

UPDATE ON THE GROUP'S CURRENT SITUATION IN UKRAINE AND RUSSIA

Press release

Paris, 3 March 2022,

Societe Generale continues a detailed monitoring of the situation in Ukraine and Russia 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 earnings⁽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.**

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⁽³⁾ ("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⁽³⁾) represent 2.8% of Group net banking income in 2021 and 2.7% of Group net income⁽²⁾. 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⁽³⁾ 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 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 loan 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 which activity is concentrated on international corporate clients.

Offshore exposures to Russia⁽⁴⁾, 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 does 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.

- (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.
- (3) 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).
- (4) Based on a EUR/RUB exchange rate of 120.
- (5) Based on the lists of sanctions published at 27.02.2022.

The financial information presented for the financial year ending 31 December 2021 are subject to audit procedures carried out by the Statutory Auditors that are currently in progress.

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Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth. Committed to the positive transformations of the world's societies and economies, Societe Generale and its teams seek to build, day after day, together with its clients, a better and sustainable future through responsible and innovative financial solutions.

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 has over 133,000 members of staff in 61 countries and supports on a daily basis 30 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

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

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 indexes, and the MSCI Low Carbon Leaders Index (World and Europe).

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