**	**1,304**	**(165)**	**188**	**34**	**57**	**(2,285)**	**(258)**
Segment assets*	**256,205**	**123,697**	**38,932**	**169,239**	**331,868**	**549,072**	**124,114**	**34,661**	**707,847**	**148,484**	**1,444,404**
Segment liabilities*(3)	**264,208**	**90,765**	**13,351**	**154,736**	**258,852**	**666,751**	**47,161**	**21,324**	**735,236**	**119,096**	**1,377,392**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

(1) *Income and expenses, assets and liabilities not directly related to business line activities are recorded in the Corporate Centre income and balance sheet.*

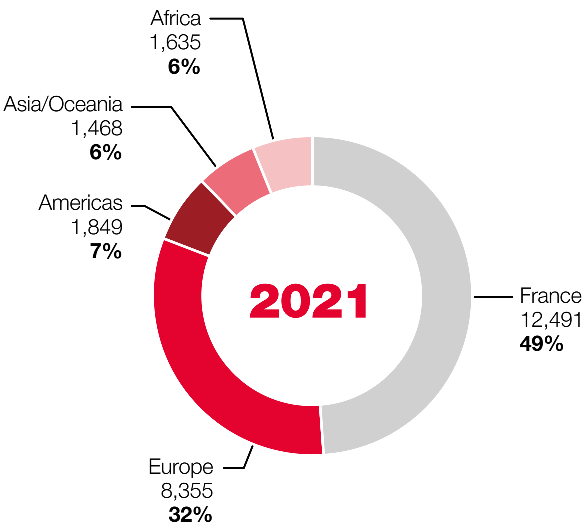
(2) *These amounts include personnel expenses, other administrative expenses and depreciation, amortisation and impairment of intangible assets and property, plant and equipment. In Q4 2021, Societe Generale presented the proposed organisation of its new Retail Banking in France, which will result from the legal merger of Crédit du Nord and Societe Generale (see Note 2.2). In 2021, Corporate Centre operating expenses include EUR 194 million of expenses related to this project. These expenses mainly represent restructuring costs already incurred during the year as well as the gradual recognition of the cost of voluntary redundancy measures, the accounting treatment of which has been assimilated to that of post-employment benefits.*

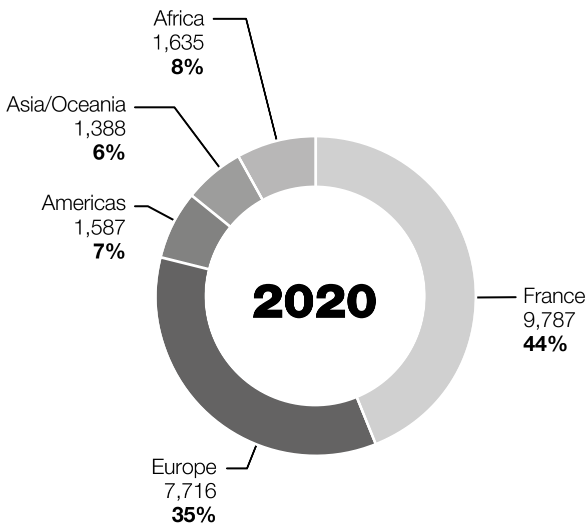
(3) *Segment liabilities correspond to debts (i.e. total liabilities excluding equity).*

(4) *In 2021, Net income/expense from other assets is mainly composed of capital gains on the disposal of Lyxor for EUR 439 million and the Haussmann real estate capital gains of EUR 185.9 million presented in the Corporate Centre pillar.*

NOTE 8.1.3 SEGMENT REPORTING BY GEOGRAPHICAL REGION

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME (IN EURM)

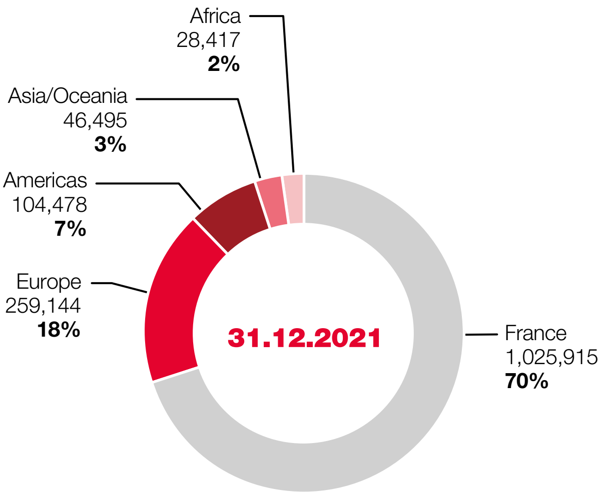


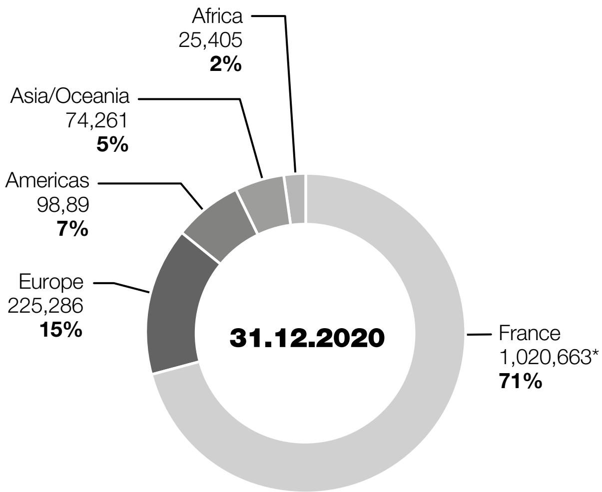


As at 31 December 2021, the amount of net banking income was EUR 25,798 million compared to EUR 22,113 million at 31 December 2020.

GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS (IN EURM)

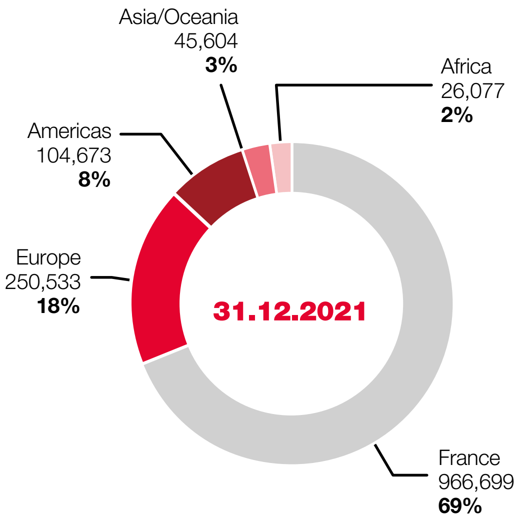
ASSETS

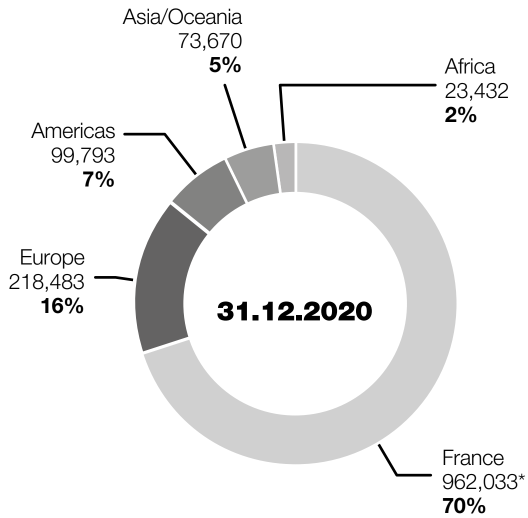




As at 31 December 2021, the amount of assets was EUR 1,464,449 million compared to EUR 1,444,404 million at 31 December 2020*.

LIABILITIES





As at 31 December 2021, the amount of liabilities (except shareholder equity) was EUR 1,393,586 million compared to EUR 1,377,392 million at 31 December 2020*.

Segment liabilities correspond to debts (*i.e.* total liabilities excluding equity).

** Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

NOTE 8.2 Other operating expenses

ACCOUNTING PRINCIPLES

The Group records operating expenses under expenses, according to the type of services to which they refer and the rate of use of said services.

Rentals include real estate and equipment leasing expenses, which do not result in a recognition of a lease liability and right-of-use asset (see Note 8.4).

Taxes and levies are only booked when the triggering event provided for by law occurs. If the obligation to pay the tax arises from the gradual operation of an activity, the expense must be spread out over the same period. Finally, if the obligation to pay is generated when a threshold is reached, the expense is only recorded once the threshold is reached.

Taxes and levies cover all contributions levied by a public authority and include the contributions paid to the Single Resolution Fund and the Deposit Insurance and Resolution Fund, the systemic risk tax, and contributions for ACPR control costs, which are recognised in profit or loss at the start of the financial year. The Company social solidarity contribution (C3S), based on income generated in previous financial year, is fully recognised in profit or loss at 1 January of the current financial year.

Other mainly includes building maintenance and other costs, travel and business expenses, and advertising expenses.

(In EURm)	2021	2020
Rentals	(323)	(307)
Taxes and levies	(993)	(1,071)
Data & telecom (excluding rentals)	(2,371)	(2,087)
Consulting fees	(1,157)	(1,121)
Other	(1,337)	(1,235)
TOTAL	**(6,181)**	**(5,821)**

CONTRIBUTION TO BANK RESOLUTION MECHANISMS

The European regulatory framework designed to enhance financial stability was updated by the Directive 2014/59/UE of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (Bank Recovery and Resolution Directive).

The European Regulation UE n°806/2014 of 15 July 2014 then determined the financing means of resolution mechanisms within the European Banking Union through the establishment of a Single Resolution Fund (SRF). In addition to this instrument, the National Resolution Fund (NRF) exists for institutions subject to this resolution mechanisms, but that have no SRF.

The Single Resolution Fund, established in January 2016, shall receive annual contributions from the participating European financial institutions. By the end of 2023, the available financial means of the Fund shall reach at least 1% of the amount of covered deposits of all these participating financial institutions. A share of the annual contributions can be provided through irrevocable payment commitments.

For the year 2021, the Group's contributions to the SRF and the NRF were as follows:

- cash contributions (85%) for a total of EUR 586 million, of which EUR 544 million for the SRF and EUR 42 million for the NRF. These contributions are non-tax-deductible in France and have been recorded in the income statement in Other administrative expenses, among Taxes and levies;
- irrevocable payment commitments (15%) backed by a cash collateral for EUR 96 million related to the SRF, recorded as an asset in the balance sheet, among Other assets.

NOTE 8.3 Provisions

ACCOUNTING PRINCIPLES

Under balance sheet liabilities, Provisions are comprised of provisions for financial instruments, disputes and employee benefits.

OVERVIEW

(In EURm)	Provisions as at 31.12.2020	Allocations	Write-backs available	Net allocation	Write-backs used	Currency and others	Provisions as at 31.12.2021
Provisions for credit of risk on off balance sheet commitments (see Note 3.8)	928	568	(577)	(9)	-	(31)	**888**
Provisions for employee benefits (see Note 5.2)*	2,538	272	(206)	66	(264)	(39)	**2,301**
Provisions for mortgage savings plans and accounts commitments	355	16	(55)	(39)	-	-	**316**
Other provisions	911	572	(173)	399	(42)	77	**1,345**
TOTAL*	**4,732**	**1,428**	**(1,011)**	**417**	**(306)**	**7**	**4,850**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

NOTE 8.3.1 COMMITMENTS UNDER MORTGAGE SAVINGS AGREEMENTS

ACCOUNTING PRINCIPLES

In France, *Comptes d'épargne-logement* (CEL or mortgage savings accounts) and *Plans d'épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of 10 July 1965. These products combine an initial deposit phase in the form of an interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans. The lending phase is subject to the prior existence of the savings phase and is therefore inseparable from it. The savings deposits collected and loans granted are measured at amortised cost.

These instruments create two types of commitments for the Group: the obligation to pay interest on customer savings for an indeterminate future period at an interest rate established at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also established at the inception of the savings agreement.

If it is clear that commitments under the PEL/CEL agreements will have negative consequences for the Group, a provision is recorded on the liabilities side of the balance sheet. Any changes in these provisions are recognised as net banking income under net interest income. These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between different PEL generations, and for all mortgage saving accounts (CEL) making up a single generation.

During the deposit phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of deposits and the minimum expected amount. These two amounts are determined statistically on the basis of the historical observations of past customer behaviour.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable on the basis of deposits that are currently recognised in the balance sheet at the date of calculation and on the basis of historical observations of past customer behaviour.

A provision is recognised if the discounted value of expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated on the basis of interest rates available to individual customers for equivalent savings and loan products, with a similar estimated life and date of inception.

OUTSTANDING DEPOSITS IN PEL/CEL ACCOUNTS

(In EURm)	31.12.2021	31.12.2020
PEL accounts	18,789	19,227
Less than 4 years old	*714*	*734*
Between 4 and 10 years old	*10,411*	*11,511*
More than 10 years old	*7,664*	*6,982*
CEL accounts	1,513	1,404
TOTAL	**20,302**	**20,631**

OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO PEL/CEL ACCOUNTS

(In EURm)	31.12.2021	31.12.2020
Less than 4 years old	0	-
Between 4 and 10 years old	3	7
More than 10 years old	7	9
TOTAL	**10**	**16**

PROVISIONS FOR COMMITMENTS LINKED TO PEL/CEL ACCOUNTS

(In EURm)	31.12.2020	Allocations	Write-backs	31.12.2021
PEL accounts	352	6	(56)	302
Less than 4 years old	*2*	*0*	*-*	*2*
Between 4 and 10 years old	*32*	*6*	*(2)*	*36*
More than 10 years old	*318*	*0*	*(54)*	*264*
CEL accounts	3	11	(0)	14
TOTAL	**355**	**17**	**(56)**	**316**

The level of provisions is sensitive to long-term interest rates. Since long-term rates were low during 2021, the provisions for PEL and CEL mortgage savings accounts were mainly linked to the risks attached to the commitment to pay interest on the deposits. Provisioning for PEL/CEL savings amounted to 1.56% of total outstandings at 31 December 2021.

METHODS USED TO ESTABLISH PROVISION VALUATION INPUTS

The inputs used to estimate future customer behaviour are derived from historical observations of customer behaviour patterns over a long period (more than 10 years). The values of these inputs can be adjusted whenever changes are made to regulations that may undermine the effectiveness of past data as an indicator of future customer behaviour.

The values of the different market inputs used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these items for the period in question, in line with the Retail Banking division’s policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps *vs*. Euribor yield curve at the valuation date, averaged over a 12 month period.

NOTE 8.3.2 OTHER PROVISIONS

Other provisions include provisions for restructuring (except staff costs), provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.

The Group is subject to an extensive legal and regulatory framework in the countries where it operates. In this complex legal context, the Group and some of its former and current representatives may be involved in various legal actions, including civil, administrative and criminal proceedings. The vast majority of these proceedings are part of the Group’s current business. In recent years, litigation with investors and the number of disputes involving financial intermediaries such as banks and investment advisors has increased, partly due to a difficult financial environment.

It is by nature difficult to foresee the outcome of disputes, regulatory proceedings and acts involving Group entities, particularly if they are initiated by various categories of complainants, if the amount of claims for damages is not specified or is indeterminate or if the proceedings have no precedent.

In preparing its financial statements, the Group assesses the consequences of the legal, regulatory or arbitration proceedings in which it is involved. A provision is booked when losses from these proceedings become probable and the amount can be estimated reliably.

To assess the probability of losses and the amount of these losses, and thus to determine the amount of provisions to book, estimations are important. Management makes these estimates by exercising its judgment and taking into account all information available when financial statements are prepared. In particular, the Group takes into account the nature of the dispute, the underlying facts, ongoing proceedings and court decisions already taken, as well as its experience and the experiences of other companies dealing with similar cases (assuming that the Group has knowledge thereof) and, where appropriate, the opinion and reports of experts and independent legal advisers.

Each quarter, the Group carries out a detailed examination of outstanding disputes that present a significant risk. The description of those disputes is presented in Note 9 “Information on risks and litigation”.

NOTE 8.4 Tangible and intangible fixed assets

ACCOUNTING PRINCIPLES

Tangible and intangible fixed assets

Tangible and intangible fixed assets include operating and investment fixed assets. Equipment assets held for operating leases purpose are included in operating tangible assets, while buildings held for leasing purposes are included in investment property.

Tangible and intangible fixed assets are carried at their purchase price on the asset side of the balance sheet, less depreciation, amortisation and impairment.

The purchase price of fixed assets includes borrowing costs incurred to fund a lengthy construction period for the fixed assets, along with all other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets. Software developed internally is recorded on the asset side of the balance sheet in the amount of the direct cost of development.

As soon as they are fit for use, fixed assets are depreciated or amortised using the component-based approach. Each component is depreciated or amortised over its own useful life. The Group has applied this approach to its operating properties, breaking down its assets into components with depreciation periods of 10 to 50 years. Depreciation periods for fixed assets other than buildings depend on their useful life, which is usually estimated at 3 to 20 years.

Any residual value of the asset is deducted from its depreciable amount. If there is a subsequent decrease or increase in this initial residual value, the depreciable amount of the asset is adjusted, leading to a prospective modification of the depreciation schedule.

Depreciation and amortisation are recorded in the income statement under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

Fixed assets grouped into Cash Generating Units are tested for impairment whenever there is any indication that their value may have diminished. Allocations and reversals of provisions for impairment are recorded in profit or loss under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

Realised capital gains and losses on operating fixed assets are recognised under Net income from other assets.

Investment properties are depreciated using the component-based method. Each component is depreciated over its own useful life, ranging from 10 to 50 years.

Profits or losses on operating lease assets and on investment property, including amortisation and depreciation, are recognised under Income from other activities and Expense from other activities (see Note 4.2).

Rights-of-use for assets leased by the Group

LEASE

Definition of the lease

A contract is, or contains, a lease if it conveys to the lessor the right to control the use of an identified asset for a period of time in exchange for consideration:

- control is conveyed when the customer has both the right to direct the identified asset's use, and to obtain substantially all the economic benefits from that use throughout the lease period;
- the existence of an identified asset will depend on the absence, for the lessor, of substantive substitution rights for the leased asset; this condition is measured with regard to the facts and circumstances existing at the commencement of the contract. If the lessor has the option of freely substituting the leased asset, the contract can not be qualified as a lease, since its purpose is the provision of a capacity and not an asset;
- a capacity portion of an asset is still an identified asset if it is physically distinct (*e.g.* a floor of a building). Conversely, a portion of the capacity or of an asset that is not physically distinct does not constitute an identified asset (*e.g.* the lease of co-working area within a unit with no pre-defined location inside that unit).

Separation of lease and non-lease components

A contract may cover the lease of an asset by the lessor as well as the supply of additional services by that lessor. In this scenario, the lessee can separate the lease components from the non-lease components of the contract and treat them separately. The rental payments stipulated in the contract must be separated between the lease components and the non-lease components based on their individual prices (as directly indicated in the contract or estimated on the basis on all of the observable information). If the lessee cannot separate the lease components from the non-lease components (or services), the entire contract is treated as a lease.

LEASE TERM

Definition of the lease term

The lease period to be applied in determining the rental payments to be discounted matches the non-cancellable period of the lease adjusted for:

- options to extend the contract that the lessee is reasonably certain to exercise;
- and early termination options that the lessee is reasonably certain not to exercise.

Lease term = Non-cancellable period of the lease + Periods covered by an option to extend the lease* + Periods covered by an option to terminate the lease**

* *if the lessee is reasonably certain to exercise that option.*
** *if the lessee is reasonably certain not to exercise that option.*

The measurement of the reasonable certainty of exercising or not exercising the extension or early termination options shall take into account all the facts and circumstances that may create an economic incentive to exercise or not these options, specifically:

- the conditions for exercising these options (including measurement of the amount of the rental payments in case of an extension, or of the amount of penalties that may be imposed for early termination);
- substantial changes made to the leased premises (specific layouts, such as a bank vault);
- the costs associated with terminating the contract (negotiation costs, moving costs, research costs for a new asset that meets the lessee's requirements, etc.);
- the importance of the leased asset for the lessee, in view of its specific nature, its location, or the availability of substitute assets (specifically for branches located in commercially strategic sites, given their accessibility, expected traffic, or the prestige of the location);
- the history of renewals of similar contracts, as well as the strategy for the future use of the assets (based on the prospect of redeployment or rearrangement of a commercial branch network, for example).

When the lessee and the lessor each have the right to terminate the lease without the prior agreement of the other party and with no penalty other than a negligible one, the contract is no longer binding, and thus it no longer creates a lease liability.

In France, most property leases on premises occupied by branches are 9-year leases with an early-termination option at the end of 3 and 6-year term (leases referred to as "3/6/9"); at the end of the 9-year term, if no new agreement is signed, the initial lease is renewed by tacit agreement for a 5-year term. This 5-year term may be modified depending on the quality of the location, the completion of major investments, or the planned closure of a group of designated branches.

Changing the lease term

The term must be modified in case of a change of circumstances which lead the lessee to revise the exercise of the options included in the lease contract or in case of events which contractually oblige the lessee to exercise (or not) an option that had not been included (or is included) in the lease contract.

Following a change in the lease term, the lease obligation must be reassessed to reflect those changes by using a revised discount rate for the remaining estimated term of the contract.

ACCOUNTING TREATMENT BY THE GROUP AS A LESSEE

On the commencement date (on which the leased asset is made available for use), the lessee must record a lease liability on the liabilities side of the balance sheet and a right-of-use asset on the assets side of the balance sheet except for the exemptions described below.

In the income statement, the lessee must recognise an interest expense calculated on the lease liability under Net banking income and a depreciation of the right-of-use under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

The rental payments will partly reduce the lease liability and partly remunerate this liability in the form of interest expense.

Exemptions and exclusions

The Group does not apply the new lease treatment to contracts with a term of less than one year (including renewal options), nor to contracts on low-value items by applying the exemption threshold of USD 5,000 as indicated in the standard's Basis for Conclusions (the threshold should be measured against the replacement cost per unit of the leased asset).

Rental payment amounts

The payments to be considered for the measurement of the lease liability include fixed and variable rental payments based on an index (e.g. consumer price index or construction cost index), plus, where applicable, the funds that the lessee expects to pay the lessor for residual value guarantees, purchase options, or early termination penalties.

However, variable lease payments that are indexed on the use of the leased asset (indexed on revenue or mileage, for example) are excluded from the measurement of lease liability. This variable portion of the rental payments is recorded in the net income over time according to fluctuations in contractual indexes fluctuations.

Rental payments have to be considered based on their amount net of value-added tax. In addition, for building leases, occupancy taxes and property taxes passed on by lessors will be excluded from lease liabilities because their amount, as set by the competent public authorities, is variable.

Recognition of the lease liability

The liability initial amount is equal to the discounted value of the rental payments that will be payable over the lease period.

This lease liability is then measured at the amortised cost using the effective interest rate method: part of each rental payment will then be booked as interest expenses in the income statement, and part will be gradually deducted from the lease liability on the balance sheet.

After the commencement date, the amount of the lease liability may be adjusted if the lease is amended, the lease period is re-estimated, or to account for contractual changes in the rental payments related to the application of indices or rates.

As applicable, the lessee must also recognise a provision in its liabilities to cover the costs of restoring the leased asset that would be assumed when the lease ends.

Recognition of the right-of-use

On the availability date of the leased asset, the lessee must enter a right-of-use asset, on the assets side of the balance sheet, for an amount equal to the initial value of the lease liability, plus, as applicable, initial direct costs (*e.g.* issuance of an authenticated lease, registration fees, negotiation fees, front-end fee, leasehold right, lease premium, etc.), advance payments, and restoration costs.

This asset is then depreciated on a straight-line basis over the lease period that is applied for measuring the lease liability.

After the commencement date, the asset's value may be adjusted if the lease is amended, as it is the case for the lease liability.

Rights-of-use is presented on the lessee's balance sheet under the items of fixed assets where properties of the same type that are held in full ownership are entered. If the lease stipulates the initial payment of a leasehold right to the former tenant of the premises, the amount of that right is stated as a separate component of the right of use and presented under the same heading as the latter.

Lease discount rates

The Group uses the lessees' incremental borrowing rate to discount the rental payments as well as the amount of lease liabilities. For the entities which can directly refinance themselves on their local markets, the incremental borrowing rate is set at the lessee entity level, not at the Group level, in consideration of the borrowing terms and that entity's credit risk. For the entities which refinance themselves through the Group, the incremental borrowing rate is set by the Group.

The discount rates are set according to the currency, the country of the lessee entities and the maturity estimated of the contracts.

CHANGES IN TANGIBLE AND INTANGIBLE FIXED ASSETS

(In EURm)	31.12.2020	Increases/ allowances	Disposals/ reversals	Other movements	31.12.2021
Intangible Assets					
Gross value	7,714	930	(205)	(29)	8,410
Amortisation and impairments	(5,230)	(629)	157	25	(5,677)
Tangible Assets (w/o assets under operating leases)					
Gross value	11,333	540	(470)	60	11,463
Depreciation and impairments	(6,585)	(573)	296	3	(6,859)
Assets under operating leases					
Gross value	28,752	10,759	(7,147)	(1,284)	31,080
Depreciation and impairments	(7,940)	(3,881)	2,479	828	(8,514)
Investment Property					
Gross value	33	-	(1)	-	32
Depreciation and impairments	(21)	-	1	-	(20)
Rights-of-use					
Gross value	2,827	525	(210)	39	3,181
Amortisation and impairments	(795)	(448)	106	9	(1,128)
TOTAL	**30,088**	**7,223**	**(4,994)**	**(349)**	**31,968**

INFORMATION RELATING TO SALE-LEASEBACK TRANSACTIONS

On 15 September 2021, the Crédit du Nord head office located 59 boulevard Haussmann in Paris (France) was subject to a sale and lease back transaction.

The EUR 185.9 million capital gain on the transfer has been recognised under "Gains & losses" on fixed assets and a right of use of EUR 17.6 million has been recognised in the balance sheet after the signing of a 36-month lease agreement.

BREAKDOWN OF MINIMUM PAYMENTS RECEIVABLE ON OPERATING LEASE ASSETS

(In EURm)	31.12.2021	31.12.2020
Payments due in less than five years	22,371	23,745
Payments due in less than one year	*8,319*	*5,366*
Payments due from one to two years	*5,905*	*5,949*
Payments due from two to three years	*5,090*	*6,971*
Payments due from three to four years	*2,437*	*4,228*
Payments due from four to five years	*620*	*1,231*
Payments due in more than five years	168	107
TOTAL	**22,539**	**23,852**

INFORMATIONS RELATIVE TO LEASES ON TANGIBLE ASSETS USED BY THE GROUP

Property Leases

Most of the leases (more than 90%) involve building leases contracted for the lease of commercial and office space:

- the commercial spaces are branches in the Group's French and international retail banking networks. In France, the majority of property leases contracted are nine-year commercial leases with early termination options at three and six years (so-called "3/6/9" leases). If a new contract is not signed by the end of that nine-year period, the initial lease is automatically extended;
- the office buildings are leased for certain departments reporting to the Group's French headquarters or the local head offices of the main foreign subsidiaries, and for certain locations in the main international financial centers: London, New York, Hong Kong, etc.

Outside France, residual lease periods are generally below 10 years. In some countries, such as Russia, leases can be annual, with optional automatic renewal. In other locations, specifically London and New York, lease periods can be as long as 25 years.

Equipment Leases

Other leases (less than 10%) are mainly computer equipment leases and a very small percentage of vehicle leases.

OVERVIEW TABLE OF LEASE TRANSACTION COSTS AND SUBLEASE INCOME

	31.12.2021			
(In EURm)	**Real estate**	**IT**	**Others**	**Total**
Lease	(470)	(45)	(8)	(523)
Interest expenses on lease liabilities	*(39)*	-	-	*(39)*
Depreciation charge for right-of-use assets	*(385)*	*(41)*	*(3)*	*(429)*
Expense relating to short-term leases	*(36)*	-	*(3)*	*(39)*
Expense relating to leases of low-value assets	*(2)*	*(4)*	*(2)*	*(8)*
Expense relating to variable lease payments	*(8)*	-		*(8)*
Sublease income	14	-	-	14

	31.12.2020			
(In 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

NOTE 8.5 Companies included in the consolidation scope

Country			Activity	Method*	Group ownership interest As at 31.12.2021	Group ownership interest As at 31.12.2020	Group voting interest As at 31.12.2021	Group voting interest As at 31.12.2020
South Africa								
	(1)	SG JOHANNESBURG	Bank	FULL	100	100	100	100
Algeria								
		ALD AUTOMOTIVE ALGERIE SPA	Specialist Financing	FULL	79.81	79.81	99.99	99.99
		SOCIETE GENERALE ALGERIE	Bank	FULL	100	100	100	100
Germany								
		ALD AUTOLEASING D GMBH	Specialist Financing	FULL	79.82	79.82	100	100
		ALD INTERNATIONAL GMBH	Specialist Financing	FULL	79.82	79.82	100	100
		ALD NTERNATIONAL GROUP HOLDINGS GMBH	Specialist Financing	FULL	79.82	79.82	100	100
		ALD LEASE FINANZ GMBH	Specialist Financing	FULL	100	100	100	100
		BANK DEUTSCHES KRAFTFAHRZEUGGEWERBE GMBH	Specialist Financing	FULL	99.94	99.94	51	51
		BDK LEASING UND SERVICE GMBH	Specialist Financing	FULL	100	100	100	100
		CAR PROFESSIONAL FUHRPARKMANAGEMENT UND BERATUNGSGESELLSCHAFT MBH & CO. KG	Specialist Financing	FULL	79.82	79.82	100	100
		CARPOOL GMBH	Broker	FULL	79.82	79.82	100	100
		GEFA BANK GMBH	Specialist Financing	FULL	100	100	100	100
		GEFA VERSICHERUNGSDIENST GMBH	Specialist Financing	ESI	100	100	100	100
		HANSEATIC BANK GmbH & CO KG	Specialist Financing	FULL	75	75	75	75
		HANSEATIC GESELLSCHAFT FUR BANKBETEILIGUNGEN MBH	Portfolio Management	FULL	75	75	100	100
		HSCE HANSEATIC SERVICE CENTER GMBH	Services	FULL	75	75	100	100
		INTERLEASING DELLO HAMBURG GMBH	Specialist Financing	FULL	79.82	79.82	100	100
	(1)[4]	LYXOR INTERNATIONAL ASSET MANAGEMENT GERMANY	Financial Company	FULL	0	100	0	100
		RED & BLACK AUTO GERMANY 4 UG (HAFTUNGSBESCHRANKT)	Financial Company	FULL	100	100	100	100
		RED & BLACK AUTO GERMANY 5 UG (HAFTUNGSBESCHRANKT)	Specialist Financing	FULL	100	100	100	100
		RED & BLACK AUTO GERMANY 6 UG	Financial Company	FULL	100	100	100	100
		RED & BLACK AUTO GERMANY N°7	Financial Company	FULL	100	100	100	100
	(6)	RED & BLACK AUTO GERMANY N°8	Financial Company	FULL	100	0	100	0
		SG EQUIPMENT FINANCE GMBH	Specialist Financing	FULL	100	100	100	100
	(1)	SG FRANCFORT	Bank	FULL	100	100	100	100
		SOCIETE GENERALE EFFEKTEN GMBH	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES SERVICES GMBH	Specialist Financing	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
Germany	(1)	SOGCAP DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100	100	100	100
	(1)	SOGESSUR DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100	100	100	100
Australia								
		SOCIETE GENERALE SECURITIES AUSTRALIA PTY LTD.	Broker	FULL	100	100	100	100
	(1)	SOCIETE GENERALE SYDNEY BRANCH	Bank	FULL	100	100	100	100
Austria								
		ALD AUTOMOTIVE FUHRPARKMANAGEMENT UND LEASING GmbH	Specialist Financing	FULL	79.82	79.82	100	100
	(1)	SG VIENNE	Bank	FULL	100	100	100	100
Belarus								
	(6)	ALD AUTOMOTIVE LLC	Specialist Financing	FULL	79.82	0	100	0
Belgium								
		AXUS FINANCE SRL	Specialist Financing	FULL	79.82	79.82	100	100
		AXUS SA/NV	Specialist Financing	FULL	79.82	79.82	100	100
		BASTION EUROPEAN INVESTMENTS SA	Financial Company	FULL	60.74	60.74	100	100
		PARCOURS BELGIUM	Specialist Financing	FULL	79.82	79.82	100	100
	(1)	SG BRUXELLES	Bank	FULL	100	100	100	100
	(1)	SG EQUIPMENT FINANCE BENELUX BV BELGIAN BRANCH	Specialist Financing	FULL	100	100	100	100
		SOCIETE GENERALE IMMOBEL	Financial Company	FULL	100	100	100	100
Benin								
		SOCIETE GENERALE BENIN	Bank	FULL	93.43	93.43	94.1	94.1
Bermuda								
		CATALYST RE INTERNATIONAL LTD.	Insurance	FULL	100	100	100	100
Brazil								
		ALD AUTOMOTIVE SA	Specialist Financing	FULL	79.82	79.82	100	100
		ALD CORRETORA DE SEGUROS LTDA	Specialist Financing	FULL	79.82	79.82	100	100
		BANCO SOCIETE GENERALE BRASIL SA	Bank	FULL	100	100	100	100
		SOCIETE GENERALE EQUIPMENT FINANCE S/A – ARRENDAMENTO MERCANTIL (Ex- SG EQUIPMENT FINANCE SA ARRENDAMENTO MERCANTIL)	Specialist Financing	FULL	100	100	100	100
Bulgaria								
	(6)	ALD AUTOMOTIVE EOOD	Specialist Financing	FULL	79.82	0	100	0
Burkina Faso								
		SOCIETE GENERALE BURKINA FASO	Bank	FULL	51.27	51.27	52.61	52.61
Cayman Islands								
		AEGIS HOLDINGS (OFFSHORE) LTD.	Financial Company	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest As at 31.12.2021	Group ownership interest As at 31.12.2020	Group voting interest As at 31.12.2021	Group voting interest As at 31.12.2020
Cameroon								
		SOCIETE GENERALE CAMEROUN	Bank	FULL	58.08	58.08	58.08	58.08
Canada								
	(2)	SG CONSTELLATION CANADA LTD.	Specialist Financing	FULL	0	100	0	100
	(1)	SOCIETE GENERALE (CANADA BRANCH)	Bank	FULL	100	100	100	100
		SOCIETE GENERALE (CANADA)	Bank	FULL	100	100	100	100
		SOCIETE GENERALE CAPITAL CANADA INC	Broker	FULL	100	100	100	100
Chile								
	(6)	ALD AUTOMOTIVE LIMITADA	Specialist Financing	FULL	79.82	0	100	0
China								
		SOCIETE GENERALE (CHINA) LIMITED	Bank	FULL	100	100	100	100
		SOCIETE GENERALE LEASING AND RENTING CO. LTD.	Specialist Financing	FULL	100	100	100	100
Colombia								
	(6)	ALD AUTOMOTIVE SAS	Specialist Financing	FULL	79.82	0	100	0
Congo								
		SOCIETE GENERALE CONGO	Bank	FULL	93.47	93.47	93.47	93.47
South Korea								
		SG SECURITIES KOREA CO, LTD.	Broker	FULL	100	100	100	100
	(1)	SG SÉOUL	Bank	FULL	100	100	100	100
Ivory Coast								
		SOCIETE GENERALE CAPITAL SECURITIES WEST AFRICA	Portfolio Management	FULL	71.25	71.25	99.98	99.98
		SOCIETE GENERALE CÔTE D'IVOIRE	Bank	FULL	73.25	73.25	73.25	73.25
Croatia								
		ALD AUTOMOTIVE D.O.O. ZA. OPERATIVNI I FINANCIJSKI LEASING	Specialist Financing	FULL	79.82	79.82	100	100
		ALD FLEET SERVICES D.O.O ZA TRGOVINU I USLUGE	Specialist Financing	FULL	79.82	79.82	100	100
Curaçao								
		SGA SOCIETE GENERALE ACCEPTANCE N.V	Financial Company	FULL	100	100	100	100
Denmark								
		ALD AUTOMOTIVE A/S	Specialist Financing	FULL	79.82	79.82	100	100
		NF FLEET A/S	Specialist Financing	FULL	63.85	63.85	80	80
United Arab Emirates								
	(1)	SOCIETE GENERALE DUBAÏ	Bank	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
Spain								
		ALD AUTOMOTIVE SAU	Specialist Financing	FULL	79.82	79.82	100	100
		ALTURA MARKETS, SOCIEDAD DE VALORES, SA	Broker	EJV	50	50	50	50
	(1)	GENEFIM SUCURSAL EN ESPANA	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(2)	REFLEX ALQUILER FLEXIBLE DE VEHICULOS	Specialist Financing	FULL	0	79.82	0	100
		SG EQUIPMENT FINANCE IBERIA, E.F.C, SA	Specialist Financing	FULL	100	100	100	100
		SOCGEN FINANCIACIONES IBERIA, SL.	Bank	FULL	100	100	100	100
		SOCGEN INVERSIONES FINANCIERAS SA	Financial Company	FULL	100	100	100	100
	(1)	SOCIETE GENERALE SUCCURSAL EN ESPANA	Bank	FULL	100	100	100	100
		SODEPROM	Real Estate and Real Estate Financing	FULL	100	100	100	100
Estonia								
		ALD AUTOMOTIVE EESTI AS	Specialist Financing	FULL	59.87	59.87	75.01	75.01
United States of America								
		AEGIS HOLDINGS (ONSHORE) INC.	Financial Company	FULL	100	100	100	100
	(4)	LYXOR ASSET MANAGEMENT HOLDING CORP.	Portfolio Management	FULL	0	100	0	100
	(4)	LYXOR ASSET MANAGEMENT INC.	Financial Company	FULL	0	100	0	100
		SG AMERICAS EQUITIES CORP.	Financial Company	FULL	100	100	100	100
		SG AMERICAS OPERATIONAL SERVICES, LLC	Services	FULL	100	100	100	100
		SG AMERICAS SECURITIES HOLDINGS, LLC	Bank	FULL	100	100	100	100
		SG AMERICAS SECURITIES, LLC	Broker	FULL	100	100	100	100
		SG AMERICAS, INC.	Financial Company	FULL	100	100	100	100
		SG CONSTELLATION, INC.	Financial Company	FULL	100	100	100	100
		SG EQUIPMENT FINANCE USA CORP.	Specialist Financing	FULL	100	100	100	100
		SG MORTGAGE FINANCE CORP.	Financial Company	FULL	100	100	100	100
		SG MORTGAGE SECURITIES, LLC	Portfolio Management	FULL	100	100	100	100
		SG STRUCTURED PRODUCTS, INC.	Specialist Financing	FULL	100	100	100	100
		SGAIH, INC.	Financial Company	FULL	100	100	100	100
	(1)	SOCIETE GENERALE (NEW YORK)	Bank	FULL	100	100	100	100
		SOCIETE GENERALE FINANCIAL CORPORATION	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE INVESTMENT CORPORATION	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE LIQUIDITY FUNDING, LLC	Financial Company	FULL	100	100	100	100
Finland								
		AXUS FINLAND OY	Specialist Financing	FULL	79.82	79.82	100	100
		NF FLEET OY	Specialist Financing	FULL	63.85	63.85	80	80

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France								
		29 HAUSSMANN ÉQUILIBRE	Portfolio Management	FULL	87.1	87.1	87.1	87.1
		29 HAUSSMANN EURO RDT	Portfolio Management	FULL	58.1	58.1	58.1	58.1
		29 HAUSSMANN SELECTION EUROPE – K	Financial Company	FULL	45.23	45.23	45.23	45.23
		29 HAUSSMANN SELECTION MONDE	Portfolio Management	FULL	68.7	68.7	68.7	68.7
	(6)	908 RÉPUBLIQUE	Real Estate and Real Estate Financing	ESI	32	0	40	0
		AIR BAIL	Specialist Financing	FULL	100	100	100	100
		AIX – BORD DU LAC – 3	Real Estate and Real Estate Financing	EJV	50	50	50	50
		AIX – BORD DU LAC – 4	Real Estate and Real Estate Financing	EJV	50	50	50	50
		ALD	Specialist Financing	FULL	79.82	79.82	79.82	79.82
	(5)	ALD AUTOMOTIVE RUSSIE SAS	Specialist Financing	FULL	0	79.82	0	100
		ALFORTVILLE BAIGNADE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		AMPERIM	Real Estate and Real Estate Financing	EJV	50	50	50	50
		AMUNDI CREDIT EURO – P	Financial Company	FULL	57.43	57.43	57.43	57.43
		ANNEMASSE-ILOT BERNARD	Real Estate and Real Estate Financing	FULL	80	80	80	80
		ANTALIS SA	Financial Company	FULL	100	100	100	100
		ANTARES	Real Estate and Real Estate Financing	ESI	45	45	45	45
		ANTARIUS	Insurance	FULL	100	100	100	100
		ARTISTIK	Real Estate and Real Estate Financing	ESI	30	30	30	30
		AVIVA INVESTORS RESERVE EUROPE	Financial Company	FULL	69.35	69.35	69.35	69.35
		BANQUE COURTOIS	Bank	FULL	100	100	100	100
		BANQUE FRANÇAISE COMMERCIALE OCÉAN INDIEN	Bank	FULL	50	50	50	50
		BANQUE KOLB	Bank	FULL	99.97	99.97	99.97	99.97
		BANQUE LAYDERNIER	Bank	FULL	100	100	100	100
		BANQUE NUGER	Bank	FULL	100	100	100	100
		BANQUE POUYANNE	Bank	ESI	35	35	35	35
		BANQUE RHONE ALPES	Bank	FULL	99.99	99.99	99.99	99.99
		BANQUE TARNEAUD	Bank	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		BAUME LOUBIERE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		BERLIOZ	Insurance	FULL	84.05	84.05	84.05	84.05
		BOURSORAMA INVESTISSEMENT	Services	FULL	100	100	100	100
		BOURSORAMA SA	Broker	FULL	100	100	100	100
		BREMANY LEASE SAS	Specialist Financing	FULL	79.82	79.82	100	100
		CARBURAUTO	Group Real Estate Management Company	EJV	50	50	50	50
	(2)	CARRERA	Group Real Estate Management Company	EJV	0	50	0	50
		CENTRE IMMO PROMOTION	Real Estate and Real Estate Financing	FULL	60	60	60	60
		CHARTREUX LOT A1	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(5)	CHEMIN DES COMBES	Real Estate and Real Estate Financing	FULL	0	100	0	100
		COMPAGNIE FINANCIERE DE BOURBON	Specialist Financing	FULL	99.99	99.99	100	100
		COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)	Group Real Estate Management Company	FULL	100	100	100	100
		COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS	Specialist Financing	FULL	99.89	99.89	99.89	99.89
		CONTE	Group Real Estate Management Company	EJV	50	50	50	50
		CRÉDIT DU NORD	Bank	FULL	100	100	100	100
		DARWIN DIVERSIFIE 0-20	Portfolio Management	FULL	89.94	89.94	89.94	89.94
		DARWIN DIVERSIFIE 40-60	Portfolio Management	FULL	79.78	79.78	79.78	79.78
		DARWIN DIVERSIFIE 80-100	Portfolio Management	FULL	78.34	78.34	78.34	78.34
		DISPONIS	Specialist Financing	FULL	99.99	99.99	100	100
	(6)	ECHIQUIER AGENOR EURO SRI MID CAP	Insurance	FULL	40.85	0	40.85	0
		ESNI – COMPARTIMENT SG - CREDIT CLAIMS -1	Financial Company	FULL	100	100	100	100
		ETOILE CAPITAL	Financial Company	FULL	100	100	100	100
	(3)	ETOILE CLIQUET 90	Financial Company	FULL	0	73.52	0	73.52
		ETOILE MULTI GESTION EUROPE-C	Insurance	FULL	51.59	51.59	51.59	51.59
	(6)	ETOILE MULTI GESTION USA – PART P	Insurance	FULL	35.18	0	35.18	0
	(3)	ETOILE VALEURS MOYENNES-C	Insurance	FULL	0	61.09	0	61.09
		F.E.P. INVESTISSEMENTS	Real Estate and Real Estate Financing	FULL	80	80	100	100
		FCC ALBATROS	Portfolio Management	FULL	100	100	51	51

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France	(3)	FEEDER LYX E ST50 D5	Portfolio Management	FULL	0	100	0	100
		FEEDER LYX E ST50 D6	Portfolio Management	FULL	100	100	100	100
	(3)	FEEDER LYXOR CAC 40	Financial Company	FULL	0	99.77	0	99.77
		FEEDER LYXOR CAC40 D2-EUR	Portfolio Management	FULL	100	100	100	100
	(6)	FEEDER LYXOR CAC40 D6	Insurance	FULL	100	0	100	0
		FEEDER LYXOR EURO STOXX 50 – D9	Financial Company	FULL	99.98	99.98	99.98	99.98
		FENWICK LEASE	Specialist Financing	FULL	99.99	99.99	100	100
	(5)	FINANCIERE UC	Real Estate and Real Estate Financing	FULL	0	100	0	100
		FINASSURANCE SNC	Insurance	FULL	98.89	98.89	99	99
		FRANFINANCE	Specialist Financing	FULL	99.99	99.99	99.99	99.99
		FRANFINANCE LOCATION	Specialist Financing	FULL	99.99	99.99	100	100
		GALYBET	Real Estate and Real Estate Financing	FULL	100	100	100	100
		GENEBANQUE	Bank	FULL	100	100	100	100
		GENECAL FRANCE	Specialist Financing	FULL	100	100	100	100
		GENECAR – SOCIETE GENERALE DE COURTAGE D'ASSURANCE ET DE REASSURANCE	Insurance	FULL	100	100	100	100
		GENECOMI FRANCE	Specialist Financing	FULL	99.64	99.64	99.64	99.64
		GENEFIM	Real Estate and Real Estate Financing	FULL	100	100	100	100
		GENEFINANCE	Portfolio Management	FULL	100	100	100	100
		GENEGIS I	Group Real Estate Management Company	FULL	100	100	100	100
		GENEGIS II	Group Real Estate Management Company	FULL	100	100	100	100
		GENEPIERRE	Real Estate and Real Estate Financing	FULL	56.68	49.49	56.68	49.49
		GENEVALMY	Group Real Estate Management Company	FULL	100	100	100	100
		ILOT AB	Real Estate and Real Estate Financing	FULL	80	80	80	80

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		IMMOBILIÈRE PROMEX	Real Estate and Real Estate Financing	ESI	35	35	35	35
		INVESTIR IMMOBILIER NORMANDIE	Real Estate and Real Estate Financing	FULL	100	100	100	100
		INVESTISSEMENT 81	Financial Company	FULL	100	100	100	100
		JSJ PROMOTION	Real Estate and Real Estate Financing	ESI	45	45	45	45
	(5)	KOLB INVESTISSEMENT	Financial Company	FULL	0	100	0	100
		LA CORBEILLERIE	Real Estate and Real Estate Financing	ESI	24	24	40	40
		LA FONCIERE DE LA DEFENSE	Real Estate and Real Estate Financing	FULL	99.99	99.99	100	100
		LES ALLEES DE L’EUROPE	Real Estate and Real Estate Financing	ESI	34	34	34	34
	(2)	LES CEDRES BLEUS	Real Estate and Real Estate Financing	ESI	0	40	0	40
		LES JARDINS D’ALHAMBRA	Real Estate and Real Estate Financing	ESI	35	35	35	35
		LES JARDINS DE L’ALCAZAR	Real Estate and Real Estate Financing	ESI	30	30	30	30
		LES MESANGES	Real Estate and Real Estate Financing	FULL	55	55	55	55
		LES TROIS LUCS 13012	Real Estate and Real Estate Financing	FULL	100	100	100	100
		LES VILLAS VINCENTI	Real Estate and Real Estate Financing	ESI	30	30	30	30
		L’HESPEL	Real Estate and Real Estate Financing	ESI	30	30	30	30
		LOTISSEMENT DES FLEURS	Real Estate and Real Estate Financing	ESI	30	30	30	30

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		LYON LA FABRIC	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(6)	LYX ACT EURO CLIMAT-D3EUR	Insurance	FULL	100	0	100	0
	(6)	LYX ACT EURO CLIMAT-DEUR	Insurance	FULL	100	0	100	0
	(6)	LYXOR ACTIONS EURO CLIMAT D4 EUR	Insurance	FULL	100	0	100	0
	(4)	LYXOR ASSET MANAGEMENT	Financial Company	FULL	0	100	0	100
		LYXOR GL OVERLAY F	Portfolio Management	FULL	87.27	87.27	87.27	87.27
	(4)	LYXOR INTERMEDIATION	Broker	FULL	0	100	0	100
	(4)	LYXOR INTERNATIONAL ASSET MANAGEMENT	Financial Company	FULL	0	100	0	100
		LYXOR SKYFALL FUND	Insurance	FULL	88.98	88.98	88.98	88.98
		MEDITERRANEE GRAND ARC	Real Estate and Real Estate Financing	EJV	50	50	50	50
		NORBAIL IMMOBILIER	Real Estate and Real Estate Financing	FULL	100	100	100	100
		NORBAIL SOFERGIE	Real Estate and Real Estate Financing	FULL	100	100	100	100
		NORMANDIE REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
		ONYX	Group Real Estate Management Company	EJV	50	50	50	50
		OPCI SOGÉCAP IMMO	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(5)	OPERA 72	Group Real Estate Management Company	FULL	0	99.99	0	100
		ORADEA VIE	Insurance	FULL	100	100	100	100
		ORPAVIMOB	Specialist Financing	FULL	100	100	100	100
		PACTIMO	Real Estate and Real Estate Financing	FULL	100	100	100	100
		PARCOURS	Specialist Financing	FULL	79.82	79.82	100	100
		PARCOURS ANNECY	Specialist Financing	FULL	79.82	79.82	100	100
		PARCOURS BORDEAUX	Specialist Financing	FULL	79.82	79.82	100	100
	(5)	PARCOURS IMMOBILIER	Specialist Financing	FULL	0	79.82	0	100
		PARCOURS NANTES	Specialist Financing	FULL	79.82	79.82	100	100
		PARCOURS STRASBOURG	Specialist Financing	FULL	79.82	79.82	100	100
		PARCOURS TOURS	Specialist Financing	FULL	79.82	79.82	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		PAREL	Services	FULL	100	100	100	100
		PHILIPS MEDICAL CAPITAL FRANCE	Specialist Financing	FULL	60	60	60	60
		PIERRE PATRIMOINE	Financial Company	FULL	100	100	100	100
		PRAGMA	Real Estate and Real Estate Financing	FULL	100	100	100	100
		PRIORIS	Specialist Financing	FULL	94.89	94.89	95	95
		PROGEREAL SA	Real Estate and Real Estate Financing	ESI	25.01	25.01	25.01	25.01
		PROJECTIM	Real Estate and Real Estate Financing	FULL	60	60	60	60
	(6)	RED & BLACK AUTO LEASE FRANCE 1	Financial Company	FULL	79.82	0	100	0
		RED & BLACK CONSUMER FRANCE 2013	Financial Company	FULL	100	100	100	100
		RED & BLACK HOME LOANS FRANCE 1	Financial Company	FULL	100	100	100	100
		RIVAPRIM REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI DU DOMAINE DE STONEHAM	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SAGEMCOM LEASE	Specialist Financing	FULL	99.99	99.99	100	100
		SAINTE-MARTHE ILOT C	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SAINTE-MARTHE ILOT D	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SAINT-MARTIN 3	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SARL BORDEAUX - 20-26 RUE DU COMMERCE (Ex- SCI BORDEAUX - 20-26 RUE DU COMMERCE)	Real Estate and Real Estate Financing	ESI	30	30	30	30
	(2)	SARL CS 72 – KERIADENN	Real Estate and Real Estate Financing	ESI	0	32.5	0	32.5
		SARL D'AMENAGEMENT DU MARTINET	Real Estate and Real Estate Financing	EJV	50	50	50	50

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France								
	(2)	SARL DE LA CÔTE D'OPALE	Real Estate and Real Estate Financing	ESI	0	35	0	35
		SARL DE LA VECQUERIE	Real Estate and Real Estate Financing	ESI	32.5	32.5	32.5	32.5
		SARL SEINE CLICHY	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS AMIENS – AVENUE DU GENERAL FOY	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SAS BF3 NOGENT THIERS	Real Estate and Real Estate Financing	ESI	20	20	20	20
		SAS BONDUES – COEUR DE BOURG	Real Estate and Real Estate Financing	ESI	20	20	25	25
		SAS COPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS ECULLY SO'IN	Real Estate and Real Estate Financing	FULL	75	75	75	75
		SAS FOCH SULLY	Real Estate and Real Estate Financing	FULL	90	90	90	90
		SAS MERIGNAC OASIS URBAINE	Real Estate and Real Estate Financing	FULL	90	90	90	90
		SAS MS FRANCE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SAS NOAHO AMENAGEMENT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS NORMANDIE HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS NORMANDIE RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		SAS NOYALIS	Real Estate and Real Estate Financing	ESI	28	28	28	28
		SAS ODESSA DEVELOPPEMENT	Real Estate and Real Estate Financing	ESI	49	49	49	49
		SAS PARNASSE	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS PAYSAGES	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SAS PROJECTIM IMMOBILIER	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SAS RESIDENCIAL	Real Estate and Real Estate Financing	FULL	68.4	68.4	68.4	68.4
		SAS ROANNE LA TRILOGIE	Real Estate and Real Estate Financing	ESI	41	41	41	41
		SAS SCENES DE VIE	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SAS SOAX PROMOTION	Real Estate and Real Estate Financing	FULL	58.5	51	58.5	51
		SAS SOGEBROWN POISSY	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SAS SOGEMYSJ	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SAS SOGEPROM TERTIAIRE	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS SOJEPRIM	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SAS TIR A L'ARC AMENAGEMENT	Real Estate and Real Estate Financing	EJV	40	40	50	50
		SAS TOUR D2	Real Estate and Real Estate Financing	IP	50	50	50	50
	(6)	SAS VILLENEUVE D'ASCQ – RUE DES TECHNIQUES BUREAUX	Real Estate and Real Estate Financing	EJV	40	0	50	0
	(3)	SAS ZAC DU TRIANGLE	Real Estate and Real Estate Financing	FULL	0	51	0	51

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		SCCV 282 MONTOLIVET 12	Real Estate and Real Estate Financing	FULL	60	60	60	60
		SCCV ALFORTVILLE MANDELA	Real Estate and Real Estate Financing	ESI	49	49	49	49
		SCCV BAC GALLIENI	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SCCV BAHIA	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SCCV BOIS-GUILLAUME PARC DE HALLEY	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(6)	SCCV BOURG BROU	Real Estate and Real Estate Financing	FULL	60	0	60	0
		SCCV BRON CARAVELLE	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV CAEN CASERNE MARTIN	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV CAEN PANORAMIK	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCCV CANNES JOURDAN	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV CHARTREUX LOT C	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV CHARTREUX LOT E	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV CHARTREUX LOTS B-D	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(6)	SCCV CHOISY LOGEMENT	Real Estate and Real Estate Financing	FULL	67	0	67	0
	(3)	SCCV CITY SQUARE	Real Estate and Real Estate Financing	ESI	0	35	0	35
	(6)	SCCV CLICHY BAC D’ASNIERES	Real Estate and Real Estate Financing	FULL	100	0	100	0
		SCCV CLICHY BRC	Real Estate and Real Estate Financing	EJV	50	50	50	50

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		SCCV COMPIEGNE – RUE DE L'EPARGNE	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV CUGNAUX-LEO LAGRANGE	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(6)	SCCV DEVILLE-CARNOT	Real Estate and Real Estate Financing	FULL	60	0	60	0
	(6)	SCCV DUNKERQUE PATINOIRE DÉVELOPPEMENT	Real Estate and Real Estate Financing	EJV	40	0	50	0
		SCCV EPRON – ZAC L'OREE DU GOLF	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV ESPACES DE DEMAIN	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV ETERVILLE ROUTE D'AUNAY	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV EURONANTES 1E	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV FAVERGES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(6)	SCCV GAMBETTA LA RICHE	Real Estate and Real Estate Financing	ESI	25	0	25	0
		SCCV GIGNAC MOUSSELINE	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV GIVORS ROBICHON	Real Estate and Real Estate Financing	FULL	85	85	85	85
		SCCV HEROUVILLE ILOT A2	Real Estate and Real Estate Financing	ESI	33.33	33.33	33.33	33.33
	(3)	SCCV HOUSE PARK	Real Estate and Real Estate Financing	ESI	0	35	0	35
	(6)	SCCV ISTRES PAPAILLE	Real Estate and Real Estate Financing	FULL	70	0	70	0
		SCCV JA LE HAVRE 22 COTY	Real Estate and Real Estate Financing	ESI	40	40	40	40

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		SCCV JDA OUISTREHAM	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV KYMA MERIGNAC	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCCV LA BAULE – LES JARDINS D'ESCOUBLAC	Real Estate and Real Estate Financing	ESI	25	25	25	25
	(6)	SCCV LA MADELEINE – PRE CATELAN	Real Estate and Real Estate Financing	FULL	40.8	0	51	0
		SCCV LA MADELEINE SAINT-CHARLES	Real Estate and Real Estate Financing	EJV	40	40	50	50
		SCCV LA PORTE DU CANAL	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV LACASSAGNE BRICKS	Real Estate and Real Estate Financing	ESI	49	49	49	49
		SCCV LE BOUSCAT CARRE SOLARIS	Real Estate and Real Estate Financing	ESI	25	25	25	25
		SCCV LES ECRIVAINS	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV LES PATIOS D'OR DE FLEURY LES AUBRAIS	Real Estate and Real Estate Financing	FULL	64	64	80	80
		SCCV LES SUCRES	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV LESQUIN PARC	Real Estate and Real Estate Financing	EJV	40	40	50	50
	(6)	SCCV L'IDEAL – MODUS 1.0	Real Estate and Real Estate Financing	FULL	80	0	80	0
		SCCV LILLE – JEAN MACE	Real Estate and Real Estate Financing	ESI	26.72	26.72	33.4	33.4
		SCCV LOOS GAMBETTA	Real Estate and Real Estate Financing	ESI	35	35	35	35
	(2)	SCCV MARCQ PROJECTIM	Real Estate and Real Estate Financing	FULL	0	64	0	80

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		SCCV MARQUETTE CALMETTE	Real Estate and Real Estate Financing	EJV	40	40	50	50
		SCCV MEHUL	Real Estate and Real Estate Financing	FULL	70	70	70	70
	(3)	SCCV MERIGNAC 53-55 AVENUE LEON BLUM	Real Estate and Real Estate Financing	ESI	0	30	0	30
		SCCV MONROC – LOT 3	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV MONS EQUATION	Real Estate and Real Estate Financing	FULL	40	40	50	50
		SCCV MONTREUIL ACACIA	Real Estate and Real Estate Financing	FULL	80	80	80	80
	(3)	SCCV NATUREO	Real Estate and Real Estate Financing	ESI	0	30	0	30
		SCCV NICE ARENAS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(6)	SCCV NOGENT PLAISANCE	Real Estate and Real Estate Financing	FULL	60	0	60	0
		SCCV NOISY BOISSIERE	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SCCV PARIS ALBERT	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV PARK OCEAN II	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV PRADES BLEU HORIZON	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV QUAI DE SEINE A ALFORTVILLE	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SCCV QUAI NEUF BORDEAUX	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV ROMAINVILLE DUMAS	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV ROUEN 27 ANGLAIS	Real Estate and Real Estate Financing	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		SCCV ROUSSET – LOT 03	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV SAINT JUST DAUDET	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCCV SAY	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV SENGHOR	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV SENSORIUM BUREAUX	Real Estate and Real Estate Financing	EJV	40	40	50	50
		SCCV SENSORIUM LOGEMENT	Real Estate and Real Estate Financing	EJV	40	40	50	50
		SCCV SOGAB ILE DE FRANCE	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCCV SOGAB ROMAINVILLE	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCCV SOGEPROM LYON HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(6)	SCCV ST MARTIN DU TOUCH ILOT S9	Real Estate and Real Estate Financing	EJV	50	0	50	0
		SCCV SWING RIVE GAUCHE	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV TALENCE PUR	Real Estate and Real Estate Financing	FULL	95	95	95	95
		SCCV TASSIN – 190 CDG	Real Estate and Real Estate Financing	ESI	35	35	35	35
	(6)	SCCV TRETS CASSIN LOT 4	Real Estate and Real Estate Financing	FULL	70	0	70	0
		SCCV VERNAISON – RAZAT	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(6)	SCCV VERNONNET – FIESCHI	Real Estate and Real Estate Financing	FULL	51	0	51	0
		SCCV VILLA CHANZY	Real Estate and Real Estate Financing	ESI	40	40	40	40
	(6)	SCCV VILLA VALERIANE	Real Estate and Real Estate Financing	ESI	30	0	30	0
	(6)	SCCV VILLAS URBAINES	Real Estate and Real Estate Financing	FULL	80	0	80	0
		SCCV VILLENAVE D'ORNON GARDEN VO	Real Estate and Real Estate Financing	ESI	25	25	25	25
		SCCV VILLENEUVE D'ASCQ-RUE DES TECHNIQUES	Real Estate and Real Estate Financing	EJV	40	40	50	50

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		SCCV VILLEURBANNE TEMPO	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(6)	SCCV WAMBRECHIES RESISTANCE	Real Estate and Real Estate Financing	EJV	40	0	50	0
		SCI 1134, AVENUE DE L'EUROPE A CASTELNAU LE LEZ	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCI 637 ROUTE DE FRANS	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCI AQPRIM PROMOTION	Real Estate and Real Estate Financing	FULL	79.8	79.8	50	50
		SCI ASC LA BERGEONNERIE	Real Estate and Real Estate Financing	EJV	42	42	50	50
		SCI AVARICUM	Real Estate and Real Estate Financing	FULL	99	99	99	99
	(3)	SCI BOBIGNY HOTEL DE VILLE	Real Estate and Real Estate Financing	ESI	0	35	0	35
		SCI CENTRE IMMO PROMOTION RESIDENCES	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SCI CHELLES AULNOY MENDES FRANCE	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(2)	SCI DU 84 RUE DU BAC	Real Estate and Real Estate Financing	EJV	0	50	0	50
		SCI DU PARC SAINT ETIENNE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCI ETAMPES NOTRE-DAME	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(3)	SCI HEGEL PROJECTIM	Real Estate and Real Estate Financing	FULL	0	68	0	85

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		SCI LA MANTILLA COMMERCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(2)	SCI LA MARQUEILLE	Real Estate and Real Estate Financing	EJV	0	50	0	50
		SCI L'ACTUEL	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCI LAVOISIER	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCI LE DOMAINE DU PLESSIS	Real Estate and Real Estate Financing	ESI	20	20	20	20
		SCI LE HAMEAU DES GRANDS PRES	Real Estate and Real Estate Financing	EJV	40	40	40	40
		SCI LE MANOIR DE JEREMY	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCI LES BAIGNOTS	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCI LES CASTELLINES	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCI LES JARDINS DE LA BOURBRE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCI LES JARDINS D'IRIS	Real Estate and Real Estate Financing	FULL	60	60	60	60
		SCI LES JARDINS DU BLAVET	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCI LES PORTES DU LEMAN	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCI LIEUSAINT RUE DE PARIS	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCI LINAS COEUR DE VILLE 1	Real Estate and Real Estate Financing	FULL	70	70	70	70

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		SCI LOCMINE- LAMENNAIS	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCI L'OREE DES LACS	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCI MONTPELLIER JACQUES COEUR	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCI PROJECTIM HABITAT	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SCI PROJECTIM MARCQ COEUR DE VILLE	Real Estate and Real Estate Financing	FULL	48	48	60	60
		SCI PRONY	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCI QUINTEFEUILLE	Real Estate and Real Estate Financing	ESI	30	30	30	30
	(3)	SCI QUINTESSENCE-VALESCURE	Real Estate and Real Estate Financing	EJV	0	50	0	50
		SCI RESIDENCE DU DONJON	Real Estate and Real Estate Financing	EJV	40	40	40	40
		SCI RHIN ET MOSELLE 1	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI RHIN ET MOSELLE 2	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI RIVAPRIM HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI RIVAPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(3)	SCI RSS INVESTIMMO COTE BASQUE	Real Estate and Real Estate Financing	ESI	0	20	0	20
		SCI SAINT OUEN L'AUMONE – L'OISE	Real Estate and Real Estate Financing	EJV	38	38	38	38
		SCI SAINT-DENIS WILSON	Real Estate and Real Estate Financing	FULL	60	60	60	60
		SCI SCS IMMOBILIER D'ENTREPRISES	Real Estate and Real Estate Financing	FULL	52.8	52.8	66	66

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		SCI SOGECIP	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SCI SOGECTIM	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SCI SOGEPROM LYON RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI TERRES NOUVELLES FRANCILIENNES	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCI TOULOUSE CENTREDA 3	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(2)	SCI VELRI	Group Real Estate Management Company	EJV	0	50	0	50
		SCI VILLA EMILIE	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCI VITAL BOUHOT 16-22 NEUILLY SUR SEINE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SEFIA	Specialist Financing	FULL	99.89	99.89	100	100
		SERVIPAR	Specialist Financing	FULL	79.82	79.82	100	100
		SG 29 HAUSSMANN	Financial Company	FULL	100	100	100	100
		SG ACTIONS EURO	Insurance	FULL	47.75	47.75	47.75	47.75
		SG ACTIONS EURO SELECTION	Financial Company	FULL	40.05	40.05	40.05	40.05
	(3)	SG ACTIONS EURO VALUE-C	Insurance	FULL	0	64.94	0	64.94
		SG ACTIONS FRANCE	Portfolio Management	FULL	38.14	38.14	38.14	38.14
		SG ACTIONS LUXE-C	Insurance	FULL	84.25	84.25	84.25	84.25
	(6)	SG ACTIONS MONDE	Insurance	FULL	67.59	0	67.59	0
		SG ACTIONS MONDE EMERGENT	Insurance	FULL	60.05	60.05	60.05	60.05
		SG ACTIONS US	Portfolio Management	FULL	65.06	65.06	65.06	65.06
		SG ACTIONS US TECHNO	Insurance	FULL	85.08	85.08	85.08	85.08
		SG CAPITAL DÉVELOPPEMENT	Portfolio Management	FULL	100	100	100	100
		SG FINANCIAL SERVICES HOLDING	Portfolio Management	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		SG FLEXIBLE	Portfolio Management	FULL	92.48	92.48	92.48	92.48
	(3)	SG LYXOR GOVERNMENT BOND FUND	Portfolio Management	FULL	0	100	0	100
	(3)	SG LYXOR LCR FUND	Portfolio Management	FULL	0	100	0	100
		SG OBLIG ÉTAT EURO-R	Insurance	FULL	79.94	79.94	79.94	79.94
		SG OBLIGATIONS	Insurance	FULL	82.92	82.92	82.92	82.92
		SG OPCIMMO	Real Estate and Real Estate Financing	FULL	97.95	97.95	97.95	97.95
		SG OPTION EUROPE	Broker	FULL	100	100	100	100
		SG VALOR ALPHA ACTIONS FRANCE	Financial Company	FULL	72.77	72.77	72.77	72.77
	(6)	SGA AXA IM US CORE HY LOW CARBON	Insurance	FULL	100	0	100	0
	(6)	SGA AXA IM US SD HY LOW CARBON	Insurance	FULL	100	0	100	0
	(6)	SGA INFRASTRUCTURES	Insurance	FULL	100	0	100	0
		SGB FINANCE SA	Specialist Financing	FULL	50.94	50.94	51	51
		SGEF SA	Specialist Financing	FULL	100	100	100	100
		SGI 10-16 VILLE L'EVEQUE	Insurance	FULL	100	100	100	100
		SGI 1-5 ASTORG	Insurance	FULL	100	100	100	100
		SGI HOLDING SIS	Group Real Estate Management Company	FULL	100	100	100	100
		SGI PACIFIC	Insurance	FULL	86.17	86.17	89.53	89.53
	(6)	SHINE	Financial Company	FULL	80.6	0	80.6	0
		SNC COEUR 8EME MONPLAISIR	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SNC COPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SNC D'AMENAGEMENT FORUM SEINE ISSY LES MOULINEAUX	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
	(2)	SNC ISSY FORUM 11	Real Estate and Real Estate Financing	EJV	0	33.33	0	33.33
		SNC NEUILLY ILE DE LA JATTE	Real Estate and Real Estate Financing	ESI	40	40	40	40

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		SNC PROMOSEINE	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
	(2)	SOCIETE « LES PINSONS »	Real Estate and Real Estate Financing	EJV	0	50	0	50
		SOCIETE ANONYME DE CREDIT A L'INDUSTRIE FRANÇAISE (CALIF)	Bank	FULL	100	100	100	100
		SOCIETE CIVILE IMMOBILIERE CAP THALASSA	Real Estate and Real Estate Financing	ESI	45	45	45	45
		SOCIETE CIVILE IMMOBILIERE CAP VEYRE	Real Estate and Real Estate Financing	ESI	50	50	50	50
		SOCIETE CIVILE IMMOBILIERE DE DIANE	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SOCIETE CIVILE IMMOBILIERE DE PIERLAS	Real Estate and Real Estate Financing	ESI	28	28	28	28
		SOCIETE CIVILE IMMOBILIERE DES COMBEAUX DE TIGERY	Real Estate and Real Estate Financing	FULL	99.99	99.99	100	100
	(3)	SOCIETE CIVILE IMMOBILIERE DOMAINE DURANDY	Real Estate and Real Estate Financing	ESI	0	25	0	25
	(3)	SOCIETE CIVILE IMMOBILIERE ERICA	Real Estate and Real Estate Financing	ESI	0	30	0	30
		SOCIETE CIVILE IMMOBILIERE ESTEREL TANNERON	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SOCIETE CIVILE IMMOBILIERE FONTENAY – ESTIENNES D'ORVES	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SOCIETE CIVILE IMMOBILIERE GAMBETTA DEFENSE V	Real Estate and Real Estate Financing	ESI	20	20	20	20
		SOCIETE CIVILE IMMOBILIERE LE BOTERO	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SOCIETE CIVILE IMMOBILIERE LES HAUTS DE L'ESTAQUE	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SOCIETE CIVILE IMMOBILIERE LES HAUTS DE SEPTEMES	Real Estate and Real Estate Financing	ESI	25	25	25	25

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		SOCIETE CIVILE IMMOBILIERE MIRECRAU	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SOCIETE CIVILE IMMOBILIERE NAXOU	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOCIETE CIVILE IMMOBILIERE TOULDI	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOCIETE CIVILE IMMOBILIERE VERT COTEAU	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SOCIETE DE BOURSE GILBERT DUPONT	Financial Company	FULL	100	100	100	100
		SOCIETE DE LA RUE EDOUARD VII	Portfolio Management	FULL	99.91	99.91	99.91	99.91
		SOCIETE DES TERRAINS ET IMMEUBLES PARISIENS (STIP)	Group Real Estate Management Company	FULL	99.98	99.98	100	100
		SOCIETE DU PARC D'ACTIVITÉ DE LA VALENTINE	Real Estate and Real Estate Financing	ESI	30	30	30	30
	(5)	SOCIETE EN NOM COLLECTIF PARNASSE	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SOCIETE FINANCIERE D'ANALYSE ET DE GESTION	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE	Bank	FULL	100	100	100	100
		SOCIETE GENERALE CAPITAL FINANCE	Portfolio Management	FULL	100	100	100	100
		SOCIETE GENERALE CAPITAL PARTENAIRES	Portfolio Management	FULL	100	100	100	100
		SOCIETE GENERALE FACTORING	Specialist Financing	FULL	100	100	100	100
		SOCIETE GENERALE PARTICIPATIONS INDUSTRIELLES	Portfolio Management	FULL	100	100	100	100
		SOCIETE GENERALE POUR LE 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
		SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN	Group Real Estate Management Company	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France	(5)	SOCIETE IMMOBILIERE URBI ET ORBI	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SOCIETE MARSEILLAISE DE CREDIT	Bank	FULL	100	100	100	100
	(6)	SOFIDY CONVICTIONS IMMOBILIERES	Insurance	FULL	35.1	0	35.1	0
		SOGE BEAUJOIRE	Group Real Estate Management Company	FULL	99.99	99.99	100	100
		SOGE PERIVAL I	Group Real Estate Management Company	FULL	100	100	100	100
		SOGE PERIVAL II	Group Real Estate Management Company	FULL	100	100	100	100
		SOGE PERIVAL III	Group Real Estate Management Company	FULL	100	100	100	100
		SOGE PERIVAL IV	Group Real Estate Management Company	FULL	100	100	100	100
		SOGEACT.SELEC.MON.	Portfolio Management	FULL	99.78	99.78	99.78	99.78
		SOGECAMPUS	Group Real Estate Management Company	FULL	100	100	100	100
		SOGECAP	Insurance	FULL	100	100	100	100
		SOGECAP – DIVERSIFIED LOANS FUND	Specialist Financing	FULL	100	100	100	100
		SOGECAP DIVERSIFIE 1	Portfolio Management	FULL	100	100	100	100
		SOGECAP EQUITY OVERLAY (FEEDER)	Insurance	FULL	100	100	100	100
		SOGECAP LONG TERME N°1	Financial Company	FULL	100	100	100	100
		SOGECAP IMMO 2	Insurance	FULL	89.39	89.39	90.84	90.84
		SOGEFIM HOLDING	Portfolio Management	FULL	100	100	100	100
		SOGEFIMUR	Specialist Financing	FULL	100	100	100	100
		SOGEFINANCEMENT	Specialist Financing	FULL	100	100	100	100
		SOGEFINERG FRANCE (Ex- SOGEFINERG SG POUR LE FINANCEMENT DES INVESTISSEMENTS ECONOMISANT L'ENERGIE)	Specialist Financing	FULL	100	100	100	100
		SOGEFONTENAY	Group Real Estate Management Company	FULL	100	100	100	100
		SOGELEASE FRANCE	Specialist Financing	FULL	100	100	100	100
		SOGEMARCHE	Group Real Estate Management Company	FULL	100	100	100	100
		SOGEPARTICIPATIONS	Portfolio Management	FULL	100	100	100	100
		SOGEPIERRE	Financial Company	FULL	100	100	100	100
		SOGEPROM	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM ALPES	Real Estate and Real Estate Financing	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
France		SOGEPROM ALPES HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM CENTRE-VAL DE LOIRE	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM CÔTE D'AZUR (Ex- RIVAPRIM)	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM CVL SERVICES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM ENTREPRISES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM LYON	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM PARTENAIRES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM REALISATIONS (Ex- SOGEPROM HABITAT)	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM SERVICES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM SUD REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGESSUR	Insurance	FULL	100	100	100	100
		SOGEVIMMO	Group Real Estate Management Company	FULL	85.55	85.55	85.55	85.55
		ST BARNABE 13004	Real Estate and Real Estate Financing	EJV	50	50	50	50
		STAR LEASE	Specialist Financing	FULL	100	100	100	100
	(2)	STRACE	Real Estate and Real Estate Financing	ESI	0	20	0	20
		TEMSYS	Specialist Financing	FULL	79.82	79.82	100	100
	(6)	TREEZOR SAS	Financial Company	FULL	100	0	100	0
		URBANISME ET COMMERCE PROMOTION	Real Estate and Real Estate Financing	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest As at 31.12.2021	Group ownership interest As at 31.12.2020	Group voting interest As at 31.12.2021	Group voting interest As at 31.12.2020
France		VALMINVEST	Group Real Estate Management Company	FULL	100	100	100	100
		VG PROMOTION	Real Estate and Real Estate Financing	ESI	35	35	35	35
		VIENNE BON ACCUEIL	Real Estate and Real Estate Financing	EJV	50	50	50	50
		VILLA D'ARMONT	Real Estate and Real Estate Financing	ESI	40	40	40	40
Ghana								
		SOCIETE GENERALE GHANA LIMITED	Bank	FULL	60.22	60.22	60.22	60.22
Gibraltar								
		HAMBROS (GIBRALTAR NOMINEES) LIMITED	Services	FULL	100	100	100	100
		SG KLEINWORT HAMBROS BANK (GIBRALTAR) LIMITED	Bank	FULL	100	100	100	100
Greece								
		ALD AUTOMOTIVE S.A. LEASE OF CARS	Specialist Financing	FULL	79.82	79.82	100	100
Guinea								
		SOCIETE GENERALE GUINEE	Bank	FULL	57.94	57.94	57.94	57.94
Equatorial Guinea								
		SOCIETE GENERALE DE BANQUES EN GUINÉE ÉQUATORIALE	Bank	FULL	52.44	52.44	57.23	57.23
Hong Kong								
		SG ASSET FINANCE (HONG KONG) LIMITED	Broker	FULL	100	100	100	100
	(6)	SG CAPITAL FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	0	100	0
	(6)	SG CAPITAL FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	0	100	0
		SG CORPORATE FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	100	100	100
		SG CORPORATE FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
		SG FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	100	100	100
		SG FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
	(1)	SG HONG KONG	Bank	FULL	100	100	100	100
		SG LEASING (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
		SG SECURITIES (HK) LIMITED	Broker	FULL	100	100	100	100
	(2)	SG SECURITIES (HK) NOMINEES LTD.	Broker	FULL	0	100	0	100
		SG SECURITIES ASIA INTERNATIONAL HOLDINGS LIMITED	Broker	FULL	100	100	100	100
	(1)	SGL ASIA HK	Real Estate and Real Estate Financing	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
Hong Kong		SOCIETE GENERALE ASIA LTD.	Financial Company	FULL	100	100	100	100
		TH INVESTMENTS (HONG KONG) 1 LIMITED	Financial Company	FULL	100	100	100	100
	(2)	TH INVESTMENTS (HONG KONG) 2 LIMITED	Financial Company	FULL	0	100	0	100
		TH INVESTMENTS (HONG KONG) 5 LIMITED	Financial Company	FULL	100	100	100	100
Hungary								
		ALD AUTOMOTIVE MAGYARORSZAG AUTOPARK-KEZELO ES FINANSZIROZO KORLATOLT FELELOSSEGU TARSASAG	Specialist Financing	FULL	79.82	79.82	100	100
Jersey Island								
		ELMFORD LIMITED	Services	FULL	100	100	100	100
		HANOM I LIMITED	Financial Company	FULL	100	100	100	100
		HANOM II LIMITED	Financial Company	FULL	100	100	100	100
		HANOM III LIMITED	Financial Company	FULL	100	100	100	100
		J D CORPORATE SERVICES LIMITED	Services	FULL	100	100	100	100
		KLEINWORT BENSON CUSTODIAN SERVICES LIMITED	Bank	FULL	100	100	100	100
	(7)	LYXOR MASTER FUND	Financial Company	FULL	100	100	100	100
	(2)	NEWMEAD TRUSTEES LIMITED	Financial Company	FULL	0	100	0	100
	(2)	SG HAMBROS (FOUNDATIONS) LIMITED	Financial Company	FULL	0	100	0	100
		SG HAMBROS NOMINEES (JERSEY) LIMITED	Financial Company	FULL	100	100	100	100
		SG KLEINWORT HAMBROS BANK (CI) LIMITED	Bank	FULL	100	100	100	100
		SG KLEINWORT HAMBROS CORPORATE SERVICES (CI) LIMITED	Portfolio Management	FULL	100	100	100	100
		SG KLEINWORT HAMBROS TRUST COMPANY (CI) LIMITED	Financial Company	FULL	100	100	100	100
		SGKH TRUSTEES (CI) LIMITED	Services	FULL	100	100	100	100
Isle of Man								
		KBBIOM LIMITED	Bank	FULL	50	50	50	50
		KBTIOM LIMITED	Bank	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest As at 31.12.2021	Group ownership interest As at 31.12.2020	Group voting interest As at 31.12.2021	Group voting interest As at 31.12.2020
Guernsey Island								
	(2)	ARAMIS II SECURITIES CO, LTD.	Financial Company	FULL	0	100	0	100
		CDS INTERNATIONAL LIMITED	Services	FULL	100	100	100	100
	(2)	GRANGE NOMINEES LIMITED	Bank	FULL	0	100	0	100
	(2)	GUERNSEY FINANCIAL ADVISORY SERVICES LIMITED	Bank	FULL	0	100	0	100
	(2)	GUERNSEY NOMINEES LIMITED	Bank	FULL	0	100	0	100
		HAMBROS (GUERNSEY NOMINEES) LTD.	Services	FULL	100	100	100	100
		HTG LIMITED	Services	FULL	100	100	100	100
	(2)	K.B. (C.I.) NOMINEES LIMITED	Bank	FULL	0	100	0	100
		KLEINWORT BENSON INTERNATIONAL TRUSTEES LIMITED	Bank	FULL	100	100	100	100
	(2)	MISON NOMINEES LIMITED	Bank	FULL	0	100	0	100
	(1)	SG KLEINWORT HAMBROS BANK (CI) LIMITED, GUERNSEY BRANCH (Ex- SG HAMBROS BANK (CHANNEL ISLANDS) LTD. GUERNSEY BRANCH)	Bank	FULL	100	100	100	100
India								
		ALD AUTOMOTIVE PRIVATE LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
	(1)	SG MUMBAI	Bank	FULL	100	100	100	100
		SOCIETE GENERALE GLOBAL SOLUTION CENTRE INDIA (Ex-SOCIETE GENERALE GLOBAL SOLUTION CENTRE)	Services	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES INDIA PRIVATE LIMITED	Broker	FULL	100	100	100	100
Ireland								
		ALD RE DESIGNATED ACTIVITY COMPANY	Insurance	FULL	79.82	79.82	100	100
	(3)	IRIS II SPV DESIGNATED ACTIVITY COMPANY	Financial Company	FULL	0	100	0	100
	(6)	IRIS SPV PLC SERIES MARK	Financial Company	FULL	100	0	100	0
		IRIS SPV PLC SERIES SOGÉCAP	Financial Company	FULL	100	100	100	100
	(5)	MERRION FLEET FINANCE LIMITED	Financial Company	FULL	0	79.82	0	100
		MERRION FLEET MANAGEMENT LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
		NB SOG EMER EUR – I	Financial Company	FULL	100	100	100	100
	(1)	SG DUBLIN	Bank	FULL	100	100	100	100
		SG KLEINWORT HAMBROS PRIVATE INVESTMENT OFFICE SERVICES LIMITED	Bank	FULL	100	100	100	100
		SGBT FINANCE IRELAND DESIGNATED ACTIVITY COMPANY	Specialist Financing	FULL	100	100	100	100
		SOCIETE GENERALE HEDGING DESIGNATED ACTIVITY COMPANY	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES SERVICES (IRELAND) LTD.	Financial Company	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
Italy								
		ALD AUTOMOTIVE ITALIA SRL	Specialist Financing	FULL	79.82	79.82	100	100
		FIDITALIA S.P.A.	Specialist Financing	FULL	100	100	100	100
		FRAER LEASING S.P.A.	Specialist Financing	FULL	75.02	73.85	75.02	73.85
		SG EQUIPMENT FINANCE ITALY S.P.A.	Specialist Financing	FULL	100	100	100	100
		SG FACTORING S.P.A.	Specialist Financing	FULL	100	100	100	100
		SG LEASING S.P.A.	Specialist Financing	FULL	100	100	100	100
	(1)(6)	SG LUXEMBOURG ITALIAN BRANCH	Specialist Financing	FULL	100	0	100	0
	(1)	SG MILAN	Bank	FULL	100	100	100	100
	(1)	SOCECAP SA RAPPRESENTANZA GENERALE PER L'ITALIA	Insurance	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES SERVICES S.P.A.	Bank	FULL	100	100	100	100
	(1)	SOGESSUR SA	Insurance	FULL	100	100	100	100
Japan								
	(1)	SG TOKYO	Bank	FULL	100	100	100	100
		SOCIETE GENERALE HAUSSMANN MANAGEMENT JAPAN LIMITED (Ex- LYXOR ASSET MANAGEMENT JAPAN CO LTD.)	Portfolio Management	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES JAPAN LIMITED	Broker	FULL	100	100	100	100
Latvia								
		ALD AUTOMOTIVE SIA	Specialist Financing	FULL	59.86	59.86	75	75
Lithuania								
		UAB ALD AUTOMOTIVE	Specialist Financing	FULL	59.86	59.86	75	75
Luxembourg								
		ALD INTERNATIONAL SERVICES SA	Specialist Financing	FULL	79.82	79.82	100	100
		AXUS LUXEMBOURG SA	Specialist Financing	FULL	79.82	79.82	100	100
		BARTON CAPITAL SA	Financial Company	FULL	100	100	100	100
		CODEIS COMPARTIMENT A0084	Insurance	FULL	100	100	100	100
		CODEIS COMPARTIMENT A0076	Financial Company	FULL	100	100	100	100
		CODEIS SECURITIES SA	Financial Company	FULL	100	100	100	100
		COVALBA	Financial Company	FULL	100	100	100	100
	(2)	FIDELITY FUNDS EUR HY IQ – LU0954694930	Insurance	FULL	0	49.6	0	49.6
		GOLDMAN SACHS 2 G EM M DBP ID	Financial Company	FULL	100	100	100	100
		IVEFI SA	Financial Company	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest As at 31.12.2021	Group ownership interest As at 31.12.2020	Group voting interest As at 31.12.2021	Group voting interest As at 31.12.2020
Luxembourg		LYXOR EURO 6M – CLASS SI	Insurance	FULL	64.37	64.37	64.37	64.37
	(4)	LYXOR FUND SOLUTIONS (Ex- LYXOR FUNDS SOLUTIONS)	Financial Company	FULL	0	100	0	100
	(6)	MOOREA GLB BALANCED	Insurance	FULL	68.08	0	68.08	0
		PIONEER INVESTMENTS DIVERSIFIED LOANS FUND	Specialist Financing	FULL	100	100	100	100
		RED & BLACK AUTO LEASE GERMANY 2 SA	Financial Company	FULL	79.82	79.82	100	100
		RED & BLACK AUTO LEASE GERMANY SA (Ex- RED & BLACK AUTO LEASE GERMANY SA N°7)	Real Estate and Real Estate Financing	FULL	79.82	79.82	100	100
		SALINGER SA	Bank	FULL	100	100	100	100
		SG ISSUER	Financial Company	FULL	100	100	100	100
		SGBT ASSET BASED FUNDING SA	Financial Company	FULL	100	100	100	100
		SGBTCI	Financial Company	FULL	100	100	100	100
		SGL ASIA	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(6)	SGL RE	Insurance	FULL	100	0	100	0
		SOCIETE GENERALE CAPITAL MARKET FINANCE	Bank	FULL	100	100	100	100
		SOCIETE GENERALE FINANCING AND DISTRIBUTION	Bank	FULL	100	100	100	100
		SOCIETE GENERALE LIFE INSURANCE BROKER SA	Insurance	FULL	100	100	100	100
		SOCIETE GENERALE LUXEMBOURG	Bank	FULL	100	100	100	100
		SOCIETE GENERALE LUXEMBOURG LEASING	Specialist Financing	FULL	100	100	100	100
		SOCIETE GENERALE PRIVATE WEALTH MANAGEMENT SA	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE RE SA	Insurance	FULL	100	100	100	100
		SOCIETE IMMOBILIERE DE L'ARSENAL	Group Real Estate Management Company	FULL	100	100	100	100
		SOGELIFE	Insurance	FULL	100	100	100	100
	(6)	SPIRE SA – COMPARTIMENT 2021-51	Insurance	FULL	100	0	100	0
		SURYA INVESTMENTS SA	Specialist Financing	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
Madagascar								
		BANKY FAMPANDROSOANA VAROTRA SG	Bank	FULL	70	70	70	70
Malta								
		LNG MALTA INVESTMENT 1 LIMITED	Financial Company	FULL	100	100	100	100
		LNG MALTA INVESTMENT 2 LIMITED	Financial Company	FULL	100	100	100	100
Morocco								
		ALD AUTOMOTIVE SA MAROC	Specialist Financing	FULL	36.58	36.58	50	50
		ATHENA COURTAGE	Insurance	FULL	58.23	58.2	99.9	99.9
		FONCIMMO	Group Real Estate Management Company	FULL	57.65	57.62	100	100
		LA MAROCAINE VIE	Insurance	FULL	79.23	79.21	99.98	99.98
		SG MAROCAINE DE BANQUES	Bank	FULL	57.65	57.62	57.65	57.62
		SOCIETE D'EQUIPEMENT DOMESTIQUE ET MENAGER « EQDOM »	Specialist Financing	FULL	30.97	30.95	53.72	53.72
		SOCIETE GENERALE DE LEASING AU MAROC	Specialist Financing	FULL	57.65	57.62	100	100
		SOCIETE GENERALE OFFSHORE	Financial Company	FULL	57.62	57.59	99.94	99.94
		SOGECAP ITAL GESTION	Financial Company	FULL	57.62	57.59	99.94	99.94
		SOGECAP ITAL PLACEMENT	Portfolio Management	FULL	57.62	57.59	99.94	99.94
	(8)	SOGEFINANCEMENT MAROC	Specialist Financing	FULL	57.65	57.62	100	100
Mauritius								
		SG SECURITIES BROKING (M) LIMITED	Broker	FULL	100	100	100	100
Mexico								
		ALD AUTOMOTIVE SA DE CV	Specialist Financing	FULL	79.82	79.82	100	100
		ALD FLEET SA DE CV SOFOM ENR	Specialist Financing	FULL	79.82	79.82	100	100
		SGFP MEXICO, SA DE CV	Financial Company	FULL	100	100	100	100
Monaco								
	(1)(2)	CRÉDIT DU NORD – MONACO	Bank	FULL	0	100	0	100
	(1)(2)	SMC MONACO	Bank	FULL	0	100	0	100
		SOCIETE DE BANQUE MONACO	Bank	FULL	100	100	100	100
	(1)	SOCIETE GENERALE (SUCCURSALE MONACO)	Bank	FULL	100	100	100	100
		SOCIETE GENERALE PRIVATE BANKING (MONACO)	Bank	FULL	100	100	100	100
Norway								
		ALD AUTOMOTIVE AS	Specialist Financing	FULL	79.82	79.82	100	100
		NF FLEET AS	Specialist Financing	FULL	63.85	63.85	80	80
New Caledonia								
		CREDICAL	Specialist Financing	FULL	87.07	87.07	96.64	96.64
		SOCIETE GENERALE CALÉDONIENNE DE BANQUE	Bank	FULL	90.1	90.1	90.1	90.1

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
Netherlands								
		ALVARENGA INVESTMENTS BV	Specialist Financing	FULL	100	100	100	100
		ASTEROLD BV	Financial Company	FULL	100	100	100	100
		AXUS FINANCE NL BV	Specialist Financing	FULL	79.82	79.82	100	100
		AXUS NEDERLAND BV	Specialist Financing	FULL	79.82	79.82	100	100
		BRIGANTIA INVESTMENTS BV	Financial Company	FULL	100	100	100	100
		CAPEREA BV	Specialist Financing	FULL	100	100	100	100
	(2)	COPARER HOLDING	Group Real Estate Management Company	FULL	0	100	0	100
		HERFSTTAFEL INVESTMENTS BV	Specialist Financing	FULL	100	100	100	100
		HORDLE FINANCE BV	Financial Company	FULL	100	100	100	100
		MONTALIS INVESTMENT BV	Specialist Financing	FULL	100	100	100	100
	(1)	SG AMSTERDAM	Bank	FULL	100	100	100	100
		SG EQUIPMENT FINANCE BENELUX BV	Specialist Financing	FULL	100	100	100	100
		SOGELEASE BV	Specialist Financing	FULL	100	100	100	100
		SOGELEASE FILMS	Specialist Financing	FULL	100	100	100	100
		TYNEVOR BV	Financial Company	FULL	100	100	100	100
Peru								
	(6)	ALD AUTOMOTIVE PERU SAC	Specialist Financing	FULL	79.82	0	100	0
Poland								
		ALD AUTOMOTIVE POLSKA SP Z O.O.	Specialist Financing	FULL	79.82	79.82	100	100
		SG EQUIPMENT LEASING POLSKA SP Z.O.O.	Specialist Financing	FULL	100	100	100	100
	(1)	SOCIETE GENERALE SA ODDZIAL W POLSCE	Bank	FULL	100	100	100	100
	(1)	SOGECAP SPOLKA AKCYJNA ODDZIAL W POLSCE	Insurance	FULL	100	100	100	100
	(1)	SOGESSUR SPOLKA AKCYJNA ODDZIAL W POLSCE	Insurance	FULL	100	100	100	100
French Polynesia								
		BANQUE DE POLYNÉSIE	Bank	FULL	72.1	72.1	72.1	72.1
		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

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
Czech Republic								
		ALD AUTOMOTIVE SRO	Specialist Financing	FULL	79.82	79.82	100	100
		ESSOX SRO	Specialist Financing	FULL	80	80	100	100
		FACTORING KB	Financial Company	FULL	60.73	60.73	100	100
		KB PENZIJNI SPOLECNOST, A.S.	Financial Company	FULL	60.73	60.73	100	100
		KB REAL ESTATE	Real Estate and Real Estate Financing	FULL	60.73	60.73	100	100
		KB SMARTSOLUTIONS, SRO	Bank	FULL	60.73	60.73	100	100
		KOMERČNI BANKA A.S	Bank	FULL	60.73	60.73	60.73	60.73
		KOMERCNI POJISTOVNA A.S	Insurance	FULL	80.76	80.76	100	100
		MODRA PYRAMIDA STAVEBNI SPORITELNA AS	Financial Company	FULL	60.73	60.73	100	100
		PROTOS	Financial Company	FULL	60.73	60.73	100	100
		SG EQUIPMENT FINANCE CZECH REPUBLIC SRO	Specialist Financing	FULL	80.33	80.33	100	100
		SOGEPROM CESKA REPUBLIKA SRO	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM MICHLE SRO	Real Estate and Real Estate Financing	FULL	100	100	100	100
		STD2, SRO (Ex- STD2, A.S.)	Group Real Estate Management Company	FULL	60.73	60.73	100	100
		VN 42	Real Estate and Real Estate Financing	FULL	60.73	60.73	100	100
		WORLDLINE CZECH REPUBLIC SRO	Services	ESI	0.61	0.61	40	40
Romania								
		ALD AUTOMOTIVE SRL	Specialist Financing	FULL	75.89	75.89	100	100
		BRD – GROUPE SOCIETE GENERALE SA	Bank	FULL	60.17	60.17	60.17	60.17
		BRD ASSET MANAGEMENT SAI SA	Portfolio Management	FULL	60.17	60.15	100	99.97
		BRD FINANCE IFN SA	Financial Company	FULL	80.48	80.48	100	100
		BRD SOGELEASE IFN SA (Ex- S.C. BRD SOGELEASE IFN SA)	Specialist Financing	FULL	60.17	60.17	100	100
		S.C. ROGARIU IMOBILIARE SRL	Real Estate and Real Estate Financing	FULL	75	75	75	75
		SOCIETE GENERALE GLOBAL SOLUTION CENTRE ROMANIA (Ex-SOCIETE GENERALE EUROPEAN BUSINESS SERVICES SA)	Services	FULL	100	100	100	100
		SOGEPROM ROMANIA SRL	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(1)	SOGESSUR S.A PARIS – SUCURSALA BUCURESTI	Insurance	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
United Kingdom								
		ACR	Financial Company	FULL	100	100	100	100
		ALD AUTOMOTIVE GROUP LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
		ALD AUTOMOTIVE LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
	(1)	BRIGANTIA INVESTMENTS BV (UK BRANCH)	Financial Company	FULL	100	100	100	100
		FENCHURCH NOMINEES LIMITED	Bank	FULL	100	100	100	100
		FRANK NOMINEES LIMITED	Bank	FULL	100	100	100	100
	(1)	HORDLE FINANCE BV (UK BRANCH)	Financial Company	FULL	100	100	100	100
		JWB LEASING LIMITED PARTNERSHIP	Specialist Financing	FULL	100	100	100	100
		KBIM STANDBY NOMINEES LIMITED	Bank	FULL	100	100	100	100
		KBPB NOMINEES LIMITED	Bank	FULL	100	100	100	100
		KH COMPANY SECRETARIES LIMITED	Bank	FULL	100	100	100	100
		KLEINWORT BENSON FARMLAND TRUST (MANAGERS) LIMITED	Bank	FULL	75	75	75	75
		LANGBOURN NOMINEES LIMITED	Bank	FULL	100	100	100	100
	(4)	LYXOR ASSET MANAGEMENT UK LLP	Financial Company	FULL	0	100	0	100
		ROBERT BENSON, LONSDALE & CO. (CANADA) LIMITED	Bank	FULL	100	100	100	100
		SG (MARITIME) LEASING LIMITED	Specialist Financing	FULL	100	100	100	100
		SG EQUIPMENT FINANCE (DECEMBER) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG FINANCIAL SERVICES LIMITED	Financial Company	FULL	100	100	100	100
		SG HAMBROS (LONDON) NOMINEES LIMITED	Financial Company	FULL	100	100	100	100
		SG HAMBROS TRUST COMPANY LIMITED	Financial Company	FULL	100	100	100	100
		SG HEALTHCARE BENEFITS TRUSTEE COMPANY LIMITED	Financial Company	FULL	100	100	100	100
		SG INVESTMENT LIMITED	Financial Company	FULL	100	100	100	100
		SG KLEINWORT HAMBROS BANK LIMITED	Bank	FULL	100	100	100	100
		SG KLEINWORT HAMBROS LIMITED	Bank	FULL	100	100	100	100
		SG KLEINWORT HAMBROS TRUST COMPANY (UK) LIMITED	Bank	FULL	100	100	100	100
		SG LEASING (ASSETS) LIMITED	Specialist Financing	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
United Kingdom		SG LEASING (CENTRAL 3) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (GEMS) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (JUNE) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (MARCH) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (USD) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (UTILITIES) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING IX	Specialist Financing	FULL	100	100	100	100
	(1)	SG LONDRES	Bank	FULL	100	100	100	100
		SOCGEN NOMINEES (UK) LIMITED	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE EQUIPMENT FINANCE LIMITED	Specialist Financing	FULL	100	100	100	100
		SOCIETE GENERALE INTERNATIONAL LIMITED	Broker	FULL	100	100	100	100
		SOCIETE GENERALE INVESTMENTS (UK) LIMITED	Financial Company	FULL	100	100	100	100
		STRABUL NOMINEES LIMITED	Financial Company	FULL	100	100	100	100
	(1)(2)	TH INVESTMENTS (HONG KONG) 2 LIMITED (UK BRANCH)	Financial Company	FULL	0	100	0	100
	(1)	TYNEVOR BV (UK BRANCH)	Financial Company	FULL	100	100	100	100
Russian Federation								
		ALD AUTOMOTIVE OOO	Specialist Financing	FULL	79.82	79.82	100	100
		CLOSED JOINT STOCK COMPANY SG FINANCE	Specialist Financing	FULL	99.97	99.97	100	100
	(2)	CREDIT INSTITUTION OBYEDINYONNAYA RASCHOTNAYA SISTEMA	Financial Company	FULL	0	99.97	0	100
		LLC RUSFINANCE	Bank	FULL	99.97	99.97	100	100
	(5)	LLC RUSFINANCE BANK	Bank	FULL	0	99.97	0	100
		LLC TELSYCOM	Services	FULL	99.97	99.97	100	100
		PJSC ROSBANK	Bank	FULL	99.97	99.97	99.97	99.97
		RB CAPITAL ASSET MANAGEMENT LIMITED LIABILITY COMPANY	Real Estate and Real Estate Financing	FULL	99.97	99.97	100	100
		RB FACTORING LLC	Specialist Financing	FULL	99.97	99.97	100	100
		RB LEASING LLC	Specialist Financing	FULL	99.97	99.97	100	100
		RB SERVICE LLC	Group Real Estate Management Company	FULL	99.97	99.97	100	100
		RB SPECIALIZED DEPOSITARY LLC	Financial Company	FULL	99.97	99.97	100	100
	(6)	RB TRADING LIMITED LIABILITY COMPANY	Specialist Financing	FULL	99.97	0	100	0
		SOCIETE GENERALE STRAKHOVANIE LLC	Insurance	FULL	99.99	99.99	100	100
		SOCIETE GENERALE STRAKHOVANIE ZHIZNI LLC	Insurance	FULL	99.99	99.99	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
Senegal								
		SOCIETE GENERALE SENEGAL	Bank	FULL	64.45	64.45	64.87	64.87
Serbia								
		ALD AUTOMOTIVE D.O.O BEOGRAD	Specialist Financing	FULL	79.82	79.82	100	100
Singapore								
		SG MARKETS (SEA) PTE. LTD.	Broker	FULL	100	100	100	100
		SG SECURITIES (SINGAPORE) PTE. LTD.	Broker	FULL	100	100	100	100
	(1)	SG SINGAPOUR	Bank	FULL	100	100	100	100
		SG TRUST (ASIA) LTD.	Financial Company	FULL	100	100	100	100
Slovakia								
		ALD AUTOMOTIVE SLOVAKIA SRO	Specialist Financing	FULL	79.82	79.82	100	100
		ESSOX FINANCE SRO	Specialist Financing	FULL	80	80	100	100
	(1)	KOMERČNI BANKA SLOVAKIA	Bank	FULL	60.73	60.73	100	100
	(1)	SG EQUIPMENT FINANCE CZECH REPUBLIC SRO ORGANIZACNA ZLOZKA (SLOVAK RUPUBLIC BRANCH)	Specialist Financing	FULL	80.33	80.33	100	100
Slovenia								
		ALD AUTOMOTIVE OPERATIONAL LEASING DOO	Specialist Financing	FULL	79.82	79.82	100	100
Sweden								
		ALD AUTOMOTIVE AB	Specialist Financing	FULL	79.82	79.82	100	100
		NF FLEET AB	Specialist Financing	FULL	63.85	63.85	80	80
	(1)	SOCIETE GENERALE SA BANKFILIAL SVERIGE	Bank	FULL	100	100	100	100
Switzerland								
		ALD AUTOMOTIVE AG	Specialist Financing	FULL	79.82	79.82	100	100
		SG EQUIPMENT FINANCE SCHWEIZ AG	Specialist Financing	FULL	100	100	100	100
	(1)	SG ZURICH	Bank	FULL	100	100	100	100
		SOCIETE GENERALE PRIVATE BANKING (SUISSE) SA	Bank	FULL	100	100	100	100
Taiwan								
	(1)	SG SECURITIES (HONG KONG) LIMITED TAIPEI BRANCH	Broker	FULL	100	100	100	100
	(1)	SG TAIPEI	Bank	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
Chad								
		SOCIETE GENERALE TCHAD	Bank	FULL	56.86	56.86	67.83	67.83
Thailand								
		SOCIETE GENERALE SECURITIES (THAILAND) LTD.	Broker	FULL	100	100	100	100
Togo								
	(1)	SOCIETE GENERALE TOGO	Bank	FULL	93.43	93.43	100	100
Tunisia								
		UNION INTERNATIONALE DE BANQUES	Bank	FULL	55.1	55.1	52.34	52.34
Turkey								
		ALD AUTOMOTIVE TURIZM TICARET ANONIM SIRKETI	Specialist Financing	FULL	79.82	79.82	100	100
	(1)	SG ISTANBUL	Bank	FULL	100	100	100	100
Ukraine								
		ALD AUTOMOTIVE UKRAINE LIMITED LIABILITY COMPANY	Specialist Financing	FULL	79.82	79.82	100	100

* *FULL: Full consolidation – JO: Joint Operation – EJV: Equity (Joint Venture) – ESI: Equity (significant influence) – EFS: Equity For Simplification (Entities controlled by the Group that are consolidated using the equity method for simplification because are not significant).*

(1) *Branches.*

(2) *Entities wound up.*

(3) *Removal from the scope (loss of control or significant influence).*

(4) *Entities sold.*

(5) *Merged.*

(6) *Newly consolidated.*

(7) *Including 30 funds.*

(8) *Wind up in process.*

Additional information related to the consolidation scope and equity investments as required by the Regulation 2016-09 of the Autorité des Normes Comptables (ANC, the French Accounting standard setter), dated 2 December 2016 is available on Societe Generale Group website at: https://investors.societegenerale.com/en/publications-documents.

NOTE 8.6 Fees paid to Statutory Auditors

The consolidated financial statements of Societe Generale Group are certified jointly by Ernst & Young et Autres, represented by M. Micha Missakian, on the one hand; and Deloitte et Associés, represented by Mr. Jean-Marc Mickeler, on the other hand.

On the proposal of the Board of Directors and following the recommendation of the Audit and Internal Control Committee of Societe Generale (CACI), the Annual General Meeting held on 23 May 2018 renewed the mandates of Ernst & Young et Autres and of Deloitte et Associés, for six years.

In accordance with the European Regulation on the audit reform, the CACI implements a specific approval policy of the non-audit services of Statutory Auditors ("SACC") and their network by to verify its compliance before to the launch of the mission.

A synthesis of the SACC (approved or refused) is presented to every session of the CACI.

The fees by type of mission (audit or non-audit) are submitted to an annual review by the CACI.

Lastly, the Finance Departments of the Entities and Business divisions annually appraise the quality of the audits performed by Deloitte et Associés and Ernst & Young et Autres. The conclusions of this survey are presented to the CACI.

AMOUNTS OF STATUTORY AUDITORS' FEES PRESENTED IN THE INCOME STATEMENT

		Ernst & Young et Autres		Deloitte et Associés		Total	
(In EUR m excluded VAT)		2021[1]	2020	2021[2]	2020	2021	2020
Statutory audit, certification, examination of parent company and consolidated accounts	Issuer	4	5	4	8	8	13
	Fully consolidated subsidiaries	15	15	15	12	30	27
SUB-TOTAL AUDIT		**19**	**20**	**19**	**20**	**38**	**40**
Non-audit services (SACC)	Issuer	1	1	1	1	2	2
	Fully consolidated subsidiaries	3	1	1	1	4	2
TOTAL		**23**	**22**	**21**	**22**	**44**	**44**

(1) Including Ernst and Young network: EUR 15 million.
(2) Including Deloitte network: EUR 11 million.

The non-audit services provided by Statutory Auditors this year mainly consisted of missions of compliance review with regard to the regulatory requirements, missions of internal control within the framework of respect of ISAE standards (International Standard on Assurance Engagement), agreed upon procedures, and then complementary audits within the scope of issuing of certificates or Declaration of Non-Financial Performance (DNPF). They include also non-audit services expressly and exclusively entrusted to the Statutory Auditors for EUR 0.4 million.

NOTE 9 INFORMATION ON RISKS AND LITIGATION

Every quarter, the Group reviews in detail the disputes presenting a significant risk. These disputes may lead to the recording of a provision if it becomes probable or certain that the Group will incur an outflow of resources for the benefit of a third party without receiving at least the equivalent value in exchange. These provisions for litigations are classified among the Other provisions included in the Provisions item in the liabilities of the balance-sheet.

No detailed information can be disclosed on either the recording or the amount of a specific provision given that such disclosure would likely seriously prejudice the outcome of the disputes in question.

- On 24 October 2012, the Court of Appeal of Paris confirmed the first judgment delivered on 5 October 2010, finding J. Kerviel guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. J. Kerviel was sentenced to serve a prison sentence of five years, two years of which are suspended, and was ordered to pay EUR 4.9 billion in damages to the bank. On 19 March 2014, the Supreme Court confirmed the criminal liability of J. Kerviel. This decision puts an end to the criminal proceedings. On the civil front, on 23 September 2016, the Versailles Court of Appeal rejected J. Kerviel's request for an expert determination of the damage suffered by Societe Generale, and therefore confirmed that the net accounting losses suffered by the Bank as a result of his criminal conduct amount to EUR 4.9 billion. It also declared J. Kerviel partially responsible for the damage caused to Societe Generale and sentenced him to pay to Societe Generale EUR 1 million. Societe Generale and J. Kerviel did not appeal before the Supreme Court. Societe Generale considers that this decision has no impact on its tax situation. However, as indicated by the Minister of the Economy and Finance in September 2016, the tax authorities have examined the tax consequences of this book loss and indicated that they intended to call into question the deductibility of the loss caused by the actions of J. Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by an adjustment notice sent by the tax authorities when Societe Generale is in a position to deduct the tax loss carry forwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the bank's forecasts. In view of the 2011 opinion of the French Supreme Administrative Court *(Conseil d'État)* and its established case law which was recently confirmed again in this regard, Societe Generale considers that there is no need to provision the corresponding deferred tax assets. In the event that the authorities decide, in due course, to confirm their current position, Societe Generale Group will not fail to assert its rights before the competent courts. By a decision handed down on the 20 September 2018, the Investigation Committee of the reviewing and reassessment Criminal Court has furthermore declared inadmissible the request filed in May 2015 by J. Kerviel against his criminal sentence, confirming the absence of any new element or fact that could justify the reopening of the criminal file.
- Between 2003 and 2008, Societe Generale set up gold consignment lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold stocks held by Goldas. These suspicions were rapidly confirmed following the failure by Goldas to pay or refund gold worth EUR 466.4 million. Societe Generale brought civil proceedings against its insurers and various Goldas group entities. Goldas launched various proceedings in Turkey and in the UK against Societe Generale. In the action brought by Societe Generale against Goldas in the UK, Goldas applied to have the action of SG struck-out and applied to the UK court for damages. On 3 April 2017, the UK court granted both applications and will, after an inquiry into damages, rule on the amount due to Goldas, if any. On 15 May 2018, the Court of Appeal discharged entirely the inquiry into damages granted by the High Court to Goldas but rejected Societe Generale's arguments relating to service of the claims issued against Goldas, which are therefore time-barred. On 18 December 2018, the Supreme Court refused permission to appeal to both Societe Generale and Goldas. On 16 February 2017, the Paris Commercial Court dismissed Societe Generale's claims against its insurers.
- In the early 2000s, the French banking industry decided to transition to a new digital system in order to streamline cheque clearing. To support this reform (known as EIC – *Échange d'Images Chèques*), which has contributed to the improvement of cheque payments security and to the fight against fraud, the banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities.

  On 20 September 2010, the French competition authority ruled that the joint implementation and the setting of the amount of the CEIC and of two additional fees for related services were in breach of competition law. The authority fined all the participants to the agreement (including the Banque de France) a total of approximately EUR 385 million. On 2 December 2021, after several years of proceedings and two decisions of the Supreme Court, the Paris Court of Appeal overturned the decision of the French competition authority and ruled that (i) it was not proven that the establishment of the CEIC and the fees for related services on AOCT (cancellation of wrongly cleared transactions) as well as their collection had infringed the provisions of Article L. 420-1 of the French Commercial Code and of Article 101 of the Treaty on the Functioning of the European Union and, (ii) that its decision was giving rise to a right of restitution of the sums paid in execution of the overturned decision, namely approximatively EUR 53.5 million for Societe Generale and approximatively EUR 7 million for Crédit du Nord, together with interests at the legal rate. On 31 December 2021, the French competition authority filed an appeal before the Supreme court against this decision.
- In August 2009, Societe Generale Private Banking (Switzerland) ("SGPBS"), along with several other financial institutions, was named as a defendant in a putative class action that was ultimately transferred to the US District Court for the Northern District of Texas. The plaintiffs sought to represent a class of individuals who were customers of Stanford International Bank Ltd. (SIBL), with money on deposit at SIBL and/or holding Certificates of Deposit issued by SIBL as of 16 February 2009. The plaintiffs alleged that they suffered losses as a result of fraudulent activity at SIBL and the Stanford Financial Group or related entities, and that the defendants were responsible for those alleged losses. The plaintiffs further sought to recoup payments made through or to the defendants on behalf of SIBL or related entities on the basis that they were alleged to have been fraudulent transfers. The Official Stanford Investors Committee (OSIC) was permitted to intervene and filed a complaint against SGPBS and the other defendants seeking similar relief. Following motions to dismiss, the Court ultimately in April 2015 permitted the substantial majority of the claims to proceed.

On 7 November 2017, the District Court denied the plaintiffs' motion for class certification. On 3 May 2019, several hundred individual plaintiffs filed motions to intervene in the pending OSIC action seeking recovery in their individual capacities for losses on their Stanford investments. By order of 18 September 2019 the court denied the motions to intervene. One group of plaintiffs appealed the denial, which was rejected by the court of appeal on 3 February 2021, and the remaining group of plaintiffs initiated a separate action in Texas state court in Houston in November 2019, now pending in the Southern District of Texas.

On 12 February 2021, all parties in the litigation filed motions for summary judgment. SGPBS seeks dismissal of all pending claims, and OSIC, renewing a prior unsuccessful motion for summary judgement seeks return of a USD 95 million transfer to SGPBS in 2008. Discovery has been completed.

On 19 January 2022, the US District Court for the Northern District of Texas asked the Judicial Panel for Multidistrict Litigation to remand the case to US District Court for the Southern District of Texas in Houston, where it was originally filed, for further proceedings, including trial. The following day, on 20 January 2022, the US District Court for the Northern District of Texas ruled on the pending motions for summary judgment denying SGPBS's and OSIC's motions.

- Notwithstanding the agreements reached in 2018 with the US authorities regarding certain London Interbank Offered Rates and the Euro Interbank Offered Rate ("the IBOR matter") and the dismissal on 30 November 2021 of the legal proceedings brought by the DOJ in this matter (see Chapter 4.11 of the present Universal Registration Document), the Bank continues to defend civil proceedings in the United States (as described below) and has responded to information requests received from other authorities, including the Attorneys General of various States of the United States and the New York Department of Financial Services.

  In the United States, Societe Generale, along with other financial institutions, has been named as a defendant in putative class actions involving the setting of US Dollar Libor, Japanese Yen Libor, and Euribor rates and trading in instruments indexed to those rates. Societe Generale has also been named in several individual (non-class) actions concerning the US Dollar Libor rate. All of these actions are pending in the US District Court in Manhattan (the "District Court").

  As to US Dollar Libor, all claims against Societe Generale were dismissed by the District Court or voluntarily dismissed by the plaintiffs, except in two putative class actions and one individual action that are effectively stayed. The class plaintiffs and a number of individual plaintiffs appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit ("Second Circuit"). On 30 December 2021, the Second Circuit reversed the dismissal and reinstated the antitrust claims. These reinstated claims include those asserted by a proposed class of over-the-counter (OTC) plaintiffs and by OTC plaintiffs that have filed individual actions.

  As to Japanese Yen Libor, the District Court dismissed the complaint brought by purchasers of Euroyen over-the-counter derivative products. On 1 April 2020, the Second Circuit reversed the dismissal and reinstated the claims. On 30 September 2021, the District Court dismissed plaintiffs' Racketeer Influenced and Corrupt Organizations Act claims but upheld plaintiffs' antitrust and state law claims against Societe Generale. In the other action, brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange on 27 September 2019, plaintiff filed a motion for class certification. On 25 September 2020, the District Court granted defendants' motion for judgment on the pleadings and dismissed plaintiffs' remaining claims. Plaintiff has appealed to the Second Circuit.

  As to Euribor, the District Court dismissed all claims against Societe Generale in the putative class action and denied the plaintiffs' motion to file a proposed amended complaint. Plaintiffs have appealed those rulings to the Second Circuit.

  In Argentina, Societe Generale, along with other financial institutions, has been named as a defendant in litigation brought by a consumer association on behalf of Argentine consumers who held government bonds or other specified instruments that paid interest tied to US Dollar Libor. The allegations concern violations of Argentine consumer protection law in connection with alleged manipulation of the US Dollar Libor rate. Societe Generale has not yet been served with the complaint in this matter.

- Beginning on 15 January 2019, Societe Generale and SG Americas Securities, LLC, along with other financial institutions, were named in three putative antitrust class actions in the US District Court in Manhattan, which have since been consolidated. Plaintiffs allege that the USD ICE Libor panel banks conspired to make artificially low submissions to that benchmark in order to profit on their trading in derivatives tied to USD ICE Libor. Plaintiffs seek to certify a class comprised of US residents (individuals and entities) that transacted with a defendant in floating rate debt instruments or interest rate swaps tied to USD ICE Libor and received a payment at any time between 1 February 2014 to the present, regardless of when the instrument was purchased. By order dated 26 March 2020, the District Court dismissed the action. Plaintiffs appealed that ruling. On 6 April 2021, the Second Circuit permitted a new proposed class representative to intervene as a plaintiff in the appeal and denied defendants' motion which sought dismissal of the appeal because the original proposed class representatives withdrew from the action.

- Societe Generale, along with several other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with foreign exchange spot and derivatives trading. The action was brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. Societe Generale reached a settlement of USD 18 million, which was approved by the Court on 6 August 2018. On 7 November 2018, a group of individual entities that elected to opt out of the settlement filed a lawsuit against SG, SG Americas Securities, LLC and several other financial institutions. SG Americas Securities, LLC was dismissed by order dated 28 May 2020. Discovery is proceeding as to SG and the other remaining defendants. On 11 November 2020, Societe Generale was named, along with several other banks, in a UK action alleging collusion in the market for FX instruments. Societe Generale is defending the action.

- On 10 December 2012, the French Supreme Administrative Court *(Conseil d'État)* handed down two decisions confirming that the *précompte* tax which used to be levied on corporations in France does not comply with EU law and defined a methodology for the reimbursement of the amounts levied by the tax authorities. However, such methodology considerably reduces the amount to be reimbursed. Societe Generale purchased in 2005 the *précompte* tax claims of two companies (Rhodia and Suez, now ENGIE) with a limited recourse on the selling companies. One of the above decisions of the French Supreme Administrative Court relates to Rhodia. Societe Generale has brought proceedings before the French administrative courts.

  Several French companies applied to the European Commission, who considered that the decisions handed down by the French Supreme Administrative Court on 10 December 2012, which was supposed to implement the decision rendered by the Court of Justice of the European Union C-310/09 on 15 September 2011, infringed a number of principles of European law. The European Commission subsequently brought infringement proceedings against the French Republic in November 2014, and since then confirmed its position by publishing a reasoned opinion on 28 April 2016 and by referring the matter to the Court of Justice of the European Union on 8 December 2016. The Court of Justice of European Union rendered its judgement on 4 October 2018 and sentenced France for failure by the French Supreme Administrative Court to disregard the tax on EU sub-subsidiaries in order to secure the withholding tax paid in error as well as on the absence of any preliminary question. With regard to the practical implementation of the decision, Societe Generale has continued to assert its rights with the competent courts and the tax authorities, which it expects to be treated diligently and in accordance with the law. On 23 June 2020, the Administrative Court of Appeal of Versailles issued a ruling in favour of Societe Generale on our 2002 and 2003 Suez claims, followed by a mid-July enforcement in our favour. The judgment of Versailles held that the advance payment was not compatible with the Parent-Subsidiary Directive: the French Supreme Administrative Court, which had also received a request for a priority question of constitutionality, also pointed out that the advance payment was incompatible with Article 4 of the Parent-Subsidiary Directive but that a question should be referred to the ECJ for a preliminary ruling in order to ascertain this. It is therefore now appropriate to await the response of the Court of Luxembourg, which should not occur before the beginning of 2022.

- Societe Generale, along with other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with its involvement in the London Gold Market Fixing. The action is brought on behalf of persons or entities that sold physical gold, sold gold futures contracts traded on the CME, sold shares in gold ETFs, sold gold call options traded on CME, bought gold put options traded on CME, sold over-the-counter gold spot or forward contracts or gold call options, or bought over-the-counter gold put options. Societe Generale, along with three other defendants, has reached a settlement to resolve this action for USD 50 million. By order dated 13 January 2022, the Court granted preliminary approval of the settlement. The final fairness hearing has been scheduled for 5 August 2022. Although Societe Generale's share of the settlement is not public, it was not material from a financial perspective. Societe Generale, along with other financial institutions, is also named as a defendant in two putative class actions in Canada (in the Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims. Societe Generale is defending the claims.

- Since August 2015, various former and current employees of Societe Generale Group have been under investigation by German criminal prosecution and tax authorities for their alleged participation in the so called "CumEx" patterns in connection with withholding tax on dividends on German shares. These investigations relate inter alia to a fund administered by SGSS GmbH proprietary trading activities and transactions carried out on behalf of clients. The Group entities are responding to the requests of the German authorities.

  SGSS GmbH was informed by the Bonn District Court on 19 June 2019 that criminal proceedings had been initiated against two individuals who were employed by a company having previously advised this fund, the latter being suspected by the German prosecutors to have been involved in potentially fraudulent CumEx transactions. On 19 August 2019, the Bonn District Court ordered SGSS GmbH to join these criminal proceedings as a "secondary party". By order of 16 March 2020, the Bonn District Court, with consent of the Cologne Prosecutors, released SGSS GmbH as a secondary party immediately. In addition to being subject to investigations or criminal proceedings, SG Group entities may be exposed to claims by third parties, including German tax offices, and become party to legal disputes.

- In May 2019, SGAS was named, along with other financial institutions, as a defendant in a putative class action in the US alleging anticompetitive behaviour in the pricing of "agency bonds" issued by US Government Sponsored Enterprises (GSEs), including Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae). On 16 June 2020, SGAS and twelve other bank defendants reached a final settlement with plaintiffs. Although SGAS's share of the settlement is not public, the amount was not material from a financial statement perspective. SGAS was also named in four separate individual opt-out litigations by the following plaintiffs: the State of Louisiana (filed September 2019), the City of Baton Rouge/East Baton Rouge Parish and related entities (October 2019), Louisiana Asset Management Pool (April 2020), and the City of New Orleans and related entities (September 2020). These suits also asserted antitrust claims (and in some cases other related claims) against SGAS and multiple other bank defendants based on these plaintiffs' purchases of GSE bonds. As to the opt-out litigations, a settlement was reached involving all defendants in June 2021, of which SGAS's share was immaterial, and these actions have been dismissed. SGAS also received a subpoena from the US Department of Justice (DOJ) in connection with its US agency bond business. SGAS responded to these requests and is cooperating with the DOJ investigation.

- Societe Generale and certain of its subsidiaries are defendants in an action pending in the US Bankruptcy Court in Manhattan brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS). The action is similar to those brought by the BLMIS Trustee against numerous institutions and seeks recovery of amounts allegedly received by the SG entities indirectly from BLMIS through so-called "feeder funds" that were invested in BLMIS and from which the SG entities received redemptions. The suit alleges that the amounts that the SG entities received are avoidable and recoverable under the US Bankruptcy Code and New York state law. The BLMIS Trustee seeks to recover, in the aggregate, approximately USD 150 million from the SG entities. The SG entities are defending the action. In decisions dated 22 November 2016 and 3 October 2018, the Court rejected most of the claims brought by the BLMIS Trustee. The Trustee appealed to the US Court of Appeals for the Second Circuit. By order dated 25 February 2019, the Second Circuit vacated the judgements and remanded for further proceedings. On 1 June 2020, the United States Supreme Court denied Defendant-Appellees' petition for a writ of certiorari. The case is now before the Bankruptcy Court for further proceedings.

- On 10 July 2019, Societe Generale was named as a defendant in a litigation filed in the US District Court in Miami by plaintiffs seeking compensation under the Cuban Liberty and Democratic Solidarity *(Libertad)* Act of 1996 (known as the Helms-Burton Act) stemming from the expropriation by the Cuban government in 1960 of Banco Nunez in which they are alleged to have held an interest. Plaintiffs claim damages from Societe Generale under the terms of this statute. Plaintiffs filed an amended complaint on 24 September 2019 adding three other banks as defendants and adding several new factual allegations as to Societe Generale. Societe Generale filed a motion to dismiss, which was fully briefed as of 10 January 2020. While the motion to dismiss was pending, plaintiffs filed an unopposed motion on 29 January 2020, to transfer the case to federal court in Manhattan, which the court granted on 30 January 2020. Plaintiffs filed a second amended complaint on 11 September 2020, in which it dropped the three other banks as defendants, added a different bank as an additional defendant, and added as additional plaintiffs who purport to be heirs of the founders of Banco Nunez. The court granted Societe Generale's motion to dismiss on 22 December 2021 but has permitted plaintiffs to replead their claims.
- On 9 November 2020, Societe Generale was named as a defendant, together with another bank, in similar Helms-Burton litigation filed in the US District Court in Manhattan (Pujol I) by the purported heirs of former owners, and personal representatives of estates of heirs or former owners, of Banco Pujol, a Cuban bank alleged to have been confiscated by the Cuban government in 1960. On 27 January 2021, Societe Generale filed a motion to dismiss. In response, as permitted by the judge's rules, plaintiffs chose to file an amended complaint and did so on 26 February 2021. Societe Generale filed a motion to dismiss to dismiss the amended complaint on 19 March 2021, which was granted by the court on 24 November 2021. The court has given plaintiffs the opportunity to replead their claims. On 16 March 2021, Societe Generale was named as a defendant, together with another bank, in a nearly identical Helms-Burton litigation filed in the US District Court in Manhattan (Pujol II) by the personal representative of one of the purported heirs to Banco Pujol who is also a plaintiff in Pujol I. The deadline for the defendants to respond to the complaint in Pujol II has been stayed pending the next steps in Pujol I.
- On 5 June 2020, a shareholder of Societe Generale filed a derivative action in New York State court against 39 current and former directors and officers of the Bank. The complaint alleges that a 2009 written agreement with US banking regulators required the Bank to implement and maintain an effective anti-money laundering compliance and transaction monitoring system. According to the complaint, the Bank failed to do so, leading to penalties and forfeitures imposed in November 2018 by a number of federal and New York state agencies and criminal authorities relating to US sanctions and anti-money laundering laws. The complaint makes claims for, among other things, breaches of duty related to these matters. On 1 November 2021, a motion to dismiss on a variety of grounds was filed. Thereafter, the parties stipulated to the voluntary dismissal with prejudice of the action, with each party bearing its own costs. By order dated 2 December 2021, the court dismissed the action.
- On 15 October 2020, Vestia brought proceedings against Societe Generale before the High Court of England regarding the conditions pursuant to which Vestia contracted derivative products with Societe Generale between 2008 and 2011. Vestia claims that these transactions were outside of its capacity and alleges they were induced by corruption. Vestia seeks to rescind the transactions and recover the amounts paid to Societe Generale pursuant to these transactions. On 8 January 2021, Societe Generale filed its Statement of Defence and Counterclaim. On 11 October 2021, Societe Generale and Vestia reached an agreement to settle this dispute without any admission of liability for Societe Generale.
- On 1 June 2021, a shareholder of Societe Generale initiated an action designated by him as a "derivative action" *(action ut singuli)* before the Commercial Court of Paris against the CEO of the Company *(Directeur général),* Mr. Frédéric Oudéa. The plaintiff is seeking an order that Mr. Oudéa pay to Societe Generale an amount equal to fines paid to the US and French treasuries under the *convention judiciaire d'intérêt public* of 24 May 2018 between Societe Generale and the Financial Public Prosecutor (the "CJIP") and the Deferred Prosecution Agreement of 5 June 2018 between Societe Generale and the United States Department of Justice (the "DPA").

  Societe Generale voluntarily joined these proceedings at the first procedural hearing in order to seek the dismissal of the claims made by the plaintiff. Thereafter, the plaintiff filed a brief asking the court to dismiss the case with prejudice, and the parties asked the court to put an end to these proceedings. By order dated 15 February 2022, the Commercial Court of Paris therefore took note of the termination of the proceedings. This case is now definitively closed.
- In the context of the sale of its Polish subsidiary Euro Bank to Bank Millennium on 31 May 2019 and of the indemnity granted to the latter against certain risks, Societe Generale continues to monitor the evolution of court cases related to CHF-denominated or CHF-indexed loans issued by Euro Bank.
- Like other operators in the Paris marketplace, Societe Generale is subject to a tax review of its equity market transactions. Discussions with the administration are continuing.

6.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information specifically required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Société Générale Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

Year ended December 31, 2021

To the Annual General Meeting of Société Générale,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Société Générale for the year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations of the Société Générale Group for the year then ended and of its financial position and of its assets and liabilities as at December 31, 2021 in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Internal Control Committee.

Basis for opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for statutory auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from January 1, 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

EMPHASIS OF MATTER

Without qualifying the above opinion, we draw your attention to Note 1.7 to the consolidated financial statements on the restatements made this year compared to the 2020 published consolidated financial statements, which describes the impacts of:

- corrections following the review of financial asset and liability offsetting;
- adoption of the IFRS IC decision of April 20, 2021 regarding IAS 19.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. Some of those measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of our audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

ASSESSMENT OF THE IMPAIRMENT OF CUSTOMER LOANS

Risk identified

Customer loans and receivables carry a credit risk which exposes the Société Générale Group to a potential loss if its client or counterparty is unable to meet its financial commitments. The Société Générale Group recognizes impairment to cover this risk.

Such impairment is calculated according to IFRS 9, Financial instruments and the expected credit loss principle.

The assessment of expected credit losses for customer loan portfolios requires the exercise of judgment by Management, particularly in the uncertain context due to the global crisis tied to the Covid-19 pandemic, notably to:

- determine the loan classification criteria under stages 1, 2 or 3, taking account of the material increase in credit risk at loan portfolio level and the impact of measures to support the economy;
- prepare, in an uncertain environment, macro-economic projections which are embedded in the deterioration criteria and in the expected credit losses measurement;
- estimate the amount of expected credit losses depending on the different stages;
- determine the adjustments to models and parameters, as well as the sector adjustments considered necessary to reflect the impact of economic scenarios on expected credit losses and anticipate the default or recovery cycle for certain sectors.

The information concerning in particular the procedures used to estimate and recognize expected credit losses are mainly described in Notes 3.5 "Loans, receivables and securities at amortized cost" and 3.8 "Impairment and provisions" to the consolidated financial statements.

As at December 31, 2021, total customer loan outstandings exposed to credit risk totaled M€ 497,164; impairment totaled M€ 10,980.

We considered the assessment of the impairment of customer loans to be a key audit matter as they require Management to exercise judgment and make estimates, particularly concerning the economic sectors and geographic areas most affected by the crisis.

Our response

With the support of specialists in risk management and modelling, and the economists from our firms included in the audit team, we focused our work on the most significant customer loan outstandings and portfolios, as well as on the economic sectors and geographic areas the most affected by the crisis.

We obtained an understanding of the Société Générale Group's governance and internal control system relating to credit risk appraisal and the measurement of expected losses and tested the manual and automated key controls.

Our audit work notably consisted in:

- examining the compliance of policies implemented by the Group and the methodologies broken down in the different business units with IFRS 9 "Financial instruments";
- assessing the relevance of the macro-economic projections and the scenario weightings applied by the Société Générale Group;
- examining the main parameters adopted by the Société Générale Group to classify the loans and assess impairment in stages 1 and 2 as at December 31, 2021, including adjustments performed to take account of the impact of economic support measures;
- assessing the ability of adjustments to models and parameters, as well as sector adjustments to provide adequate coverage of the level of credit risk in the context of the crisis;
- assessing, using data analysis tools, the assessment of expected credit losses for a sample of stage 1 and 2 loan portfolios;
- testing, as at December 31, 2021, for a selection of the most significant loans to corporate clients, the main criteria used to classify loans in stage 3, as well as the assumptions underlying the estimation of the related individual impairment.

We also analyzed the disclosures in Notes 1.5 "Use of estimates and judgment", 3.5 "Loans, receivables and securities at amortized cost", 3.8 "Impairment and provisions" and 10.3 "Credit and counterparty risk" to the consolidated financial statements relating to credit risk in the changing context of the pandemic and, in particular, the information required by IFRS 7, Financial instruments: Disclosures, on credit risk.

RECOVERABILITY OF DEFERRED TAX ASSETS IN FRANCE AND IN THE UNITED STATES OF AMERICA

Risk identified

As at December 31, 2021 deferred tax assets on tax loss carryforwards were recorded in an amount of M€ 1,719, including M€ 1,635 for the tax groups in France and the United States of America.

As stated in Note 6 "Income tax" to the consolidated financial statements, the Société Générale Group calculates deferred taxes at the level of each tax entity and recognizes deferred tax assets when it is considered probable that the tax entity concerned will have future taxable profits against which temporary differences and tax loss carryforwards can be offset, within a given timeframe. As at December 31, 2021, this timeframe is eight years for the France tax group and seven years for the United States of America tax group.

In addition, as stated in Note 6 "Income tax" and 9 "Information on risks and litigation" to the consolidated financial statements, certain tax loss carryforwards are challenged by the French tax authorities and are therefore liable to be called into question.

Given the importance of the assumptions used to assess the recoverability of the deferred tax assets in France and the United States of America, notably on future taxable profits, and the judgment exercised by Management in this respect, we considered this issue to be a key audit matter.

Our response

Our audit approach consisted in assessing the probability that the Société Générale Group will be able to use in the future its tax loss carryforwards generated to date, in particular with regard to its ability to generate future taxable profits in France and in the United States of America.

With the support of tax specialists, our work notably consisted in:

- comparing the projected results of the previous years with the actual results of the corresponding fiscal years, to assess the reliability of the tax business plan preparation process;
- obtaining an understanding of the 2022 budget drawn up by Management and approved by the Board of Directors, as well as of the assumptions underlying projections for the 2022-2025 period, which take into account the expected impacts of the France network merger;
- assessing the relevance of tax profit extrapolation methods after the 2022-2025 period;
- reviewing the assumptions underlying sensitivity tests in the event of adverse scenarios defined by the Société Générale Group;
- analyzing the sensitivity of the tax loss recovery period under a range of assumptions determined by us;
- analyzing the situation of the Société Générale Group, notably by taking note of the opinions of its external tax advisers regarding its tax loss carryforwards in France, partly challenged by the tax authorities.

We have also examined the information provided by the Société Générale Group concerning deferred tax assets disclosed in Notes 1.5 "Use of estimates and judgment", 6 "Income tax" and 9 "Information on risks and litigation" to the consolidated financial statements

PORTFOLIO-BASED INTEREST RATE RISK FAIR VALUE HEDGING OF OUTSTANDINGS OF THE RETAIL BANKING NETWORKS IN FRANCE

Risk identified

To manage the interest rate risk generated by its retail banking activities in France in particular, the Société Générale Group manages a portfolio of internal derivatives classified as hedges.

These internal transactions are classified as portfolio-based interest rate risk fair value hedging transactions ("macro-hedging") in accordance with IAS 39 as adopted in the European Union, as presented in Note 3.2 "Financial derivatives" to the consolidated financial statements.

Hedge accounting is only possible if certain criteria are met, in particular:

- designation and documentation at inception of the hedging relationship;
- eligibility of hedging and hedged instruments;
- demonstration of the hedge effectiveness;
- measurement of effectiveness;
- demonstration of the reversal of internal transactions at Group level.

The "macro-hedge" accounting of retail banking transactions in France requires Management to exercise judgment regarding in particular:

- the identification of eligible hedging and hedged items;
- determining the criteria adopted to schedule the outstandings' maturities by including behavioral criteria;
- and the conduct of tests on over-hedging, the disappearance of hedged items, efficiency and the external reversal of hedging transactions entered into with internal Group counterparties.

As at December 31, 2021, the amount of hedged portfolio remeasurement differences was M€ 131 in assets and M€ 2,832 in liabilities. The fair value of the corresponding financial instruments is included under "Hedging derivative instruments" in assets and liabilities.

Given the documentation requirements for "macro-hedging" relationships, the volume of hedging derivative transactions and the use of Management judgment required, we consider the accounting treatment of portfolio-based interest rate risk fair value hedging of outstandings of the retail banking networks in France to be a key audit matter.

Our response

Our audit procedures in response to the risk relating to the accounting treatment of portfolio-based interest rate risk fair value hedging of outstandings ("macro-hedging") consisted in obtaining an understanding of the procedures used to manage the structural interest rate risk, and reviewing the control environment set up by Management in particular for the documentation, identification and eligibility of hedged and hedging items, as well as for the performance of effectiveness tests.

With the support of financial modelling experts, where necessary, our work mainly consisted in:

- familiarizing ourselves with the accounting documentation of the hedging relationships;
- testing the eligibility of the financial assets and liabilities used by the Société Générale Group for the portfolio-based interest rate risk fair value hedge accounting, according to the terms and conditions defined by IAS 39 as adopted in the European Union;
- assessing the procedures used to prepare and control the criteria adopted to schedule the maturities of the hedged financial instruments, particularly with regard to the adopted maturities of the eligible financial liabilities;
- assessing the procedures used to determine the effectiveness of these hedging relationships, as well as the related governance;
- analyzing the external reversal system for hedges entered into with internal Group counterparties and the related documentation, and conducting tests on the matching of internal and external transactions;
- analyzing the results of tests on over-hedging, the disappearance of hedged items, efficiency and reversal required by applicable accounting standards.

We also assessed the information disclosed in Notes 1.5 "Use of estimates and judgment", 3.2 "Derivative financial instruments" and 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements and their compliance with IFRS 7 "Financial instruments: Disclosures" with regard to hedge accounting.

MEASUREMENT OF GOODWILL

Risk identified

The accounting recognition of external growth transactions leads the Société Générale Group to record goodwill in the asset side of the consolidated balance sheet. This goodwill represents the difference between the acquisition cost of the activities or securities of companies acquired and the share in identifiable net assets acquired and liabilities assumed at the acquisition date. As at December 31, 2021, the net value of goodwill was M€ 3,741, after impairment of the AFMO zone cash-generating unit (CGU) at December 30, 2021 for a total amount of M€ 114.

The Société Générale Group must determine the presence or absence of indications of loss in value on this goodwill, in particular its inclusion in forecasts made and variables used to update business plans, as well as in the terminal value calculation. The comparison of the net carrying amount of uniform business groupings allocated to CGUs, and their recoverable amount is a key component in assessing the potential need to record an impairment. The value in use of CGUs was calculated using the discounted cash flow method based on distributable profits calculated at CGU level.

As disclosed in Notes 1.5 "Use of estimates and judgment" and 2.2 "Goodwill" to the consolidated financial statements, the models and data used to value these CGUs are based on accounting estimates resulting from the exercise of Management judgment, notably concerning the following assumptions:

- future distributable profits of activities or companies acquired, whether 5-year budget forecasts or the extrapolation for an additional year to calculate the terminal value;
- discount and growth rates applied to forecast flows.

For this reason, we considered the measurement of goodwill to be a key audit matter.

Our response

Our audit approach is based on obtaining an understanding of control procedures relating to (i) goodwill impairment tests and (ii) the preparation of business plans, implemented within the Société Générale Group to assess future changes in structures and activities, and to identify indications of impairment loss on these assets.

Procedures on the financial statements for the year ended December 31, 2021, conducted with our valuation specialists, notably consisted in:

- assessing the way groupings of uniform businesses are determined and, where appropriate, change;
- analyzing the methodology applied in the current context;
- comparing prior year profit forecasts with actual results for the relevant years, to assess the reliability of the budget process;

- conducting a critical review of business plans prepared by Management and approved by the Board of Directors based on our knowledge of activities and of the assumptions adopted by Management beyond the five-year period to establish projections enabling the determination of terminal values;
- conducting a critical analysis of the main assumptions and parameters used (growth rate, cost of capital, discount rate) with regard to available internal and external information (macro-economic scenarios, financial analysts' consensus, etc.);
- independently recalculating the valuation of the CGUs;
- assessing the sensitivity analyses of results to change in key parameters, in particular when the recoverable amount is close to the net carrying amount.

We have also reviewed the information submitted by the Société Générale Group on goodwill, disclosed in Notes 1.5 "Use of estimates and judgment" Note 2.2 "Goodwill" to the consolidated financial statements

VALUATION OF COMPLEX FINANCIAL INSTRUMENTS

Risk identified

Within the scope of its market activities, the Société Générale Group holds financial instruments for trading purposes. As at December 31, 2021, in this respect, M€ 222,934 are recognized in fair value levels 2 and 3 in the asset side, and M€ 302,669 are recognized in the liability side of the Société Générale Group's balance sheet, i.e. 56% and 95%, respectively, of financial assets and liabilities measured at fair value

To determine the fair value of these instruments, the Société Générale Group uses techniques or in-house valuation models based on parameters and data, some of which are not observable in the market, which can defer the recognition of the margin in the income statement for transactions involving such financial instruments, as stated in point 7 of Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements. If necessary, these valuations include additional reserves or value adjustments. The models and data used to value these instruments, and their classification under the fair value hierarchy, may be based for example on Management's judgments and estimates, in the absence of available market data or a market valuation model.

Due to the complexity of modelling in determining fair value, the multiplicity of models used, and the use of Management judgment in determining these fair values, we consider the valuation of complex financial instruments to be a key audit matter.

Our response

Our audit approach is based on the key internal control processes related to the valuation of complex financial instruments.

With the support of experts in the valuation of financial instruments included in the audit team, our work consisted in:

- obtaining an understanding of the procedure to authorize and validate new products and their valuation models, including the process for the entry of these models in the information systems;
- analyzing the governance set up by the Risk Department for the control of the valuation models;
- analyzing the valuation methodologies for certain categories of complex instruments and the relating reserves or value adjustments;
- testing the key controls relating to the independent verification of the valuation parameters, and analyzing certain market parameters used to provide input for the valuation models, by reference to external data;
- obtaining an understanding of the bank's analysis principles and performing tests of controls, on a sampling basis, as regards the process used to explain the changes in fair value; in addition, performing "analytical" IT procedures on the daily control data relating to certain activities;
- obtaining the quarterly results of the independent price verification process performed on the valuation models;
- obtaining the quarterly results of the valuation adjustment process using external market data, and analyzing the differences in parameters with the market data in the event of a significant impact, and the accounting treatment of such differences. Where there was no external data, we controlled the existence of reserves or the non-material nature of the related issues;
- performing counter-valuations of a selection of complex derivative financial instruments using our tools;
- analyzing the observability criteria, among others, used to determine the fair value hierarchy of such instruments, and to estimate deferred margin amounts and we compared the new methods adopted by the Société Générale Group to recognize these margins over time with the information presented in point 7 of Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements

We have also assessed the compliance of the methods underlying the estimates with the principles described in Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements.

IT RISK RELATING TO MARKET ACTIVITIES

Risk identified

The Market Activities of the Global Banking & Investor Solutions division (GBIS) constitute an important activity, as illustrated by the significance of the financial instruments positions in Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements.

This activity is highly complex given the nature of the financial instruments processed, the volume of transactions, and the use of numerous interfaced information systems. The risk of occurrence of a significant misstatement in the accounts related to an incident in the data processing chains used or the recording of transactions until their transfer into the accounting system may result from:

- changes made to management and financial information by unauthorized persons via the information systems or underlying databases;
- a failure in processing or in the transfer of data between systems;
- a service interruption or an operating incident which may or may not be related to internal or external fraud.

Furthermore, the resurgence of the Covid-19 pandemic still requires all employees to work from home to ensure business continuity. The measures taken by the Société Générale Group in this respect exposed it to new risks, particularly those relating to the opening up of information systems to allow remote access to transaction processing applications.

To ensure the reliability of the accounts, it is therefore essential for Société Générale to master the controls relating to the management of the information systems. In this context, the IT risk relating to the Market Activities of the GBIS division constitutes a key audit matter.

Our response

Our audit approach for this activity is based on the controls related to the management of the information systems set up by Société Générale Group. With the support of specialists in information systems included in the audit team, we tested the IT general controls of the applications that we considered to be key for this activity. Our work mainly consisted in assessing:

- the controls set up by the Société Générale Group on access rights, notably at sensitive periods in a professional career (recruitment, transfer, resignation, end of contract) with, where applicable, extended audit procedures in the event of ineffective control identified during the financial year;
- potential privileged access to applications and infrastructure;
- the management of changes made to applications, and more specifically the separation between development and business environments;
- security policies in general and their deployment in IT applications (for example, those related to passwords);
- the handling of IT incidents during the audit period;
- governance and the control environment on a sample of applications.

For these same applications, and in order to assess the transfer of information flows, we tested the key application controls relating to the automated interfaces between the systems. In addition, our tests on the general IT and application controls were supplemented by data analytics procedures on certain IT applications.

We also evaluated the governance implemented by the Société Générale Group to ensure the resilience of information systems in the context of the Covid-19 crisis. Our procedures consisted in discussions with the Société Générale Group's security teams and reviewing minutes of cybersecurity committee meetings, as well as any incidents during the period. Our procedures notably included an analysis of access derogations granted and validated by the security team.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations on the information relating to the Société Générale Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance statement required by Article L.225-102-1 of the French Commercial Code (Code de commerce) is included in Société Générale Group management report, it being specified that, in accordance with the provisions of Article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Other Legal and Regulatory Verifications or Information

FORMAT OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No. 2019/815 of December 17, 2018.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Société Générale by the Annual General Meeting held on April 18, 2003 for Deloitte & Associés and on May 22, 2012 for ERNST & YOUNG et Autres.

As at December 31, 2021, Deloitte & Associés and ERNST & YOUNG et Autres were in their nineteenth and tenth year of total uninterrupted engagement, respectively.

Previously, ERNST & YOUNG Audit was the statutory auditor of Société Générale from 2000 to 2011

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Internal Control Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these consolidated statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Société Générale Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT AND INTERNAL CONTROL COMMITTEE

We submit to the Audit and Internal Control Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Internal Control Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Internal Control Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit and Internal Control Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards

Paris-La Défense, March 9, 2022

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
Jean-Marc Mickeler	Micha Missakian

6.4 SOCIETE GENERALE MANAGEMENT REPORT

BALANCE SHEET ANALYSIS

(In EURbn at 31 December)	31.12.2021	31.12.2020	Change
Interbank and money market assets	231	217	14
Loans to customers	341	319	22
Securities transactions	484	510	(26)
o.w. securities purchased under resale agreements	*198*	*217*	*(19)*
Other assets	178	209	(31)
o.w. option premiums	*87*	*102*	*(15)*
Tangible and intangible assets	3	3	
TOTAL ASSETS	**1,237**	**1,258**	**(21)**

(In EURbn at 31 December)	31.12.2021	31.12.2020	Change
Interbank and cash liabilities(1)	336	320	16
Customer deposits	399	408	(10)
Bonds and subordinated debt(2)	27	31	(4)
Securities transactions	261	261	
o.w. securities sold under repurchase agreements	*192*	*207*	*(15)*
Other liabilities and provisions	176	202	(25)
o.w. option premiums	*96*	*108*	*(12)*
Shareholder's equity	38	36	2
TOTAL LIABILITIES	**1,237**	**1,258**	**(21)**

(1) Including negotiable debt instruments.
(2) Including undated subordinated capital notes.

The global economic recovery accelerated in 2021 as restrictions to curb the spread of Covid-19 were lifted, massive vaccination campaigns were rolled out and governments and central banks rolled out the big guns to provide fiscal and monetary support.

In sharp contrast to the previous year roiled by the pandemic, financial markets rebounded throughout 2021. The pace of growth picked up in the United States, boosted by huge fiscal supports and the surge in consumer spending. Growth also expanded sharply in Europe in mid-2021. In France, GDP returned to pre-crisis levels in the third quarter.

This trend persisted through to the end of the year, despite inflationary pressure, in part due to the mismatch between strong demand and supply scarcities caused by disruptions in the production chains and reimposed restrictions to tackle virus outbreaks.

In this positive economic environment, Societe Generale posted exceptional results and demonstrated tight cost discipline and sound risk management.

At 31 December 2021, the balance sheet total was EUR 1,237 billion, down EUR 21 billion from the position at 31 December 2020.

The Interbank and money market assets line increased by EUR 14.5 billion *versus* 31 December 2020. Amounts outstanding with the French central bank, the Banque de France, rose EUR 5 billion, mainly due to the ECB's operations to provide financing to credit institutions. Amounts due from banks increased EUR 9 billion, primarily related to financing of Group subsidiaries.

Money market liabilities increased to the tune of EUR 16 billion. Term borrowings from banks rose EUR 14.6 billion, bank refinancing increased EUR 3.6 billion, while demand deposits were up EUR 6.3 billion. Conversely, issuance volume of euro medium-term notes (EMTN) debt securities declined EUR 9.4 billion.

Loans to customers rose EUR 22 billion on an increase in short-term loans of EUR 11.1 billion, in equipment loans of EUR 1.1 billion and in mortgage lending of EUR 3.3 billion. Overdrafts increased by EUR 9.4 billion, chiefly with Group subsidiaries, while loans to subsidiaries fell EUR 4.5 billion. Customer deposits declined a net EUR 10 billion as customer deposits increased and short-term loans to subsidiaries decreased.

Securities transactions declined EUR 26 billion for assets and were stable for liabilities.

Bonds and other fixed-income securities fell EUR 16.8 billion on the increase in rates observed during the year and expectations that the Federal Reserve is set to start tightening. Treasury notes and similar securities declined EUR 6.8 billion and securities purchased under repo agreements fell EUR 19.4 billion, while shares and other equity securities rose EUR 16.1 billion in a bull market.

Other financial assets and liabilities were down EUR 31 billion and EUR 25 billion, respectively. These falls stem from the lower values of derivatives as a result of 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 65 billion);
- customer deposits, down EUR 10 billion, which make up a significant share (32%) of total balance sheet resources;
- resources (EUR 221 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 110 billion);
- resources from securities sold under repurchase agreements to customers and banks (EUR 192 billion), which declined relative to 2020.

INCOME STATEMENT ANALYSIS

	2021			2020			Changes 2021-2020 *(%)*		
(In EURbn)	France	Outside France	Societe Generale	France	Outside France	Societe Generale	France	Outside France	Societe Generale
Net banking income	**8,125**	**2,827**	**10,952**	**5,794**	**2,696**	**8,490**	**40**	**5**	**29**
Total operating expenses	(7,887)	(1,649)	(9,536)	(7,370)	(1,616)	(8,986)	7	2	6
Gross operating income	**238**	**1,178**	**1,416**	**(1,576)**	**1,080**	**(496)**	**(115)**	**9**	**(385)**
Cost of risk	(133)	26	(107)	(855)	(727)	(1,582)	(84)	(104)	(93)
Operating income	**105**	**1,204**	**1,309**	**(2,431)**	**353**	**(2,078)**	**(104)**	**241**	**(163)**
Income/(loss) on long-term investments	604	57	661	654	(3)	651	(8)	(2,000)	2
Operating income before income tax	**709**	**1261**	**1970**	**(1,777)**	**350**	**(1,427)**	**(140)**	**260**	**(238)**
Income tax	414	(389)	25	(7)	(134)	(141)	(6,014)	190	(118)
Net income	**1,123**	**872**	**1,995**	**(1,784)**	**216**	**(1,568)**	**(163)**	**304**	**(227)**

Societe Generale posted EUR 1.4 billion in operating income in 2021 as the post-Covid recovery took hold, compared with a loss of EUR 0.5 billion in 2020.

Net banking income (NBI) gained EUR 2.5 billion (+29%) to EUR 11 billion *vs.* 2020. Income rose across all our businesses:

- French Retail Banking's net banking income was up slightly (EUR +0.1 billion) in comparison to 2020 in a resilient performance. Fee income rose 7% year-on-year, mainly attributable to higher financial fees as the economy recovered, which partially offset the 5% contraction in net interest margin with rates still at rock bottom. Retail Banking pursued the drive to transform its network and the merger between the Crédit du Nord and Societe Generale bank networks has gone ahead on target. The plan aims to boost the Bank's positioning in the French retail banking market, with more than 10 million customers;
- Global Banking and Investor Solutions rebounded compared with 2020, lifted by brisk activity in equity derivatives. Note that the pandemic and extreme volatility in financial markets in reaction to government health restrictions to contain the virus tool their toll on these activities, especially in the first half of 2020. However, this uptick tends to obscure a more nuanced picture. The healthy growth in revenue for Equities was mitigated by the decline in Fixed Income and Foreign Exchange:
  - income from Equities and Securities powered ahead in 2021, reflecting the remarkable recovery in the Equity derivatives business. Equities put in its best performance since 2009, making the most of a buoyant stock market and optimum volatility levels over the year. Moreover, the Bank's exposure to losses in 2021 was reduced as a result of the defensive action taken to recalibrate its risk profile in structured equities – with a heavy knock-on effect on costs in 2020,
  - revenue from Fixed Income and Currencies contracted 25% in 2021 in less favourable market conditions, as spreads tightened and customer demand for fixed-income products fell,
  - Financing and Advisory Services saw revenue pick up 7% over the period, buoyed by brisk momentum in advisory, mergers and acquisitions;

- the Corporate Centre, which includes management of the Group's investment portfolio, grew net banking income by EUR 0.9 billion as dividends paid to subsidiaries increased by EUR 0.7 billion compared with 2020. The main reason for the rise was the favourable base effect created by 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 generated by the pandemic;
- general operating expenses rose EUR 0.5 billion (+6%) year-on-year:
  - management overheads came out at EUR 4.4 billion at 31 December 2021, an increase of EUR 0.2 billion (+5%) relative to 2020. Underlying management overheads declined EUR 0.1 billion. The higher contribution to the Single Resolution Fund (SRF) accounted for EUR 0.1 billion of this item in 2021 and the costs of the merger between the retail network and Credit du Nord makes up EUR 0.2 billion,
  - payroll expense totalled EUR 5.1 billion, a rise of EUR 0.3 billion (+6%) on 2020, reflecting the effects of the economic recovery on collective and variable compensation post-pandemic;
- the net cost of risk was EUR 0.1 billion at end-2021, a healthy fall of EUR 1.5 billion year-on-year. In 2020, the Bank put aside substantial provisions to cover the impacts of the pandemic, especially on performing loans. But the quality of the loan portfolio drove down the cost of risk in 2021, while the Group retained its prudent provisioning policy.

The combination of these items pushed up operating income by EUR 3.4 billion *vs.* 2020 to EUR 1.3 billion at 31 December 2021.

- In 2021, Societe Generale booked EUR 0.7 billion in gains on fixed assets, essentially arising from the sale of Lyxor Asset Management and Lyxor International Asset Management. You are reminded that the gains on fixed assets in 2020 had to do with the positive revaluation of some subsidiaries and the resulting write-back of EUR 0.5 billion in impairment provisions, as well as the capital gain on the partial conversion of Visa Inc. securities in the amount of EUR 0.2 billion.
- Income tax fell by EUR 0.2 billion. The 2021 tax charge increased by EUR 0.2 billion and reflects the increase in pre-tax operating income over the period, offset by the fall in deferred taxes for EUR 0.4 billion, particularly in France and in the United States. Updated projections for the 2021 financial year have improved. As a result, Societe Generale recognised EUR 0.2 billion in deferred tax assets, compared to a deferred tax expense of EUR 0.7 billion in 2020 following a review of tax loss carry-forwards that factored in the uncertainties inherent in the Covid-19 crisis in projected taxable income.

Net income after tax amounted to EUR 2 billion at end-2021 *versus* a loss of EUR 1.6 billion at the 2020 year end.

TRADE PAYABLES PAYMENT SCHEDULE

	31.12.2021						31.12.2020					
	Payables not yet due						Payables not yet due					
(In EURbn)	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	41	91	-	-	-	132	18	48	-	-	-	66

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 in three to seven days.

In accordance with Article D. 441-6 of the French Commercial Code, as worded pursuant to French Decree No. 2021-11 of 26 February 2021, the information on supplier payment times is given in the table below:

- the banking, insurance and financial services businesses (loans, financing and commissions) are excluded from the scope.

	31.12.2021					
	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	26	2,111	894	423	4,470	7,898
Total amount of invoices (incl. tax) concerned *(In EURm)*	1	19	9	6	32	66
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 times 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.

	31.12.2021					
	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	8	95	44	64	1,445	1,648
Total amount (incl. tax) of invoices concerned *(In EURm)*(1)	-	7	2	5	52	66
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 times 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 44 million of disputed payables.

SOCIETE GENERALE FINANCIAL RESULTS: FIVE-YEAR SUMMARY

(in EURm)	2021	2020	2019	2018	2017
Financial position at year end					
Share capital *(in EURm)*[(1)]	1,067	1,067	1,067	1,010	1,010
Number of shares outstanding[(1)]	853,371,494	853,371,494	853,371,494	807,917,739	807,917,739
Total income from operations *(in EURm)*					
Revenue excluding tax[(2)]	27,128	27,026	34,300	30,748	27,207
Earnings before tax, depreciation, amortisation, provisions, employee profit sharing and general reserve for banking risks	2,470	365	3,881	19	1,704
Employee profit sharing	15	6	11	11	11
Income tax	(25)	141	(581)	(616)	(109)
Earnings after tax, depreciation, amortisation and provisions	1,995	(1,568)	3,695	1,725	800
Dividends paid[(3)]	1,877	-	1,777	1,777	1,777
Adjusted earnings per share *(in EUR)*					
Earnings after tax but before depreciation, amortisation and provisions	2.91	0.24	5.16	0.72	2.20
Net income	2.34	(1.84)	4.33	2.14	0.99
Dividend paid per share	1.65	0.55	2.20	2.20	2.20
Employees					
Headcount	43,319	44,531	46,177	46,942	46,804
Total payroll *(in EURm)*	3,554	3,408	3,754	3,128	3,560
Employee benefits (Social Security and other) *(in EURm)*	1,655	1,475	1,554	1,525	1,475

(1) At 31 December 2021, 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.

(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.

Main changes in the investment portfolio in 2021

In 2021, Societe Generale carried out the following transactions:

Outside France	In France
Creation	**Creation**
-	-
Acquisition of interest	**Acquisition of interest**
-	-
Acquisition	**Acquisition**
-	-
Increase of interest	**Increase of interest**
Visa Inc.	Shine
Subscription to capital increases	**Subscription to capital increases**
-	Boursorama SA, Treezor, Societe Generale Ventures, Shine
Full disposal	**Full disposal**
-	Lyxor Asset Management, Lyxor International Asset Management
Reduction of interest[(1)]	**Reduction of interest**[(1)]
-	Caisse de Refinancement de l'Habitat

(1) Including capital reductions, dissolution by transfer of assets, mergers and liquidations.

The table below summarises the ownership of Societe Generale S.A. presenting a threshold crossing (as a percentage of direct ownership) in 2021:

	Crossing above the threshold				Crossing below the threshold		
Threshold	**Companies**	**% of capital at 31.12.2021**	**% of capital at 31.12.2020**	**Threshold**	**Companies**	**% of capital at 31.12.2021**	**% of capital at 31.12.2020**
5%				5%			
10%				10%			
20%				20%			
33.33%				33.33%			
50%				50%			
66.66%	Shine[(1)]	80.6%	53.7%	66.66%	Lyxor Asset Management [(1)]	0%	100%

(1) Ownership in the French entities, in accordance with Article L. 233.6 of the French Commercial Code.

6.4.1 INFORMATION REQUIRED PURSUANT TO ARTICLE L. 511-4-2 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, soybean, oats, cattle, lean hogs, milk and rice. Within this scope, Societe Generale offers vanilla products on organised markets and in index-based products. Exposure to agricultural commodities can be provided through single- or 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, canola and wheat;
- CME group for corn, soybean, soybean oil, soybean 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 the 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 2021, 32,758 dormant bank accounts were closed. The total amount deposited with the Caisse des Dépôts et Consignations was EUR 29,267,997.97.

336,262 bank accounts were identified as dormant at the end of December 2021, representing an estimated total of EUR 2,297,952,102.18.

6.5 FINANCIAL STATEMENTS

6.5.1 PARENT COMPANY BALANCE SHEET

ASSETS

(In EURm)		31.12.2021	31.12 2020
Cash, due from central banks and post office accounts		138,486	133,323
Treasury notes and similar securities	Note 2.1	46,992	53,806
Due from banks	Note 2.3	187,185	176,309
Customer loans	Note 2.3	444,357	443,343
Bonds and other debt securities	Note 2.1	104,622	121,389
Shares and other equity securities	Note 2.1	109,629	93,568
Affiliates and other long-term securities	Note 2.1	943	992
Investments in related parties	Note 2.1	23,850	23,446
Tangible and intangible fixed assets	Note 7.2	2,939	2,934
Treasury stock	Note 2.1	630	131
Accruals, other accounts receivables and other assets	Note 3.2	177,663	208,801
TOTAL		**1,237,296**	**1,258,042**

OFF-BALANCE SHEET ITEMS

(In EURm)		31.12.2021	31.12.2020
Loan commitments granted	Note 2.3	249,393	228,424
Guarantee commitments granted	Note 2.3	221,912	225,915
Commitments made on securities		20,729	19,645

LIABILITIES AND SHAREHOLDERS' EQUITY

(In EURm)		31.12.2021	31.12.2020
Due to central banks and post office accounts		5,118	1,489
Due to banks	Note 2.4	314,011	301,788
Customer deposits	Note 2.4	497,734	513,860
Liabilities in the form of securities issued	Note 2.4	113,037	125,053
Accruals, other accounts payables and other liabilities	Note 3.2	234,551	243,121
Provisions	Note 7.3	11,250	12,529
Long-term subordinated debt and notes	Note 6.4	23,639	23,786
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	13,338	15,361
Net income	Note 6.1	1,995	(1,568)
SUB-TOTAL		**37,956**	**36,416**
TOTAL		**1,237,296**	**1,258,042**

OFF-BALANCE SHEET ITEMS

(In EURm)		31.12.2021	31.12.2020
Loan commitments received from banks	Note 2.4	67,942	70,008
Guarantee commitments received from banks	Note 2.4	64,927	60,479
Commitments received on securities		26,352	23,886

6.5.2 INCOME STATEMENT

(In EURm)		2021	2020
Interest and similar income	Note 2.5	15,060	16,540
Interest and similar expense	Note 2.5	(13,504)	(16,246)
Dividend income	Note 2.1	1,915	1,177
Fee income	Note 3.1	4,932	4,464
Fee expense	Note 3.1	(2,169)	(1,920)
Net income from the trading portfolio	Note 2.1	4,428	4,125
Net income from short-term investment securities	Note 2.1	533	99
Income from other activities(1)		186	2,044
Expense from other activities(1)		(429)	(1,793)
Net banking income	**Note 7.1**	**10,952**	**8,490**
Personnel expenses	Note 4.1	(5,129)	(4,783)
Other operating expenses(2)		(3,892)	(3,577)
Impairment, amortisation and depreciation		(515)	(626)
Gross operating income		**1,416**	**(496)**
Cost of risk	Note 2.6	(107)	(1,582)
Operating income		**1,309**	**(2,078)**
Net income from long-term investments	Notes 2.1	661	651
Operating income before tax		**1,970**	**(1,427)**
Income tax	Note 5	25	(141)
Net Income		**1,995**	**(1,568)**
Earnings per ordinary share	**Note 6.3**	**2.36**	**(1.84)**
Diluted earnings per ordinary share		**2.36**	**(1.84)**

(1) The decrease of the Income and Expenses from other activities is mainly explained by the announcement in 2019 to terminate Societe Generale's market making activities on commodities derivatives. As a reminder at 31 December 2020, the income and expenses amounted respectively to EUR 1,821 million and EUR 1,579 million.

(2) o/w. EUR 476 million related to the 2021 contribution to the Single Resolution Fund (SRF) (EUR 377 million as at 31 December 2020).

Information about fees paid to Statutory Auditors is disclosed in the notes to the consolidated financial statements of Societe Generale Group; consequently, this information is not provided in the notes to the parent company financial statements of Societe Generale.

6.6 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The parent company financial statements were approved by the Board of Directors on 9 February 2022.

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 still impacted 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.

Transactions performed in the Global Markets activity are generally marked to market at year-end, except for loans, borrowings and short-term investment securities which are recorded at nominal value. When these financial instruments are not quoted in an active market, the market value used is adjusted to take into account liquidity risk, future management fees and, if any, counterparty risk.

3. Translation of foreign currency financial statement

The on- and off-balance sheet items of branches reporting in foreign currencies are translated at the official exchange rate prevailing at year-end. The income statement items of these branches are translated at the average quarter-end exchange rate. Translation gains and losses arising from the translation of the capital contribution, reserves, retained earnings and net income of foreign branches, which result from changes in exchange rates, are included in the balance sheet under “Accruals, other accounts payable/receivable and other liabilities/assets”.

4. Use of estimates and judgment

In compliance with the accounting principles and methods applicable to the preparation of the financial statements and stated in the notes to the present document, the Management makes assumptions and estimates that may have an impact on the figures recorded in the income statement, the valuation of assets and liabilities on the balance sheet, and the information disclosed in the notes to the parent company financial statements.

In order to make these assumptions and estimates, the Management uses the information available as at the date of preparation of the financial statements and can exercise its own judgment. By nature, valuations based on these estimates involve risks and uncertainties about their materialization in the future. Consequently, the actual future results may differ from these estimates and may then have a significant impact on the financial statements.

The assumptions and estimates made in preparing these annual financial statements takes into account current uncertainties on 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 withdrawal agreement (Brexit) entered into force on 1 January 2021. Societe Generale has been granted a transitional authorisation to continue its activities in London for two years and is currently in the process of obtaining its permanent licence. To date, the European Commission has granted British clearing houses temporary equivalence status until 30 June 2022.

Societe Generale continues to monitor the negotiations between the United Kingdom and the European Union regarding financial services and takes account of the short-/mid-/long-term consequences of the Brexit in the assumptions and estimates selected to prepare the statutory financial statements.

CLIMATE RISK

Climate change is accelerating and urgent as unprecedent change are more than ever necessary. As the 6th report of the Intergovernmental panel for climate change (IPCC), the world needs urgent, global and coordinated actions to contain the global warming.

Societe Generale has been engaged in the fight against climate change for many years now. And the Bank remains committed to support an extensive shift towards a decarbonised and more resilient economy.

Environmental risk factors are liable to trigger or increase the risks for which Societe Generale is exposed. Societe Generale thus considers that climate change-related risks are not a new risk category but rather an aggravating factor for categories already covered by the risk management system. The integration of climate-related risks is based on the existing governance and processes and follows a standard approach (identification, quantification, definition of the risk appetite, control and mitigation).

Among climate risks, Societe Generale distinguishes between transitional risk and physical risk in compliance with the risk terminology proposed by the TCFD (Task force on Climate-related Financial Disclosures). The impact of transitional risk on the credit risk of Societe Generale's corporate customers has been identified as the major climate risk. To measure this impact, indicators aimed at reinforcing credit analysis on the most exposed counterparties in the sectors identified as particularly vulnerable are gradually developed.

Societe Generale continues its work to gradually integrate climate risks in the preparation of its statutory financial statements.

5. Update of the recommendation n°2013-02 related to the principles of measurement and recognition of pension obligations and assimilated benefits for the statutory and consolidated financial statements prepared according to french accounting standards

The French ANC – *Autorité des Normes Comptables* (French accounting standards authority) modified on 5 November 2021 the recommendation n°2013-02 related to the principles of measurement and recognition of pension obligations and assimilated benefits for the statutory and consolidated financial statements prepared according to French accounting standards.

This update introduced a choice of method for the allocation and recognition in the income statement of the benefit rights for defined benefit plans with benefit rights depending on seniority, with a maximum caped amount and requiring the presence of the employee in the Company when he reaches the retirement age. The change resulting from this choice of method is qualified as change of accounting method.

As Societe Generale choose to apply this new method, its application led to remeasure the plan obligations with similar features as those described in the updated recommendation (end of career compensation). The retroactive effect of this change of accounting method has been recognised in equity on 1 January 2021 for a net amount of EUR 13 million.

This change of accounting method impacts Notes 4 and 6.

6. Covid-19

Two years after the outbreak of the Covid-19 pandemic, the year 2021 was marked by an economic upturn in several major economies, in particular as a result of the deployment of vaccines. However, these dynamics are affected by persistent frictions in the global supply chains and labour markets, and by longer delivery times in the manufacturing sector and a reduced capacity of supply in the service sector, which have led to rising costs. Uncertainties remain regarding new developments in the sanitary crisis (emergence of the Omicron variant and slow deployment of vaccines in some countries).

Against this background, the multi-scenario approach selected in 2020 has been maintained for preparing the statutory accounts as at 31 December 2021; in particular, Societe Generale uses macro-economic scenarios in its measurement models for credit risk impairment and provision (see Note 2.6) and in its impairment test for differed tax assets (see Note 5).

Societe Generale also maintained the use of methodological adjustments (see Note 2.6) to take account of the support measures adopted since 2020 by public authorities, and the remaining uncertainties related to the Covid-19 crisis.

These various topics are detailed hereafter to shed light on the financial consequences of the crisis and the way they have been taken into account in the preparation of the statutory financial statements.

MACRO-ECONOMIC SCENARIOS AND WEIGHTING

As at 31 December 2021, Societe Generale has maintained the coexistence of four scenarios:

- the central scenario (SG Central), weighted at 50%, expects no new widespread closures, and assumes that the remaining social distancing measures, such as masks, will enable most sectors to operate almost as usual;
- a scenario of prolonged health crisis (SG Extended), weighted at 10%, expects a new sanitary shock from the end of 2021, reproducing the lockdown pattern with increased social distancing measures as observed at the end of 2020 and in Spring 2021;
- lastly, two additional scenarios, one favourable (SG Favourable) weighted at 10% and one stress (SG Stress) weighter at 30%, supplement these two scenarios. The favorable scenario envisages a stronger GDP growth than the central scenario owing to unexpected productivity gains leading to a potentially higher GDP. The stress scenario corresponds to a crisis situation leading to a negative deviation in GDP compared to the central scenario. This scenario may result from a financial crisis (2008 crisis, Euro area crisis), an exogenous crisis (Covid) or a combination of both.

These scenarios are developed by the Economic and Sector Research Departmentof Societe Generale based, in particular, on information published by statistical institutes. Forecasts from institutions (IMF, Global Bank, ECB, OECD, etc.) and the consensus among market economists serve as a reference to ensure the consistency of the scenarios thus constructed.

COVID-19 SUPPORT MEASURES

The moratoriums granted by Societe Generale in the context of the sanitary crisis through mass treatment have now expired, with a resumption of reimbursements without incident for most customers.

LOANS SUPPORTED BY THE GOVERNMENT

In addition to the moratoriums, Societe Generale contributed to the implementation of support measures decided by the authorities through the examination and allocation of State Guaranteed Loan facilities (*Prêts Garantis par l'État* (PGE) in French) and Participatory Recovery Equity Loans (*Prêts Participatifs Relance* (PPR).

Thus, Societe Generale will offer, until 30 June 2022, to its customers affected by the crisis (professionals and corporate customers), the allocation of State Guaranteed Loan facilities (PGE) within the framework of the 2020 French Amending Finance Act and the conditions set by the French decree of 23 March 2020. These are financings granted at cost price and guaranteed by the government for a share of the borrowed amount between 70 to 90% depending on the size of the borrowing enterprise (with a waiting period of two months after disbursement at the end of which the guarantee period begins). With a maximum amount corresponding, in the general case, to three months of turnover before tax, these loans come with a one-year repayment exemption. At the end of this year, the customer can either repay the loan or amortise it over one to five more years, with the possibility of extending the grace period for the repayment of principal for one year (in line with the announcements made by the French *Ministre de l'Économie, des Finances et de la Relance* on 14 January 2021) without extending the total duration of the loan.

The remuneration conditions of the guarantee are set by the State: the bank keeps only a share of the guarantee premium paid by the borrowers (the amount of which depends on the size of the Company and the maturity of the loan) remunerating the risk it bears, which corresponds to the part of the loan not guaranteed by the State (*i.e.,* between 10% and 30% of the loan depending on the size of the borrowing company). This share of the guarantee premium kept by the bank is assimilated to interest income.

These State Guaranteed Loan facilities (PGE) have been recorded among Customer loans. The share of the guarantee premium received from the borrowers and kept by the bank to compensate the share of risk not guaranteed by the French State is spread over the effective lifetime of the loans in net income amongst Interest and similar income, as for the contractual interests.

Provisions and impairment for credit risk recognised for the State Guaranteed Loan facilities take into account of the effect of the French State guarantee. The models for calculating impairment and provisions for credit risk 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.

At 31 December 2021, the State Guaranteed Loan facilities represent an outstanding of approximately EUR 10.1 billion (including EUR 2.7 billion in underperforming loans and EUR 0.5 billion of doubtful loans). The amount of credit risk impairment and provisions recorded as at 31 December 2021 related to these State Guaranteed Loan facilities represent approximately EUR 64.1 million, without predominance of a specific sector.

Based on the scenarios presented above, and after taking into account methodological adjustments and support measures, the cost of risk for the financial year 2021 represents a net loss of EUR 107 million, decreasing from EUR 1,475 million (-93%) compared to financial year 2020.

A French decree published on 19 January 2022, amending the decree published on 23 March 2020, allows some companies to benefit, under certain conditions, from an extension of their PGE repayment deadlines from 6 to 10 years. The possible impacts of this decree will be presented in the 2022 financial statements.

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 Crédit du Nord to form a new one (the VISION 2025 project).

In the fourth quarter of 2021, Societe Generale presented the proposed organisation of its new Retail Banking in France, which will result from the legal merger of Credit du Nord and Societe Generale. The net income of the financial year 2021 includes EUR 166 million of expenses related to this project. These expenses mainly represent restructuring costs already incurred during the year as well as the gradual recognition of the cost of voluntary redundancy measures, the accounting treatment of which has been assimilated to that of post-employment benefits.

8. Acquisition project of leaseplan by ald in order to create a leader of the mobility business

Societe Generale announced the signing by Societe Generale and ALD of two separate *Memorandums of Understanding* providing for the acquisition by ALD of 100% of the capital of LeasePlan from a consortium led by TDR Capital in order to create a leading actor of the mobility solutions business.

The intended acquisition of LeasePlan for a total amount of EUR 4.9 billion would be financed by securities and cash. Societe Generale would ensure a capital increase with preferred subscription rights of EUR 1.3 billion and would be committed to remain the majority shareholder of the new group ("NewALD") with a capital share of about 53% at the closing of this transaction, the LeasePlan shareholders would receive a capital share of 30.75% as share based payment. The LeasePlan shareholders would receive also warrants that could increase the capital share *pro forma* up to 32.9% in case of exercise, decreasing the capital share of Societe Generale to around 51%.

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

	31.12.2021				31.12.2020			
(In EURm)	Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities(1)	Total	Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities(2)	Total
Trading securities	**26,742**	**109,347**	**51,139**	**187,228**	**31,612**	**91,824**	**68,789**	**192,225**
Short-term investment securities	**20,106**	**190**	**10,153**	**30,449**	**22,049**	**1,659**	**10,893**	**34,601**
Gross book value	20,175	209	10,410	30,794	22,115	1,704	11,138	34,957
Impairment	(69)	(19)	(257)	(345)	(66)	(45)	(245)	(356)
Long-term investment securities	**56**	**-**	**43,321**	**43,377**	**53**	**-**	**41,715**	**41,768**
Gross book value	56	-	43,321	43,377	53	-	41,715	41,768
Impairment	-	-	-	-	-	-	-	-
Related receivables	**88**	**92**	**9**	**189**	**92**	**85**	**(8)**	**169**
TOTAL	**46,992**	**109,629**	**104,622**	**261,243**	**53,806**	**93,568**	**121,389**	**268,763**

(1) As at 31 December 2021, the amounts of bonds and other debt securities includes EUR 1,351 million of securities issued by public bodies.
(2) As at 31 December 2020, the amount of bonds and other debt securities includes EUR 2,319 million of securities issued by public bodies.

ADDITIONAL INFORMATION ON SECURITIES

(In EURm)	31.12.2021	31.12.2020
Estimated market value of short-term investment securities		-
Unrealised capital gains[(1)]	1,008	1,786
Estimated value of long-term investment securites:	-	-
Premiums and discounts relating to short-term and long-term investment securities	143	97
Investments in mutual funds:	17,888	19,258
■ French mutual funds	9,045	6,617
■ Foreign mutual funds	8,843	12,641
of which mutual funds which reinvest all their income	*4*	*4*
Listed securities[(2)]	360,427	352,066
Subordinated securities	110	110
Securities lent	62,158	52,122

(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 285,452 million as at 31 December 2021 against EUR 276,149 million as at 31 December 2020.

NOTE 2.1.2 AFFILIATES, INVESTMENTS IN RELATED PARTIES AND OTHER LONG-TERM SECURITIES

AFFILIATES AND OTHER LONG-TERM SECURITIES

(In EURm)	31.12.2021	31.12.2020
Banks	346	368
Others	670	686
Affiliates and other long-term securities before impairment	**1,016**	**1,054**
Impairment	(73)	(62)
TOTAL	**943**	**992**

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 +22 million;
- the acquisition of Visa Inc. shares held by Komerčni Banka and BRD: EUR +19 million;
- the entry in the consolidation perimeter of Treezor and Shine during the year: reclassification from the category "Affiliates and other long term securities" to "Investments in related parties" for EUR -91 million.

INVESTMENTS IN RELATED PARTIES

(In EURm)	31.12.2021	31.12.2020
Banks	**11,905**	**21,099**
Listed	5,355	5,194
Unlisted	6,550	15,905
Others	**15,652**	**6,103**
Listed	1,156	1,156
Unlisted	14,496	4,947
Investments in related parties before impairment	**27,557**	**27,202**
Impairment	(3,707)	(3,756)
TOTAL	**23,850**	**23,446**

All transactions with the related parties were concluded under normal market conditions.

The main changes are:

- the capital increase of Boursorama SA: EUR +120 million;
- the partial buyback of Shine shares held by minority shareholders and the capital increase of the entity: EUR +33 million;
- the full disposal of the shares of Lyxor Asset Management and Lyxor International Asset Management: EUR -222 million;
- the reclassification of the regulatory category for 14 entities without banking activity status from "Banks" to "Others" EUR -9,523 million;
- the entry in the consolidation perimeter of Treezor and Shine during the year: reclassification from the category "Affiliates and other long term securities" to "Investments in related parties" for EUR +91 million;
- the variation in translation differences of hedged securities of EUR +324 million.

The main change in the impairment is the recovery of the SG Americas Inc. impairment: EUR +44 million.

NOTE 2.1.3 TREASURY STOCK

ACCOUNTING PRINCIPLES

Societe Generale's shares acquired for allocation to employees are recorded as Short-term investment securities and presented under "Treasury stock" on the assets side of the balance sheet.

Societe Generale's shares held with a view to underpinning the share price or as part of arbitrage transactions on the CAC 40 index are recorded as Trading securities and presented under "Treasury stock" on the assets side of the balance sheet.

Societe Generale's shares acquired with the intend to cancel them are recorded as Long-term equity investments and presented under "Treasury stock" on the assets side of the balance sheet.

	31.12.2021			31.12.2020		
(In EURm)	**Quantity**	**Book value**[2]	**Market value**	**Quantity**	**Book value**[2]	**Market value**
Trading securities[1]	47,777	2	2	307,448	6	6
Short-term investment securities	5,962,006	160	180	4,512,000	125	77
Long-term equity investments[3]	16,247,062	468	491	-	-	-
TOTAL	**22,256,845**	**630**	**673**	**4,819,448**	**131**	**83**

Nominal value: EUR 1.25.

Market value per share: EUR 30.21 as at 31 December 2021.

(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 of 31 December 2021, 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.

(3) As at 31 December 2021, 16,247,062 Societe Generale shares were purchased on the market at a cost price of EUR 468 million, for the purpose of cancellation in accordance with the decision of the General Meeting of 19 May 2021. The capital reduction by cancellation of shares was carried out on 1 February 2022.

NOTE 2.1.4 DIVIDEND INCOME

(In EURm)	2021	2020
Dividends from shares and other equity securities	23	25
Dividends from affiliates and other long-term securities	1,892	1,152
TOTAL	**1,915**	**1,177**

The increase in Dividends from affiliates and other long-term securities is due in particular to the application, during the 2020 financial year, 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)	2021	2020
Net income from the trading portfolio:	**4,428**	**4,125**
Net income from operations on trading securities[1]	27,074	(16,296)
Net income from forward financial instruments	(23,197)	21,050
Net income from foreign exchange transactions	551	(629)
Net income from short-term investment securities:	**533**	**99**
Gains on sale	603	127
Losses on sale	(59)	(11)
Allocation of impairment	(39)	(31)
Reversal of impairment	28	14
TOTAL	**4,961**	**4,224**

(1) Of which EUR 1,872 million of received dividends on 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)	2021	2020
Long-term investment securities:	**(9)**	**-**
Net capital gains (or losses) on sale	(9)	-
Net allocation to impairment	-	-
Investments in subsidiaries and affiliates:	**589**	**635**
Gains on sale[1]	557	250
Losses on sale	-	(127)
Allocation to impairment[2]	(23)	(219)
Reversal of impairment[2]	55	731
Subsidies granted to affiliates (subsidiaries)	-	-
Net income from long term investment (see Note 7.2)	81	16
TOTAL	**661**	**651**

(1) As at 31 December 2021, the main sales are related to the full disposal of Lyxor Asset Management and Lyxor International Asset Management for EUR +555 million.
(2) Allocations and write-backs mainly concern related parties (See Note 2.1.2 – Investments in subsidiaries).

NOTE 2.2 Transactions on forward financial instruments

ACCOUNTING PRINCIPLES

Transactions on forward financial instruments on interest rates, foreign exchange rates or equities are used for trading or hedging purposes.

Nominal commitments on forward financial instruments are recorded as a separate off-balance sheet item. This amount represents the volume of current transactions and does not reflect the potential gain or loss associated with the market or counterparty risk on these transactions. Credit derivatives purchased to hedge credit risks on financial assets which are not valued at market value are classified and treated as guarantee commitments received.

The accounting treatment of income or expense on these forward financial instruments depends on the purpose of the transaction, as follows:

Hedging transactions

Income and expense on forward financial instruments used as hedge assigned from the beginning to an identifiable item or group of similar items are recognised in the income statement symmetrically to the income and expense on the hedged items. Income and expense on interest rate instruments are recorded as net interest income in the same interest income or expense account as the items hedged. Income and expense on other instruments such as equity instruments, stock market indexes or currencies are recognised under "Net income" from short-term investment securities.

Income and expense on forward financial instruments used to hedge or manage an overall interest rate risk are recognised in the income statement over the life of the instrument under "Net income" from the trading portfolio.

Market transactions

Market transactions include:

- the instruments traded on organised or similar markets and other instruments, such as credit derivatives and composite option products, which are included in the trading portfolio although they are traded over-the-counter on less liquid markets;
- some debt securities with a forward financial instrument component for which this classification in the accounts most appropriately reflects the results and associated risks.

These transactions are measured at their market value as at the closing date. When financial instruments are not quoted in an active market, this value is generally determined based on internal models. Where necessary, these valuations are adjusted for reasons of prudence by applying a discount (Reserve Policy). This discount is determined on the basis of the instruments concerned and the associated risks, and takes into account:

- a conservative valuation of all the instruments, regardless of the liquidity of the corresponding market;
- a reserve calculated based on the size of the exposure and intended to cover the risk that Societe Generale will be unable to liquidate the investment in one go due its size;
- an adjustment for the reduced liquidity of the instruments and for model risk in the case of complex products as well as transactions on less liquid markets (less liquid since they have been developed recently or are more specialised).

Furthermore, for over-the-counter transactions on forward interest rate instruments, these valuations also take into account counterparty risk and the present value of the future management fees.

The corresponding gains or losses are directly recognised as income or expense for the period, regardless of whether they are realised or unrealised. They are recognised in the income statement as Net income from the trading portfolio.

The gains or losses corresponding to the contracts concluded as part of the cash management activities managed by the trading room in order to benefit from any interest rate fluctuations, are recorded when these contracts are settled or *prorata temporis* over the life of the contracts, depending on the type of instrument. Any unrealised losses are provisioned at year-end and the corresponding amounts are recorded under "Net income" from the trading portfolio.

NOTE 2.2.1 FORWARD FINANCIAL INSTRUMENTS COMMITMENTS

(In EURm)	Fair Value Trading transactions	Hedging transactions	Total at 31.12.2021	31.12.2020
Firm transactions	**12,122,006**	**11,291**	**12,133,297**	**11,490,432**
Transactions on organised markets	3,051,560	85	3,051,645	2,269,157
Interest rate futures	*763,728*	-	*763,728*	*601,776*
Foreign exchange futures	*1,946,901*	-	*1,946,901*	*1,323,058*
Other futures contracts	*340,931*	*85*	*341,016*	*344,323*
OTC agreements	9,070,446	11,206	9,081,652	9,221,275
Interest rate swaps	*7,736,968*	*11,008*	*7,747,976*	*7,713,524*
Currency financing swaps	*940,360*	*198*	*940,558*	*848,996*
Forward Rate Agreeements (FRA)	*366,517*	-	*366,517*	*628,659*
Other	*26,601*	-	*26,601*	*30,096*
Optional transactions	**3,708,460**	**149**	**3,708,609**	**3,395,553**
Interest rate options	1,675,125	-	1,675,125	1,655,940
Foreign exchange options	670,033	149	670,182	259,649
Equity and index options	1,315,274	-	1,315,274	1,439,610
Other options	48,028	-	48,028	40,354
TOTAL	**15,830,466**	**11,440**	**15,841,906**	**14,885,985**

NOTE 2.2.2 FAIR-VALUE OF THE TRANSACTIONS QUALIFIED AS HEDGING

(In EURm)	31.12.2021	31.12.2020
Firm transactions	**1,688**	**4,163**
Transactions on organised markets	38	(89)
Interest rate futures	-	-
Foreign exchange futures	-	-
Other forward contracts	*38*	*(89)*
OTC agreements	1,650	4,252
Interest rate swaps	*1,738*	*4,002*
Currency financing swaps	*(88)*	*250*
Forward Rate Agreements (FRA)	-	-
Other	-	-
Optional transactions	**-**	**-**
TOTAL	**1,688**	**4,163**

NOTE 2.2.3 MATURITIES OF FINANCIAL DERIVATIVES (NOTIONAL AMOUNTS)

(In EURm)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Firm transactions	**2,310,425**	**2,517,076**	**3,640,349**	**3,665,448**	**12,133,297**
Transactions on organised markets	1,399,351	687,122	289,159	676,013	3,051,645
OTC agreements	911,074	1,829,954	3,351,190	2,989,435	9,081,652
Optional transactions	**879,552**	**828,553**	**982,777**	**1,017,726**	**3,708,609**
TOTAL	**3,189,977**	**3,345,629**	**4,623,126**	**4,683,174**	**15,841,906**

NOTE 2.3 Loans and receivables

ACCOUNTING PRINCIPLES

Amounts due from banks and customer loans are classified according to their initial duration and type: demand deposits (current accounts and overnight transactions) and term deposits for credit institutions, commercial loans, overdrafts and other loans to customers. They also include the securities purchased from banks or customers under resale agreements, and the loans secured by notes and securities.

Only the amounts due and customer loans that meet the following criteria are offset on the balance sheet: those with the same counterparty, maturity, currency and accounting entity, and those for which an agreement exists with the counterparty allowing the bank to combine the accounts and exercise the right of offset.

The interest accrued on these receivables is recorded as Related receivables and recognised in the income statement under “Interest income and expenses”.

The fees and commissions received and the incremental transaction costs related to the granting of a loan (finder’s and handling fees) are comparable to interest and spread over the effective life of the loan.

The loan commitments recorded on the off-balance sheet reflect transactions that have not yet resulted in cash flows, such as the irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

If a commitment bears a proven credit risk that makes it probable that Societe Generale will not recover all or part of the amounts due under the counterparty’s commitment in accordance with the original terms of the contract, the corresponding outstanding loan is classified as a doubtful loan, despite the existence of a guarantee. Moreover, any loan will be classified as doubtful if one or more repayments are more than three months overdue (six months for mortgage loans and nine months for loans to local authorities), or if, regardless of any missed payments, it can be assumed that there is a proven risk, or if legal proceedings have been started.

If a loan to a given debtor is classified as doubtful, all the outstanding loans and commitments to that debtor are reclassified as doubtful, regardless of whether or not they are backed by a guarantee.

Impairment for unrealised losses and for doubtful loans is recorded for the amount of probable loss (see Note 2.6).

Restructuring of loans and receivables

When an asset recorded under “Due from banks” or “Customer loans” is restructured, contractual changes that would not have been considered in other circumstances are made to the amount, term or financial conditions of the initial transaction approved by Societe Generale, due to the financial difficulties or insolvency of the borrower (whether this insolvency is proven or will definitely occur unless the debt is restructured). The restructured financial assets are classified as impaired and the borrowers are considered to be in default.

These classifications are maintained for at least one year and for as long as some uncertainty remains for Societe Generale as to the borrowers’ ability to meet their commitments. At the restructuring date, the carrying amount of the restructured financial asset is decreased to the present amount of the estimated new future recoverable cash flows discounted using the initial effective interest rate. This loss is booked in the income statement under “Cost of risk”. The restructured financial assets do not include the loans and receivables subject to commercial renegotiations.

Loans and receivables may be subject to commercial renegotiations provided that the borrowing customer is not experiencing financial difficulties and is not insolvent. Such transactions thus involve customers whose debt Societe Generale is willing to renegotiate in the interest of maintaining or developing a commercial relationship, in accordance with the credit granting rules, and without relinquishing any principal or accrued interest.

These renegotiated loans and receivables are derecognised as at the renegotiation date and replaced as at the same date on the balance sheet by the new loans, contractualised under the renegotiated conditions. These new loans are subsequently measured at amortised cost, based on the effective interest rate arising from the new contractual conditions and taking into account the renegotiation fees billed to the customer.

NOTE 2.3.1 DUE FROM BANKS

(In EURm)	31.12.2021	31.12.2020
Demand deposits and loans	**7,382**	**6,902**
Current accounts	6,744	6,365
Overnight deposits and loans	638	537
Loans secured by notes-overnight	-	-
Term accounts and loans	**179,824**	**169,427**
Term deposits and loans	83,369	74,859
Securities purchased under resale agreements	94,713	93,129
Subordinated and participating loans	1,192	1,157
Loans secured by notes and securities	-	-
Related receivables	550	282
Due from banks before impairment	**187,206**	**176,329**
Impairment	(21)	(20)
TOTAL(1)(2)	**187,185**	**176,309**

(1) As at 31 December 2021 doubtful loans amounted to EUR 45 million (of which EUR 17 million were non-performing loans) against EUR 57 million (of which EUR 17 million were non-performing loans as at 31 December 2020).

(2) Including amounts receivable from subsidiaries: EUR 83,462 million as at 31 December 2021 against EUR 75,027 million as at 31 December 2020.

NOTE 2.3.2 CUSTOMER LOANS

(In EURm)	31.12.2021	31.12.2020
Overdrafts	31,581	22,182
Discount of trade notes	1,407	1,393
Other loans(1)(2)(3)	309,556	297,393
Loans secured by notes and securities	204	83
Securities purchased under resale agreements	102,909	123,880
Related receivables	1,057	1,006
Customer loans before impairment	**446,714**	**445,937**
Impairment	(2,357)	(2,594)
TOTAL(4)(5)	**444,357**	**443,343**

(1) Including pledged loan: EUR 86,822 million (EUR 83,262 million as at 31 December 2020) of which amounts eligible for refinancing with Banque de France: EUR 7,312 million as at 31 December 2021 (EUR 5,897 million as at 31 December 2020).

(2) Of which participating loans: EUR 2,097 million as at 31 December 2021 (EUR 2,840 million as at 31 December 2020).

(3) As at 31 December 2021 doubtful loans amounted to EUR 5,726 million (of which EUR 2,166 million were non-performing loans) against EUR 6,139 million (of which EUR 2,296 million were non-performing loans) as at 31 December 2020.

(4) Of which amounts receivable from subsidiaries: EUR 113,524 million as at 31 December 2021 (EUR 139,476 million as at 31 December 2020).

(5) Including restructured loans: EUR 5,090 million as at 31 December 2021 against EUR 1,437 million as at 31 December 2020.

The detail of other loans is composed of:

(In EURm)	31.12.2021	31.12.2020
Short-term loans	91,362	80,266
Export loans	12,383	10,227
Equipment loans	51,400	50,347
Housing loans	76,479	73,131
Lease financing agreements	-	-
Other loans	77,932	83,422
TOTAL	**309,556**	**297,393**

NOTE 2.3.3 COMMITMENTS GRANTED

(In EURm)	31.12.2021	31.12.2020
Loan commitments	**249,393**	**228,424**
To banks	61,178	42,579
To customers	188,215	185,845
Guarantee commitments	**221,912**	**225,915**
On behalf of banks	117,685	138,030
On behalf of customers	104,227	87,885

Commitments granted to subsidiaries are those granted to related parties for EUR 69,796 million as at 31 December 2021 (EUR 74,001 million as at 31 December 2020).

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 to 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.

The bonds are presented in the assets on the balance sheet within the investment portfolio for an amount of EUR 4,382 million as at 31 December 2021 as a result of underlying housing loans amortisation (EUR 5,346 million as at 31 December 2020).

On 27 January 2022, Societe Generale ended the securisation by the buy back of the entire portfolio of housing loans, the simultaneous repayment of the bonds and the liquidation of the fund. These operations have had no impact on the bank’s net income.

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)	31.12.2021	31.12.2020
Demand deposits	**26,404**	**20,082**
Demand deposits and current accounts	26,404	20,082
Borrowings secured by notes – overnight	-	-
Term deposits	**194,509**	**179,915**
Term deposits and borrowings	194,509	179,915
Borrowings secured by notes and securities	-	-
Related payables	**288**	**310**
Securities sold under repurchase agreements	**92,810**	**101,481**
TOTAL	**314,011**	**301,788**

Related parties payables amount to EUR 107,154 million as at 31 December 2021 (EUR 85,868 million as at 31 December 2020).

The European Central Bank (ECB) launched in 2019 a third series of Targeted Longer-Term Refinancing Operations (TLTRO) with the aim of maintaining favourable credit conditions in the euro area. As in the two previous systems, the level of remuneration of the borrowings depends on the performance of the borrowing banking institutions in terms of loans granted to their household customers (excluding real estate loans) and business customers (excluding financial institutions). Depending on these performances, the borrowing institutions may benefit from a reduced interest rate and an additional temporary bonus applicable from 24 June 2020 to 23 June 2021 (reduction by 50 basis points of the average rate of the deposit facility with a floor rate set at -1%). These TLTRO III operations are conducted on a quarterly basis between September 2019 and December 2021, for a possible total of 10 drawdowns. Each such operation has a three-year maturity and includes an early repayment option. Some terms and conditions were modified in March 2020, in particular the loan production objectives, rate conditions and drawdown limit, in order to further support the granting of loans at the outset of the Covid-19 crisis. In January 2021, the ECB decided to extend the temporary additional bonification over the period from 24 June 2021 to 23 June 2022 subject to performance in terms of number of granted loans observed over a new reference period from 1 October 2020 to 31 December 2021.

Societe Generale have subscribed to TLTRO III loans through quarterly drawings staggered between December 2019 and December 2021. As at 31 December 2021, the total outstanding amount drawn is EUR 60.6 billion.

Once Societe Generale has little doubt of being eligible for the bonus rates provided for, the latter are taken into account to determine the amount of interest recognised in profit or loss for the TLTRO loans; this amount is then computed based on a weighted rate spreading the bonus over the expected life of the drawdowns concerned.

Societe Generale has reached its objective of stability of the outstanding amount of eligible loans between 1 March 2020 and 31 March 2021 allowing it to benefit from a reduced interest rate as well as from additional temporary bonuses applied between 24 June 2020 and 23 June 2021. As at 31 December 2021, Societe Generale already had little doubt that it could benefit from these bonuses and had thus taken them into account to calculate the amount of interest recognised in 2020 based on a weighted average rate of -0.67%; the confirmation that the required objectives had indeed been met as at 31 March 2021 has thus not changed the pace of recognition of these interests.

As early as the end of September 2021, Societe Generale had little doubt that it would reach its objective of stability of the outstanding amount of eligible loans between 1 October 2020 and 31 December 2021, which was confirmed at the end of the year, allowing it to benefit from a reduced interest rate as well as from additional temporary bonuses applied between 24 June 2021 and 23 June 2022. The weighted average rate of the TLTRO borrowings has thus been adjusted as early as September to -0.63% and -0.83% depending on the drawdown dates. The retroactive impact of this adjustment has generated a EUR 0.1 billion income included in the total amount of negative interest on the TLTRO borrowing recorded in 2021 under "Interest and similar expense" for EUR 0.5 billion (EUR 0.2 billion in 2020).

NOTE 2.4.2 CUSTOMER DEPOSITS

(In EURm)	31.12.2021	31.12.2020
Regulated savings accounts	**57,652**	**55,434**
Demand	40,179	37,790
Term	17,473	17,644
Other demand customer deposits	**166,133**	**148,391**
Businesses and sole proprietors	90,103	71,447
Individual customers	41,767	39,232
Financial customers	26,341	31,008
Others	7,922	6,704
Other term customer deposits	**174,497**	**203,945**
Businesses and sole proprietors	53,336	53,176
Individual customers	76	121
Financial customers	117,510	147,347
Others	3,575	3,301
Related payables	**384**	**453**
Securities sold to customers under repurchase agreements	**99,068**	**105,637**
TOTAL	**497,734**	**513,860**

Related parties due to customers amount EUR 113,509 million as at 31 December 2021 (EUR 131,901 million as at 31 December 2020).

NOTE 2.4.3 LIABILITIES IN THE FORM OF SECURITIES ISSUED

ACCOUNTING PRINCIPLES

The liabilities in the form of securities issued are classified by type of security: loan notes, interbank market certificates and negotiable debt instruments, bonds and other debt securities, but exclude subordinated notes which are classified under “Subordinated debt”.

The interest accrued is recorded as related payables with a counterpart entry in the income statement. Bond issuance and redemption premiums are amortised on a straight-line or actuarial basis over the life of the related borrowings. The resulting expense is recorded in the income statement under “Interest and similar expense”.

Bond issuance costs accrued over the period are all recorded as expenses for the period “Interest and similar expense” in the income statement.

(In EURm)	31.12.2021	31.12.2020
Loan notes	-	-
Bond borrowings	-	1,630
Interbank market certificates and negotiable debt instruments	112,598	122,875
Related payables	439	548
TOTAL	**113,037**	**125,053**

Related parties payables amount for EUR 342 million as at 31 December 2021 (EUR 1,524 million as at 31 December 2020).

NOTE 2.4.4 COMMITMENTS RECEIVED

(In EURm)	31.12.2021	31.12.2020
Loan commitments received from banks	67,942	70,008
Guarantee commitments received from banks	64,927	60,479

Related parties commitments amount for EUR 13,096 million as at 31 December 2021 (EUR 9,494 million as at 31 December 2020).

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.

	2021			2020		
(In EURm)	Income	Expense	Net	Income	Expense	Net
Transactions with banks	**1,152**	**(1,096)**	**56**	**1,534**	**(1,714)**	**(180)**
Transactions with central banks, post office accounts and banks[1]	655	(660)	(5)	843	(1,087)	(244)
Securities sold under repurchase agreements and borrowings secured by notes and securities	497	(436)	61	691	(627)	64
Transactions with customers	**8,976**	**(5,162)**	**3,814**	**9,937**	**(8,068)**	**1,869**
Trade notes	13	-	13	24	-	24
Other customer loans	8,434	-	8,434	8,917	-	8,917
Overdrafts	222	-	222	227	-	227
Regulated savings accounts	-	(482)	(482)	-	(596)	(596)
Other customer deposits	-	(4,379)	(4,379)	-	(6,760)	(6,760)
Securities sold/bought under repurchase agreements and borrowings secured by notes and securities	307	(301)	6	769	(712)	57
Bonds and other debt securities	**2,662**	**(4,213)**	**(1,551)**	**2,414**	**(3,274)**	**(860)**
Other interest expenses and related income	**2,270**	**(3,033)**	**(763)**	**2,655**	**(3,190)**	**(535)**
TOTAL	**15,060**	**(13,504)**	**1,556**	**16,540**	**(16,246)**	**294**

(1) Negative interests on TLTRO borrowing are deducted from expenses under "Transactions with central banks, post office accounts and banks". (see Note 2.4).

The detail of other customer loans is composed of:

(In EURm)	2021	2020
Short-term loans	1,233	1,500
Export loans	190	220
Equipment loans	851	910
Housing loans	1,149	1,213
Other customer loans	5,011	5,074
TOTAL	**8,434**	**8,917**

NOTE 2.6 Impairment and provisions

NOTE 2.6.1 IMPAIRMENT AND PROVISIONS FOR CREDIT RISK

COVID-19 CRISIS

As at 31 December 2021, to account for uncertainties related to the continuing sanitary crisis, Societe Generale has updated the model and post-model adjustments in keeping with 2020.

It will be recalled that in 2020, in response to the Covid-19 crisis, the models and parameters used to estimate impairment and provisions for credit risk had been reviewed and updated based on new economic scenarios. Sectoral and other adjustments had been updated to supplement the application of these models. A new criterion had also been established for reclassifying loans as underperforming loans.

These adjustments are taken into account to estimate the impairment and provisions for credit risk, except for the additional criterion for transfer to underperforming loans which concerns the classification of loans outstanding.

UPDATE OF THE MODELS AND PARAMETERS USED TO ESTIMATE THE IMPAIRMENT AND PROVISIONS FOR CREDIT RISK

The models used to estimate impairment and provisions for credit risk did not reflect accurately, in determining future default rates, the economic uncertainties stemming from the current crisis.

Consequently, Societe Generale made some adjustments to its models to better reflect the impact of economic scenarios on credit risk impairment and provisions:

- GDP adjustments: in order to take into account the increase of expected defaults in 2021 and 2022, Societe Generale has revised its models and retained for each quarter from 2021 to 2022 the average variation in GDP over the past eight quarters compared to a base of 100 in 2019. This adjustment is not performed for 2023 to 2025;
- adjustment of the margin rate of French companies: to prepare the statutory financial statements as at 31 December 2020, an add-on, that had been included on the margin rate of French companies in 2020, has been removed in 2021 owing to the INSEE (French National Institute of Statistics and Economic studies) taking account of the impact of the support measures in its margin rate forecasts.

ADJUSTMENTS SUPPLEMENTING THE APPLICATION OF MODELS

To better reflect the deterioration of the credit risk on some portfolios or business sectors, Societe Generale updated the existing adjustments made in addition to the application of models such as sectoral adjustments and adjustments for the use of simplified models.

At the time when these sectoral adjustments are reviewed and where consistent with the provisioning horizon, the possible impact of climate risks on the determination of impairment and provisions for credit risk has been integrated (see Note 1).

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 and granted before the crisis.

NOTE 2.6.1.1 IMPAIRMENT FOR CREDIT RISK

ACCOUNTING PRINCIPLES

The value of impairment allowance for doubtful outstandings is equal to the difference between the gross carrying amount of the asset and the present value of the estimated future recoverable cash flows, taking into account any guarantees, discounted at the original effective interest rate. Furthermore, the amount of this impairment may not be less than the full amount of the interest not collected on the doubtful loan.

The effects of financial guarantees received to compensate losses on a portfolio of loans are recorded among assets impairment.

The impairment allowances, impairment reversals, losses on bad debts and recoveries of impaired debts are recognised under “Cost of risk”, along with write-backs of impairment linked to the passage of time.

Doubtful loans can be reclassified as performing loans once the proven credit risk has been definitively eliminated and regular payments have resumed according to the original terms of the contract. Similarly, the doubtful loans that have been restructured can be reclassified as performing loans. When a loan is restructured, any difference between the cash flows expected to be received under the initial terms of the contract and the present value of the future flows of capital and interest expected to be received under the new terms, is discounted at the original effective interest rate.

The amount deducted is recognised under “Cost of risk”. If the restructured loan is subsequently reclassified as a performing loan, this deduction is reincorporated into net interest income over the remaining term of the loan.

When a borrower’s solvency is such that after the loan has been classified as doubtful for a reasonable period, it is not foreseeable that it will be reclassified as a performing loan, this loan is identified as a non-performing loan. A loan is classified as non-performing once the bank has formally demanded payment, or when the contract is terminated and in any case one year after it was classified as doubtful, except where the original terms of the contract have been respected or where the loan is covered by guarantees which ensure its recovery. Loans that have been restructured and for which the borrower has not respected the new conditions are also classified as non-performing.

(In EURm)	Amount as at 31.12.2020	Net cost of risk	Other income statement	Used Reversals	Change in scope and reclassifying	Amount as at 31.12.2021
Banks	20	1	-	-	-	21
Customer loans	2,594	182	-	(449)	30	2,357
Other	78	-	5	-	-	83
TOTAL[(1)]	**2,692**	**183**	**5**	**(449)**	**30**	**2,461**

(1) Of which impairment for non-performing loans: EUR 1,741 million.

NOTE 2.6.1.2 PROVISIONS FOR CREDIT RISK

ACCOUNTING PRINCIPLES

Provisions for off-balance sheet commitments (provisions for commitments by signature)

Provisions for off-balance sheet commitments represent the Societe Generale's probable losses incurred by Societe Generale following the identification of a proven credit risk on an off-balance sheet financing or guarantee commitment that would not be considered as a derivative instrument or designated as financial assets at fair value through profit or loss.

Collective provisions for credit risk

Without waiting for the incurred credit risk to individually affect one or more receivables or commitments and in order to provide a better information regarding its activity, a provision is recognised by Societe Generale for the amount of credit losses that are expected to incur on performing outstandings over the next year.

12-month expected credit losses are calculated taking into consideration past data and the current situation. Accordingly, the amount of impairment equals to the present value of the expected credit losses, taking into account the probability of a default event occurring within the next 12 months and if any, the impact of collateral called up or liable to be called up.

Moreover, identification, amongst homogeneous portfolios, of a significant deterioration of the credit risk leads to the recognition of a provision for the amount of credit losses that are expected to incur on those underperforming outstandings over the life of the exposures (lifetime expected credit loss).

Lifetime expected credit losses are calculated taking into consideration past data, the present situation and reasonable forecasts of changes in economic conditions and relevant macroeconomic factors through to maturity. Accordingly, the amount of impairment is equal to the present value of the expected credit losses, taking into account the probability of a default event occurring through to maturity, and, if need be, the impact of collateral called up or liable to be called up.

Changes in collective provisions for credit risk are recorded under "Cost of risk".

<u>Comments related to the identification of the downgrading of credit risk:</u>

To identify the exposures covered by the collective provision for credit risk, Societe Generale determines whether or not there is a significant increase in credit risk based on the available historical and prospective information (behaviour scoring, loan to value indicators, 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 31.12.2020	Net cost of risk	Change in scope and reclassifying	Amount as at 31.12.2021
Provisions for off-balance sheet commitments to banks	-	-	-	-
Provisions for off-balance sheet commitments to customers	149	15	3	167
Collective provisions for credit risk on performing loans	390	48	4	442
Collective provisions for credit risk on under performing loans	1,197	(185)	(27)	985
TOTAL	**1,736**	**(122)**	**(20)**	**1,594**

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)	2021	2020
Net allocations to impairment and provisions for receivable and off-balance sheet commitments	(61)	(1,467)
Losses not covered and amounts of recoveries on loans written off	(46)	(115)
TOTAL	**(107)**	**(1,582)**
of which gain on revaluation of currency hedge of provisions	*2*	*(5)*

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 special 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)	31.12.2021	31.12.2020
Mortgage savings plans (PEL)	**15,703**	**16,161**
Less than 4 years old	444	490
Between 4 and 10 years old	8,502	9,510
More than 10 years old	6,757	6,161
Mortgage savings accounts (CEL)	**1,198**	**1,106**
TOTAL	**16,901**	**17,267**

OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO MORTGAGE SAVINGS AGREEMENTS (PEL/CEL)

(In EURm)	31.12.2021	31.12.2020
Less than 4 years old	0	-
Between 4 and 10 years old	2	6
More than 10 years old	7	9
TOTAL	**9**	**15**

PROVISIONS FOR COMMITMENTS LINKED TO MORTGAGE SAVINGS AGREEMENTS (PEL/CEL)

(In EURm)	31.12.2020	Allocations	Reversals	31.12.2021
Mortgage savings plans (PEL)	**306**	**6**	**(50)**	**262**
Less than 4 years old	-	0	-	0
Between 4 and 10 years old	28	6	-	34
More than 10 years old	278	-	(50)	228
Mortgage savings accounts (CEL)	**2**	**11**	**-**	**13**
TOTAL	**308**	**17**	**(50)**	**275**

The level of provisions is sensitive to the long-term interest rates. Since the long-term rates were low during 2021, 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 1.62% of total outstandings as at 31 December 2021.

METHODS USED TO ESTABLISH THE PARAMETERS FOR VALUING PROVISIONS

The parameters used for estimating the future behaviour of customers are derived from historical observations of customer behaviour patterns over a long period (more than 10 years). The values of these parameters can be adjusted whenever changes are made to regulations that may undermine the effectiveness of past data as an indicator of future customer behaviour.

The values of the various market parameters used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these items for the periods in question, in line with the Retail Banking division’s policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps *vs.* Euribor yield curve on valuation date, averaged over a 12-month period.

NOTE 2.6.3 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 31.12.2020	Net allocations	Reversals	Change in scope and reclassifying	Amount as at 31.12.2021
Provisions for forward financial instruments	7,825	1,070	(2,716)	272	6,451

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 (based on the business plans defined by the entities), and the average share price over the last three months. Unrealised capital gains are not recognised in the accounts but an impairment on portfolio securities is recorded to cover unrealised capital losses. Allocations to and reversals of impairment as well as any capital gains or losses realised on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are recognised under "Net income" from long-term investments.

(In EURm)	31.12.2021	31.12.2020
Short-term investment securities	345	356
Long-term investment securities	-	-
Affiliates and other long-term securities	73	62
Investments in related parties	3,707	3,756
TOTAL	**4,125**	**4,174**

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.

	2021			2020		
(In EURm)	Income	Expense	Net	Income	Expense	Net
Transactions with banks	86	(43)	44	95	(62)	33
Transactions with customers	1,595	(27)	1,567	1,436	(27)	1,409
Securities transactions	449	(999)	(550)	418	(846)	(428)
Primary market transactions	103	-	103	83	-	83
Foreign exchange transactions and forward financial instruments	265	(408)	(143)	232	(404)	(172)
Loan and guarantee commitments	840	(401)	439	757	(360)	397
Services	1,594	-	1,594	1,443	-	1,443
Other	-	(291)	(291)	-	(221)	(221)
TOTAL	**4,932**	**(2,169)**	**2,763**	**4,464**	**(1,920)**	**2,544**

NOTE 3.2 Accruals, other assets and liabilities

NOTE 3.2.1 ACCRUALS, OTHER ACCOUNTS RECEIVABLES AND OTHER ASSETS

(In EURm)	31.12.2021	31.12.2020
Other assets	**136,990**	**148,148**
Guarantee deposits paid(1)	44,834	42,202
Miscellaneous receivables	3,157	2,445
Premiums on options purchased	87,172	101,934
Settlement accounts on securities transactions	1,709	1,447
Other	118	120
Accruals and similar	**40,757**	**60,731**
Prepaid expenses	406	384
Deferred taxes	3,073	3,299
Accrued income	1,183	1,162
Other(2)	36,095	55,886
Accruals, other accounts receivables and other assets before impairment	**177,747**	**208,879**
Impairment	(84)	(78)
TOTAL	**177,663**	**208,801**

(1) Mainly relates to guarantee deposits paid on financial instruments.
(2) Including derivative instruments valuation for EUR 24,238 million as at 31 December 2021 (EUR 48,577 million as at 31 December 2020).

NOTE 3.2.2 ACCRUALS, OTHER ACCOUNTS PAYABLES AND OTHER LIABILITIES

(In EURm)	31.12.2021	31.12.2020
Securities transactions	**69,128**	**54,341**
Amounts payable for borrowed securities	23,598	15,542
Other amounts due for securities	45,530	38,799
Other liabilities	**138,602**	**146,688**
Guarantee deposits received(1)	39,489	38,034
Miscellaneous payables	716	(905)
Premiums on options sold	96,277	108,078
Settlement accounts on securities transactions	1,948	1,358
Other securities transactions	16	21
Related payables	156	102
Accruals and similar	**26,821**	**42,092**
Accrued expenses	3,668	2,716
Deferred taxes	12	2
Deferred income	1,708	1,670
Other(2)	21,433	37,704
TOTAL	**234,551**	**243,121**

(1) Mainly relates to guarantee deposits received on financial instruments.
(2) Including derivative instruments valuation for EUR 9,781 million (EUR 26,901 million as at 31 December 2020).

BREAKDOWN OF AMOUNTS PAYABLE FOR BORROWED SECURITIES

(In EURm)	31.12.2021	31.12.2020
GROSS BOOK VALUE OF AMOUNTS PAYABLE FOR BORROWED SECURITIES	**184,969**	**177,208**
Borrowed securities from trading securities deducted from related payables(1)	**161,371**	**161,666**
Treasury notes and similar securities	111,953	97,012
Shares and other equity securities	32,986	53,743
Bonds and other debt securities	16,432	10,911
NET TOTAL	**23,598**	**15,542**

(1) Including re-lent securities for EUR 29,466 million as at 31 December 2021 (EUR 24,379 million as at 31 December 2020).

NOTE 4 EXPENSES AND EMPLOYEE BENEFITS

NOTE 4.1 Personnel expenses and remuneration of members of the Board of Directors and Chief Executive Officers

ACCOUNTING PRINCIPLES

The Personnel expenses include all expenses related to the staff, notably the cost of the legal employee profit-sharing as well as the cost of internal restructuring plans.

Short-term employee benefits are recorded under “Personnel expenses” during the period according to the services provided by the employee.

The accounting principles relating to post-employment benefits and other long-term benefits are described in Note 4.2; those related to share-based payments are described in Note 4.3.

NOTE 4.1.1 PERSONNEL EXPENSES

(In EURm)	2021	2020
Employee compensation	3,357	3,252
Social security benefits and payroll taxes	1,553	1,460
Employer contribution, profit sharing and incentives	219	71
TOTAL	**5,129**	**4,783**
Average staff	**43,319**	**44,531**
In France	39,369	40,266
Outside France	3,950	4,265

Analysis of employer contribution, profit sharing and incentives for the last five years:

(In EURm)	2021	2020	2019	2018	2017
Societe Generale	**219**	**71**	**168**	**223**	**191**
Profit sharing	15	6	11	11	11
Incentives	163	22	99	150	136
Employer contribution	41	43	58	62	44
Subsidiaries	**-**	**-**	**-**	**-**	**-**
TOTAL	**219**	**71**	**168**	**223**	**191**

NOTE 4.1.2 REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICERS

Total attendance fees paid in 2021 to the Company's Directors amounted to EUR 1.7 million. The remuneration paid in 2021 to the senior management (Chairman of the Board, the Chief Executive Officer and his deputies) amounted to EUR 6.0 million (including EUR 1.8 million of variable pay paid in cash or in shares for 2015 to 2020 fiscal years and EUR 0.3 million of long term incentives paid in cash or in shares for 2013 fiscal year).

NOTE 4.2 Employee benefits

ACCOUNTING PRINCIPLES

Employee benefits are divided into four categories:

- short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled within twelve months of the end of the annual reporting period in which the employees render the related service, such as fixed and variable compensation, annual leave, taxes and social security contributions, mandatory employer contributions and profit-sharing;
- post-employment benefits, including defined contributions plans and defined benefit plans such as pension plans and retirement benefits;
- other long-term employee benefits are employee benefits that are not expected to be fully settled within twelve months, such as deferred variable compensation paid in cash and not indexed, long service awards and time saving accounts;
- termination benefits.

DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

(In EURm)	Amount at 31.12.2020	Net allowances	Used Reversals	Change at scope	Amount at 31.12.2021
Post-employment benefits	1,211	42	-	(17)	1,236
Other long-term benefits	494	123	(90)	9	536
Termination benefits	312	(55)	(148)	1	110
TOTAL	**2,017**	**110**	**(238)**	**(7)**	**1,882**

The implementation of the updated Recommendation No. 2013-02 of 7 November 2013 related to the assessment and the recognition of pension obligations and assimilated benefits has resulted in the reversal of provisions against the shareholder's equity on 1 January 2021 for EUR 17 million before tax disclosed in column Change at scope (see Note 1, paragraph 5 and Note 6.1).

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 Societe Generale are located in France. They include state pension plans and other national pension plan such as AGIRC-ARRCO, as well as pension schemes put in place by some branches of the Societe Generale for which the only commitment is to pay annual contributions (PERCO).

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 RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

(In EURm)	31.12.2021	31.12.2020
A - Present value of defined benefit obligations	2,508	2,494
B - Fair value of plan assets	1,355	1,333
C - Fair value of separate assets	1,203	1,040
D - Change in assets ceiling	-	-
E - Unrecognised items	-	-
A - B - C + D - E = Net balance	**(50)**	**121**
On the liabilities side of the balance sheet	1,236	1,211
On the asset side of the balance sheet(1)	(1,286)	(1,090)

(1) This item includes excess in plan assets for EUR 83 million and separate assets for EUR 1,203 million as at 31 December 2021 against EUR 50 million and EUR 1,040 million as at 31 December 2020.

NOTE 4.2.2 INFORMATION REGARDING PLAN ASSETS

Funding assets include plan assets and separate assets.

The breakdown of the fair value of plan assets is as follows: 85% bonds, 8% equities and 7% other investments. Societe Generale's own financial instruments directly held are not significant.

Excess in funding assets are EUR 225 million.

Employer contributions to be paid to post-employment defined benefit plans for 2022 are estimated at EUR 2.9 million.

PNOTE 4.2.3 MAIN ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

(In percentage)	31.12.2021	31.12.2020
Discount rate		
France	0.85%	0.35%
United Kingdom	1.81%	1.24%
Other	1.94%	1.60%
Long-term inflation		
France	2.07%	1.23%
United Kingdom	3.47%	3.01%
Other	1.83%	1.25%
Future salary increase net of inflation		
France	1.60%	1.60%
United Kingdom	N/A	N/A
Other	0.63%	0.65%
Average remaining working lifetime of employees (in years)		
France	7.46	7.50
United Kingdom	4.00	4.00
Other	8.26	8.29
Duration (in years)		
France	13.96	14.03
United Kingdom	16.23	16.92
Other	16.18	16.83

The assumptions by geographical area are averages weighted by the present value of the Defined Benefit Obligation (DBO) with the exception of the expected returns on plan assets, which are averages weighted by the fair value of assets.

The yield curves used to discount the liabilities are corporate AA yield curves (source: Merrill Lynch) observed in the end of October for USD, GBP and EUR, and corrected at the end of December if the variation in discount rates had a significant impact.

Inflation rates used for EUR and GBP monetary areas are market rates observed in the end of October, and corrected at the end of December if the variation had a significant impact. Inflation rates used for the other monetary areas are the long-term targets of the central banks.

The average remaining working lifetime of employees is calculated taking into account turn over assumptions.

The assumptions described above have been applied on post-employment benefit plans.

NOTE 4.3 Free share plans

ACCOUNTING PRINCIPLES

In the case of share purchase options and free shares plans granted to employees without issuance of new shares, a provision must be recorded for the loss that the entity expects to incur when it will deliver treasury shares to the employees.

This provision is recorded under "Personnel expenses" for an amount equal to the difference:

- between the closing market price of the treasury shares and the exercise price (zero in the case of free shares) if the entity has not already purchased its treasury shares in order to give them to the employees;
- between the acquisition cost of the treasury shares already held and the exercise price (zero in the case of free shares) if the entity has already purchased the treasury shares in order to be allocated to employees.

If vesting conditions such as service or performance conditions must be satisfied for Societe Generale employees to become entitled to shares, the expense shall be accounted for the services as they are rendered by the employees during the vesting period.

In the case of stock option plans, no expense shall be recorded for the treasury shares to be issued.

NOTE 4.3.1 MAIN TERMS OF THE FREE SHARE PLANS OF THE YEAR

The plans for employees for the year ended 31 December 2021 are briefly described below:

Issuer	Societe Generale
Year of grant	2021
Type of plan	Performance shares
Number of free shares granted	2,604,579
Shares delivered	989
Shares forfeited as at 31.12.2021	60,809
Shares outstanding as at 31.12.2021	2,542,781
Number of shares reserved as at 31.12.2021	2,542,781

The performance conditions are described in the "Corporate Governance" section of the present document.

NOTE 4.3.2 AMOUNT OF THE DEBT RECORDED IN THE BALANCE SHEET AND THE EXPENSE OF THE YEAR

The amount of the debt recorded in the balance sheet for on-going plans is EUR 152 million, and yearly expense is EUR 101 million.

NOTE 4.3.3 INFORMATION RELATED TO TREASURY SHARES FOR 2021 AND 2020 PLANS

The number of treasury shares acquired in relation to the 2021 plans is 841,349 for a cost of EUR 25 million. The required additional 2,424,209 treasury shares were acquired in January 2022 (for a cost of EUR 80 million) to reach the total number of shares granted. The number of treasury shares acquired in relation to the 2020 plans is 2,179,466 for a cost of EUR 64 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 2021, 213 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)	**2021**	**2020**
Current taxes	305	533
Deferred taxes	(280)	(674)
TOTAL	**25**	**(141)**

2021 income tax includes a loss of EUR 7 million related to the effect of the tax consolidation compared to a loss of EUR 48 million for 2020 (213 subsidiaries included in the tax group in 2021 compared to 222 in 2020).The loss of tax integration, mostly related to the tax rates applicable to the re-billings of subsidiaries, decreased in 2021 as a result of the smaller gap between the tax rate applicable to entities whose turnover is less than EUR 250 million and the tax rate applicable to the tax group.

In compliance with the French tax provisions that define the ordinary corporate tax rate, the latter will be lowered to 25% in 2022 (article 219 of the French Tax Code) plus the existing national contribution (CSB) of 3.3%, i.e., a compound tax rate of 25.83%.

For fiscal year running from 1 January 2021 to 31 December 2021, for liable companies with a turnover equal to or greater than EUR 250 million, the ordinary tax rate is 27.5%, plus the existing national contribution (CSB) of 3.3%.

Long-term capital gains on equity investments are exempt, subject to taxation of a portion of fees and expenses at the full statutory tax rate. This portion of fees and expenses is 12% of gross capital gains only if the Company realises a net long-term capital gain.

Furthermore, under the parent-subsidiary regime, dividends from companies in which Societe Generale's equity interest is at least 5% are tax exempt, subject to 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 for tax adjustment represent liabilities whose timing or amount cannot be determined precisely.

Provisions may be recorded only:

- when, by virtue of an obligation related to the corporate income tax toward a tax authority, Societe Generale will probably or certainly incur an outflow of resources to this third-party without receiving at least the equivalent value in exchange;
- and when the amount of probable outflow of resources can be reliably estimated.

The expected outflows are then discounted to present value to determine the amount of the provision, when this discounting has a significant impact. Charge to and reversals of provisions for tax adjustments are booked to current taxes in the income statement under “Tax expenses/income”.

Information on the nature and the amount of the associated risks is not disclosed when Societe Generale considers that such disclosure could seriously undermine its position in a dispute with other parties on the subject matter of the provision.

(In EURm)	Amount as at 31.12.2020	Net allocations	Used reversals	Change in scope and reclassifying	Amount as at 31.12.2021
Provisions for tax adjustments	**8**	**43**	**-**	**1**	**52**

NOTE 5.3 Deferred tax assets

(In EURm)	31.12.2021	31.12.2020
Tax loss carryforwards	1,649	1,809
Gains on sales of assets to companies included in the tax consolidation, in France	(132)	(160)
Other (primarily relating to other reserves)	1,557	1,650
TOTAL	**3,074**	**3,299**

Societe Generale performs an annual review of its capacity to use tax loss carry-forwards, taking into account the tax system applicable to each tax entity concerned and a realistic forecast of its tax results. For this purpose, the tax results are determined based on the projected performance of the businesses. This performance corresponds to the estimated budget (scenario SG Central) over four years (from 2022 to 2025) extrapolated to 2026, which corresponds to a “normative” year.

These budgets notably take into account the impacts of the commitments to energy and environmental transition and regional development which are detailed in the Declaration of Non-Financial Performance.

The tax results also take into consideration the accounting and tax adjustments (including the reversal of the deferred tax assets and liabilities bases on temporary differences) applicable to the entities and jurisdictions concerned. These adjustments are determined on the basis of historical tax results and on the entity’s tax expertise. An extrapolation of the tax result is performed from 2026 on and over a timeframe considered reasonable and depending on the nature of the activities carried out within each tax entity.

On principle, the appreciation of the macro-economic factors selected and the internal estimates used to determine the tax results involve risks and uncertainties about their materialisation over the estimated timeframe for thartice absorption of the losses. These risks and uncertainties are especially related to possible changes in applicable tax rules (computation of the tax result, as well as allocation rules for tax loss carry-forwards) or materialization of the assumptions selected. These uncertainties are mitigated by robustness checks of the budgetary and strategic assumptions.

The updated projections show that the Societe Generale’s activated tax loss-carry forwards may likely be used against its 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 2021, 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)	31.12.2021	Statutory time limit on carryforwards	Expected recovery period
Total deferred tax assets relating to tax loss carryforwards	1,649		
o.w. French tax group[(1)]	*1,413*	*Unlimited*[(2)]	*8 years*
o.w. US tax group	*222*	*20 years*[(3)]	*7 years*
others	*14*		

(1) In 2020, the amount of deferred tax assets of French tax group amounted to EUR 1,505 million. This variation is explained on the one hand by the use of tax loss carry forwards on 2021 taxable result and on the other hand by the reduction in the amount of unrecognised tax losses.
(2) 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.
(3) Tax losses generated before December 2011.

Furthermore, as at 31 December 2021, deferred tax assets and liabilities not recognised on the asset side of the balance sheet concerned in particular:

(In EURm)	31.12.2021	31.12.2020
French tax group	520	650
Franchises in the United States of America	287	301
SG Singapore	82	71

As at 31 December 2021, the updated projections in France have improved owing to the rebound in the economy following the successive endings of the lockdowns and the shortening of the deficit absorption timeline. Consequently, the unrecognised portion of deferred tax assets on the French tax group has been reduced by EUR 130 million.

At the same time, defered tax assets of the United States of America tax group decreased by EUR 14 million due to the recognition of EUR 37 million of unrecognised differed tax and a foreign exchange effect of EUR -23 million.

With regard to the tax treatment of the loss caused by the actions of Jérôme Kerviel, Societe Generale considers that the judgment of the Versailles Court of Appeal of 23 September 2016 does not call into question its validity in light of the 2011 opinion of the French Supreme Administrative Court *(Conseil d'État)* and its established case law which was recently confirmed again in this regard. Consequently, Societe Generale considers that the related tax loss remains recoverable against the future taxable income (see Note 8).

NOTE 6 SHAREHOLDER'S EQUITY

NOTE 6.1 Changes in shareholders' equity

			Retained earnings					
(In EURm)	Capital Stock	Additional paid-in-capital	Legal reserve	Special reserves	Other reserves	Retained earnings	Net income of the period	Shareholders' equity
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**
Change in accounting methodology						13		13
As at 1 January 2021	**1,067**	**21,556**	**107**	**2,097**	**1,435**	**11,735**	**(1,568)**	**36,429**
2020 Income Allocation	**-**	**-**	**-**	**-**	**-**	**(1,568)**	**1,568**	**-**
Increase/Decrease in capital stock	-	-	-	-	-	-	-	-
Net income of the period	-	-	-	-	-	-	1,995	1,995
Dividends paid	-	-	-	-	-	(468)	-	(468)
Other movements	-	-	-	-	-	-	-	-
As at 31 December 2021	**1,067**	**21,556**	**107**	**2,097**	**1,435**	**9,699**	**1,995**	**37,956**

As at 31 December 2021, Societe Generale's fully paid-up capital amounts to EUR 1,066,714,367.50 and comprises 853,371,494 shares with a nominal value of EUR 1.25.

The dividends distribution performed by Societe Generale in 2021 amounted to EUR 468 million after elimination of treasury stock dividend for EUR 1.6 million.

The implementation of the updated Recommendation No. 2013-02 of 7 November 2013 related to the assessment and the recognition of pensions obligations and assimilated benefits has resulted in the reversal of provisions in the shareholder's equity on 1 January 2021 for EUR 13 million net of tax (see Note 1, paragraph 5).

NOTE 6.2 Proposed distribution of income

At the General Meeting of 17 May 2022, the Board of Directors will propose an allocation of income for the year ended 31 December 2021 and dividend distribution under the following terms:

(In EURm)	2021
Net income	1,995
Unappropriated retained earnings	9,699
TOTAL INCOME TO BE APPROPRIATED	**11,694**
Dividend	1,408
Retained earnings	10,286
TOTAL APPROPRIATED INCOME	**11,694**

The dividend corresponds to EUR 1,65 per share with a par value of EUR 1.25.

The amount of dividend of EUR 1,408 million to be paid to shareholders is calculated on the basis of an existing number of shares as at 31 December 2021.

NOTE 6.3 Net earnings per share

(In EURm)	31.12.2021	31.12.2020
Net income attributable to ordinary shareholders	**1,995**	**(1,568)**
Weighted average number of ordinary shares outstanding	846,261,490	850,384,674
Earnings per ordinary share *(in EUR)*	**2.36**	**(1.84)**
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	846,261,490	850,384,674
Diluted earnings per ordinary share *(in EUR)*	2.36	(1.84)

(1) The number of shares used in the dilution calculation is computed using the "share buy-back" method and takes into account free shares issues and stock-option plans.

NOTE 6.4 Subordinated debt

ACCOUNTING PRINCIPLES

This item includes borrowings, whether or not in the form of securitised debt, with fixed-term or undetermined duration, which in the event of liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Any accrued interest payable in respect of subordinated debt is recorded as related payables and as an expense in the income statement.

(In million) Issuance date	Currency	Amount issued	Maturity date	31.12.2021	31.12.2020
Undated subordinated capital notes					
1 July 1985	EUR	348	Undetermined duration	-	62
24 November 1986	USD	500	Undetermined duration	-	202
18 December 2013	USD	1750	Undetermined duration	1,545	1426
7 April 2014	EUR	1000	Undetermined duration	-	1000
29 September 2015	USD	1250	Undetermined duration	1,104	1019
13 September 2016	USD	1500	Undetermined duration	-	1222
6 April 2018	USD	1250	Undetermined duration	1,104	1019
4 October 2018	USD	1250	Undetermined duration	1,104	1019
16 April 2019	SGD	750	Undetermined duration	491	462
12 September 2019	AUD	700	Undetermined duration	448	440
18 November 2020	USD	1500	Undetermined duration	1,324	1222
26 May 2021	USD	1000	Undetermined duration	883	0
SUB-TOTAL				**8,003**	**9,093**
Subordinated long-term debts and notes					
21 July 2000	EUR	78	31 July 2030	7	9
16 August 2005	EUR	226	18 August 2025	216	216
07 April 2008	EUR	250	06 April 2023	155	155
15 April 2008	EUR	321	15 April 2023	321	321
28 April 2008	EUR	50	06 April 2023	50	50
14 May 2008	EUR	90	06 April 2023	90	90
14 May 2008	EUR	50	06 April 2023	50	50
14 May 2008	EUR	150	06 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
07 June 2013	EUR	1000	07 June 2023	1,000	1000
17 January 2014	USD	1000	17 January 2024	883	815
23 February 2018	EUR	1000	23 February 2028	1,000	1000
16 September 2014	EUR	1000	16 September 2026	-	1000
27 February 2015	EUR	1250	27 February 2025	1,250	1250
14 April 2015	USD	1500	14 April 2025	1,324	1222
15 April 2015	EUR	150	07 April 2026	150	150
2 June 2015	AUD	125	02 June 2027	80	79
10 June 2015	AUD	50	10 June 2025	32	31
12 June 2015	JPY	27800	12 June 2025	213	221
12 June 2015	JPY	2500	12 June 2025	19	20
22 July 2015	USD	50	23 July 2035	44	41
30 September 2015	JPY	20000	30 September 2025	153	158
21 October 2015	EUR	70	21 October 2026	70	70
24 November 2015	USD	1000	24 November 2025	883	815

(In million) Issuance date	Currency	Amount issued	Maturity date	31.12.2021	31.12.2020
24 November 2015	USD	500	24 November 2045	441	407
19 May 2016	SGD	425	19 May 2026	-	262
03 June 2016	JPY	15000	03 June 2026	115	119
03 June 2016	JPY	27700	03 June 2026	-	219
27 June 2016	USD	500	27 June 2036	441	407
20 July 2016	AUD	325	20 July 2028	208	204
19 August 2016	USD	1000	19 August 2026	883	815
13 October 2016	AUD	150	13 October 2026	96	94
16 December 2016	JPY	10000	16 December 2026	77	79
24 January 2017	AUD	200	24 January 2029	128	126
19 May 2017	AUD	500	19 May 2027	416	409
23 June 2017	JPY	5000	23 June 2027	39	40
18 July 2017	JPY	5000	27 July 2027	39	40
07 March 2018	JPY	6500	07 March 2028	50	51
13 April 2018	JPY	6500	13 April 2028	50	51
17 April 2018	JPY	6500	17 April 2028	50	51
24 October 2018	JPY	13100	24 October 2028	101	104
18 April 2019	AUD	300	18 May 2034	192	189
08 July 2020	USD	500	08 July 2035	441	407
24 November 2020	EUR	1000	24 November 2030	1,000	1000
01 March 2021	USD	1000	01 March 2041	883	0
01 April 2021	EUR	1000	30 June 2031	1,000	0
30 June 2021	JPY	7000	30 June 2031	54	0
19 July 2021	JPY	7000	12 July 2032	54	0
9 December 2021	AUD	80	9 December 2031	51	0
SUB-TOTAL(1)				**15,328**	**14,366**
Related payables				**308**	**327**
TOTAL(1)(2)				**23,639**	**23,786**

(1) The bank's global subordinated debt expense, net of tax and of the repurchase impact, amounted to EUR 1,108 million in 2021 (compared with EUR 1,097 million in 2020).

(2) Including debt with related parties EUR 43 million as at 31 December 2021 (EUR 43 million as at 31 December 2020).

The Board of Directors may decide to defer payouts on undetermined duration 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.

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 Geographical breakdown of net banking income[1]

	France		Europe		Amériques	
(In EURm)	2021	2020	2021	2020	2021	2020
Net interest and similar income[2]	2,595	805	371	249	370	306
Net fee income	2,195	2,077	309	259	168	145
Net income from financial transactions	3,649	2,728	1,075	1,123	27	69
Other net operating income	(314)	183	66	63	1	(1)
NET BANKING INCOME	**8,125**	**5,793**	**1,821**	**1,694**	**566**	**519**

	Asia/Océania		Africa		Total	
(In EURm)	2021	2020	2021	2020	2021	2020
Net interest and similar income[2]	135	109	-	1	3,471	1,470
Net fee income	90	63	-	0	2,762	2,544
Net income from financial transactions	210	304	-	0	4,961	4,224
Other net operating income	5	6	-	1	(242)	252
NET BANKING INCOME	**440**	**482**	**-**	**2**	**10,952**	**8,490**

(1) Geographical regions in which companies recording income is located.
(2) Including dividend income and net income from lease financing and similar agreements.

NOTE 7.2 Tangible and intangible fixed

ACCOUNTING PRINCIPLES

Tangible or intangible fixed assets include operating premises, investment property, software, etc.

Tangible and intangible fixed assets are carried at their purchase price on the asset side of the balance sheet, less depreciation, amortization and impairment. The purchase price of fixed assets include borrowing costs incurred to fund a lengthy construction period, along with all other directly attributable expenses. Software created in-house is recognised for its direct cost of development, that includes external expenditure on hardware and services and personnel costs directly attributable to the production and the preparation of the asset for use.

As soon as they are ready for use, tangible assets are depreciated using a component-based approach. Each component is depreciated over its own useful life.

For operating premises and investment property, the depreciation periods of the different components are between 10 to 50 years.

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

For the other fixed assets, depreciation periods have been defined based on the useful life of the assets considered which is generally estimated between 3 to 20 years.

Plant and equipment	5 years
Transport	4 years
Furniture	10-20 years
Office equipment	5-10 years
IT equipment	3-5 years
Software, developed or acquired	3-5 years
Concessions, patents, licences, etc.	5-20 years

If any, the depreciable value of each asset or component is reduced for its residual value. In the event of a subsequent decrease or increase of the residual value initially retained, the adjustment of the depreciable base shall affect the depreciation or amortisation plan of the asset prospectively.

Depreciation or amortisation allowances are recognised in the income statement under “Impairment, amortisation and depreciation”.

Gains or losses on disposal of operating assets are recorded in Net gains or losses on other assets.

NOTE 7.2.1 CHANGES IN TANGIBLE AND INTANGIBLE FIXED ASSETS

(In EURm)	31.12.2020	Acquisition/ Allocations	Disposals/ Reversals	Scope variation and other movements	31.12.2021
Intangible assets					
Gross book value	4,659	419	(29)	(31)	5,018
Impairment and amortisation	(2,977)	(279)	16	(5)	(3,245)
Tangible operating assets					
Gross book value	3,593	161	(132)	37	3,659
Impairment and depreciation	(2,344)	(231)	96	(17)	(2,496)
Tangible non-operating assets					
Gross book value	10	-	-	-	10
Impairment and depreciation	(7)	-	-	-	(7)
TOTAL	**2,934**	**70**	**(49)**	**(16)**	**2,939**

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)	31.12.2021	31.12.2020
Operating fixed assets:		
Gains on sale	88	24
Losses on sale	(7)	(8)
TOTAL	**81**	**16**

NOTE 7.3 Provisions

ACCOUNTING PRINCIPLES

On the liabilities side of the balance sheet, the section entitled Provisions comprises provisions on credit risk, on commitments related to mortgage savings accounts/plans (CEL/PEL), on forward financial instruments, on employee benefits, on tax adjustments and on risks and expenses.

NOTE 7.3.1 DETAILS OF THE PROVISIONS

(In EURm)	Amount as at 31.12.2020	Allocations	Reversals	Change in scope and reclassifying	Amount as at 31.12.2021
Provisions on credit risk (See Note 2.6.1)	1,736	861	(983)	(20)	1,594
Provision on commitments related to mortgage saving agreements (PEL/CEL) (See Note 2.6.2)	308	17	(50)	-	275
Provisions on forward financial instruments (See Note 2.6.3)	7,825	1,070	(2,716)	272	6,451
Provisions on employee benefits (See Note 4.2)	2,017	357	(485)	(7)	1,882
Provisions for tax adjustments (See Note 5.2)	8	44	(1)	1	52
Other provisions on risks and expenses	635	422	(124)	62	996
TOTAL	**12,529**	**2,771**	**(4,359)**	**308**	**11,250**

NOTE 7.2.2 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 sections of the income statement.

A description of the risks and disputes is provided in the Risk Management Report.

Information on the nature and the amount of the risks involved is not disclosed if Societe Generale estimates that such disclosure could seriously prejudice its position in a dispute with other parties on the subject matter of the provision.

Other provisions include provisions for restructuring (except staff costs), provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.

Societe Generale is subject to an extensive legal and regulatory framework in the countries where it operates. In this complex legal context, Societe Generale and some of its former and current representatives may be involved in various legal actions, including civil, administrative and criminal proceedings. The vast majority of these proceedings are part of Societe Generale's current business. In recent years, litigation with investors and the number of disputes involving financial intermediaries such as banks and investment advisors has increased, partly due to a difficult financial environment.

It is by nature difficult to foresee the outcome of disputes, regulatory proceedings and acts involving Societe Generale entities, particularly if they are initiated by various categories of complainants, if the amount of claims for damages is not specified or is indeterminate or if the proceedings have no precedent.

In preparing its financial statements, Societe Generale assesses the consequences of the legal, regulatory or arbitration proceedings in which it is involved. A provision is booked when losses from these proceedings become probable and the amount can be estimated reliably.

To assess the probability of losses and the amount of these losses, and thus to determine the amount of provisions to book, estimations are important. Management makes these estimates by exercising its judgement and taking into account all information available when financial statements are prepared. In particular, Societe Generale takes into account the nature of the dispute, the underlying facts, ongoing proceedings and court rulings already handed down, as well as its experience and the experiences of other companies dealing with similar cases (assuming that Societe Generale has knowledge thereof) and, where appropriate, the opinion and reports of experts and independent legal advisers.

Each quarter, Societe Generale carries out a detailed examination of pending disputes that present a significant risk. These disputes are described in the Note 8 "Information on risks and litigation".

NOTE 7.4 Breakdown of assets and liabilities by term of maturity

	Outstanding as at 31.12.2021					
(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	**323,364**	**149,321**	**283,494**	**146,433**	**(166,448)**	**736,164**
Due from banks	183,628	60,308	81,347	28,291	(166,389)	187,185
Customer loans	104,930	62,433	187,563	89,490	(59)	444,357
Bonds and other debt securities:	34,806	26,580	14,584	28,652	-	104,622
Trading securities	*33,788*	*15,299*	*2,043*	*16*	-	*51,146*
Short-term investment securities	*744*	*9,190*	*56*	*86*	-	*10,076*
Long-term investment securities	*274*	*2,091*	*12,485*	*28,550*	-	*43,400*
Liabilities	**605,719**	**163,211**	**220,906**	**101,392**	**(166,446)**	**924,782**
Due to banks	188,730	98,692	133,689	58,879	(165,979)	314,011
Customer deposits	391,935	39,038	53,091	14,130	(460)	497,734
Liabilities in the form of securities issued	25,054	25,481	34,126	28,383	(7)	113,037

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. unrealized gains and losses are recognised in the income statement. premiums and discounts resulting from hedged forward foreign exchange transactions are amortized to the income statement on a straight-line basis over the remaining maturity of these transactions.

	31.12.2021				31.12.2020			
(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	613,387	615,135	373,684	361,197	620,409	622,164	312,707	294,432
USD	410,505	408,844	711,327	696,403	375,744	374,715	535,170	505,931
GBP	64,809	65,439	177,947	172,373	74,531	75,098	167,163	172,862
JPY	43,542	42,886	76,804	86,614	75,144	74,252	58,996	76,705
Other currencies	105,053	104,992	430,353	437,961	112,214	111,813	240,199	254,400
TOTAL	**1,237,296**	**1,237,296**	**1,770,115**	**1,754,548**	**1,258,042**	**1,258,042**	**1,314,235**	**1,304,330**

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 26 February 2021 (published on 4 March 2021).

As of 31 December 2021, 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 EUR thousands or local currency)		2021			
Company/head office or establishment	Activity/division		Registered capital (local currency)(1)	Shareholders' equity other than capital (local currency)(1)	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	1,157,304	100.00
SG FINANCIAL SERVICES HOLDING	**Portfolio management**				
29, boulevard Haussmann – 75009 Paris – France	Corporate centre	EUR	1,641,835	212,422	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	283,023	100.00
GENEFINANCE	**Portfolio management**				
29, boulevard Haussmann – 75009 Paris – France	Corporate centre	EUR	1,000,000	236,615	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	(2,197)	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	147,950	100.00
SOCIETE GENERALE REAL ESTATE	**Real estate and real estate financing**				
29, boulevard Haussmann – 75009 Paris – France	French Retail Banking	EUR	327,112	32,937	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	38,751,000	100.00
SOGEMARCHE	**Real estate**				
17, cours Valmy – 92800 Puteaux – France	Corporate centre	EUR	500,000	(22,145)	100.00
FIDITALIA SPA	**Consumer finance**				
Via Guglielmo Silva N°34 – 20149 Milan – Italy	International Retail Banking and Financial Services	EUR	130,000	280,586	100.00
SALINGER SA	**Portfolio management**				
15, Avenue Émile Reuter L2420 Luxembourg Luxembourg	Global Banking and Investor Solutions	EUR	100	316,044	100.00
BANCO SOCIETE GENERALE BRASIL S/A	**Investment banking**				
Avenida Paulista, 2300 – Cerqueira Cesar – Sao Paulo – SP CEP 01310-300 – Brazil	Global Banking and Investor Solutions	BRL	2,956,929	(1,423,363)	100.00
SOCIETE GENERALE (CHINA) LIMITED	**International Retail Banking**				
F15, West Tower Genesis, 8 Xinyuannan Street – Chaoyang District – 100027 Beijing – China	Global Banking and Investor Solutions	CNY	4,000,000	(20,304)	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.

2021							
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**
2,988,327	2,988,327	293,283	0	728,397	322,793	0	1 EUR = 1.1326 USD
2,136,144	2,136,144	573,822	0	470,298	471,260	418,067	
1,632,304	1,632,304	6,083,307	1,056,858	229,848	108,664	92,244	1 EUR = 0.84028 GBP
1,076,025	1,076,025	2,150,150	0	31,724	51,330	382,000	
623,267	623,267	0	0	141,125	7,701	0	1 EUR = 0.84028 GBP
745,062	619,429	0	0	157,334	37,373	19,995	
586,505	586,505	0	0	38,774	38,237	16,871	
584,527	584,527	309,865	461	17,914,000	1,883,000	48,950	1 EUR = 130.38 JPY
500,000	500,000	0	0	25,587	1,785	0	
335,169	335,169	9,677	0	236,652	61,910	0	
315,184	315,184	0	0	(990)	(1,077)	0	
892,020	276,990	0	9,931	273,741	97,226	0	1 EUR = 6.3101 BRL
439,395	276,785	442,947	0	433,385	183,885	0	1 EUR = 7.1947 CNY

(In EUR thousands or local currency)		2021			
Company/head office or establishment	**Activity/division**		**Registered capital** *(local currency)*[1]	**Shareholders' equity other than capital** *(local currency)*[1]	**Share of capital held** *(%)*
VALMINVEST	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate centre	EUR	248,877	12,621	100.00
SOGECAMPUS	**Real estate**				
17, cours Valmy – 92800 Puteaux – France	Corporate centre	EUR	241,284	41,331	100.00
GENEGIS I	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate centre	EUR	192,900	14,382	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	29,053,340	100.00
COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate centre	EUR	76,627	2,798	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	126,771,603	100.00
SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate centre	EUR	120,030	210,836	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	74,639	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	48,699	100.00
ORPAVIMOB	**Real estate and real estate financing**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	69,253	6,162	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	419,147	100.00
TREEZOR	**Electronic money institution**				
41, rue de Prony - 75017 Paris – France	Corporate centre	EUR	4,493	20,344	100.00
SG FACTORING SPA	**Factoring**				
Via Trivulzio, 7 – 20146 Milan – Italy	Global Banking and Investor Solutions	EUR	11,801	33,315	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
SG VENTURES	**Portfolio management**				
17, cours Valmy – 92800 Puteaux – France	Corporate centre	EUR	37,549	(55)	100.00

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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.

2021							
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**
249,427	249,427	0	0	15,597	9,276	10,007	
241,284	241,284	105,223	0	23,939	2,545	3,016	
196,061	196,061	24,055	0	212,958	658	2,996	
172,318	172,318	0	30,740	24,207,554	6,698,068	15,805	1 EUR = 157.3643 DZD
155,837	155,837	0	0	734	6,938	4,767	
152,790	152,790	26,488	0	95,970,554	38,891,764	33,302	1 EUR = 1346.38 KRW
46,100	46,100	55,000	0	9,556	2,942	3,754	
103,645	103,645	0	192,510	43,558	14,572	0	1 EUR = 1.4393 CAD
96,653	96,653	0	0	81,067	53,630	16,781	1 EUR = 1.5279 SGD
69,253	69,253	0	0	16,597	4,145	4,432	
1,573,453	64,512	0	0	(211)	(771)	0	capital = 1 USD 1 EUR = 1.1326 USD
49,927	49,927	0	0	4,404	(10,431)	0	
46,100	46,100	711,858	1,901,150	9,017	2,544	3,754	
42,365	42,365	0	0	(114)	(2,396)	33,288	1 EUR = 1.1326 USD
37,549	37,488	0	0	0	(205)	0	

2021

(In EUR thousands 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 *(%)*
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	(39,687)	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	(297)	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	214,897	100.00
CREDIT DU NORD	**French Retail Banking**				
28, Place Rihour – 59800 Lille – France	French Retail Banking	EUR	890,263	2,293,336	100.00
SOCIETE GENERALE EQUIPMENT FINANCE SA	**Portfolio management**				
17, cours Valmy – 92800 Puteaux – France	International Retail Banking and Financial Services	EUR	270,255	(95,289)	100.00
SOCIETE GENERALE SFH	**Credit institution**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	375,000	253,362	100.00
BOURSORAMA SA	**Online banking**				
44, rue Traversière - 92100 Boulogne-billancourt – France	French Retail Banking	EUR	43,774	605,738	100.00
SOCIETE GENERALE IMMOBEL	**Real estate**				
11, rue des Colonies – 1000 Bruxelles – Belgique	Global Banking and Investor Solutions	EUR	25,062	2,505	100.00
SOCIETE GENERALE SCF	**Mortgages**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	150,000	110,844	100.00
SOCIETE GENERALE SECURITIES SERVICES HOLDING	**Portfolio management**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	12,487	124	100.00
ROSBANK	**International Retail Banking**				
34, Masha Poryvaeva Street 107078 – Moscou – Russia	International Retail Banking and Financial Services	RUB	17,586,914	145,285,169	99.97
SOCIETE DE LA RUE EDOUARD VII	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate centre	EUR	11,396	5,229	99.91
SOCIETE GENERALE INVESTMENTS (U.K) LIMITED	**Investment banking**				
One Bank Street, Canary Wharf – E14 4SG – London – United Kingdom	Global Banking and Investor Solutions	GBP	157,814	107,447	98.96
SOCIETE GENERALE MAURITANIE	**International Retail Banking**				
Ilot A, N°652 Nouakchott – Mauritania	International Retail Banking and Financial Services	MRU	1,000,000	1,020,000	95.50
SOCIETE GENERALE CONGO	**International Retail Banking**				
Avenue Amilcar Cabral – Brazzaville – Congo	International Retail Banking and Financial Services	XAF	11,860,000	(5,028,090)	93.47

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(3) Financial statements not yet audited for french companies.

2021

Book value of shares held: Gross *(in EUR)*	Book value of shares held: 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)*	Remarks: Revaluation differences
46,100	46,100	128,082	131,284	12,068	(1,724)	0	1 EUR = 1.5615 AUD
12,382	12,382	0	0	755	(331)	783	1 EUR = 1.5615 AUD
146,513	146,513	449,658	0	626,617	298,638	221,838	1 EUR = 1.1326 USD
1,410,256	1,410,256	11,015,211	20,000	819,591	311,252	0	
281,549	281,549	600,954	0	17,509	29,285	0	
375,000	375,000	41,390,000	47,180,000	378,686	42,774	0	
1,068,841	1,068,841	780,780	0	188,954	(73,774)	0	
25,061	25,061	0	0	1,019	656	712	
150,000	150,000	9,880,398	15,180,895	22,224	11,862	0	
237,555	12,582	0	0	0	(28)	0	
3,541,867	2,682,867	505,598	0	63,344,371	17,974,742	0	1 EUR = 85.3004 RUB
59,612	24,609	0	0	0	366	444	
197,095	197,095	2,819,751	0	16,379	21,879	11,796	1 EUR = 0.84028 GBP
20,361	20,361	0	100,332	834,000	(532,000)	0	1 EUR = 40.8959 MRU
26,900	16,189	15,000	8,055	16,160,494	4,837,079	0	1 EUR = 655.957 XOF

(In EUR thousands or local currency)			2021		
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	1,017,389	79.82
BANQUE DE POLYNESIE	**Retail banking**				
355, BD Pomare, BP 530, 98713 Papeete – Tahiti – French Polynesia	International Retail Banking and Financial Services	XPF	1,380,000	7,185,334	72.10
SOCIETE GENERALE DE BANQUES EN COTE 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	210,771,788	71.84
BANCO SOCIETE GENERALE MOÇAMBIQUE SA	**International Retail Banking**				
Av. Julius Nyerere No. 140, 1568 – Maputo – Mozambique	International Retail Banking and Financial Services	MZN	2,647,200	1,898,268	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	86,184,476	60.35
BRD – GROUPE SOCIETE GENERALE	**International Retail Banking**				
B-Dul Ion Mihalache NR. 1-7 Sector 1 – Bucarest – Roumania	International Retail Banking and Financial Services	RON	696,902	7,965,977	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	74,910,853	58.08
GENEFIM	**Real estate lease finance**				
29, boulevard Haussmann – 75009 Paris – France	French Retail Banking	EUR	72,779	29,144	57.62
SG MAROCAINE DE BANQUES	**International Retail Banking**				
55, boulevard Abdelmoumen – Casablanca – Morocco	International Retail Banking and Financial Services	MAD	2,152,500	9,725,265	57.62
SHINE	**Online banking**				
12, rue Anselme – 93400 Saint Ouen – France	French Retail Banking	EUR	3	(4,706)	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	357,181	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	61	50.00
SA SOGEPARTICIPATIONS	**Portfolio management**				
29, boulevard Haussmann – 75009 Paris – France	Corporate centre	EUR	411,267	306,343	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	13,556,773	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.

2021

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**
1,156,422	1,156,422	125,000	0	108,430	407,806	203,202	
12,397	12,397	507	123,019	5,799,232	1,681,379	1,361	1 EUR =119.33174 XPF
30,504	30,504	106,448	22,918	176,306,561	65,298,051	12,549	1 EUR = 655.957 XOF
32,955	21,233	3,211	17,658	524,502	208,058	0	1 EUR = 72.4933 MZN
1,412,510	1,412,510	1,543,452	385,148	29,627,071	12,204,502	106,781	1 EUR = 24.858 CZK
216,635	216,635	551,278	41,805	2,943,187	1,206,862	6,382	1 EUR = 4.949 RON
16,940	16,940	0	53,127	81,223,329	18,351,836	0	1 EUR = 655.957 XAF
89,846	89,846	2,562,094	0	43,780	30,320	9,541	
148,239	148,239	308,888	63	4,580,038	763,267	18,481	1 EUR = 10.51895 MAD
74,330	74,330	0	0	8,211	(9,443)	0	
153,211	153,211	9,146	0	454,462	70,361	3,571	1 EUR = 3.26005 TND
11,574	11,574	58,332	0	147,867	280	0	
234,000	234,000	0	0	278,711	281,381	2,022	
16,266	16,266	118,093	70,000	8,947,353	2,306,572	2,990	1 EUR =119.33174 XPF

2021

(In EUR thousands 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 *(%)*
GENEO CAPITAL ENTREPRENEUR	**Portfolio management**				
14, boulevard du Général Leclerc - 92200 Neuilly Sur Seine – France	French Retail Banking	EUR	280,308	(4,876)	19.15
CAISSE DE REFINANCEMENT DE L'HABITAT	**Housing loan refinancing**				
3, rue de La Boétie – 75008 Paris – France	Corporate centre	EUR	539,995	22,628	17.09
CREDIT LOGEMENT	**Credit institution**				
50, boulevard Sébastopol – 75003 Paris – France	Corporate centre	EUR	1,259,850	273,575	13.50

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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.

2021							
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	28,894	0	0	0	5,369	0	
88,160	88,160	0	0	675,762	34	0	
171,037	171,037	219,920	0	292,902	120,121	17,421	

Table of subsidiaries and affiliates (continued)

(In thousands of euros)	Book value of shares held: Gross	Book value of shares held: Net	Unreimbursed loans and advances made by the Company	Guarantees given by the Company	Dividends received during the year	Remarks	
II - Information concerning other subsidiaries and affiliates							
A) Subsidiaries not included in paragraph 1 :							
1°) French subsidiaries	67,032	55,204	5,974,380	639	47,233	Revaluation difference :	0
2°) Foreign subsidiaries	251,880	78,224	1,914,206	68,494	27,933	Revaluation difference :	1,447
B) Affiliates not included in paragraph 1 :							
1°) French companies	6,860	5,480	600	0	256	Revaluation difference :	0
2°) Foreign companies	9,794	6,687	0	45,735	510	Revaluation difference :	0

NOTE 8 INFORMATION ON RISKS AND LITIGATION

Every quarter, Societe Generale reviews in detail the disputes presenting a significant risk. These disputes may lead to the recording of a provision if it becomes probable or certain that Societe Generale will incur an outflow of resources for the benefit of a third party without receiving at least the equivalent value in exchange. These provisions for litigations are classified among the Other provisions included in the Provisions item in the liabilities of the balance-sheet.

No detailed information can be disclosed on either the recording or the amount of a specific provision given that such disclosure would likely seriously prejudice the outcome of the disputes in question.

- On 24 October 2012, the Court of Appeal of Paris confirmed the first judgment delivered on 5 October 2010, finding J. Kerviel guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. J. Kerviel was sentenced to serve a prison sentence of five years, two years of which are suspended, and was ordered to pay EUR 4.9 billion in damages to the bank. On 19 March 2014, the Supreme Court confirmed the criminal liability of J. Kerviel. This decision puts an end to the criminal proceedings. On the civil front, on 23 September 2016, the Versailles Court of Appeal rejected J. Kerviel's request for an expert determination of the damage suffered by Societe Generale, and therefore confirmed that the net accounting losses suffered by the Bank as a result of his criminal conduct amount to EUR 4.9 billion. It also declared J. Kerviel partially responsible for the damage caused to Societe Generale and sentenced him to pay to Societe Generale EUR 1 million. Societe Generale and J. Kerviel did not appeal before the Supreme Court. Societe Generale considers that this decision has no impact on its tax situation. However, as indicated by the Minister of the Economy and Finance in September 2016, the tax authorities have examined the tax consequences of this book loss and indicated that they intended to call into question the deductibility of the loss caused by the actions of J. Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by an adjustment notice sent by the tax authorities when Societe Generale is in a position to deduct the tax loss carry forwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the bank's forecasts. In view of the 2011 opinion of the French Supreme Administrative Court *(Conseil d'État)* and its established case law which was recently confirmed again in this regard, Societe Generale considers that there is no need to provision the corresponding deferred tax assets. In the event that the authorities decide, in due course, to confirm their current position, Societe Generale will not fail to assert its rights before the competent courts. By a decision handed down on the 20 September 2018, the Investigation Committee of the reviewing and reassessment Criminal Court has furthermore declared inadmissible the request filed in May 2015 by J. Kerviel against his criminal sentence, confirming the absence of any new element or fact that could justify the reopening of the criminal file.
- Between 2003 and 2008, Societe Generale set up gold consignment lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold stocks held by Goldas. These suspicions were rapidly confirmed following the failure by Goldas to pay or refund gold worth EUR 466.4 million. Societe Generale brought civil proceedings against its insurers and various Goldas group entities. Goldas launched various proceedings in Turkey and in the UK against Societe Generale. In the action brought by Societe Generale against Goldas in the UK, Goldas applied to have the action of SG struck-out and applied to the UK court for damages. On 3 April 2017, the UK court granted both applications and will, after an inquiry into damages, rule on the amount due to Goldas, if any. On 15 May 2018, the Court of Appeal discharged entirely the inquiry into damages granted by the High Court to Goldas but rejected Societe Generale's arguments relating to service of the claims issued against Goldas, which are therefore time-barred. On 18 December 2018, the Supreme Court refused permission to appeal to both Societe Generale and Goldas. On 16 February 2017, the Paris Commercial Court dismissed Societe Generale's claims against its insurers.
- In the early 2000s, the French banking industry decided to transition to a new digital system in order to streamline cheque clearing. To support this reform (known as EIC – *Échange d'Images Chèques*), which has contributed to the improvement of cheque payments security and to the fight against fraud, the banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities.

  On 20 September 2010, the French competition authority ruled that the joint implementation and the setting of the amount of the CEIC and of two additional fees for related services were in breach of competition law. The authority fined all the participants to the agreement (including the Banque de France) a total of approximately EUR 385 million. On 2 December 2021, after several years of proceedings and two decisions of the Supreme Court, the Paris Court of Appeal overturned the decision of the French competition authority and ruled that (i) it was not proven that the establishment of the CEIC and the fees for related services on AOCT (cancellation of wrongly cleared transactions) as well as their collection had infringed the provisions of Article L. 420-1 of the French Commercial Code and of Article 101 of the Treaty on the Functioning of the European Union and, (ii) that its decision was giving rise to a right of restitution of the sums paid in execution of the overturned decision approximatively EUR 53.5 million for Societe Generale with interests at the legal rate. On 31 December 2021, the French competition authority filed an appeal before the Supreme court against this decision.
- Notwithstanding the agreements reached with the US authorities regarding certain London Interbank Offered Rates and the Euro Interbank Offered Rate ("the IBOR matter"), the dismissal on 30 November 2021 of the legal proceedings brought by the DOJ in this matter, the Bank continues to defend civil proceedings in the United States (as described below) and has responded to information requests received from other authorities, including the Attorneys General of various States of the United States and the New York Department of Financial Services.

  In the United States, Societe Generale, along with other financial institutions, has been named as a defendant in putative class actions involving the setting of US Dollar Libor, Japanese Yen Libor, and Euribor rates and trading in instruments indexed to those rates. Societe Generale has also been named in several individual (non-class) actions concerning the US Dollar Libor rate. All of these actions are pending in the US District Court in Manhattan (the "District Court").

As to US Dollar Libor, all claims against Societe Generale were dismissed by the District Court or voluntarily dismissed by the plaintiffs, except in two putative class actions and one individual action that are effectively stayed. The class plaintiffs and a number of individual plaintiffs appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit ("Second Circuit"). On 30 December 2021, the Second Circuit reversed the dismissal and reinstated the antitrust claims. These reinstated claims include those asserted by a proposed class of over-the-counter (OTC) plaintiffs and by OTC plaintiffs that have filed individual actions.

As to Japanese Yen Libor, the District Court dismissed the complaint brought by purchasers of Euroyen over-the-counter derivative products. On 1 April 2020, the Second Circuit reversed the dismissal and reinstated the claims. On 30 September 2021, the District Court dismissed plaintiffs' Racketeer Influenced and Corrupt Organizations Act claims but upheld plaintiffs' antitrust and state law claims against Societe Generale. In the other action, brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange on 27 September 2019, plaintiff filed a motion for class certification. On 25 September 2020, the District Court granted defendants' motion for judgment on the pleadings and dismissed plaintiffs' remaining claims. Plaintiff has appealed to the Second Circuit.

As to Euribor, the District Court dismissed all claims against Societe Generale in the putative class action and denied the plaintiffs' motion to file a proposed amended complaint. Plaintiffs have appealed those rulings to the Second Circuit.

In Argentina, Societe Generale along with other financial institutions, has been named as a defendant in litigation brought by a consumer association on behalf of Argentine consumers who held government bonds or other specified instruments that paid interest tied to US Dollar Libor. The allegations concern violations of Argentine consumer protection law in connection with alleged manipulation of the US Dollar Libor rate. Societe Generale has not yet been served with the complaint in this matter.

- Beginning on 15 January 2019, Societe Generale along with other financial institutions, have been named in three putative antitrust class actions in the US District Court in Manhattan, which have since been consolidated. Plaintiffs allege that the USD ICE Libor panel banks conspired to make artificially low submissions to that benchmark in order to profit on their trading in derivatives tied to USD ICE Libor. Plaintiffs seek to certify a class comprised of US residents (individuals and entities) that transacted with a defendant in floating rate debt instruments or interest rate swaps tied to USD ICE Libor and received a payment at any time between 1 February 2014 to the present, regardless of when the instrument was purchased. By order dated 26 March 2020, the District Court dismissed the action. Plaintiffs have appealed that ruling. On 6 April 2021, the Second Circuit permitted a new proposed class representative to intervene as a plaintiff in the appeal and denied defendants' motion which sought dismissal of the appeal because the original proposed class representatives withdrew from the action.
- Societe Generale along with several other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with foreign exchange spot and derivatives trading. The action was brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. Societe Generale reached a settlement of USD 18 million, which was approved by the Court on 6 August 2018. On 7 November 2018, a group of individual entities that elected to opt out of the settlement filed a lawsuit against 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 11 November 2020, Societe Generale was named, along with several other banks, in a UK action alleging collusion in the market for FX instruments. Societe Generale is defending the action.
- On 10 December 2012, the French Supreme Administrative Court *(Conseil d'État)* rendered two decisions confirming that the *précompte* tax which used to be levied on corporations in France does not comply with EU law and defined a methodology for the reimbursement of the amounts levied by the tax authorities. However, such methodology considerably reduces the amount to be reimbursed. Societe Generale purchased in 2005 the "précompte tax" claims of two companies (Rhodia and Suez, now ENGIE) with a limited recourse on the selling companies. One of the above decisions of the French Supreme Administrative Court relates to Rhodia. Societe Generale has brought proceedings before the French administrative courts.

  Several French companies applied to the European Commission, who considered that the decisions handed down by the French Supreme Administrative Court on 10 December 2012, which was supposed to implement the decision rendered by the Court of Justice of the European Union C-310/09 on 15 September 2011, infringed a number of principles of European law. The European Commission subsequently brought infringement proceedings against the French Republic in November 2014, and since then confirmed its position by publishing a reasoned opinion on 28 April 2016 and by referring the matter to the Court of Justice of the European Union on 8 December 2016. The Court of Justice of European Union rendered its judgement on 4 October 2018 and sentenced France for failure by the French Supreme Administrative Court to disregard the tax on EU sub-subsidiaries in order to secure the withholding tax paid in error as well as on the absence of any preliminary question. With regard to the practical implementation of the decision, Societe Generale has continued to assert its rights with the competent courts and the tax authorities, which it expects to be treated diligently and in accordance with the law. On 23 June 2020, the Administrative Court of Appeal of Versailles issued a ruling in favour of Societe Generale on our 2002 and 2003 Suez claims, followed by a mid-July enforcement in our favour. The judgment of Versailles held that the advance payment was not compatible with the Parent-Subsidiary Directive: the French Supreme Administrative Court, which had also received a request for a priority question of constitutionality, also pointed out that the advance payment was incompatible with Article 4 of the Parent-Subsidiary Directive but that a question should be referred to the ECJ for a preliminary ruling in order to ascertain this. It is therefore now appropriate to await the response of the Court of Luxembourg, which should not occur before the beginning of 2022.
- Societe Generale, along with other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with its involvement in the London Gold Market Fixing. The action is brought on behalf of persons or entities that sold physical gold, sold gold futures contracts traded on the CME, sold shares in gold ETFs, sold gold call options traded on CME, bought gold put options traded on CME, sold over-the-counter gold spot or forward contracts or gold call options, or bought over-the-counter gold put options. Societe Generale, along with three other defendants, has reached a settlement to resolve this action for USD 50 million. By order dated 13 January 2022, the Court granted preliminary approval of the settlement. The final fairness hearing has been scheduled for 5 August 2022. Although Societe Generale's share of the settlement is not public, it was not material from a financial perspective. Societe Generale, along with other financial institutions, is also named as a defendant in two putative class actions in Canada (in the Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims. Societe Generale is defending the claims.

- Since August 2015, various former and current employees of the Societe Generale 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. Societe Generale 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 is now before the Bankruptcy Court for further proceedings.
- On 10 July 2019, Societe Generale was named as a defendant in a litigation filed in the US District Court in Miami by plaintiffs seeking compensation under the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996 (known as the Helms-Burton Act) stemming from the expropriation by the Cuban government in 1960 of Banco Nunez in which they are alleged to have held an interest. Plaintiff claims damages from Societe Generale under the terms of this statute. Plaintiff filed an amended complaint on 24 September 2019 adding three other banks as defendants and adding several new factual allegations as to Societe Generale. Societe Generale filed a motion to dismiss, which was fully briefed as of 10 January 2020. While the motion to dismiss was pending, plaintiffs filed an unopposed motion on 29 January 2020, to transfer the case to federal court in Manhattan, which the court granted on 30 January 2020. Plaintiffs filed a second amended complaint on 11 September 2020, in which it dropped the three other banks as defendants, added a different bank as an additional defendant, and added as additional plaintiffs who purport to be heirs of the founders of Banco Nunez. The court granted Societe Generale's motion to dismiss on 22 December 2021 but has permitted plaintiffs to replead their claims.
- On 9 November 2020, Societe Generale was named as a defendant, together with another bank, in similar Helms-Burton litigation filed in the US District Court in Manhattan (Pujol I) by the purported heirs of former owners, and personal representatives of estates of heirs or former owners, of Banco Pujol, a Cuban bank alleged to have been confiscated by the Cuban government in 1960. On 27 January 2021, Societe Generale filed a motion to dismiss. In response, as permitted by the judge's rules, plaintiffs chose to file an amended complaint and did so on 26 February 2021. Societe Generale filed a motion to dismiss to dismiss the amended complaint on 19 March 2021, which was granted by the court on 24 November 2021. The court has given plaintiffs the opportunity to replead their claims. On 16 March 2021, Societe Generale was named as a defendant, together with another bank, in a nearly identical Helms-Burton litigation filed in the US District Court in Manhattan (Pujol II) by the personal representative of one of the purported heirs to Banco Pujol who is also a plaintiff in Pujol I. The deadline for the defendants to respond to the complaint in Pujol II has been stayed pending the next steps in Pujol I.
- On 5 June 2020, a shareholder of Societe Generale filed a derivative action in New York State court against 39 current and former directors and officers of the Bank. The complaint alleges that a 2009 written agreement with US banking regulators required the Bank to implement and maintain an effective anti-money laundering compliance and transaction monitoring system. According to the complaint, the Bank failed to do so, leading to penalties and forfeitures imposed in November 2018 by a number of federal and New York state agencies and criminal authorities relating to US sanctions and anti-money laundering laws. The complaint makes claims for, among other things, breaches of duty related to these matters. On 1 November 2021, a motion to dismiss on a variety of grounds was filed. Thereafter, the parties stipulated to the voluntary dismissal with prejudice of the action, with each party bearing its own costs. By order dated 2 December 2021, the court dismissed the action.
- On 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 11 October 2021, Societe Generale and Vestia reached an agreement to put an end to this dispute without any admission of liability for Societe Generale.
- On 1 June 2021, a shareholder of Societe Generale initiated an action designated by him as a "derivative action" *(action ut singuli)* before the Commercial Court of Paris against the CEO of the Company *(directeur general),* Mr. Frédéric Oudéa. The plaintiff is seeking an order that Mr. Oudéa pay to Societe Generale an amount equal to fines paid to the US and French treasuries under the *convention judiciaire d'intérêt public* of 24 May 2018 between Societe Generale and the Financial Public Prosecutor (the "CJIP") and the Deferred Prosecution Agreement of 5 June 2018 between Societe Generale and the United States Department of Justice (the "DPA").

  Societe Generale voluntarily joined these proceedings at the first procedural hearing in order to seek the dismissal of the claims made by the plaintiff. Thereafter, the plaintiff filed a brief asking the court to dismiss the case with prejudice, and the parties asked the court to put an end to these proceedings. Like others operators in the Paris marketplace, Societe Generale is subject to a tax review of its equity market transactions. Discussions with the administration are continuing. Like other operators in the Paris marketplace, Societe Generale is subject to a tax review of its equity market transactions. Discussions with the administration are continuing.

6.7 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2021

To the Annual General Meeting of Société Générale,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Société Générale for the year ended December 31, 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2021 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, 2021 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Emphasis of matter

Without qualifying the above opinion, we draw your attention to Note 5 to the financial statements which describes the retroactive impacts of the change in accounting method relating to the valuation and recognition of pension commitments and similar benefits resulting from the November 5, 2021 update to ANC recommendation no. 2013-02 of November 7, 2013 and to Note 3.2 to the financial statements which describes the corrections following the review of financial asset and liability offsetting.

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 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 annual financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on specific items of the financial statements.

MEASUREMENT OF IMPAIRMENT AND PROVISIONS RELATING TO CUSTOMER LOANS

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, 2021, outstanding loans to clients exposed to credit risk totaled M€ 343,601; total impairment amounted to M€ 2,357 and total provisions amounted to M€ 1,427. We considered the measurement of impairment and provisions relating to customer loans to be a key audit matter as they require Management to exercise judgment and make estimates, particularly concerning the economic sectors and geographical areas most seriously weakened by the crisis.	With the support of specialists in risk management and modelling as well as economists from our firms included in the audit team, we focused our work on the most significant loans and 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 relating to the assessment of the credit risk and the measurement of the expected losses, and tested the key manual and automated controls. Our other audit procedures mainly 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 measure the collective provisions as at December 31, 2021, 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 measurement of the collective provisions on a sample of portfolios; ▪ testing, as at December 31, 2021, on a selection of the most significant loans to corporate clients, the main criteria used to classify loans as doubtful, as well as the assumptions used to estimate the related individual impairment. We also analyzed the information on credit risk in the evolving context of the pandemic disclosed in Notes 1.4 "Use of estimates and judgment", 2.3 "Loans and receivables" and 2.6 "Impairment and provisions" to the financial statements.

RECOVERABILITY OF DEFERRED TAX ASSETS IN FRANCE AND THE UNITED STATES OF AMERICA

Risk identified	Our response
As at December 31, 2021, deferred tax assets on loss carryforwards were recorded in the amount of M€ 1,649, including M€ 1,635 for the tax groups in France and in the United States of America. 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, 2021, this timeframe is eight years for the tax group in France and seven years for the tax group in the United States of America. 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 of America, 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 of America. With the support of tax specialists, our procedures mainly consisted in: ▪ comparing the projected results of the previous years with the actual results of the corresponding fiscal years, so as to assess the reliability of the tax business plan development process; ▪ obtaining an understanding of the budget for 2022 drawn up by Management and approved by the Board of Directors, as well as the assumptions underlying the projections over the 2022-2025 timeframe which take into account the expected impacts of the France network merger; ▪ assessing the relevance of the methods used to extrapolate the tax results after the 2022-2025 timeframe; ▪ assessing the assumptions used to analyze sensitivity in the event of adverse scenarios defined by the Société Générale group; ▪ analyzing the sensitivity of the recovery period for tax losses under different scenarios we created; ▪ analyzing the situation of 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. We also analyzed the information provided by Société Générale, concerning deferred tax assets, disclosed in Notes 1.4 "Use of estimates and judgment", 5 "Taxes" and 8 "Information on risks and litigation" to the financial statements.

VALUATION OF COMPLEX FINANCIAL INSTRUMENTS

Risk identified	Our response
Within the scope of its market activities, Société Générale holds financial instruments for trading purposes. As at December 31, 2021, M€ 187,228 are recorded in this respect under assets on Société Générale's balance sheet. To determine the fair value of theseinstruments, 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. Given the complexity of the modelling in determining the fair value, the multiplicity of models used, and the use of Management's judgment in determining these fair values, we consider the valuation of complex financial instruments to be a key audit matter.	Our audit approach is based on the key internal control processes related to the valuation of complex financial instruments. With the support of experts in the valuation of financial instruments included in the audit team, our procedures consisted in: ▪ obtaining an understanding of the procedure to authorize and validate new products and their valuation models, including the process for the entry of these models in the information systems; ▪ analyzing the governance set up by the Risk Department for the control of the valuation models; ▪ analyzing the valuation methodologies for certain categories of complex instruments and the related reserves or value adjustments; ▪ testing the key controls relating to the independent verification of the valuation parameters, and evaluating the reliability of the market parameters used to provide input for the valuation models with reference to external data; ▪ as regards the process used to explain the changes in fair value, obtaining an understanding of the bank's analysis principles and performing tests of controls on a sample basis. In addition, we performed "analytical" IT procedures on the control data relating to certain activities; ▪ obtaining the quarterly results of the model independent price verification process; ▪ obtaining the quarterly results of the valuation adjustment process based on external market data, and analyzing the differences in parameters with the market data in the event of a significant impact, and the accounting treatment of such differences. Where external data is absent, we assessed the existence of reserves or the non-materiality of the associated issues; ▪ performing counter-valuations of a selection of complex derivative financial instruments using our tools. We also analyzed the compliance of the methods underlying the estimates with the principles described in Note 2.2 "Operations on forward financial instruments" to the financial statements.

IT RISK RELATING TO MARKET ACTIVITIES

Risk identified	Our response
The Market Activities of the Global Banking & Investor Solutions division (GBIS) constitute an important activity, as illustrated by the significance of the financial instruments positions in Note 2.2 “Operations on forward financial instruments” to the financial statements. This activity is highly complex given the nature of the financial instruments processed, the volume of transactions, and the use of numerous interfaced information systems. The risk of occurrence of a significant misstatement in the accounts related to an incident in the data processing chains used or the recording of transactions until their transfer into the accounting system may result from: ▪ changes made to management and financial information by unauthorized persons via the information systems or underlying databases; ▪ a failure in processing or in the transfer of data between systems; ▪ a service interruption or an operating incident which may or may not be related to internal or external fraud. Furthermore, the resurgence of the Covid-19 pandemic still 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. To ensure the reliability of the accounts, it is therefore essential for Société Générale to master the controls relating to the management of the information systems. In this context, the IT risk relating to the Market Activities of the GBIS division constitutes a key audit matter.	Our 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 mainly consisted in assessing: ▪ 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 anomalies identified during the financial year; ▪ potential privileged access to applications and infrastructure; ▪ change management relating to applications, and more specifically the separation between development and business environments; ▪ security policies in general and their deployment in IT applications (for example, those related to passwords); ▪ handling of IT incidents during the audit period; ▪ governance and the control environment on a sample of applications. For these same applications, and in order to assess the transfer of information flows, we tested the key application controls relating to the automated interfaces between the systems. In addition, our tests on the general IT and application controls were supplemented by data analysis procedures on certain IT applications. We also evaluated the governance implemented by 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	Our response
Equity securities, other long-term securities and shares in affiliated companies are recognized in the balance sheet for a net carrying amount value of €23.9 billion (including €3.7 billion 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 entity 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 amount is assessed at the value in use determined, for each security, with reference to a valuation method based on available information such as equity, profitability or the average stock market price of the last three months (for listed securities). Given the importance of the sensitivity of the models used to data variations and the assumptions on which the estimates are based, we considered the measurement of equity securities, other long-term securities and shares in affiliated companies to be a key audit matter.	Our audit approach is based on gaining an understanding of the control procedures concerning (i) impairment testing of equity securities, other long-term securities and shares in affiliated companies and (ii) the drawing up of the business plans in place at the level of each entity to understand future changes in the Group's structure and activities, and identify any indicators of impairment of these assets. With the support of experts in the valuation of financial instruments, our audit work on the financial statements for the year ended December 31, 2021 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 with regard to the available internal and external information (macro-economic scenarios, 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 the Company. Lastly, we analyzed the information concerning equity securities, other long-term securities and shares in affiliated companies published in Notes 1.4 "Use of estimates and judgment", 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 French law and regulations.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS ADDRESSED TO SHAREHOLDERS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS

We have no matters to report on the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to 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 scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (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, the identity of the shareholders and holders of the voting rights and the cross-shareholdings has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

FORMAT OF PRESENTATION OF THE FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No. 2019/815 of December 17, 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Société Générale by your Annual General Meeting held on April 18, 2003 for Deloitte & Associés and on May 22, 2012 for Ernst & Young et Autres.

As of December 31, 2021, Deloitte & Associés and Ernst & Young et Autres were in their nineteenth and tenth year of total uninterrupted engagement, respectively. Previously, Ernst & Young Audit had been statutory auditor of Société Générale from 2000 to 2011.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit and Internal Control Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 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 a report to the Audit and Internal Control Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Internal Control Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Internal Control Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 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 9, 2022

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
Jean-Marc Mickeler	Micha Missakian

7

SHARE, SHARE CAPITAL AND LEGAL INFORMATION

7.1 THE SOCIETE GENERALE SHARE

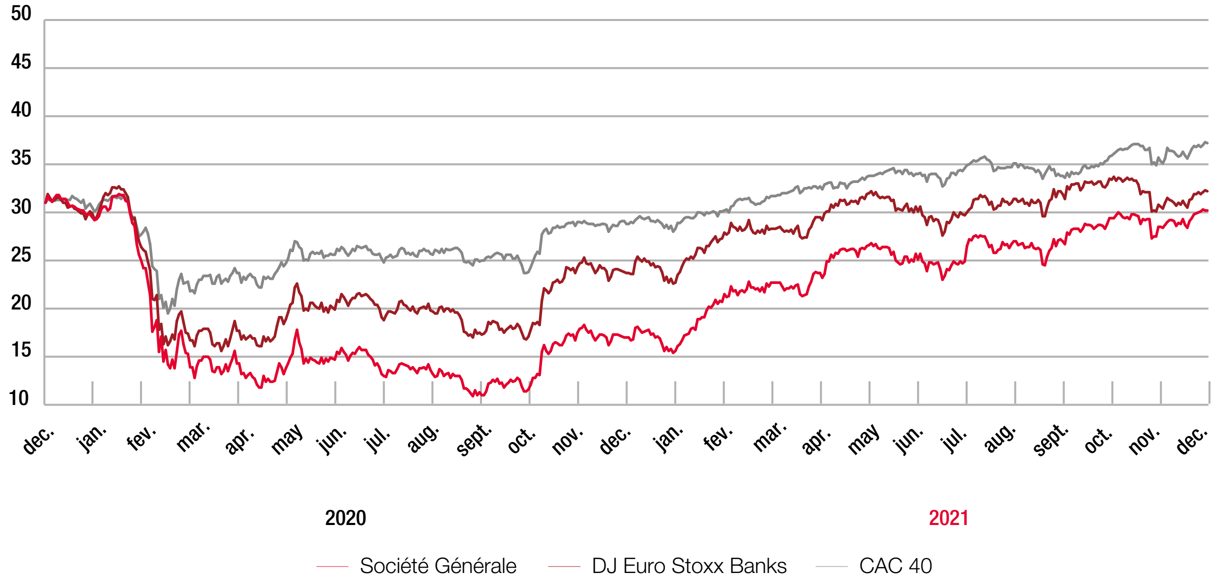
7.1.1 STOCK MARKET PERFORMANCE

Societe Generale's share price increased by 77.4% in 2021, closing at EUR 30.21 at 31 December 2021. This performance can be compared over the same period to an increase of 36.1% for the Eurozone bank index (DJ EURO STOXX BANK) and to an increase of 28.9% for the CAC 40 index.

At 31 December 2021, the Societe Generale Group's market capitalisation stood at EUR 25.8 billion, ranking it 26th among CAC 40 stocks (32nd at 31 December 2020), 27th in terms of free float (32nd at 31 December 2020) and 10th among Eurozone banks (10th at 31 December 2020).

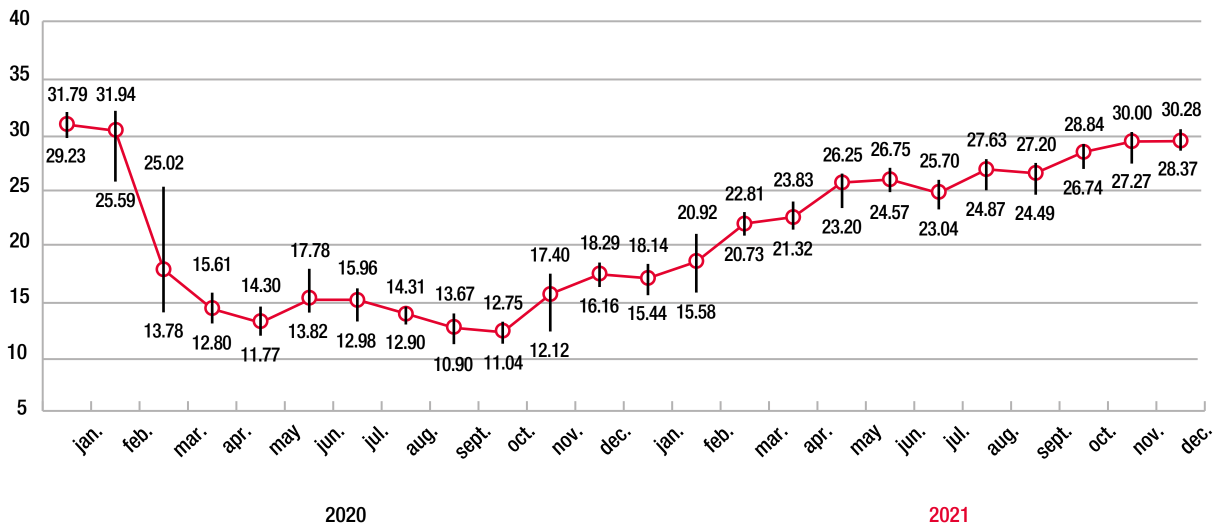
The market for the Group's shares remained highly liquid in 2021, with an average daily trading volume of EUR 87 million, representing a daily capital rotation ratio of 0.42% (versus 0.79% in 2020). In value terms, Societe Generale's shares were the 16th most actively traded on the CAC 40 index.

SHARE PERFORMANCE (BASE: SOCIETE GENERALE SHARE PRICE AS AT 31 DECEMBER 2019)



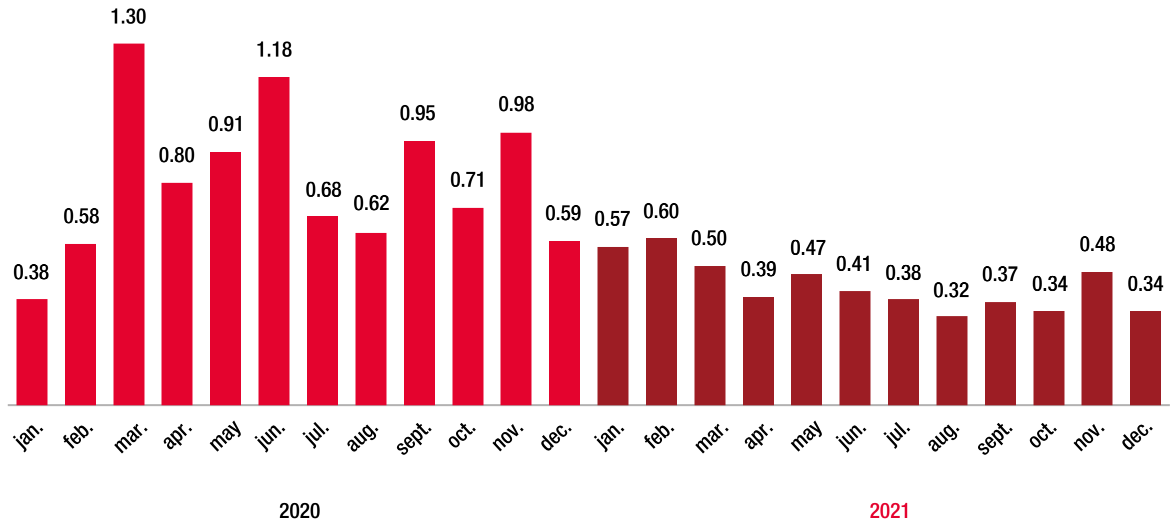
Source: Thomson Reuters Eikon

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 2021.

Duration of shareholding	Date	Cumulative total return*	Annualised average total return*
Since privatisation	8 July 1987	666.5%	6.1%
15 years	31 December 2006	-58.1%	-5.6%
10 years	31 December 2011	145.0%	9.4%
5 years	31 December 2016	-19.9%	-4.3%
4 years	31 December 2017	-16.9%	-4.5%
3 years	31 December 2018	21.5%	6.7%
2 years	31 December 2019	-0.5%	-0.3%
1 year	31 December 2020	81.2%	81.2%

* *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 Paris Stock Exchange (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, Euronext 100, MSCI PAN EURO, FTSE4Good Global and ASPI Eurozone indices.

7.1.5 2021 SHAREHOLDER DISTRIBUTION

The Board of Directors of Societe Generale approved its dividend distribution policy of 50% of underlying Group Net income, equivalent to EUR 2.75 per share.

Accordingly, a cash dividend of EUR 1.65 per share wll be proposed to the Joint General Meeting to be held on 17 May 2022. The dividend detachment will take place on 25 May 2022, and payment will occur from 27 May 2022.

The Group is planning to launch a share buyback programme totalling approximately EUR 915 million, i.e. the equivalent of EUR 1.1 per share. The implementation of the buyback programme is conditional on receiving the usual approvals from the ECB and the General Meeting.

7.1.6 HISTORY OF SHAREHOLDER DISTRIBUTION

	2021	2020	2019	2018	2017
Net dividends *(in EUR/share)*	1.65[(4)]	0.55[(3)]	-	2.20	2.20
Share buyback *(EUR/share equivalent)*	1.10[(4)]	0.55[(3)]	-	-	-
Payout ratio (%)[(1)]	50	-	-	51.8	75.3
Net yield (%)[(2)]	9.1	-	-	7.9	5.1

(1) Distribution/ underlying diluted earnings per share since 2020 within the framework of the Group shareholder distribution.

(2) Distribution/closing price at end-December.

(3) 2020 shareholder distribution of EUR 1.10 per share, including a dividend in cash of EUR 0.55 per share and a share buyback programme equivalent to EUR 0.55 per share. 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 the European Central Bank's recommendations. On this basis, the pay-out ratio is 14.2%.

(4) Proposed 2021 shareholder distribution of 2.75 euros per share including a dividend in cash of EUR 1.65 per share (subject to the vote of the Joint General Meeting on 17 May 2022) and a share buyback programme, for around EUR 915 million, equivalent to EUR 1.10 per share (conditional on receiving the usual approvals from the ECB and the General Meeting).

Stock market data	**31.12.2021**	**31.12.2020**	**31.12.2019**	**31.12.2018**	**31.12.2017**
Share capital (number of outstanding shares)	853,371,494	853,371,494	853,371,494	807,917,739	807,917,739
Market capitalisation *(In EURbn)*	25.8	14.5	26.4	22.5	34.8
Earnings per share *(In EUR)*	5.97	-1.01	3.05	4.24	2.92
Book value per share at year-end *(In EUR)*	68.72	62.36	63.70	64.63	63.2
Share price *(In EUR)*					
high	30.3	31.9	31.4	47.2	51.9
low	15.4	10.9	21.1	27.2	41.4
closing	30.2	17.0	31.0	27.8	43.1

7.2 INFORMATION ON SHARE CAPITAL

7.2.1 SHARE CAPITAL

At 1 February 2022, Societe Generale paid-up share capital amounted to EUR 1,046,405,540 and comprised 837,124,432 shares with a nominal value of EUR 1.25 per share.

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

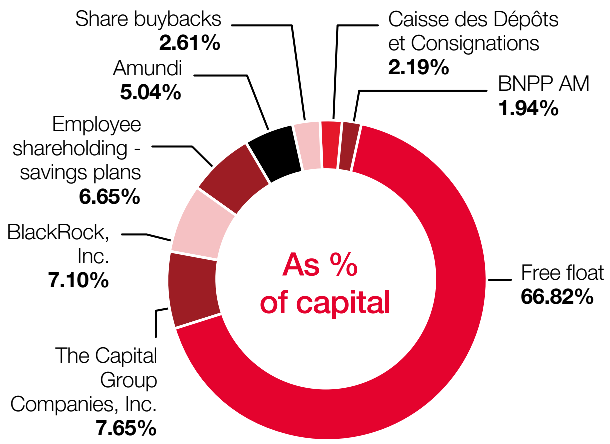
At 31 December 2021, Societe Generale held 22,242,568 shares under its share buyback programme, representing 2.61% of its capital, of which 16,247,062 shares were cancelled on 1 February 2022.

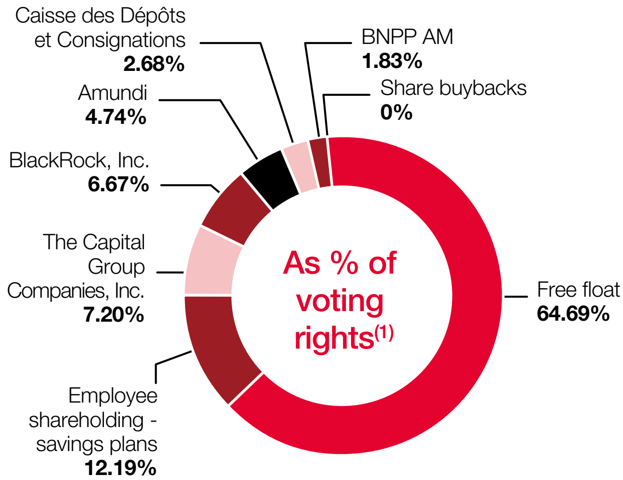
7.2.3 BREAKDOWN OF CAPITAL AND VOTING RIGHTS OVER 3 YEARS

	31.12.2021[(1)]				31.12.2020[(2)]			31.12.2019[(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)]**
Employee shareholding - savings plans	56,760,755	6.65%	11.90%	12.19%	58,613,941	6.87%	11.18%	55,675,710	6.52%	10.82%
BlackRock, Inc.	60,585,876	7.10%	6.51%	6.67%	70,013,241	8.20%	7.62%	55,827,300	6.54%	6.05%
The Capital Group Companies, Inc.	65,313,266	7.65%	7.02%	7.20%	61,449,710	7.20%	6.69%	17,417,900	2.04%	1.89%
Amundi[(5)]	43,050,669	5.04%	4.63%	4.74%	43,075,072	5.05%	4.69%	38,767,426	4.54%	4.20%
Caisse des Dépôts et Consignations	18,650,371	2.19%	2.62%	2.68%	20,599,627	2.41%	2.86%	20,599,627	2.41%	2.85%
BNPP AM	16,556,646	1.94%	1.78%	1.83%	17,348,497	2.03%	1.89%	22,221,722	2.60%	1.97%
Dodge & Cox	0	0.00%	0.00%	0.00%	3,481,360	0.41%	0.38%	41,217,200	4.83%	4.47%
Free float	570,211,343	66.82%	63.14%	64.69%	574,244,546	67.29%	64.20%	597,937,729	70.07%	67.35%
Share buybacks[(6)]	22,242,568	2.61%	2.39%	0.00%	4,545,500	0.53%	0.49%	3,706,880	0.43%	0.40%
TOTAL	**853,371,494**	**100%**	**100%**	**100%**	**853,371,494**	**100%**	**100%**	**853,371,494**	**100%**	**100%**
Calculation base		853,371,494	929,955,234	907,712,666		853,371,494	918,877,571		853,371,494	922,891,360

(1) At 31 December 2021, the share of European shareholders in the capital is estimated at 45 %.
(2) At 31 December 2020, the share of European shareholders in the capital is estimated at 47 %.
(3) At 31 December 2019, the share of European shareholders in the capital is estimated at 48 %.
(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) At 4 March 2022, Amundi disclosed that it held 4.98% of the capital, i.e. 4.56% of the voting rights.
(6) Including a buy-back of 16,247,062 shares for the purpose of shares cancellation.

The table above lists the shareholders which have made a legal threshold crossing declaration and those who have recently made a statutory threshold crossing declaration (since 19 May 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 18 May 2021 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 executing a liquidity contract.

Share buyback programme, excluding liquidity contract

During 2021, Societe Generale bought:

- 16,247,062 shares (for a total of EUR 467.7 million) for the purpose of cancelling shares as part of the Group's dividend distribution policy. The share buyback took place from 4 November to 17 December 2021 included, for an average price of 28.79 euros. Transaction fees amounted to EUR 1.4 million;
- 3,020,815 of its own shares (for a total of EUR 89.3 million) in order to cover and honour the free share allocation plan benefiting employees and company officers. The share buyback took place from 20 December to 31 December 2021 for an average price of EUR 29.55. Transaction fees amounted to EUR 0.3 million.

The detailed and aggregated transactions are available on the Group website, in the Chapter 6 "Regulated information".

Liquidity contract

Under the terms of the liquidity contract concluded between Societe Generale and Rothschild Martin Maurel on 22 August 2011, no transaction was executed on purchases or sales from 1 January to 31 December 2021. For the record, the liquidity contract was temporarily suspended from 4 November to 31 December 2021 throughout the share buyback period.

At 31 December 2021, 33,500 shares were recorded in the liquidity contract account.

From 1 January 2021 to 31 December.

	Purchases			Transfers/Disposals				
	Number		Purchase price	Number		Purchase price		Disposal/ transfer price
Cancellation	16,247,062	28.79	467,717,243					
Acquisitions	0	-	0.00					
Allocation to employees and company officers	3,020,815	29.55	89,278,400	1,570,809	35.39	55,598,257	0	0
Liquidity contract	0	0	0	0	0	0	0	0
TOTAL	**19,267,877**	**28.91**	**556,995,643**	**1,570,809**	**35.39**	**55,598,257**	**0**	**0**

VALUE OF TREASURY SHARES AND BUYBACKS AT 31 DECEMBER

Percentage of capital held directly or indirectly	**2.61%**
Number of shares canceled over the last 24 months	0
Number of shares held directly	22,242,568
Book value of shares held directly	EUR 629,071,005
Market value of shares held directly[(1)]	EUR 671,836,766

(1) The current value is equal to the average share price of the last month for available-for-sale listed securities.

At 31.12.2021	Number of shares	Nominal value *(in EUR)*	Book value *(in EUR)*
Societe Generale*	22,242,568	27,803,210	629,071,005
TOTAL	**22,242,568**	**27,803,210**	**629,071,005**

* *O/w 33,500 shares held under the liquidity contract at 31 December and of o/w 16,247,062 were cancelled at 1 February 2022.*

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
Cancellation of treasury shares	recorded on 1 February 2022	(16,247,062)	837,124,432	1,046,405,540	-1.90

7.2.6 SUMMARY STATEMENT OF TRANSACTIONS REFERRED TO IN ARTICLE L. 621-18-2 OF THE MONETARY AND FINANCIAL CODE

Summary statement published in compliance with Article 223–26 of the AMF General Regulation. For each person whose first and last names are given below, the transactions described include, where applicable, those reported by persons closely associated with that person.

	Type of transaction	Date	Amount *(In EUR)*
Philippe AYMERICH Deputy Chief Executive Officer	Acquisition of 6,246 Societe Generale shares	31.03.21	-
Diony LEBOT Deputy Chief Executive Officer	Acquisition of 3,000 Societe Generale shares	11.02.21	53,916
	Acquisition of 7,561 Societe Generale shares	31.03.21	-
	Acquisition of 3,000 Societe Generale shares	07.05.21	74,760
Frédéric OUDÉA Chief Executive Officer	Acquisition of 13,900 Societe Generale shares	31.03.21	-

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 2021. However, 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 regulations in effect, 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 837,124,432 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 the article 6.2 of by-laws.

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 and since the General Meeting of 18 May 2021, employee shareholders are 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, 7.89% of the share capital on 31 December 2021.

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 10.45% of the voting rights on 31 December 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, movable 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 1,046,405,540. It is divided into 837,124,432 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 supervises 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 appointed 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 fulfill 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 shareholder – 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 proportion 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 18 May 2021)

Preamble

The Board of Directors collectively represents all shareholders and acts in the Company's interest taking into consideration the social and environmental stakes of its activity. 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;

(1) This document does not form part of Societe Generale's By-laws.

- determines the orientations and controls the implementation by the Effective Senior Managers(1) of the oversight systems in order to ensure effective and prudent management of the institution, in particular the avoidance of conflicts of interest;
- 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 non-executive directorships or only four non-executive 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 non-executive 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 Universal 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, judgement, 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.

(1) 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.

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 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.

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 and non-voting Director (*censeur*) 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. All protective measures deemed necessary are taken to preserve the confidentiality, integrity and availability of information and each member of the Board of Directors or any person who has received the documentation is responsible not only for the tools and materials thus made available to him but also of its accesses.

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 Universal 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 Universal 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;
- **k)** reviewing the policy to fight money laundering and the financing of terrorism referred to in Article L. 561-4-1 of the Monetary and Financial Code, the systems and procedures put in place to comply with the provisions of II of Article L. 561-36-1 and the corrective measures necessary to remedy significant incidents and shortcomings in the fight against money laundering and terrorist financing and the freezing of assets and the prohibition of provision or use of funds or economic resources and to ensure their effectiveness.

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 judgement 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, non-voting Directors (*censeurs*) 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. 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]. The objective and the policy thus set are decided by the Board of Directors;
- **b)** periodically reviews, and at least once a year the structure, size, composition and effectiveness of the Board of Directors' work with regard to the missions assigned to it 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. This assessment is prepared by the Committee, its Chairman reporting to the Board of Directors. Every three years, when the assessment is carried out by an external firm, the Committee makes any proposal for the selection of the firm and the smooth running of the assessment;
- **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 makes recommendations in this area;
- **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 Universal 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 Universal 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.

(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.

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.

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: 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: half a portion;
- Member of the Audit and Internal Control Committee or of the Risk Committee: one 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.

Article 19: Non-voting Director *(Censeur)*

The non-voting Director attends the Board of Directors' meetings and can participate in the meetings of the specialized Committees, in a consultative capacity. He is subject to the same rules of ethics, confidentiality and deontology as the Directors. Articles 2, 3.2, 3.3, 4.1, 4.2, 4.3, 7.1, 7.4, 14, 17 and 18 of the Internal Rules are applicable to the non-voting Director.

The compensation of the non-voting Director is set by the Board of Directors upon the proposal from the Compensation Committee. It is equal to the average of the compensation paid to Directors in application of article 15 of the Internal Rules of the Board of Directors with the exception of the compensation paid to the Chairmen of the Committees and to the Directors who are members of the US Risk Committee. This compensation takes into account his attendance.

CHARTER OF THE U.S. RISK COMMITTEE OF THE SOCIÉTÉ GÉNÉRALE BOARD OF DIRECTORS (THE "CHARTER")

MANDATE

The U.S. 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 U.S. 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 C.F.R. Part 252.*

- at least quarterly, 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 U.S. 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 U.S. 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 U.S. 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

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.

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.

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

- 07.04.2021 – Entry into exclusive negotiation with Amundi with a view to disposing of the asset management activities of Lyxor
- 29.04.2021 – General Meeting of Noteholders
- 30.07.2021 – The European Banking Authority published the results of the 2021 European stress testing exercise
- 27.10.2021 – Societe Generale and ALD disclose that they are holding discussions with Lease Plan and its shareholders concerning a potential merger of ALD and LeasePlan to create a global player in mobility
- 03.03.2022 – Update on the Group's current situation in Ukraine and Russia

Universal Registration Document and amendments – Annual Financial Report

- 17.03.2021 – Universal Registration Document 2021
- 17.03.2021 – Availability of the Universal Registration Document 2021
- 07.05.2021– Availability of the first update to the 2021 Registration Document filed on 7 May 2021
- 07.05.2021 – First update to the 2021 Universal Registration Document filed on 7 May 2021
- 04.08.2021 – Availability of the second amendment to the Universal Registration Document
- 04.08.2021 – Second amendment to the Universal Registration Document filed on 4 August 2021
- 04.11.2021 – Availability of the third amendment to the Universal Registration Document
- 04.11.2021 – Third amendment to the Universal Registration Document filed on 4 November 2021

Quarterly financial information

- 06.05.2021 – 1st quarter 2021 results
- 03.08.2021 – 2nd quarter 2021 results
- 04.11.2021 – 3rd quarter 2021 results
- 10.02.2022 – Full-year 2021 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

- 08.01.2021 – Half-year statement on the liquidity agreement
- 11.05.2021 – Description of share buyback programme
- 07.07.2021 – Half-year statement on the liquidity agreement
- from 04.11.2021 to 17.12.2021 – Report on share buyback and information regarding executed transactions within the framework of a share buyback programme (7 reports)

Reports on corporate governance

- 17.03.2021 – Availability of the report on corporate governance

Press releases for access to or consultation of the information relative to shareholders' general meetings

- 21.04.2021 – Availability or consultation of information relating to the Combined General Meeting of Shareholders of 18 May 2021

(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

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, 9 March 2022

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.

9

CROSS-REFERENCE TABLES

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.

Headings		Page numbers of the Universal Registration Document
10.2	Trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	14-15
11	**PROFIT FORECASTS OR ESTIMATES**	**NA**
12	**ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT**	
12.1	Board of Directors and General Management	64-95
12.2	Administrative, management and supervisory bodies and General Management conflicts of interests	142
13	**REMUNERATION AND BENEFITS**	
13.1	Amount of remuneration paid and benefits in kind	97-137
13.2	Total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits	464-471
14	**BOARD AND GENERAL MANAGEMENT PRACTICES**	
14.1	Date of expiration of the current term of office	65-66 ; 71-79 ; 91-92 ; 98
14.2	Members of the administrative bodies' service contracts with the issuer	NA
14.3	Information about the issuer's audit committee and remuneration committee	83-89
14.4	Statement as to whether or not the issuer complies with the corporate governance regime	63
14.5	Potential material impacts on the corporate governance, including future changes in the board and committees composition	64-66
15	**EMPLOYEES**	
15.1	Number of employees	314
15.2	Shareholdings and stock options of company officers	65 ; 71-79 ; 91-92 ; 97-137
15.3	Description of any arrangements for involving the employees in the capital of the issuer	464 ; 471 ; 560 ; 569 ; 583 ; 621 ; 626
16	**MAJOR SHAREHOLDERS**	
16.1	Shareholders holding more than 5% of capital or voting rights	621-622
16.2	Different voting rights held by the major shareholders	621-622 ; 625-626
16.3	Control of the issuer	621-622 ; 624
16.4	Arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	NA
17	**RELATED PARTY TRANSACTIONS**	**142-143 ; 464-465**
18	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**	
18.1	Historical financial information	10 ; 30-51 ; 146 ; 349-615
18.2	Interim and other financial information	NA
18.3	Auditing of historical annual financial information	538-543 ; 609-615
18.4	Pro forma financial information	NA
18.5	Dividend policy	12; 620
18.6	Legal and arbitration proceedings	259 ; 534-537 ; 606-608
18.7	Significant change in the issuer's financial position	56
19	**ADDITIONAL INFORMATION**	
19.1	Share capital	140-141 ; 621-627
19.2	Memorandum and Articles of Association	627-632
20	**MATERIAL CONTRACTS**	**56**
21	**DOCUMENTS AVAILABLE**	**626**

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 2019, the related Statutory Auditors' reports and the Group Management Report and presented respectively on pages 469 to 535 and 135-137, 161-162, 172, 181, 183, 185-192, 199-202, 208-215, 217-219, 231-235, 310-468, 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 parent company and consolidated accounts for the year ended 31 December 2020, the related Statutory Auditors' reports and the Group Management Report and presented respectively on pages 523 to 592 and 138-141, 168-171, 179-180, 190, 192-196, 204-208, 221-218, 224-228, 230-231, 243-247, 352-522, 593-598 and on pages 27 to 61 of the Registration Document D. 21-0138 filed with the AMF on 17 March 2021.

The chapters of the Registration Documents D. 21-0138 and D. 20-0122 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 L. 222-3 of the General Regulation of the *Autorité des marchés financiers* (French financial markets authority), the annual financial report mentioned in Part I of Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) 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	**646**
Management report	
■ Analysis of results, financial position, risks and main characteristics of internal control and risk managementprocedures for the preparation and processing of accounting and financial information of the parent company andconsolidated Group (Article L. 225-100-1 of the French Commercial Code)	8-25 ; 30-46 ; 50-51 ; 146-347 ; 544-550
■ Information about share buybacks (Article L. 225-211, paragraph 2 of the French Commercial Code)	622-623
■ Information about geographic locations and activities (Article L. 511-45 of the French Monetary and Financial Code)	58-59
Financial statements	
■ Annual accounts	551-608
■ Statutory Auditors' report on the annual accounts	609-615
■ Consolidated accounts	350-537
■ Statutory Auditors' report on the consolidated accounts	538-543

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	551-608
■ Statutory Auditors' report on the annual accounts	609-615
■ Consolidated accounts	350-537
■ Statutory Auditors' report on the consolidated accounts	538-543

Management report (article L. 225-100 of the French Commecial Code)			Page No.
1.	**Situation and activity of the Group**		
1.1	Situation of the company over the past financial year and objective and exhaustive analysis of the business development, results and the financial situation of the company and the group, in particular its debt situation, with regard to volume and business complexity	Articles L. 225-100-1, I., 1°, L. 232-1, II, L. 233-6 et L. 233-26 of the French Commercial Code	28-60 ; 349-616
1.2	Key financial performance indicators	Article L. 225-100-1, I., 2°	30-46
1.3	Key non-financial performance indicators related to the specific activity of the company and the group, in particular information related to environmental and personnel issues	Article L. 225-100-1, I., 2°	266-267
1.4	Key events occurring between the closing date of the financial year and the date on which the Management Report is drawn up	Articles L. 232-1, II. et L. 233-26 of the French Commercial Code	56-57
1.5	Identity of the main shareholders and holders of voting rights at general meetings, and changes made during the year	Article L. 233-13 of the French Commercial Code	621
1.6	Existing branches	Article L. 232-1, II of the French Commercial Code	28-29
1.7	Significant equity investments in companies having their head office in France	Article L. 233-6 al. 1 of the French Commercial Code	55
1.8	Cross-shareholdings	Articles L. 233-29, L. 233-30 et R. 233-19 of the French Commercial Code	N/A
1.9	Foreseeable evolution of the company's and Group's situation and outlook	Articles L. 232-1, II et L. 233-26 of the French Commercial Code	14-15
1.10	Activities related to Research & Development	Articles L. 232-1, II et L. 233-26 of the French Commercial Code	N/A
1.11	Table showing the company's results over the last 5 financial years	Article R. 225-102 of the French Commercial Code	10

Management report (article L. 225-100 of the French Commecial Code)			Page No.
1.12	Information on payment terms of suppliers and clients	Article D. 441-4 of the French Commercial Code	546-547
1.13	Amount of inter-company loans granted and auditor's declaration	Articles L. 511-6 et R. 511-2-1-3 of the French Monetary and Financial Code	609-615
2.	**Internal control and risk management**		
2.1	Overview of main risks and uncertainties that the company is faced with	Article L. 225-100-1, I., 3° of the French Commercial Code	145-264
2.2	Information on the financial risks related to the impacts of climate change and overview of the measures the company is taking to reduce them by implementing a low-carbon strategy in all components of its activity	Article L. 22-10-35, 1° of the French Commercial Code	147 ; 150-151 ; 153 ;165 ;166;256 ; 271-273 ; 285-300
2.3	Main characteristics of the internal control and risk management procedures put in place by the company and the group, relating to the preparation and processing of accounting and financial information	Article L. 22-10-35, 2° of the French Commercial Code	161-179
2.4	Guidance on the objectives and policy regarding the hedging of each main category of transactions and on the exposure to price, credit, liquidity risks, including the use of financial instruments	Article L. 225-100-1., 4° of the French Commercial Code	146-264
2.5	Anti-corruption procedures	Loi n°2016-1691 du 9 décembre 2016 dite « Sapin 2 »	256
2.6	Vigilance plan and report on its effective implementation	Article L. 225-102-4 of the French Commercial Code	339-347
3.	**Report on corporate governance**		
	Information on compensation		
3.1	Compensation policy for corporate officers	Article L. 22-10-8, I., alinéa 2 of the French Commercial Code Article R. 22-10-14 of the French Commercial Code	97-137
3.2	Compensation and benefits of any kind paid during the year or allocated for the year to each corporate officer	Article L. 22-10-9, I., 1° of the French Commercial Code Article R. 22-10-15 of the French Commercial Code	97-137
3.3	Relative proportion of fixed and variable remuneration	Article L. 22-10-9, I., 2° of the French Commercial Code	99 ; 100-103 ; 111 ; 118
3.4	Use of the possibility of requesting the return of variable remuneration	Article L. 22-10-9, I., 3° of the French Commercial Code	102 ; 111
3.5	Commitments of any kind made by the company for the benefit of its corporate officers, corresponding to elements of remuneration, indemnities or benefits due or likely to be due by reason of the taking, termination or change of their functions	Article L. 22-10-9, I., 4° of the French Commercial Code	104-105 ; 114 ;118- 130
3.6	Remuneration paid or awarded by a company included in the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code	Article L. 22-10-9, I., 5° of the French Commercial Code	111
3.7	Ratios between the level of remuneration of each executive officer and the average and median remuneration of the company's employees	Article L. 22-10-9, I., 6° of the French Commercial Code	116
3.8	Annual evolution of remuneration, company performance, average compensation of the company's employees and the above-mentioned ratios over the five most recent financial years	Article L. 22-10-9, I., 7° of the French Commercial Code	116
3.9	Explanation of how the total remuneration complies with the remuneration policy adopted, including how it contributes to the long-term performance of the company and how the performance criteria have been applied	Article L. 22-10-9, I., 8° of the French Commercial Code	98 -101
3.10	How the vote of the last ordinary general meeting provided for in I of Article L. 22-10-34 of the French Commercial Code was taken into account	Article L. 22-10-9, I., 9° of the French Commercial Code	106
3.11	Gap with the procedure for implementing the remuneration policy and any derogation	Article L. 22-10-9, I., 10° of the French Commercial Code	98
3.12	Application of the provisions of the second paragraph of Article L. 225-45 of the French Commercial Code (suspension of the payment of directors' remuneration in the event of non-compliance with the mixed nature of the board of directors)	Article L. 22-10-9, I., 11° of the French Commercial Code	N/A
3.13	Allocation and retention of options by corporate officers	Article L. 225-185 of the French Commercial Code	130
3.14	Allocation and retention of free shares to executive officers	Article L. 22-10-57 of the French Commercial Code Articles L. 225-197-1 et L. 22-10-59 of the French Commercial Code	131 -135

Management report (article L. 225-100 of the French Commecial Code)			Page No.
	Information on governance		
3.15	List of all the mandates and functions exercised in any company by each of the corporate representative during the fiscal year	Article L. 225-37-4 , 1° of the French Commercial Code	71- 79 ; 91-92
3.16	Agreements between an officer or significant shareholder and a subsidiary	Article L. 225-37-4 , 2° of the French Commercial Code	142-143
3.17	Summary table of valid delegations granted by the general meeting in respect of capital increases	Article L. 225-37-4 , 3° of the French Commercial Code	140-141
3.18	Modalités d'exercice de la direction générale	Article L. 225-37-4 , 4° of the French Commercial Code	64
3.19	Composition, conditions of preparation and organization of the work of the Board	Article L. 22-10-10, 1° of the French Commercial Code	64-90
3.10	Application of the principle of balanced representation of women and men on the Board	Article L. 22-10-10, 2° of the French Commercial Code	68
3.21	Any limitations that the Board makes to the powers of the Chief Executive Officer	Article L. 22-10-10, 3° of the French Commercial Code	90 ; 633
3.22	Reference to a corporate governance code and application of the "comply or explain" principle	Article L. 22-10-10, 4° of the French Commercial Code	63
3.23	Special arrangements for shareholder participation in the general meeting	Article L. 22-10-10, 5° of the French Commercial Code	138-139
3.24	Assessment procedure for current agreements - Implementation	Article L. 22-10-10, 6° of the French Commercial Code	142
3.25	Information likely to have an impact in the event of a public purchase or exchange offer:	Article L. 22-10-11 of the French Commercial Code	138
4.	**Shareholding and capital**		
4.1	Structure, evolution of the Company's capital and crossing of thresholds	Article L. 233-13 of French Commercial Code	621
4.2	Acquisition and disposal by the Company of its own shares	Articles L. 225-211 et R. 225-160 of French Commercial Code	622-623
4.3	Statement of employee participation in share capital on the last day of the financial year (proportion of capital represented)	Article L. 225-102, alinéa 1er of French Commercial Code	626
4.4	Mention of any adjustments for securities giving access to capital in the event of share buybacks or financial transactions	Articles R. 228-90 et R. 228-91 of French Commercial Code	622-623
4.5	Information on the transactions from key managers and related people on the Company's securities	Article L. 621-18-2 of Monetary and Financial Code	624
4.6	Amounts of dividends that have been distributed over the last 3 years	Article 243 bis of Tax Authority Code	620
5.	**Declaration on Non-Financial Performance (DNFP)**		
5.1	Business model	Articles L. 225-102-1 et R. 225-105, I of the French Commercial Code	Refer to 9.1.4
5.2	Description of the main risks associated with the activity of the company or group, including, where relevant and proportionate, the risks created by business relationships, products or services	Articles L. 225-102-1 et R. 225-105, I. 1° of the French Commercial Code	Refer to 9.1.4
5.3	Information on the impacts of the activity on the respect for human rights and the fight against corruption and tax evasion, and the way in which the company or group takes into account the social and environmental consequences of its activity (description of policies applied and due diligence procedures implemented to prevent, identify and mitigate the main risks related to the activity of the company or group)	Articles L. 225-102-1, III, L. 22-10-36 et R. 22-10-29, R. 225-104 e t R. 225-105, I. 2° of the French Commercial Code	Refer to 9.1.4
5.4	Results of policies applied by the company or group, including key performance indicators	Articles L. 225-102-1 et R. 225-105, I. 3° of the French Commercial Code	Refer to 9.1.4
5.5	Social information (employment, work organization, health and safety, social relations, training, equal treatment)	Articles L. 225-102-1 et R. 225-105, II. A. 1° of the French Commercial Code	Refer to 9.1.4
5.6	Environmental information (general environmental policy, pollution, circular economy, climate change)	Articles L. 225-102-1 et R. 225-105, II. A. 2° of the French Commercial Code	Refer to 9.1.4
5.7	Societal information (societal commitments in favour of sustainable development, subcontracting and suppliers, fair practices)	Articles L. 225-102-1 et R. 225-105, II. A. 3° of the French Commercial Code	Refer to 9.1.4
5.8	Information relating to the fight against corruption and tax evasion	Articles L. 225-102-1, L. 22-10-36 et R. 22-10-29 et R. 225-105, II. B. 1° of the French Commercial Code	Refer to 9.1.4
5.8	Information on actions in favor of human rights	Articles L. 225-102-1, L. 22-10-36 et R. 22-10-29 et R. 225-105, II. B. 2° of the French Commercial Code	Refer to 9.1.4
5.10	Specific information:		Refer to 9.1.4
	▪ company policy for preventing the risk of technological accidents;	Article L. 225-102-2 of the French Commercial Code	Refer to 9.1.4

Management report (article L. 225-100 of the French Commecial Code)			Page No.
	▪ ability of the company to cover its civil liability towards property and persons as a result of the operation of such facilities;		
	▪ means provided by the company to ensure the management of compensation for victims in the event of a technological accident involving its liability.		
5.11	Collective agreements concluded in the company and their impact on the economic performance of the company as well as on the working conditions of employees	Articles L. 225-102-1, III et R. 225-105 of the French Commercial Code	Refer to 9.1.4
5.12	Certification from the independent third-party body on the information contained in the DNFP	Articles L. 225-102-1, III et R. 225-105-2 of the French Commercial Code	Refer to 9.1.4
6.	**Other information**		
6.1	Additional tax information	Articles 223 quater et 223 quinquies du code général des impôts	255-256, 473-476,535-538, 584-586
6.2	Financial injunctions or penalties for anti-competitive practices	Article L. 464-2 of the French Commercial Code	535-538 , 607-609

9.1.4 DECLARATION OF EXTRA-FINANCIAL PERFORMANCE – CROSS-REFERENCE TABLE

Where to find the information referred to in the Declaration of Extra-Financial Performance:

1. Business model		
The Group's main activities: core businesses and their key figures, products or services, results		08-09 ; 16-25 ; 30-40 ; 47-49
Organisation: core businesses presentation, employees, corporate governance		28-29 ; 314-323 ; 61
Economic model: key resources, added value for stakeholders, margin analysis		08-10 ; 50-51 ; 349
Strategy, outlook and targets		11-15
2. Significant extra-financial risk factors for the Group[(1)] and recap on the main policies to limit their occurrence		
IT systems failure (cybercrime)	Risk management framework for IT security risks 2021-2023 information systems security (ISS) blueprint	235 235
Corruption	Group's normative framework (management of compliance/regulatory risks) Anti-Corruption and Influence Peddling Code Code of Conduct Culture & Conduct programme Duty of Care Plan	254 256 275 276 339
Data protection	Personal data protection policy Group's guidelines and internal procedures Duty of Care Plan	257 257 339
Environmental and Social (E&S) issues that could affect the Group's reputation	E&S risk management in the businesses ■ Normative framework ■ E&S General Principles ■ E&S risk management processes ■ Processing of E&S alerts from stakeholders Managing the Group's direct environmental impact ■ Carbon reduction programme (2019-2030) ■ Responsible Sourcing Policy	285 285 285 286 373 325 325 323
Non-compliance with laws or the Group's E&S commitments	Measures to protect clients ■ Regulatory risk management ■ A marketing policy that takes the client's interest into account Climate policies ■ Integrating climate risks within the risk management framework ■ The various measurement methodologies and credit portfolio alignment goals ■ Commitment to reducing activities related to fossil fuels ■ Commitment to promoting the energy transition Climate and governance strategy Supporting global banking clients with their sustainability approach	 254 308 289 297 297 296 296 294
Non-compliance with labour regulations	Risks related to non-compliance with regulations and internal labour rules and to poor working conditions ■ Collective bargaining agreements signed with social partners ■ Diversity and inclusion policy Duty of Care Plan	318 319 319 339
Non-compliance with health and safety standards	Risks related to non-compliance with regulations and internal labour rules and to poor working conditions ■ Health, safety and prevention policy ■ Life at Work programme Risks related to the safety of people and property	318 320 321 320
E&S issues that could affect the Group's credit risk, especially climate change issues (may become more significant over time)	E&S General Principles Climate governance Policies for assessing climate risks	285 296 289
Employee misconduct	Leadership Model Code of Conduct Culture & Conduct programme	275 275 276

2. Significant extra-financial risk factors for the Group[1] and recap on the main policies to limit their occurrence		
Lack of qualified staff	Risks related to the management of careers, skills and talent shortages, which affect the Group's appeal, performance and attrition rate	315
	■ Strategic workforce planning	315
	■ Principles for mobility and filling positions	315
	■ Recruitment policy	315
	■ Skills and Development Programs	316
	■ Employee performance and compensation policy	315
	■ Talent management policy	315
	Compensation policy and risks	257
3. Other regulatory topics		
Anti-tax avoidance measures	Tax code of Conduct	255
	Policy on tax havens	255
	Anti-money laundering measures	254
Actions to promote human rights	Code of Conduct	276
	Diversity policy	319
	E&S General Principles	285
	Duty of Care Plan	339

(1) See page 271 for the methodology used to identify these risk factors.

As a provider of financial products and services, Societe Generale deems that the following areas do not represent major CSR risks for it and will not therefore consider them further in this Management Report: the circular economy, food waste, the fight against food poverty, animal welfare and the development of a responsible, fair and sustainable food industry.

9.2 DECLARATION OF THE ISSUER

This Universal Registration Document was filed on 9 March 2022 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

GLOSSARY

CORPORATE SOCIAL RESPONSIBILITY GLOSSARY

AA1000: the AccountAbility 1000 (AA1000) framework standard was published in November 1999 by the predominantly Anglo-Saxon Institute of Social and Ethical Accountability (ISEA). Based on systematic stakeholder engagement in a company's day-to-day business, it contains a series of indicators, targets and reporting systems designed to assure the credibility of a company's performance in such respect. Various major corporations, non-governmental organisations and public institutions are among those to have adopted the standard.

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 French ministries responsible for research and innovation, the ecological and solidarity transition, and higher education. ADEME drives, manages, coordinates, facilitates and carries out environmental protection and energy control operations.

Aggregation vehicle: a consolidating entity that pools individual investments so as to reach the critical mass needed to gain access to the markets.

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 companies with operational vehicle leasing and fleet management solutions.

Belt and Road: the new silk road comprises a "belt" of overland rail links and a "road" of shipping routes linking China to Europe through Kazakhstan, Russia, Belarus, Poland, Germany, France and the United Kingdom.

Blended finance: the strategic use of development finance and philanthropic funds to encourage additional inflows of private capital for emerging markets, generating positive results for both investors and local communities.

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 clients.

CIU (Collective Investment Undertaking): a type of financial instrument set up by an accredited entity to manage savings in accordance with a predefined strategy. It is effectively a professionally managed share portfolio. All sums invested in a CIU are pooled and converted into units or shares in the undertaking. These units or shares reflect the portfolio's value at any given time. This value is expressed as a "net asset value", calculated by dividing the total value of the CIU's net assets by the total number of its units or shares. The net asset value represents both the subscription price for a unit or share (with fees being payable in addition) and its redemption price.

***Convention d'Occupation Temporaire*:** a contract between a public entity and, typically, a private one, under which the latter is authorised to temporarily occupy part of the public domain. A pavement café would need such a contract, for example, for its outdoor seating.

CSA: French polling institute specialising in market research and opinion polls.

Eco-PTZ+: an interest-free loan for energy renovation work in residential properties. Subject to certain conditions, owners, occupiers and co-ownership associations can apply for loans ranging from EUR 7,000 to EUR 50,000, depending on the work they want to finance. The scheme is set to run until 31 December 2023.

EMEA: an abbreviation sometimes used by companies or organisations to refer to the business region encompassing Europe, the Middle East and Africa.

Equipment finance: financing of sales and capital goods.

ETF: Exchange Traded Funds (ETFs) are financial instruments that faithfully track the upward or downward movements in an underlying index.

FTE: refers to work performed on a full-time equivalent basis, in line with the legal working hours for the country in question.

Finansol: first introduced in 1997, the Finansol label marks out solidarity-based savings products from other savings vehicles for the general public.

Fing: the *Fondation Internet Nouvelle Génération* (New Generation Internet Foundation) is a French non-profit association set up in 2000. Its work falls into four main categories: bringing people together around new technologies; taking part in emerging ethical and societal debates; fostering innovative ideas and projects; and encouraging partnerships and the appropriation of innovation.

Framework: a document setting out the terms and conditions defined by the issuing entity for sustainable bond issues.

Fronting bank: a fronting bank is the bank directly liable to the beneficiary of a letter of credit, bond or guarantee for the full amount thereof. It is counter-indemnified by the syndicate lenders *pro rata* to their participation in the relevant facility. The beneficiary does not have any direct payment rights against the syndicate lenders.

Green, social and sustainable loans, bonds and securitisations: green, social and sustainable loans or bonds finance projects offering clearly identified environmental and/or social benefits.

Green, sustainable export finance: trade finance instruments that support, guarantee and/or finance an underlying project that has a clear positive impact on the environment.

Greenfin: an initiative launched by the French Ministry for the Ecological and Solidarity Transition, Greenfin certification is a guarantee of an investment fund's green credentials. The label can be awarded to funds that invest in the common good and whose practices are transparent and sustainable. Funds that invest in companies in the nuclear and fossil fuel industries are not eligible for the Greenfin label.

GRI: the Global Reporting Initiative, or GRI, is an NGO founded in 1997 by the CERES (Coalition for Environmentally Responsible Economies) and the UNEP (United Nations Environment Programme) that has attracted stakeholders (companies, organisations, non-profit associations, etc.) from around the world. It was set up to develop a reporting framework allowing companies to measure how they are doing in terms of sustainable development. It has published a series of standards designed to help companies report on their economic, social and environmental performance.

IIRC: the International Integrated Reporting Council (IIRC) is a global coalition of companies, investors, regulators, standard setters, members of the accounting profession and NGOs. Its members are united by the conviction that corporate reporting needs to be made more about value creation. To help make this happen, the International IR Framework provides a common set of guidelines, key concepts and components for Integrated Reporting.

International Capital Market Association (ICMA): a global professional body and *de facto* regulator whose members include investment banks and securities dealers active on the international debt capital market.

Ipsos: French polling company founded in 1975 that also conducts opinion marketing research worldwide.

Issuing bank: a financial organisation or bank that grants credit or credit cards through card associations, opening a letter of credit in favour of a seller or exporter (the beneficiary), which is then forwarded onto an advising bank, the issuing bank undertaking to honour all demand drafts. The issuing bank thus promises to make good on charges made by the credit card holder.

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 clients.

LDDS: the *Livret de développement durable et solidaire* (sustainable development and solidarity savings account) is an instant-access interest-bearing savings account designed to finance small- and medium-sized enterprises, as well as the social and solidarity economy. Since 1 October 2020, LDDS accountholders have also had the option of making donations to one or more social and solidarity companies or non-profit associations.

***Le Chaînon Manquant*:** French non-profit association that combats food waste by recovering good-quality unsold foodstuffs from catering establishments for redistribution to those in need.

LGBTI: an acronym for people who are lesbian, gay, bisexual, transgender or intersex. It encompasses all those who engage in anything other than solely heterosexual relations.

***Livret A*:** an interest-bearing, instant-access savings passbook that is regulated, meaning that its terms – especially the cap and interest rate – are set by the public authorities. Part of the deposits in such accounts can be used to help finance social housing projects. The *Caisse des Dépôts et Consignations* pools 60% of all funds on *Livret A* accounts, using them to invest in projects in the public interest, such as building social housing and granting long-term loans to providers of social housing or to local authorities for infrastructure development, including building hospitals and transport infrastructure. The remaining 40% is managed by the banks and generates interest for savers.

LuxFLAG: the Luxembourg Finance Labelling Agency (LuxFLAG) is an independent and international non-profit association founded in July 2006. It aims to promote sustainable investments by awarding a transparent label to investment vehicles that are active in the fields of microfinance, the environment, ESG (environment, social, governance), climate finance and green bonds. LuxFLAG labels are designed to reassure investors that the investment vehicle in question genuinely pursues responsible investment of the assets it manages. There are no restrictions on eligibility for international investment vehicles based on issuing countries or where the vehicle is domiciled. LuxFLAG is guided by four core values: sustainability, transparency, independence and responsibility.

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 ETFs. At the end of 2021, Amundi and Societe Generale announced the completion of Amundi's acquisition of Lyxor from Societe Generale.

Mutual fund: a fund that pools securities for a number of investors, each of which holds a number of units in the fund proportionate to their investment. The investors are not shareholders in the fund and have no influence over how it is managed. Called FCPs *(fonds commun de placement)* in France, these funds are a type of CIU (collective investment undertaking) offering the opportunity to invest collectively in a portfolio of French or foreign securities.

OMDF (Off-Grid Market Development Fund): a fund that aims to step up the rollout of sustainable electricity in Madagascar through the use of off-grid solar solutions.

PEA PME/ETI: a French share savings plan designed to finance SMEs/mid-caps. The PEA PME/ETI was created to encourage French-resident savers to invest in French SMEs and mid-caps, in return for certain tax benefits. Savers benefit from tax reductions on the capital gains they derive from these plans, subject to certain conditions (such as a minimum holding period).

Phenix: a French start-up founded in 2014 to offer companies a way to cut down on waste. Phenix collects their unsold goods (foodstuffs, toiletries, cleaning products, school supplies, etc.) and then either donates them to food banks and charities or sells them at cut-price rates through its mobile app.

Physical risk: refers to the financial impact of climate change, as a result of more frequent extreme weather events as well as progressive climate change. Physical risks can be either "acute" (impact of extreme weather events, such as storms and flooding) or chronic (impact of more progressive shifts, such as higher temperatures, rising sea levels and water stress). These physical risks may have financial implications for organisations, such as direct damage, supply shocks (affecting their own assets or else their supply chains, resulting in an indirect impact) or demand shocks (affecting downstream destination markets). An organisation's financial performance may also be affected by changes in water availability, sourcing and quality, food security, or extreme temperature variations affecting its premises, operations, supply chains, transport needs and employee safety.

Positive Impact note: 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 client 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.

Positive-impact project: a project whose environmental or social impacts have been measured and evaluated prior to its launch to identify how it will contribute to positive change for society or the planet. Positive-impact projects can cover a range of fields: the environment, education, social issues, health, food, biodiversity, gender equality, etc.

RE2020: new French environmental regulations introduced with a view to taking energy efficiency and user comfort a step further in buildings whilst reducing their carbon footprint.

Rosbank: Societe Generale's subsidiary in Russia, Rosbank is a universal bank offering a comprehensive range of services to all types of clients.

Social impact bond: financial bonds issued by the public sector to private operators on a pay-for-success basis to finance social projects.

Societe Generale Equipment Finance (SGEF): a subsidiary of the Societe Generale Group, SGEF specialises in financing sales and professional capital goods. Operating in 40 countries, SGEF offers its clients solid knowledge of the transport, industrial equipment and high-tech sectors.

Speak-up culture: in human resources, this 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 heard and acknowledged.

SPI: Sustainable and Positive Investment for wealth and asset management activities, including the structuring of products aimed at institutional and individual investors.

SPIF: Sustainable and Positive Impact Finance involves financing clients' credit institution, leasing and/or support activities with a view to boosting their positive impact.

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.

Sustainability-linked bond: any type of bond instrument for which the characteristics (especially the financial characteristics) can vary depending on whether the issuer achieves certain predefined environmental, social and/or governance objectives.

Sustainability-Linked Bond Principles (SLBP): a set of guidelines intended for use by market participants and designed to drive the provision of the information needed to increase capital allocation to sustainability-linked bonds. The SLBP are applicable to all types of issuers and financial capital market instruments.

Sustainability-linked derivative: a derivative which creates an ESG-linked cash-flow in the context of a traditional derivative instrument (such as an increase in spread linked to a failure to meet an ESG target).

Sustainability-linked loan: a credit facility granted with an interest rate that varies according to the borrower's ESG performance. Also referred to as positive-impact loans.

Sustainable bond: a form of debt securities, sustainable bonds are issued to finance one or more existing, progressing or new projects that are identified and classified as "sustainable". Such 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).

Sustainable bond issue: with a sustainable bond issue, the entirety of the net proceeds from the issue go towards financing or refinancing environmental and social projects.

Transition risk: refers to the risk of financial losses for an institution as a direct or indirect result of adjusting to a more environmentally sustainable low-carbon economy. Transitioning to a low-carbon economy to meet the challenges of mitigating and adapting to climate change can involve major political, legal, technological and market changes. The exact nature and direction of these changes, as well as how fast they occur, will affect the extent of the financial and reputational risk elements making up transition risks. Although the TCFD's recommendations do not specifically mention it, the Group also includes within transition risk the liability risk arising from possible compensation claims from parties having sustained losses as a result of physical or transition risks.

Visits per month: a website visit is counted when an internet user views one or more pages over a one-month period.

WWF: the World Wildlife Fund is an international non-governmental organisation (INGO) established in 1961, dedicated to environmental protection and sustainable development. It is one of the world's largest environmental INGOs with more than six million supporters worldwide, working in more than 100 countries and supporting some 1,300 environmental projects.

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.

Government-backed loans (PGE): In light of the Covid-19 pandemic, the French State set up an emergency financing scheme to help debtors 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.

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.

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