SOCIETE GENERALE

A French corporation with share capital of EUR 1,009,897,137.75
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RISK REPORT

PILLAR 3 30.09.2020

CONTENTS

1 RISK FACTORS

Chapter 2 of the 2019 Pillar 3 is amended as follows: in the 2.2 "Risk Factors" section on pages 7-15, a "Covid-19" risk factor has been added to the category "2.2.1 Risks related to the macroeconomic, market and regulatory environments". This risk factor is placed in position 2.2.1.1.

As a reminder, the risk factors described in this section are presented as of the date of this document and the situation described in each risk factor is subject to ongoing developments and may change, even significantly, at any time.

2.2.1 Risks related to the macroeconomic, market and regulatory environments

2.2.1.1 The coronavirus pandemic (Covid-19) and its economic consequences could adversely affect the Group's business, operations and financial position.

In December 2019, a new strain of coronavirus (Covid-19) emerged in China. The virus has since spread to numerous countries around the world and the World Health Organisation declared the outbreak of a pandemic in March 2020.

The propagation of the virus and the sanitary measures taken in response to it (border closures, lockdown measures, restrictions on certain economic activities, etc.) have and may continue to have a significant impact, both direct and indirect, on the global economic situation and financial markets. The resurgence of Covid-19 has led to new restrictions on mobility (including a re-containment in France and in a number of European countries and the establishment of local or national curfews), while the economic rebound seen in the summer of 2020 is losing momentum in several countries. An ever-active virus could lead to the extension or repetition of restrictive measures during several months, and thus adversely affect the Group's business, financial position and results.

The sharp recession experienced by the affected countries and the reduced world trade will continue to have a negative impact on the global economic environment as long as global production, investments, supply chains and consumer demand are affected, thereby impacting the Group's business and that of its customers and counterparties.

Lockdown measures also led to a decline in the Group's commercial activity and results due to a reduced opening of its retail network and lower demand from its customers. The renewal of lockdown measures may have an even greater impact on the Group's financial results.

In many jurisdictions in which the Group operates, national governments and central banks have taken or announced exceptional measures to support the economy and its actors (government-guaranteed loan facilities programs, tax deferrals, facilitated recourse to part-time working, compensation, etc.) or to improve liquidity in financial markets (asset purchases, etc.). The agreement reached on 21 July 2020 by the European Commission to provide the European Union with a EUR 750 billion recovery mechanism and the announcement by the French President of a new EUR 100 billion national recovery plan should encourage a more demand-driven recovery. Although the initial support measures adequately addressed the immediate effects of the crisis, the measures that are currently being implemented may not be sufficient to support the recovery. As these plans unfold, the ECB's ability to conduct its quantitative easing policy will remain crucial for ensuring financial stability in the eurozone.

As part of the French government-guaranteed loan facilities program for a maximum amount of EUR 300 billion, the Group has adapted its granting processes to handle the massive flow of applications. The Group has taken exceptional measures to financially support its customers and help them overcome the effects of the Covid-19 pandemic on their activities and income. The Group also supports its clients abroad in the framework of public or private moratoria or government-guaranteed loan facilities. These measures require the Group to reallocate resources and to adapt its granting and management processes. In the event that these support measures for both businesses and individuals were to be further strengthened (extension of moratoria, additional financing, strengthening of equity capital, etc.), the Group's business and results may continue to be affected.

The lockdown measures taken in several of the main countries where the Group operates (with Western Europe representing 68% of the Group's EAD (Exposure At Default) as of 30 June 2020, of which 46% is in France) are significantly reducing economic activity and will lead many countries to face economic recessions. The risk of new lockdown periods (especially in the event of new epidemic waves) as well as a slow recovery of demand could increase the scale and duration of these recessions. This, combined with a high level of public and corporate indebtedness, could constitute a brake on the recovery and lead to significant adverse repercussions on the quality of the Group's counterparties and the level of non-performing loans for both businesses and individuals.

Within the Corporate portfolio, the most impacted sectors to date are the automotive sector (1.0% of the Group's total exposure as of 30 September 2020), hotels, catering and leisure (0.6% of the Group's total exposure), air transport and aeronautics (less than 0.5% of the Group's total exposure) and maritime transport (less than 1% of the Group's total exposure). The oil and gas sector has been strongly impacted by a drop in demand due to the pandemic and by the initially uncoordinated actions on supply from several producing countries such as the OPEC countries and Russia, resulting in a sharp drop in the price per barrel and enhanced price volatility. Within the Corporate portfolio, this sector represented approximately 2.0% of the Group's total exposure as of 30 September 2020.

This context led to a significant increase in the Group's cost of risk during the first half of 2020. This increase takes into account the adjustment in our outlook in accordance with IFRS 9 principles. The cost of risk in 2020 is expected to remain at a higher level than in previous years.

For information purposes, the cost of risk was 40 basis points for the third quarter 2020. The cost of risk is expected in 2020 at around 70bp. As of September 30, 2020, the non-performing loan ratio stands at 3.4%.

Due to the Covid-19 crisis, the Group's results and financial position were affected by unfavourable developments in global financial markets in March and April 2020 (extreme volatility, sharp decline in the equity and index markets, widening of credit spreads, unexpected declines in dividends distribution, etc.). These exceptional conditions have particularly affected the management of structured financial instruments whose underlyings are equity products. By way of illustration, market risk risk-weighted assets (RWA) are thus up 19% in the third quarter of 2020 compared to the situation at the end of December 2019, to EUR 15.9 billion.

The situation in financial markets has since improved as a result of the governments' announced recovery plans, accommodating central banks' policies and the gradual ending of the lockdown measures. However, the prospect of new epidemic waves and the related uncertainties may result in a further adverse impact on the Group's capital markets activities: decline in activity, higher hedging costs, trading losses, increase in marketrisk reserves, reduction in liquidity on certain markets, operational losses related to capital markets activities, etc.

For example, the Global Markets and Investor Services sector, which mainly concentrates the Group's market risks, represented a net banking income of EUR 3 billion, or 18% of the Group's total revenues in the three first quarters of 2020.

Lockdown measures have led the Group to massively implement remote working arrangements, particularly in a significant part of its market activities. This organisation in immediate response to the crisis increases the risk of operational incidents and the risk of cyber-attacks faced by the Group. In addition, all employees remain subject to health risks at the individual level, with potential impacts in terms of organisation and business continuity in the event of prolonged absence of such individuals.

The unprecedented environment resulting from the Covid-19 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 plausible, leading the models beyond their area of validity. The temporary decline in performance and the recalibration of these models could have an adverse impact on the Group's results.

Following the European Central Bank's recommendation of 27 March 2020 to eurozone financial institutions to suspend dividend distributions and share buyback programs in light of the Covid-19 pandemic until at least October 2020, the Board of Directors' meeting of 31 March 2020 decided to discontinue the proposed dividend payment for the 2019 financial year. On July 28, 2020, the European Central Bank extended its recommendation to banks not to pay dividends and not to proceed with share buy-backs until January 2021. The European Central Bank will examine whether this guidance remains appropriate in the fourth quarter of 2020, taking into account the economic environment, the stability of the financial system and the adequacy of capital requirements. During the second half of 2020, the Board of Directors will propose guidelines for dividends distribution to shareholders (1). In addition, as part of the support measures and actions taken by central banks and national governments, restrictions or additional recommendations relating to the management of its activities, as well as on its distribution and capital allocation policies could be issued. Eventually, further restrictions on the payment of dividends, enhanced by public opinion pressure, cannot be ruled out at this stage. Uncertainty as to the duration and impact of the Covid-19 pandemic makes it difficult to predict the impact of such outbreak on the global economy. The consequences for the Group will depend on the duration of the pandemic, the measures taken by national governments and central banks and the developments in the health, economic, financial and social context.

(1) See press release for results as at 30 September 2020, page 13.

2 CAPITAL MANAGEMENT AND ADEQUACY

The total amount of RWA featured in this chapter (EUR 351.9 billion: cf tables 1, 2 and 3 below) shows a EUR 0.4 billion gap compared with the amount published through the financial communication of 5 November of Societe Generale group as regards Q3 2020 quarter, as well as with that of the fourth amendment to the 2020 Universal Registration Document. This discrepancy is due to the consideration, in the present regulatory information disclosed, of the phasing related to IFRS 9 transitional arrangements.

2.1 REGULATORY CAPITAL

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During the first nine months of 2020, Societe Generale issued USD 500m (equivalent to EUR 427m) of subordinated Tier 2 bonds. In addition to this, during the same period, the Group redeemed, at first call date, a USD 1,500m Additional Tier 1 bond issued in June 2014 and two Tier 2 bonds for amounts of CNH 1,200m and JPY 13,300m, issued in June 2015.

TABLE 1: REGULATORY CAPITAL AND CRR/CRD4 SOLVENCY RATIOS

(In EURm)	30.09.2020	31.12.2019
Shareholders' equity (IFRS), Group share	**60,593**	**63,527**
Deeply subordinated notes	(7,872)	(9,500)
Perpetual subordinated notes	(274)	(283)
Consolidated shareholders' equity, Group share, net of deeply subordinated and perpetual subordinated notes	**52,447**	**53,744**
Non-controlling interests	4,213	3,928
Intangible assets	(2,273)	(2,214)
Goodwill	(3,715)	(4,302)
Proposed dividends (General Meeting of Shareholders) and interest expenses on deeply subordinated and perpetual subordinated notes	(112)	(102)
Deductions and regulatory adjustments	(4,453)	(5,057)
Common Equity Tier 1 capital	**46,107**	**45,997**
Deeply subordinated notes and preferred shares	7,872	8,165
Other additional Tier 1 capital	182	84
Additional Tier 1 deductions	(137)	(137)
Tier 1 capital	**54,024**	**54,109**
Tier 2 instruments	12,119	13,032
Other Tier 2 capital	244	42
Tier 2 deductions	(1,442)	(1,915)
Total regulatory capital	**64,945**	**65,268**
Total risk-weighted assets	**351,864**	**345,010**
Credit risk-weighted assets	283,917	282,536
Market risk-weighted assets	15,939	14,513
Operational risk-weighted assets	52,008	47,961
Solvency ratios		
Common Equity Tier 1 ratio	13.1%	13.3%
Tier 1 ratio	15.4%	15.7%
Total capital adequacy ratio	18.5%	18.9%

(1) Ratios based on the CRR/CRD4 rules as published on 26 June 2013, including Danish compromise for insurance. 30/09/2020 ratios including IFRS 9 phasing and prudential "quick fix" (CET1 ratio of 12.9% without phasing), with non-recognition of the positive year-to-date result of minority participations and calculation of the estimation of dividend distribution based on the underlying year-to-date result not taken into account. 31/12/2019 figures have been restated for 2019 dividend cancellation, in accordance with restrictions to the payment of dividends imposed by European Authorities.

2.2 CAPITAL REQUIREMENTS

TABLE 2: GROUP CAPITAL REQUIREMENTS AND RISK-WEIGHTED ASSETS (OV1)

	RWA		Minimum capital requirements	
(In EURm)	30.09.2020	31.12.2019	30.09.2020	31.12.2019
Credit risk (excluding counterparty credit risk)	**247,726**	**251,113**	**19,818**	**20,089**
o.w. standardised approach	*89,024*	*93,302*	*7,122*	*7,464*
o.w. Foundation IRB (FIRB) approach	*4,967*	*4,725*	*397*	*378*
o.w. Advanced IRB (AIRB) approach	*132,749*	*133,026*	*10,620*	*10,642*
o.w. equity IRB under the simple risk-weighted approach or IMA	*20,986*	*20,061*	*1,679*	*1,605*
Counterparty credit risk	***22,991***	***19,567***	***1,839***	***1,565***
o.w. risk exposure for contributions to the default fund of a CCP	*832*	*1,077*	*67*	*86*
o.w. CVA	*3,242*	*2,586*	*259*	*207*
Settlement risk	**24**	**41**	**2**	**3**
Securitisation exposures in the banking book (after cap) (1)	**5,103**	**3,762**	**408**	**301**
o.w. SEC-ERBA (including IAA)	*3,315*	*1,836*	*265*	*147*
o.w. SEC-IRBA	*1,626*	*1,860*	*130*	*149*
o.w. SEC-SA	*162*	*66*	*13*	*5*
Market risk	**15,939**	**14,513**	**1,275**	**1,161**
o.w. standardised approach	*1,369*	*1,373*	*110*	*110*
o.w. IMA	*14,570*	*13,140*	*1,166*	*1,051*
Large exposures	**-**	**-**	**-**	**-**
Operational risk	**52,008**	**47,961**	**4,161**	**3,837**
o.w. basic indicator approach	-	-	-	-
o.w. standardised approach	*2,362*	*2,470*	*189*	*198*
o.w. advanced measurement approach	*49,646*	*45,491*	*3,972*	*3,639*
Amounts below the thresholds for deduction (subject to 250% risk-weighting)	**8,075**	**8,052**	**646**	**644**
Floor adjustment	-	-	-	-
TOTAL	**351,864**	**345,010**	**28,149**	**27,601**

(1) The amounts of RWA and of capital requirements as at 31 December 2019 relating to securitisation in the Banking Book are featured in accordance with the new classification by prudential approach.

The following table presents the risk-weighted assets by core business:

TABLE 3: DISTRIBUTION OF RWA BY CORE BUSINESS AND RISK TYPE

(In EURbn)	Credit	Market	Operational	Total 30.09.2020	Total 31.12.2019
French Retail Banking	92.0	0.1	5.4	97.5	97.8
International Retail Banking and Financial Services	105.3	0.1	6.8	112.2	115.3
Global Banking and Investor Solutions	76.8	15.5	32.2	124.5	117.7
Corporate Centre	9.8	0.2	7.6	17.7	14.1
GROUP	**283.9**	**15.9**	**52.0**	**351.9**	**345.0**

As at 30 September 2020, RWA (EUR 351.9 billion) broke down as follows:

- credit risk accounted for 81% of RWA (of which 37% for International Retail Banking and Financial Services);
- market risk accounted for 5% of RWA (of which 97% for Global Banking and Investor Solutions);
- operational risk accounted for 15% of RWA (of which 62% for Global Banking and Investor Solutions).

2.3 LEVERAGE RATIO

TABLE 4: LEVERAGE RATIO SUMMARY AND RECONCILIATION OF PRUDENTIAL BALANCE SHEET AND LEVERAGE EXPOSURE [(1)]

(In EURm)	30.09.2020	31.12.2019
Tier 1 capital [(2)]	**54,024**	**54,109**
Total assets in prudential balance sheet	1,321,552	1,203,797
Adjustments for fiduciary assets recognised on the balance sheet but excluded from the leverage ratio exposure	-	-
Adjustments for derivative financial instruments	(130,867)	(80,869)
Adjustments for securities financing transactions [(3)]	4,314	(3,037)
Off-balance sheet exposure (loan and guarantee commitments)	105,584	103,856
Technical and prudential adjustments (Tier 1 capital prudential deductions)	(8,203)	(10,217)
Technical and prudential adjustments (Regulated Saving and Central Bank Outstanding exemptions)	(94,500)	(13,268)
Leverage ratio exposure	**1,197,879**	**1,200,262**
Leverage ratio	**4.5%**	**4.5%**

(1) 30/09/2020 figures are featured with IFRS 9 phasing and prudential "quick fix", with non-recognition of the positive year-to-date result of minority participations and calculation of the estimation of dividend distribution based on the underlying year-to-date result not taken into account. 31/12/2019 figures have been restated for 2019 dividend cancellation, in accordance with restrictions to the payment of dividends imposed by European Authorities.

(2) Capital overview is available in Table 1: "Regulatory capital and CRR/CRD4 solvency ratios".

(3) Securities financing transactions: repurchase transactions, securities lending or borrowing transactions and other similar transactions.

2.4 FINANCIAL CONGLOMERATE RATIO

As at 30 June 2020, the financial conglomerate ratio was 141%, consisting of a numerator "Own funds of the Financial Conglomerate" of EUR 70.7 billion, and a denominator "Regulatory requirement of the Financial Conglomerate" of EUR 50.0 billion.

As at 31 December 2019, the financial conglomerate ratio was 145%, consisting of a numerator "Own funds of the Financial Conglomerate" of EUR 70.2 billion, and a denominator "Regulatory requirement of the Financial Conglomerate" of EUR 48.4 billion.

2.5 ADDITIONAL QUANTITATIVE INFORMATION ON CAPITAL AND CAPITAL ADEQUACY

TABLE 5: COMPARISON OF OWN FUNDS AND CAPITAL AND LEVERAGE RATIOS WITH AND WITHOUT THE APPLICATION OF TRANSITIONAL ARRANGEMENTS FOR IFRS 9 OR ANALOGOUS ECLS

QUANTITATIVE TEMPLATE						
In EURm		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
	AVAILABLE CAPITAL (AMOUNTS)					
1	Common Equity Tier 1 (CET1) capital	46,107	45,158			
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	45,481	44,508			
3	Tier 1 capital	54,024	53,358			
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	53,398	52,708			
5	Total capital	64,945	64,552			
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	64,319	63,902			
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets	351,864	360,423			
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	352,330	360,749			
	Capital ratios					
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	13.1%	12.5%			
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12.9%	12.3%			
11	Tier 1 (as a percentage of risk exposure amount)	15.4%	14.8%			
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.2%	14.6%			
13	Total capital (as a percentage of risk exposure amount)	18.5%	17.9%			
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.3%	17.7%			
	Leverage ratio					
15	Leverage ratio total exposure measure	1,197,879	1,248,204			
16	Leverage ratio	4.5%	4.3%			
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4.4%	4.2%			

3 CREDIT AND COUNTERPARTY CREDIT RISK

3.1 QUANTITATIVE INFORMATION

TABLE 6: PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS (NPL TEMPLATE 4)

The loans and advances amounts calculation has been modified in order to exclude from the gross exposure the net accounting value of the tangible assets for operating lease.

	30.09.2020														
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
(In EURm)	TOTAL	Of which stage 1[(1)]	Of which stage 2[(2)]	TOTAL	Of which stage 2[(2)]	Of which stage 3[(3)]	TOTAL	Of which stage 1[(1)]	Of which stage 2[(2)]	TOTAL	Of which stage 2[(2)]	Of which stage 3[(3)]	Accu-mulated partial write-off	On performing exposures	On non-performing exposures
Loans and advances	**500,166**	**467,517**	**32,649**	**17,737**	**-**	**17,737**	**(2,713)**	**(1,153)**	**(1,560)**	**(9,166)**	**-**	**(9,166)**	**(1,195)**	**258,453**	**3,972**
Central banks	*10,252*	*10,250*	*2*	*-*	*-*	*-*	*(5)*	*(5)*	*(0)*	*-*	*-*	*-*	*-*	*2*	*-*
General governments	*26,173*	*25,751*	*422*	*123*	*-*	*123*	*(13)*	*(7)*	*(6)*	*(64)*	*-*	*(64)*	*(0)*	*5,010*	*45*
Credit institutions	*13,349*	*12,949*	*400*	*11*	*-*	*11*	*(6)*	*(5)*	*(1)*	*(6)*	*-*	*(6)*	*(0)*	*1,675*	*0*
Other financial corporations	*33,251*	*33,175*	*75*	*188*	*-*	*188*	*(18)*	*(15)*	*(4)*	*(95)*	*-*	*(95)*	*-*	*6,479*	*44*
Non-financial corporations	*207,679*	*189,119*	*18,560*	*9,044*	*-*	*9,044*	*(1,528)*	*(600)*	*(928)*	*(4,700)*	*-*	*(4,700)*	*(375)*	*98,555*	*2,412*
Of which SMEs	*46,486*	*41,230*	*5,256*	*3,464*	*-*	*3,464*	*(514)*	*(174)*	*(340)*	*(1,935)*	*-*	*(1,935)*	*-*	*29,611*	*933*
Households	*209,462*	*196,273*	*13,188*	*8,371*	*-*	*8,371*	*(1,144)*	*(522)*	*(622)*	*(4,300)*	*-*	*(4,300)*	*(820)*	*146,733*	*1,470*
Debt securities	**68,475**	**68,316**	**158**	**16**	**-**	**16**	**(9)**	**(7)**	**(2)**	**(8)**	**-**	**(8)**	**-**	**4,942**	**-**
Central banks	*4,503*	*4,462*	*40*	*-*	*-*	*-*	*(3)*	*(1)*	*(1)*	*-*	*-*	*-*	*-*	*-*	*-*
General governments	*48,999*	*48,976*	*23*	*8*	*-*	*8*	*(6)*	*(5)*	*(1)*	*(8)*	*-*	*(8)*	*-*	*-*	*-*
Credit institutions	*6,893*	*6,893*	*-*	*-*	*-*	*-*	*(0)*	*(0)*	*-*	*-*	*-*	*-*	*-*	*219*	*-*
Other financial corporations	*4,003*	*3,908*	*95*	*-*	*-*	*-*	*(0)*	*(0)*	*-*	*-*	*-*	*-*	*-*	*2,055*	*-*
Non-financial corporations	*4,077*	*4,077*	*-*	*8*	*-*	*8*	*(0)*	*(0)*	*-*	*-*	*-*	*-*	*-*	*2,667*	*-*
Off-balance- sheet exposures	**392,579**	**383,685**	**8,895**	**1,193**	**-**	**1,193**	**(539)**	**(228)**	**(311)**	**(389)**	**-**	**(389)**	**-**	**51,593**	**272**
Central banks	*74*	*74*	*-*	*-*	*-*	*-*	*(0)*	*(0)*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
General governments	*5,755*	*5,670*	*85*	*1*	*-*	*1*	*(2)*	*(1)*	*(1)*	*-*	*-*	*-*	*-*	*3,095*	*1*
Credit institutions	*108,122*	*107,658*	*464*	*6*	*-*	*6*	*(42)*	*(1)*	*(41)*	*-*	*-*	*-*	*-*	*375*	*1*
Other financial corporations	*72,440*	*71,969*	*471*	*1*	*-*	*1*	*(10)*	*(7)*	*(3)*	*(1)*	*-*	*(1)*	*-*	*5,455*	*0*
Non-financial corporations	*190,448*	*182,887*	*7,562*	*1,075*	*-*	*1,075*	*(426)*	*(193)*	*(233)*	*(367)*	*-*	*(367)*	*-*	*37,438*	*256*
Households	*15,741*	*15,428*	*313*	*111*	*-*	*111*	*(59)*	*(26)*	*(32)*	*(21)*	*-*	*(21)*	*-*	*5,229*	*14*
TOTAL	**961,220**	**919,518**	**41,702**	**18,947**	**-**	**18,947**	**(3,262)**	**(1,388)**	**(1,874)**	**(9,562)**	**-**	**(9,562)**	**(1,195)**	**314,988**	**4,243**

(1) Assets without significant increase in credit risk since initial recognition

(2) Assets with significant increase in credit risk since initial recognition, but not impaired

(3) Impaired assets

3.2 CREDIT RISK DETAIL

TABLE 7: RWA AND CAPITAL REQUIREMENTS FLOW STATEMENTS OF CREDIT RISK EXPOSURES UNDER IRB APPROACH (CR8)

(In EURm)	RWA amounts	Capital requirements
RWA as at end of previous reporting period (30.06.2020)	**171,137**	**13,691**
Asset size	696	56
Asset quality	(8,319)	(666)
Model updates	-	-
Methodology and policy	2,296	184
Acquisitions and disposals	-	-
Foreign exchange movements	(1,320)	(106)
Other	380	30
RWA as at end of reporting period (30.09.2020)	**164,872**	**13,190**

3.3 COUNTERPARTY RISK DETAIL

TABLE 8: RWA AND CAPITAL REQUIREMENTS FLOW STATEMENTS OF COUNTERPARTY CREDIT RISK EXPOSURES UNDER IRB APPROACH (CCR7)

(In EURm)	RWA amounts – IRB IMM	RWA amounts – IRB excl. IMM	RWA amounts – Total IRB	Capital requirements – IRB IMM	Capital requirements – IRB excl. IMM	Capital requirements – Total IRB
RWA as at end of previous reporting period (30.06.2020)	**13,187**	**2,689**	**15,876**	**1,055**	**215**	**1,270**
Asset size	331	1,027	1,358	26	82	109
Credit quality of counterparties	(19)	25	6	(2)	2	0
Model updates	-	-	-	-	-	-
Methodology and policy	(72)	-	(72)	(6)	-	(6)
Acquisitions and disposals	-	-	-	-	-	-
Foreign exchange movements	(251)	(64)	(315)	(20)	(5)	(25)
Other	(72)	139	66	(6)	11	5
RWA as at end of reporting period (30.09.2020)	**13,103**	**3,815**	**16,919**	**1,048**	**305**	**1,353**

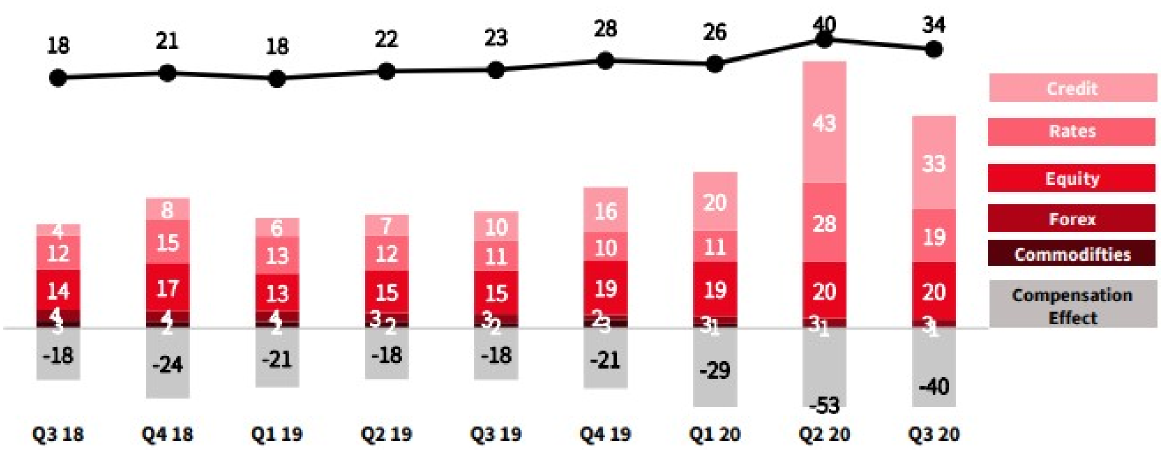
The table above displays data without CVA (Credit Valuation Adjustment) which amounts to EUR 2.8 billion in advanced method.

4 MARKET RISK

4.1 CHANGE IN TRADING VAR

Quarterly average of the 99% Value at Risk (VaR), a composite indicator used for the day-to-day monitoring of the market risk incurred by the bank, on the scope of its trading activities, in EUR million:

Change in trading VaR* and stressed var**



Stressed VAR** (1 day. 99%. in EURm)	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20
Minimum	17	23	23	49	28
Maximum	60	61	108	89	58
Average	34	38	56	66	41

* Trading VaR: measurement over one year (i.e. 260 scenario) of the greatest risk obtained after elimination of 1% of the most unfavourable occurrences.
** Stressed VaR : Identical approach to VaR (historical simulation with 1-day shocks and a 99% confidence interval). but over a fixed one-year historical window corresponding to a period of significant financial tension instead of a one-year rolling period.

4.2 MARKET RISK RWA AND CAPITAL REQUIREMENTS – ADDITIONAL QUANTITATIVE INFORMATION

TABLE 9: QUARTERLY RWA FLOW STATEMENTS OF MARKET RISK EXPOSURES UNDER IMA (INTERNAL MODEL APPROACH) (MR2-B)

(In EURm)	VaR	SVaR	IRC	CRM	Other	Total RWA	Total capital requirements
RWA at end of previous reporting period (30.06.2020)	**5,659**	**10,822**	**1,354**	**1,402**	**-**	**19,236**	**1,539**
Regulatory adjustment	*4,055*	*7,153*	*-*	*767*	*-*	*11,975*	*958*
RWA at end of day previous quarter	*1,604*	*3,669*	*1,354*	*635*	*-*	*7,261*	*581*
Movement in risk levels	(1,059)	(3,216)	(136)	(87)	-	(4,497)	(360)
Model updates/changes	94	(264)	-	-	-	(170)	(14)
Methodology and policy	-	-	-	-	-	-	-
Acquisitions and disposals	-	-	-	-	-	-	-
Foreign exchange movements	(0)	1	-	-	-	0	0
Other	-	-	-	-	-	-	-
RWA at end of day quarter	*1,321*	*3,425*	*1,180*	*1,315*		*7,241*	*579*
Regulatory adjustment	*3,373*	*3,917*	*38*	*-*		*7,328*	*586*
RWA at end of reporting period (30.09.2020)	**4,694**	**7,342**	**1,218**	**1,315**	**-**	**14,570**	**1,166**

Effects are defined as follows:

- Regulatory adjustment: difference between RWA used for the purpose of regulatory RWA calculation on the one hand and RWA of the last day or of the last week of the period on the other hand;
- Movement in risk levels: changes due to position changes;
- Model updates/changes: significant updates to the model to reflect recent experience (*e.g.* recalibration), as well as significant changes in model scope;
- Methodology and policy: methodology changes to the calculations driven by regulatory policy changes;
- Acquisitions and disposals: modifications due to acquisition or disposal of business/product lines or entities;
- Foreign exchange movements: changes arising from foreign currency translation movements.

5 LIQUIDITY RISK

5.1 LIQUIDITY RESERVE

TABLE 10: LIQUIDITY RESERVE

(In EURbn)	30.09.2020	31.12.2019
Central bank deposits (excluding mandatory reserves)	152	88
HQLA securities available and transferable on the market (after haircut)	76	81
Other available central bank-eligible assets (after haircut)	4	21
TOTAL	**233**	**190**

5.2 REGULATORY RATIOS

TABLE 11: LIQUIDITY COVERAGE RATIO (LCR)

(In EURm)

Quarter ending on	30.09.2020
Number of data points used in the calculation of averages	
	Total adjusted value
LIQUIDITY BUFFER	**188,059**
TOTAL NET CASH OUTFLOWS	**123,023**
LIQUIDITY COVERAGE RATIO (%) *	**153%**

**The LCR is calculated as the simple average of month-end observations over the twelve months preceding the end of each quarter.*

5.3 ASSET ENCUMBRANCE

TABLE 12: ENCUMBERED AND UNENCUMBERED ASSETS (AE-ASS)

The table as at 31 December 2019 has been modified as follows:

	31.12.2019							
(In EURm)	**Carrying amount of encumbered assets**	***Of which: EHQLA et HQLA***	**Fair value of encumbered assets**	***Of which: EHQLA et HQLA***	**Carrying amount of unencumbered assets**	***Of which: EHQLA et HQLA***	**Fair value of unencumbered assets**	***Of which: EHQLA et HQLA***
Assets of the reporting institution	161,565	*53,243*			1,070,510	*145,175*		
Equity instruments	31,143	*21,221*			39,712	*8,143*		
Debt securities	35,215	*31,182*	35,215	*31,182*	65,451	*44,911*	65,451	*44,911*
of which: covered bonds	*86*	*36*	*86*	*36*	*419*	*255*	*419*	*255*
of which: asset-backed securities	*927*	*151*	*927*	*151*	*2,147*	*54*	*2,147*	*54*
of which: issued by general governments	*30,935*	*29,885*	*30,935*	*29,885*	*38,564*	*38,564*	*38,564*	*38,564*
of which: issued by financial corporations	*2,712*	*422*	*2,712*	*422*	*15,183*	*4,693*	*15,183*	*4,693*
of which: issued by non-financial corporations	*1,569*	*714*	*1,569*	*714*	*5,759*	*465*	*5,759*	*465*
Other assets	93,953	-			965,133	*91,853*		
of which: Loans on demand	*4,885*	-	-	-	*113,326*	*88,584*	-	-
of which: Loans and advances other than loans on demand	*87,223*	-	-	-	*575,941*	*1,209*	-	-
of which: Other	*1,719*	-	-	-	*276,635*	*2,390*	-	-

6 APPENDICES

6.1 INDEX OF THE TABLES IN THE RISK REPORT

Chapter	Table number Pillar 3	Title	Page in Pillar 3 report 2019	Page in Pillar 3 report 30.09.2020	Regulatory and EBA revised Pillar 3 Guidelines references
6	28	Comparison of risk parameters: estimated and actual PD values – Retail clients	81		CR9
6	29	Comparison of risk parameters: estimated and actual LGD and EAD values - Retail clients	82		
6	30	Geographic breakdown of Group credit risk exposures on top five countries by exposure class (in %)	88		
6	31	Changes in RWA by method on overall credit risk (Credit and Counterparty)	88		
6	32	Credit quality of forborne exposures	90		Template 1 NPL
6	33	Credit quality of performing and non-performing exposures by past due days	91		Template 3 NPL
6	34	Performing and non-performing exposures and related provisions	92	10-11	Template 4 NPL
6	35	Quality of non-performing exposures by geography	93		Template 5 NPL
6	36	Credit quality of loans and advances by industry sector	94		Template 6 NPL
6	37	Changes in the stock of defaulted and impaired loans and debt securities	95		CR2-B
6	38	Collateral obtained by taking possession and execution processes	95		Template 9 NPL
6	39	Exposure classes	96		
6	40	Global credit risk exposure, EAD and RWA by approach and exposure class	97		
6	41	Retail credit risk exposure, EAD and RWA by approach and exposure class	98		
6	42	Geographical breakdown of average PD and LGD	99		
6	43	Corporate portfolio's EAD by industry sector	100		
6	44	EAD by geographic region and main countries and by exposure class	102		
6	45	Retail EAD by geographic region and main countries	104		
6	46	Exposure treated under Standardised approach by exposure class and external rating	105		
6	47	Credit risk exposure, EAD and RWA by approach and exposure class	107		
6	48	Credit quality of exposures by exposure class and intrument	108		CR1-A
6	49	Net exposures by exposure class	109		CRB-B
6	50	Standardised approach - Credit risk exposure and credit risk mitigation effects (CRM)	110		CR4
6	51	Internal approach - Credit risk exposures by exposure class and PD range - AIRB	112		CR6
6	52	Internal approach - Credit risk exposures by exposure class and PD range - FIRB	116		CR6
6	53	Credit risk in Standardised approach - EAD distributed by Risk Weight	118		CR5
6	54	Geographical breakdown of net exposures	120		CRB-C
6	55	Concentration of exposures by industry or counterparty type	124		CRB-D
6	56	Maturity of exposures	128		CRB-E
6	57	Credit risk mitigation techniques - Overview	129		CR3
6	58	Impact of credit risk derivatives used as CRM techniques on RWA - IRB	130		CR7
6	59	Specialised lending and equities - Internal approach	132		CR10
6	60	RWA and capital requirements flow statements of credit risk exposures under IRB approach	133	12	CR8
6	61	Changes in credit risk adjustments	133		CR2-A

Chapter	Table number Pillar 3	Title	Page in Pillar 3 report 2019	Page in Pillar 3 report 30.09.2020	Regulatory and EBA revised Pillar 3 Guidelines references
6	62	Counterparty credit risk exposure, EAD and RWA by approach and exposure class	134		
6	63	IRB counterparty credit risk exposures by exposure class and PD scale	135		CCR4
6	64	Counterparty credit risk in Standardised approach - EAD distributed by Risk Weight	138		CCR3
6	65	Counterparty credit risk EAD by geographic region and main countries	140		
6	66	Analysis of counterparty credit risk exposure by approach	140		CCR1
6	67	EAD and RWA towards central counterparties (CCP)	141		CCR8
6	68	Credit derivatives exposures	142		CCR6
6	69	Credit derivatives exposures - Protections bought	143		
6	70	Impact of netting and collateral held on exposure values	143		CCR5-A
6	71	Breakdown of collateral for counterparty credit risk exposures	143		CCR5-B
6	72	RWA and capital requirements flow statements of counterparty credit risk exposures under IRB approach	144	12	CCR7
6	73	Exposure and RWA relating to Credit Valuation Adjustment (CVA)	144		CCR2
6	74	Breakdown of trading derivative instruments commitments (notional) - Prudential scope	145		
7	75	Amounts of securitised exposures by type of underlying assets	152		
7	76	Amounts of securitised exposures that are past due or impaired by type of underlying assets	153		
7	77	Assets awaiting securitisation by type of underlying assets	154		
7	78	Amounts of securitised exposures retained or purchased by type of underlying assets in the banking book	154		
7	79	Amounts of securitised exposures retained or purchased by type of underlying assets in the trading book	155		
7	80	Amounts of securitised exposures retained or purchased by region in the banking book and in the trading book	155		
7	81	Quality of securitisation positions retained or purchased by type of underlying assets in the banking book	156		
7	82	Quality of securitisation positions retained or purchased by type of underlying assets in the trading book	157		
7	83	Credit rating agencies used in securitisations by type of underlying assets	158		
7	84	Amounts of securitised exposures retained or purchased in the banking book by approach and by Risk Weight	159		
7	85	Amounts of securitised exposures retained or purchased in the trading book by approach and by Risk Weight	160		
7	86	Securitisation exposures deducted from own funds by type of underlying assets	161		
7	87	Regulatory capital requirements relating to securitisations held or purchased in the trading book	161		
7	88	Re-securitisation positions retained or purchased	161		
8	89	Regulatory ten-day 99% VaR and one-day 99% VaR	168		
8	90	Regulatory ten-day 99% SVaR and one-day 99% SVaR	170		
8	91	IRC (99.9%) and CRM (99.9%)	174		
8	92	Market risk capital requirements and RWA by risk factor	175		
8	93	Capital requirements and RWA by type of market risk	175		
8	94	Market risk under Standardised approach	176		MR1
8	95	Market risk under Internal Model approach	176		MR2-A
8	96	Internal Model values in trading portfolios	177		MR3
8	97	Annual RWA flow statements of market risk exposures under IMA (Internal Model Approach)	178		MR2-B
8	98	Quarterly RWA flow statements of market risk exposures under IMA	178	14	MR2-B