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FINANCIAL INFORMATION

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The information on the types of risks, the risk management linked to financial instruments as well as the information on capital management and compliance with regulatory ratios, required by IFRS as adopted by the European Union, are disclosed in Chapter 4 of the present Universal Registration Document (Risks and capital adequacy).

The main characteristics of Societe Generale stock-option plans and free share plans are disclosed in Chapter 3 of the present Universal Registration Document (Corporate governance).

This information belongs to the notes to the consolidated financial statements and has been audited by Statutory Auditors; it is identified as such in Chapters 3 and 4 of the present Universal Registration Document.

6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 CONSOLIDATED BALANCE SHEET - ASSETS

(In EURm)		31.12.2021	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
<i>Revaluation differences for the period</i>	(294)	317
<i>Reclassified into income</i>	(24)	(70)
Revaluation of available-for-sale financial assets	(292)	117
<i>Revaluation differences for the period</i>	(269)	123
<i>Reclassified into income</i>	(23)	(6)
Revaluation of hedging derivatives	(36)	154
<i>Revaluation differences of the period</i>	6	138
<i>Reclassified into income</i>	(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)
<i>o/w Group share*</i>	6,719	(1,652)
<i>o/w non-controlling interests*</i>	740	397

* Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).

6.1.5 CHANGES IN SHAREHOLDERS' EQUITY

(In EURm)	Shareholders' equity, Group share							
	Issued common stocks and capital reserves	Other equity instruments	Retained earnings	Net income, Group share	Unrealised and deferred gains and losses	Total	Non-controlling interests	Total consolidated shareholder's equity
At 1 January 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).

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6.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 9 February 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 supersede 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.

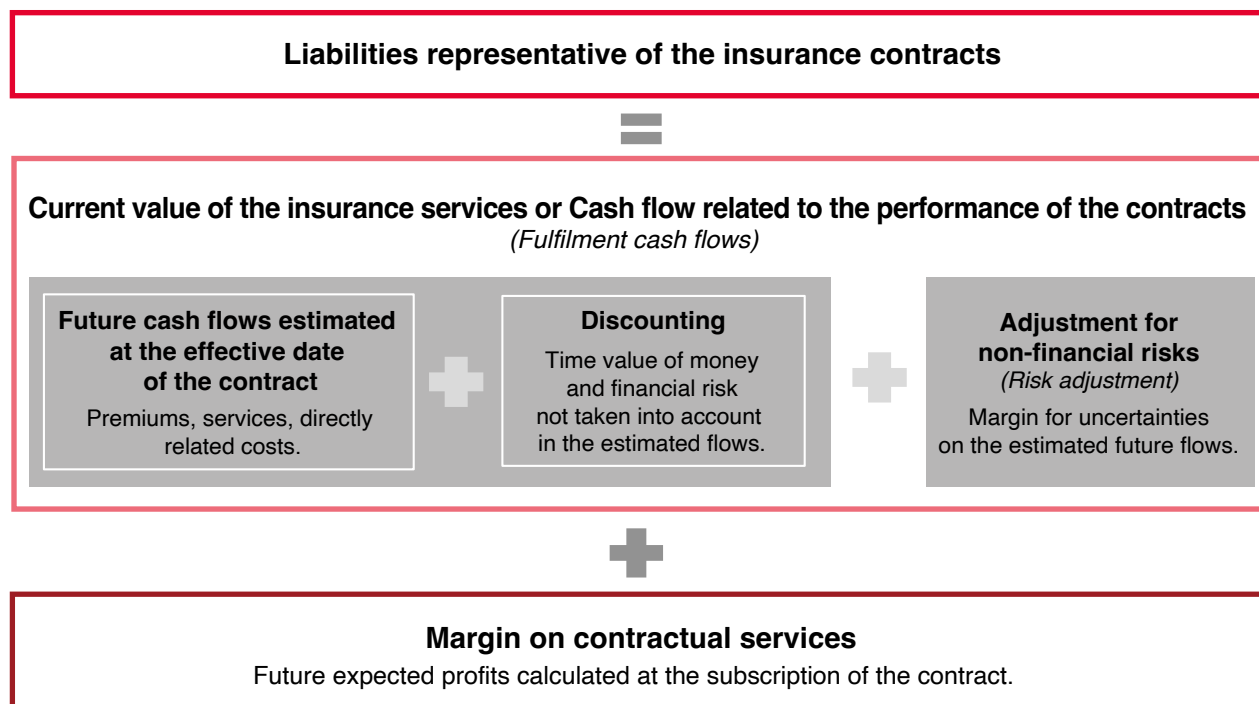
The Group plans to use this optional exemption on its life insurance contracts in France because they include direct or discretionary participation features, which allow the sharing of risks and cash flows between different generations of policyholders. These life insurance contracts are also managed 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.

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.

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).

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.

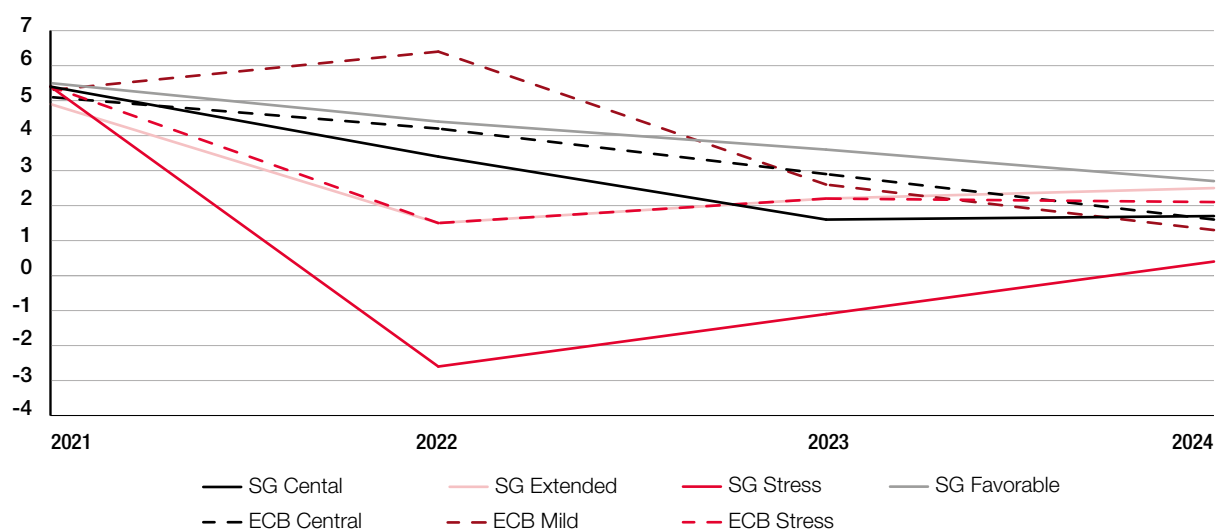
Forecasts from institutions (IMF, Global Bank, ECB, OECD...) and the consensus among market economists serve as a reference to ensure the consistency of the scenarios thus constructed.

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'Etat* – 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.

(In EURm)	31.12.2020		Restatement 1	Restatement 2
	Published	Restated		
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 loses 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



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	<ul style="list-style-type: none"> ■ 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
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International Retail Banking & Financial Services

Europe	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ Continued development of Societe Generale's sales network ■ Continued focus on operating efficiency (automatisation, dematerialisation, digitalisation and mutualisation initiatives)
Insurance	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ 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-term renting to retail customers ■ Continued focus on operating efficiency

Global Banking and Investor Solutions

Global Markets and Investor Services	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ 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 (AssetBack 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 Komerční 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.

31.12.2021					
(In EURm)	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)

31.12.2020					
(In EURm)	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.

31.12.2021				
(In EURm)	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

31.12.2020				
(In EURm)	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**

	Joint ventures		Associates		Total investments accounted for using the equity method	
(In EURm)	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 vehicles).

Asset financing includes lease finance partnerships and similar vehicles that provide aircraft, rail, shipping or real estate finance facilities.

Asset management includes mutual funds managed by the Group's asset management subsidiaries.

Securitisation includes securitisation funds or similar vehicles issuing financial instruments that can be subscribed for by investors and that generate credit risks inherent in an exposure or basket of exposures which can be divided into tranches.

The Group's interests in unconsolidated entities that have been structured by third parties are classified among financial instruments in the consolidated balance sheet according to their nature.

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		Asset management ⁽²⁾		Others	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	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		Asset management		Others	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	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 vehicles).

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 these 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.).

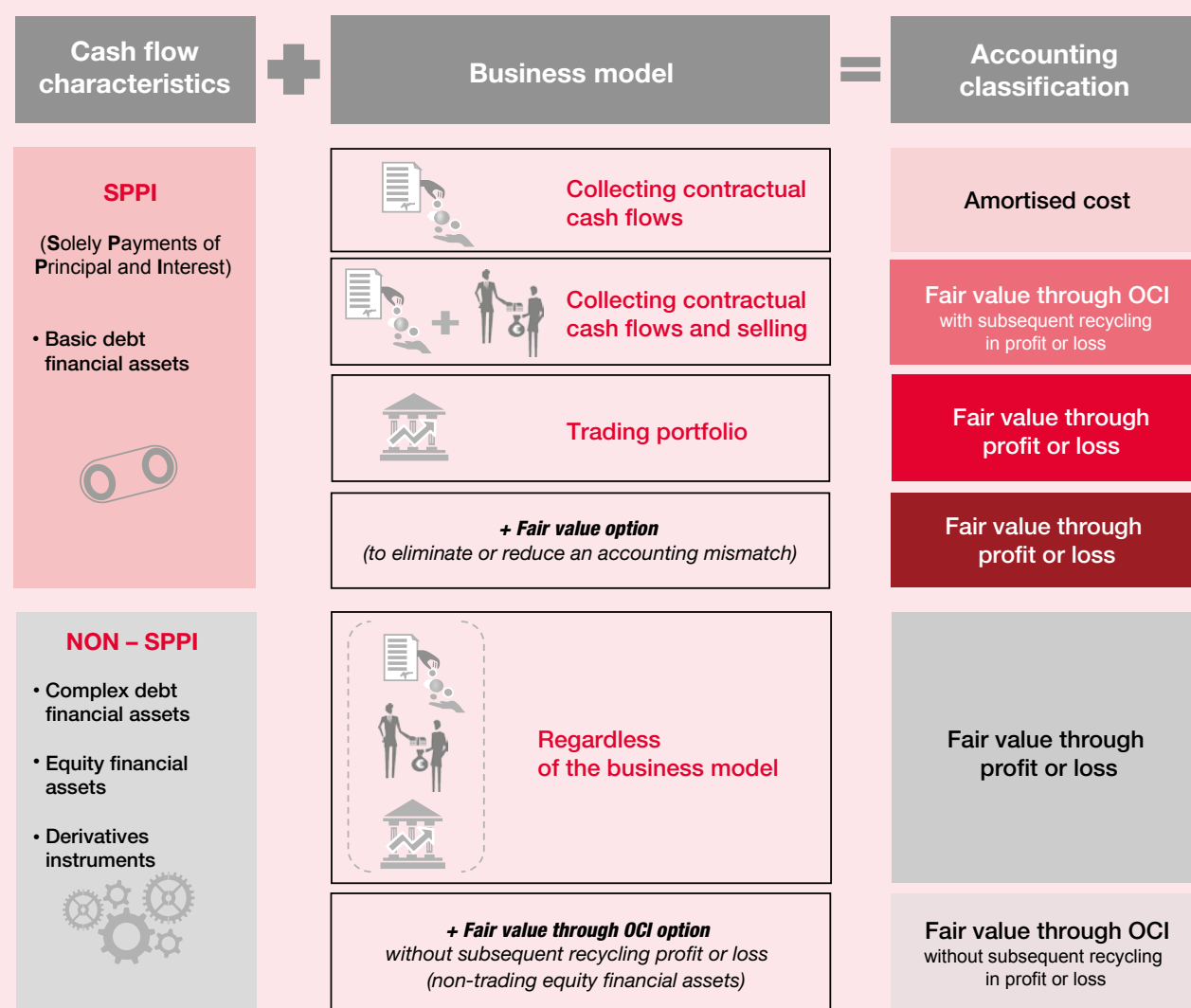
In the financial statements, the classification and valuation of financial assets and liabilities depend on their contractual characteristics and the way the entity manages those financial instruments.

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 exchange 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

(In EURm)	31.12.2021		31.12.2020	
	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
<i>o/w securities purchased/sold under resale/repurchase agreements</i>	<i>81,313</i>	<i>84,797</i>	<i>119,374</i>	<i>120,697</i>

* 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
<i>o/w securities lent</i>	<i>14,370</i>	<i>11,066</i>

* 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.

<i>(In EURm)</i>	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

<i>(In EURm)</i>	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.

(In EURm)	31.12.2021		31.12.2020	
	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
<i>Net gain/loss on fair value hedging derivatives</i>	<i>(5,741)</i>	<i>801</i>
<i>Revaluation of hedged items attributable to hedged risks⁽³⁾</i>	<i>5,732</i>	<i>(709)</i>
Net gain/loss on foreign exchange transactions	670	(623)
TOTAL	5,704	2,785
<i>o/w gains on financial instruments at fair value through other comprehensive income</i>	<i>113</i>	<i>55</i>

(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	
	Assets	Liabilities	Assets	Liabilities
(In EURm)				
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
<i>Swaps</i>	7,013,837	6,849,353
<i>FRA</i> s	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		31.12.2020	
	Assets	Liabilities	Assets	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
<i>Swaps</i>	696,716	779,359
<i>FRAs</i>	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:

(In EURm)	31.12.2021	
	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		
	Carrying amount	Cumulative change in the fair value ⁽²⁾	Change in the fair value booked during the period ⁽²⁾
(In EURm)			
Hedge of interest rate risk	257,100	4,860	5,732
Hedged assets	68,184	1,431	(1,154)
<i>Due from banks, at amortised cost</i>	1,204	20	(22)
<i>Customer loans, at amortised cost</i>	7,096	227	(199)
<i>Securities at amortised cost</i>	1,547	(153)	(186)
<i>Financial assets at fair value through other comprehensive income</i>	29,893	1,207	(480)
<i>Customer loans (macro hedged)⁽¹⁾</i>	28,444	130	(267)
Hedged liabilities	188,916	3,429	6,886
<i>Debt securities issued</i>	46,226	130	1,148
<i>Due to banks</i>	13,511	104	339
<i>Customer deposits</i>	1,543	103	67
<i>Subordinated debts</i>	14,815	260	468
<i>Customer deposits (macro hedged)⁽¹⁾</i>	112,821	2,832	4,864
Hedge of currency risk	472	35	(1)
Hedged liabilities	472	35	(1)
<i>Subordinated debts</i>	472	35	(1)
Hedge of equity risk	1	-	1
Hedged liabilities	1	-	1
<i>Other liabilities</i>	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
<i>Due from banks, at amortised cost</i>	1,455	41	12
<i>Customer loans, at amortised cost</i>	4,694	429	51
<i>Securities at amortised cost</i>	932	43	28
<i>Financial assets at fair value through other comprehensive income</i>	37,521	2,379	1,049
<i>Customer loans (macro hedged)⁽¹⁾</i>	20,536	377	(109)
Hedged liabilities	188,291	10,273	(1,740)
<i>Debt securities issued</i>	40,823	1,283	(354)
<i>Due to banks</i>	12,798	440	(131)
<i>Customer deposits</i>	1,615	169	26
<i>Subordinated debts</i>	14,933	684	(298)
<i>Customer deposits (macro hedged)⁽¹⁾</i>	118,122	7,697	(983)
Hedge of currency risk	393	31	(38)
Hedged liabilities	393	31	(38)
<i>Subordinated debts</i>	393	31	(38)
Hedge of equity risk	1	(0)	1
Hedged liabilities	1	(0)	1
<i>Other liabilities</i>	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

31.12.2021

(In EURm)	Commitments (notional amounts)	Fair value ⁽²⁾		Change in fair value booked during the period	Ineffec- tiveness 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)

31.12.2020

(In EURm)	Commitments (notional amounts)	Fair value ⁽²⁾		Change in fair value booked during the period	Ineffec- tiveness 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)
<i>Financial assets at fair value through other comprehensive income</i>	4	(3)
<i>Customer loans (macro hedged)</i>	(13)	(10)
Hedged liabilities	78	(193)
<i>Debt securities issued</i>	(6)	1
<i>Due to banks</i>	(60)	(11)
<i>Customer deposits (macro hedged)</i>	144	(183)
Hedge of currency risk	(27)	6
Hedged liabilities	(19)	(3)
<i>Subordinated debts</i>	(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					
	Commitments (notional amounts)	Fair value		Changes in fair value recorded during the period		Cumulative change in fair value recorded in unrealised or deferred gains and losses
		Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	
(In EUR m)						
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					
	Commitments (notional amounts)	Fair value		Changes in fair value recorded during the period		Cumulative change in fair value recorded in unrealised or deferred gains and losses
		Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	
(In EUR m)						
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
	Change in the fair value of the hedged item during the period ⁽¹⁾	Cumulative translations differences related to the hedged items	
(In EURm)			
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						
(In EURm)	Commitments (notional amounts)	Carrying amount ⁽¹⁾		Changes in fair value recorded during the period		Cumulative change in fair value recorded in unrealised or deferred gains or losses
		Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	
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						
(In EURm)	Commitments (notional amounts)	Carrying amount ⁽¹⁾		Changes in fair value recorded during the period		Cumulative change in fair value recorded in unrealised or deferred gains or losses
		Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	
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
<i>Bonds and other debt securities</i>	43,081	51,721
<i>Loans and receivables and securities purchased under resale agreements</i>	99	80
Shares and other equity securities	270	259
TOTAL	43,450	52,060
<i>o/w securities lent</i>	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

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

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

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

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

ACCOUNTING PRINCIPLES**Definition of fair value**

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

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

Fair value hierarchy

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

LEVEL 1 (L1): INSTRUMENTS VALUED ON THE BASIS OF QUOTED PRICES (UNADJUSTED) IN ACTIVE MARKETS FOR IDENTICAL ASSETS OR LIABILITIES

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

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

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

Where a financial instrument is traded in several markets to which the Group has immediate access, its fair value is represented by the market price at which volumes and activity levels are highest for the instrument in question. Transactions resulting from involuntary liquidations or distressed sales are usually not taken into account to determine the market price.

LEVEL 2 (L2): INSTRUMENTS VALUED USING INPUTS OTHER THAN THE QUOTED PRICES INCLUDED IN LEVEL 1 AND THAT ARE OBSERVABLE FOR THE ASSET OR LIABILITY CONCERNED, EITHER DIRECTLY (I.E. AS PRICES) OR INDIRECTLY (I.E. DERIVED FROM PRICES)

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

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

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

LEVEL 3 (L3): INSTRUMENTS VALUED USING INPUTS A SIGNIFICANT PART OF WHICH ARE NOT BASED ON OBSERVABLE MARKET DATA (REFERRED TO AS UNOBSERVABLE INPUTS)

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

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

The main L3 complex derivatives are:

- equity derivatives: options with long maturities and/or incorporating bespoke remuneration mechanisms. These instruments are sensitive to market inputs (volatility, dividend rates, correlations, etc.). In the absence of market depth and an objective approach made possible by regularly observed prices, their valuation is based on proprietary methods (e.g. extrapolation from observable data, historical analysis). Hybrid equity instruments (i.e. having at least one non-equity underlying instrument) are also classified as L3 insofar as the correlations between the different underlying assets are generally unobservable;
- interest rate derivatives: long-term and/or exotic options, products sensitive to correlation between different interest rates, different exchange rates, or between interest rates and exchange rates, for example for *quanto* products (in which the instrument is settled in a currency different from the currency of the underlying asset); they are liable to be classified as L3 because the valuation inputs are unobservable due to the liquidity of the correlated pair and the residual maturity of the transactions (e.g. exchange rate correlations are deemed unobservable for the USD/JPY);
- credit derivatives: L3 credit derivatives mainly include baskets of instruments exposed to time to default correlation ("N to default" products in which the buyer of the hedge is compensated as of the Nth default, which are exposed to the credit quality of the issuers comprising the basket and to their correlation, or CDO Bespoke products, which are Collateralised Debt Obligations created specifically for a group of investors and structured according to their needs), as well as products subject to credit spread volatility;
- commodity derivatives: this category includes products involving unobservable volatility or correlation inputs (i.e. options on commodity swaps or instruments based on baskets of underlyings).

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

(In EURm)	31.12.2021				31.12.2020			
	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.	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%
			Time to default correlations	0.0%	100.0%
	Other credit derivatives	Credit default models	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	
	Assets	Liabilities
(In EURm)		
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

(In EURm)	31.12.2021		31.12.2020	
	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.

<i>(In EURm)</i>	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)
<i>o/w amortisation</i>	(558)	(614)
<i>o/w switch to observable inputs</i>	(15)	(24)
<i>o/w disposed, expired or terminated</i>	(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	
	Carrying amount	o/w impairment	Carrying amount	o/w impairment
(In EURm)				
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) As 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
<i>Less than one year</i>	9,227	9,111
<i>From one to two years</i>	7,124	6,690
<i>From two to three years</i>	5,047	5,460
<i>From three to four years</i>	3,315	3,402
<i>From four to five years</i>	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
<i>Less than one year</i>	8,759	8,465
<i>From one to two years</i>	6,666	6,099
<i>From two to three years</i>	4,598	4,945
<i>From three to four years</i>	2,966	3,010
<i>From four to five years</i>	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.

(In EURm)	2021			2020		
	Income	Expense	Net	Income	Expense	Net
Financial instruments at amortised cost	11,574	(4,344)	7,230	12,193	(5,449)	6,744
<i>Central banks</i>	78	(308)	(230)	110	(153)	(43)
<i>Bonds and other debt securities</i>	428	(1,293)	(865)	470	(1,660)	(1,190)
<i>Due from/to banks⁽¹⁾</i>	1,107	(410)	697	943	(819)	124
<i>Customer loans and deposits</i>	9,680	(1,695)	7,985	10,257	(2,109)	8,148
<i>Subordinated debt</i>	-	(526)	(526)	-	(503)	(503)
<i>Securities lending/borrowing</i>	10	(11)	(1)	6	(4)	2
<i>Repo transactions</i>	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
<i>Real estate lease agreements</i>	166	(39)	127	179	(43)	136
<i>Non-real estate lease agreements</i>	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
<i>Short-term loans</i>	3,486	3,840
<i>Export loans</i>	223	255
<i>Equipment loans</i>	1,396	1,410
<i>Housing loans</i>	2,781	2,884
<i>Other customer loans</i>	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 ► <i>Maintained if the credit risk has not increased significantly</i>	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 restructuring 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 restructuring.

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 restructuring, 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 lead 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:			
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	
	Outstanding amounts subject to impairment and provisions	Impairment/provisions	Outstanding amounts subject to impairment and provisions	Impairment/provisions
(In EURm)				
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
<i>o/w lease financing</i>	30,508	889	30,086	888
<i>Performing outstandings (Stage 1)</i>	<i>24,733</i>	<i>113</i>	<i>24,214</i>	<i>113</i>
<i>Underperforming outstandings (Stage 2)</i>	<i>4,294</i>	<i>184</i>	<i>4,490</i>	<i>210</i>
<i>Doubtful outstandings (Stage 3)</i>	<i>1,481</i>	<i>592</i>	<i>1,382</i>	<i>565</i>
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

(In EURm)	31.12.2021							
	Outstanding amounts				Impairment and Provisions			
	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

(In EURm)	31.12.2020*							
	Outstanding amounts				Impairment and Provisions			
	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								
(In EURm)	Outstanding amounts				Impairment and Provisions			
	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*								
(In EURm)	Outstanding amounts				Impairment and Provisions			
	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⁾

(In EURm)	31.12.2021							
	Outstanding amounts				Impairment and Provisions			
	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

(In EURm)	31.12.2020*							
	Outstanding amounts				Impairment and Provisions			
	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
<i>o/w lease financing and similar agreements</i>	888	327	(272)	55	(62)	8	889
<i>Impairment on performing outstandings (Stage 1)</i>	113	48	(50)	(2)		2	113
<i>Impairment on underperforming outstandings (Stage 2)</i>	210	81	(109)	(28)		2	184
<i>Impairment on doubtful outstandings (Stage 3)</i>	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	<i>o/w lease financing</i>	Stage 2	<i>o/w lease financing</i>	Stage 3	<i>o/w lease financing</i>	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**

(In EURm)	Stage 1		Stage 2		Stage 3		Total of transferred outstanding amounts subject to impairment	Total impact of transfers on impairment and provisions
	Outstanding amounts subject to impairment and provisions	Impairment	Outstanding amounts subject to impairment and provisions	Impairment	Outstanding amounts subject to impairment and provisions	Impairment		
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

	Amount as at 31.12.2020	Allocations	Write-backs available	Net impairment losses	Currency and scope effects	Amount as at 31.12.2021
<i>(In EURm)</i>						
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

(In EURm)	Provisions								
	On financing commitments				On guarantee commitments				Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	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**

(In EURm)	Financing commitments						Total of transferred outstanding amounts subject to impairment	Total impact of transfers on provisions
	Stage 1		Stage 2		Stage 3			
	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	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

(In EURm)	Guarantee commitments						Total of transferred outstanding amounts subject to impairment	Total impact of transfers on provisions
	Stage 1		Stage 2		Stage 3			
	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	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 irrecoverables 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
<i>Issuance facilities</i>	83	83
<i>Confirmed credit lines</i>	185,065	185,061
<i>Others</i>	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	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
(In EURm)				
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	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
(In EURm)				
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

	31.12.2021	31.12.2020
(In EURm)		
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⁾				
	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
(In EURm)								
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

		Impact of offsetting on the balance sheet			Impact of Master Netting Agreements (MNA) and similar agreements ⁽¹⁾			
	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 received	Financial instruments received as collateral	Net amount
(In EURm)								
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

		Impact of offsetting on the balance sheet			Impact of Master Netting Agreements (MNA) and similar agreements ^{*(1)}				
	Amount of assets not subject to offsetting	Gross amount	Amount offset	Net amount presented on the balance sheet	Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments pledged as collateral	Net amount	
(In EURm)									
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

		Impact of offsetting on the balance sheet			Impact of Master Netting Agreements (MNA) and similar agreements ^{*(1)}			
	Amount of assets not subject to offsetting	Gross amount	Amount offset	Net amount presented on the balance sheet	Financial instruments recognised in the balance sheet	Cash collateral received	Financial instruments received as collateral	Net amount
(In EURm)								
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		
	Income	Expense	Net	Income	Expense	Net
<i>(In EURm)</i>						
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.

(In EURm)	2021			2020		
	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

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, Komerční 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

<i>(In EURm)</i>	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

<i>(In EURm)</i>	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
<i>Shares and other equity instruments</i>	36	51
<i>Trading derivatives</i>	175	240
Financial assets at fair value through profit or loss (fair value option)	84,448	70,422
<i>Bonds and other debt instruments</i>	34,280	32,178
<i>Shares and other equity instruments</i>	49,592	37,942
<i>Loans, receivables and repo transactions</i>	576	302
Hedging derivatives	353	438
Available-for-sale financial assets	88,486	89,755
<i>Debt instruments</i>	74,084	75,662
<i>Equity instruments</i>	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		
	Basic instruments	Other instruments	Total	Basic instruments	Other instruments	Total
(In EURm)						
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		
	Basic instruments	Other instruments	Total	Basic instruments	Other instruments	Total
(In EURm)						
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			
	Level 1	Level 2	Level 3	Total
(In EURm)				
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			
	Level 1	Level 2	Level 3	Total
(In EURm)				
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

(In EURm)

	31.12.2021		
	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)

(In EURm)

	31.12.2020		
	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)
<i>Credit risk on operating lease receivables</i>	<i>(181)</i>	<i>(187)</i>
<i>Credit risk on assets acquired by adjudication and on sundry debtors</i>	<i>(103)</i>	<i>(101)</i>
<i>Other risks</i>	<i>(134)</i>	<i>(107)</i>
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



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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)
<i>Including net expenses from share – based payments</i>	<i>(197)</i>	<i>(150)</i>

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 bear 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

(In EURm)	31.12.2021			
	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".

(In EURm)	31.12.2020			
	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

(In EURm)	Plan assets		Separate assets	
	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		
	Cash settled plans	Equity settled plans	Total plans	Cash settled plans	Equity settled plans	Total plans
(In EURm)						
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



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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

(In EURm)	2021		2020	
	%	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



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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:

(In EURm)	2021			2020		
	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.

(In EURm)	2021			2020		
	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**

(In EURm)	31.12.2021				
	Gross value	Tax	Net value	o/w	
				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)

(In EURm)	Changes of the period				
	Gross value	Tax	Net value	o/w	
				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

(In EURm)	o/w				
	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

(In EURm)	2021										
	French Retail Banking	International Retail Banking and Financial Services				Global Banking and Investor Solutions					Total Group Societe Generale
		Interna- tional Retail Banking	Financial Services	Insur- ance	Total	Global Markets and Investors Services	Finan- cing and Advisory	Asset and Wealth Mana- gement	Total	Corporate Centre ⁽¹⁾	
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)
Earnings 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				Corporate Centre ⁽¹⁾	Total Group Societe Generale
	French Retail Banking	International Retail Banking	Financial Services	Insurance	Total	Global Markets and Investors Services	Financing and Advisory	Asset and Wealth Management	Total		
(In EURm)											
Net banking income	7,315	4,902	1,735	887	7,524	4,164	2,546	903	7,613	(339)	22,113
Operating expenses ⁽²⁾	(5,418)	(2,870)	(916)	(356)	(4,142)	(4,337)	(1,563)	(813)	(6,713)	(441)	(16,714)
Gross operating income	1,897	2,032	819	531	3,382	(173)	983	90	900	(780)	5,399
Cost of risk	(1,097)	(1,080)	(185)	-	(1,265)	(24)	(861)	(37)	(922)	(22)	(3,306)
Operating income	800	952	634	531	2,117	(197)	122	53	(22)	(802)	2,093
Net income from investments accounted for using the equity method	(1)	-	-	-	-	4	-	-	4	-	3
Net income/expense from other assets ⁽⁴⁾	158	4	11	-	15	11	(3)	(8)	-	(185)	(12)
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	(684)	(684)
Earnings before Tax	957	956	645	531	2,132	(182)	119	45	(18)	(1,671)	1,400
Income tax	(291)	(227)	(139)	(165)	(531)	40	69	(9)	100	(482)	(1,204)
Consolidated Net Income	666	729	506	366	1,601	(142)	188	36	82	(2,153)	196
Non controlling interests	-	198	96	3	297	23	-	2	25	132	454
Net income, Group Share	666	531	410	363	1,304	(165)	188	34	57	(2,285)	(258)
Segment assets*	256,205	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.

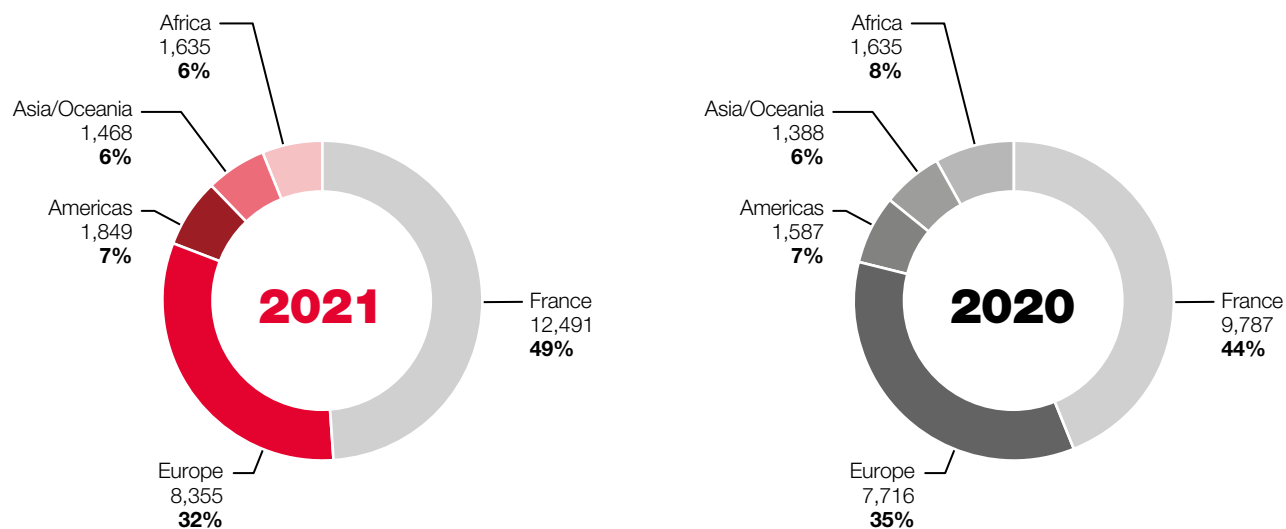
(2) These amounts include personnel expenses, other administrative expenses and depreciation, amortisation and impairment of intangible assets and property, plant and equipment. In Q4 2021, Societe Generale presented the proposed organisation of its new Retail Banking in France, which will result from 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

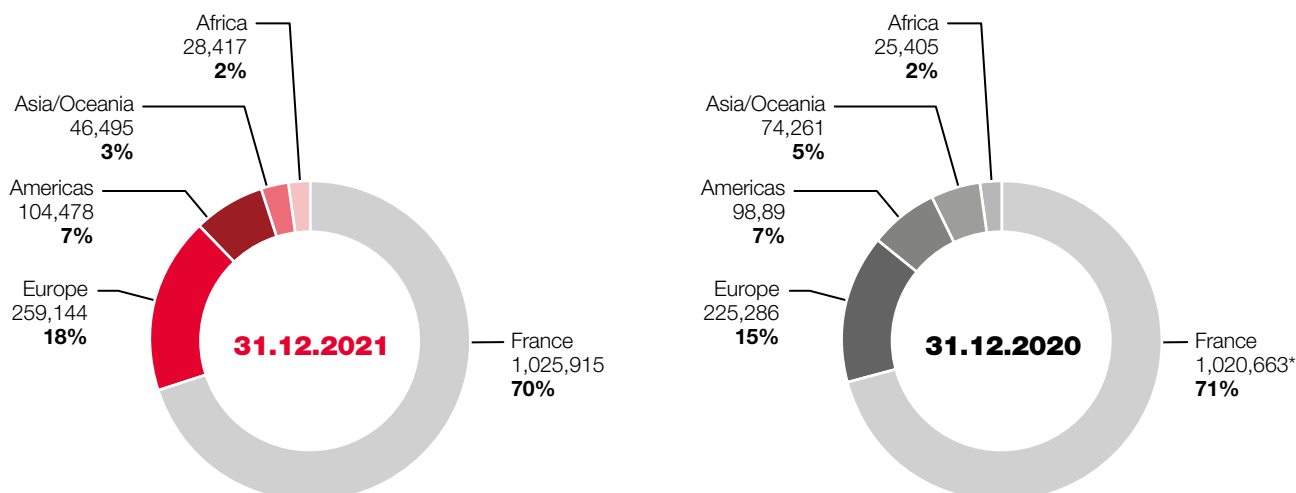
GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME (IN EURM)



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.

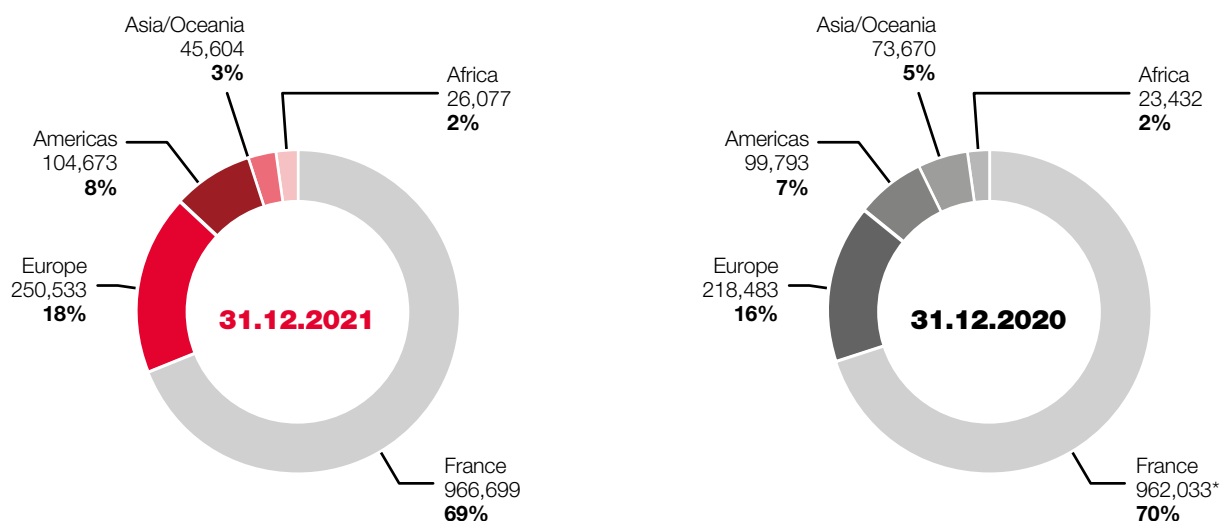
GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS (IN EURM)

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
<i>Less than 4 years old</i>	2	0	-	2
<i>Between 4 and 10 years old</i>	32	6	(2)	36
<i>More than 10 years old</i>	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

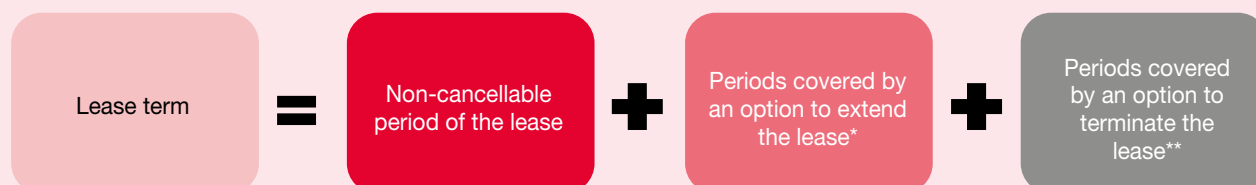
A contract may cover the lease of an asset by the lessor as well as the supply of additional services by that lessor. In this scenario, the lessee can separate the lease components from the non-lease components of the contract and treat them separately. The rental payments stipulated in the contract 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.



* 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
<i>Payments due in less than one year</i>	8,319	5,366
<i>Payments due from one to two years</i>	5,905	5,949
<i>Payments due from two to three years</i>	5,090	6,971
<i>Payments due from three to four years</i>	2,437	4,228
<i>Payments due from four to five years</i>	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

				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
Country		Activity	Method*				
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
	(1)	SOGESSUR DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100	100	100
Australia							
		SOCIETE GENERALE SECURITIES AUSTRALIA PTY LTD.	Broker	FULL	100	100	100
	(1)	SOCIETE GENERALE SYDNEY BRANCH	Bank	FULL	100	100	100
Austria							
		ALD AUTOMOTIVE FUHRPARKMANAGEMENT UND LEASING GmbH	Specialist Financing	FULL	79.82	79.82	100
	(1)	SG VIENNE	Bank	FULL	100	100	100
Belarus							
	(6)	ALD AUTOMOTIVE LLC	Specialist Financing	FULL	79.82	0	100
Belgium							
		AXUS FINANCE SRL	Specialist Financing	FULL	79.82	79.82	100
		AXUS SA/NV	Specialist Financing	FULL	79.82	79.82	100
		BASTION EUROPEAN INVESTMENTS SA	Financial Company	FULL	60.74	60.74	100
		PARCOURS BELGIUM	Specialist Financing	FULL	79.82	79.82	100
	(1)	SG BRUXELLES	Bank	FULL	100	100	100
	(1)	SG EQUIPMENT FINANCE BENELUX BV BELGIAN BRANCH	Specialist Financing	FULL	100	100	100
		SOCIETE GENERALE IMMOBEL	Financial Company	FULL	100	100	100
Benin							
		SOCIETE GENERALE BENIN	Bank	FULL	93.43	93.43	94.1
Bermuda							
		CATALYST RE INTERNATIONAL LTD.	Insurance	FULL	100	100	100
Brazil							
		ALD AUTOMOTIVE SA	Specialist Financing	FULL	79.82	79.82	100
		ALD CORRETORA DE SEGUROS LTDA	Specialist Financing	FULL	79.82	79.82	100
		BANCO SOCIETE GENERALE BRASIL SA	Bank	FULL	100	100	100
		SOCIETE GENERALE EQUIPMENT FINANCE S/A - ARRENDAMENTO MERCANTIL (Ex- SG EQUIPMENT FINANCE SA ARRENDAMENTO MERCANTIL)	Specialist Financing	FULL	100	100	100
Bulgaria							
	(6)	ALD AUTOMOTIVE EOOD	Specialist Financing	FULL	79.82	0	100
Burkina Faso							
		SOCIETE GENERALE BURKINA FASO	Bank	FULL	51.27	51.27	52.61
Cayman Islands							
		AEGIS HOLDINGS (OFFSHORE) LTD.	Financial Company	FULL	100	100	100

				Group ownership interest		Group voting interest	
Country		Activity	Method*	As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
Cameroon							
		SOCIETE GENERALE CAMEROUN	Bank	FULL	58.08	58.08	58.08
Canada							
	(2)	SG CONSTELLATION CANADA LTD.	Specialist Financing	FULL	0	100	0
	(1)	SOCIETE GENERALE (CANADA BRANCH)	Bank	FULL	100	100	100
		SOCIETE GENERALE (CANADA)	Bank	FULL	100	100	100
		SOCIETE GENERALE CAPITAL CANADA INC	Broker	FULL	100	100	100
Chile							
	(6)	ALD AUTOMOTIVE LIMITADA	Specialist Financing	FULL	79.82	0	100
China							
		SOCIETE GENERALE (CHINA) LIMITED	Bank	FULL	100	100	100
		SOCIETE GENERALE LEASING AND RENTING CO. LTD.	Specialist Financing	FULL	100	100	100
Colombia							
	(6)	ALD AUTOMOTIVE SAS	Specialist Financing	FULL	79.82	0	100
Congo							
		SOCIETE GENERALE CONGO	Bank	FULL	93.47	93.47	93.47
South Korea							
		SG SECURITIES KOREA CO, LTD.	Broker	FULL	100	100	100
	(1)	SG SÉOUL	Bank	FULL	100	100	100
Ivory Coast							
		SOCIETE GENERALE CAPITAL SECURITIES WEST AFRICA	Portfolio Management	FULL	71.25	71.25	99.98
		SOCIETE GENERALE CÔTE D'IVOIRE	Bank	FULL	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
		ALD FLEET SERVICES D.O.O ZA TRGOVINU I USLUGE	Specialist Financing	FULL	79.82	79.82	100
Curaçao							
		SGA SOCIETE GENERALE ACCEPTANCE N.V	Financial Company	FULL	100	100	100
Denmark							
		ALD AUTOMOTIVE A/S	Specialist Financing	FULL	79.82	79.82	100
		NF FLEET A/S	Specialist Financing	FULL	63.85	63.85	80
United Arab Emirates							
	(1)	SOCIETE GENERALE DUBAÏ	Bank	FULL	100	100	100

				Group ownership interest		Group voting interest	
Country		Activity	Method*	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 BAINADE	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
	BERLIOZ	Insurance	FULL	84.05	84.05	84.05
	BOURSORAMA INVESTISSEMENT	Services	FULL	100	100	100
	BOURSORAMA SA	Broker	FULL	100	100	100
	BREMAN LEASE SAS	Specialist Financing	FULL	79.82	79.82	100
	CARBURAUTO	Group Real Estate Management Company	EJV	50	50	50
	(2) CARRERA	Group Real Estate Management Company	EJV	0	50	0
	CENTRE IMMO PROMOTION	Real Estate and Real Estate Financing	FULL	60	60	60
	CHARTREUX LOT A1	Real Estate and Real Estate Financing	FULL	100	100	100
	(5) CHEMIN DES COMBES	Real Estate and Real Estate Financing	FULL	0	100	0
	COMPAGNIE FINANCIERE DE BOURBON	Specialist Financing	FULL	99.99	99.99	100
	COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)	Group Real Estate Management Company	FULL	100	100	100
	COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS	Specialist Financing	FULL	99.89	99.89	99.89
	CONTE	Group Real Estate Management Company	EJV	50	50	50
	CRÉDIT DU NORD	Bank	FULL	100	100	100
	DARWIN DIVERSIFIE 0-20	Portfolio Management	FULL	89.94	89.94	89.94
	DARWIN DIVERSIFIE 40-60	Portfolio Management	FULL	79.78	79.78	79.78
	DARWIN DIVERSIFIE 80-100	Portfolio Management	FULL	78.34	78.34	78.34
	DISPONIS	Specialist Financing	FULL	99.99	99.99	100
	(6) ECHIQUIER AGENOR EURO SRI MID CAP	Insurance	FULL	40.85	0	40.85
	ESNI – COMPARTIMENT SG - CREDIT CLAIMS -1	Financial Company	FULL	100	100	100
	ETOILE CAPITAL	Financial Company	FULL	100	100	100
	(3) ETOILE CLIQUET 90	Financial Company	FULL	0	73.52	0
	ETOILE MULTI GESTION EUROPE-C	Insurance	FULL	51.59	51.59	51.59
	(6) ETOILE MULTI GESTION USA – PART P	Insurance	FULL	35.18	0	35.18
	(3) ETOILE VALEURS MOYENNES-C	Insurance	FULL	0	61.09	0
	F.E.P. INVESTISSEMENTS	Real Estate and Real Estate Financing	FULL	80	80	100
	FCC ALBATROS	Portfolio Management	FULL	100	100	51

					Group ownership interest		Group voting interest	
Country			Activity	Method*	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
	INVESTIR IMMOBILIER NORMANDIE	Real Estate and Real Estate Financing	FULL	100	100	100
	INVESTISSEMENT 81	Financial Company	FULL	100	100	100
	JSJ PROMOTION	Real Estate and Real Estate Financing	ESI	45	45	45
	(5) KOLB INVESTISSEMENT	Financial Company	FULL	0	100	0
	LA CORBEILLERIE	Real Estate and Real Estate Financing	ESI	24	24	40
	LA FONCIERE DE LA DEFENSE	Real Estate and Real Estate Financing	FULL	99.99	99.99	100
	LES ALLEES DE L'EUROPE	Real Estate and Real Estate Financing	ESI	34	34	34
	(2) LES CEDRES BLEUS	Real Estate and Real Estate Financing	ESI	0	40	0
	LES JARDINS D'ALHAMBRA	Real Estate and Real Estate Financing	ESI	35	35	35
	LES JARDINS DE L'ALCAZAR	Real Estate and Real Estate Financing	ESI	30	30	30
	LES MESANGES	Real Estate and Real Estate Financing	FULL	55	55	55
	LES TROIS LUCS 13012	Real Estate and Real Estate Financing	FULL	100	100	100
	LES VILLAS VINCENTI	Real Estate and Real Estate Financing	ESI	30	30	30
	L'HESPEL	Real Estate and Real Estate Financing	ESI	30	30	30
	LOTISSEMENT DES FLEURS	Real Estate and Real Estate Financing	ESI	30	30	30

				Group ownership interest		Group voting interest	
Country		Activity	Method*	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
	(6)	LYX ACT EURO CLIMAT-D3EUR	Insurance	FULL	100	0	100
	(6)	LYX ACT EURO CLIMAT-DEUR	Insurance	FULL	100	0	100
	(6)	LYXOR ACTIONS EURO CLIMAT D4 EUR	Insurance	FULL	100	0	100
	(4)	LYXOR ASSET MANAGEMENT	Financial Company	FULL	0	100	0
		LYXOR GL OVERLAY F	Portfolio Management	FULL	87.27	87.27	87.27
	(4)	LYXOR INTERMEDIATION	Broker	FULL	0	100	0
	(4)	LYXOR INTERNATIONAL ASSET MANAGEMENT	Financial Company	FULL	0	100	0
		LYXOR SKYFALL FUND	Insurance	FULL	88.98	88.98	88.98
		MEDITERRANEE GRAND ARC	Real Estate and Real Estate Financing	EJV	50	50	50
		NORBAIL IMMOBILIER	Real Estate and Real Estate Financing	FULL	100	100	100
		NORBAIL SOFERGIE	Real Estate and Real Estate Financing	FULL	100	100	100
		NORMANDIE REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100
		ONYX	Group Real Estate Management Company	EJV	50	50	50
		OPCI SOGÉCAP IMMO	Real Estate and Real Estate Financing	FULL	100	100	100
	(5)	OPERA 72	Group Real Estate Management Company	FULL	0	99.99	0
		ORADEA VIE	Insurance	FULL	100	100	100
		ORPAVIMOB	Specialist Financing	FULL	100	100	100
		PACTIMO	Real Estate and Real Estate Financing	FULL	100	100	100
		PARCOURS	Specialist Financing	FULL	79.82	79.82	100
		PARCOURS ANNECY	Specialist Financing	FULL	79.82	79.82	100
		PARCOURS BORDEAUX	Specialist Financing	FULL	79.82	79.82	100
	(5)	PARCOURS IMMOBILIER	Specialist Financing	FULL	0	79.82	0
		PARCOURS NANTES	Specialist Financing	FULL	79.82	79.82	100
		PARCOURS STRASBOURG	Specialist Financing	FULL	79.82	79.82	100
		PARCOURS TOURS	Specialist Financing	FULL	79.82	79.82	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
	PHILIPS MEDICAL CAPITAL FRANCE	Specialist Financing	FULL	60	60	60
	PIERRE PATRIMOINE	Financial Company	FULL	100	100	100
	PRAGMA	Real Estate and Real Estate Financing	FULL	100	100	100
	PRIORIS	Specialist Financing	FULL	94.89	94.89	95
	PROGEREAL SA	Real Estate and Real Estate Financing	ESI	25.01	25.01	25.01
	PROJECTIM	Real Estate and Real Estate Financing	FULL	60	60	60
	(6) RED & BLACK AUTO LEASE FRANCE 1	Financial Company	FULL	79.82	0	100
	RED & BLACK CONSUMER FRANCE 2013	Financial Company	FULL	100	100	100
	RED & BLACK HOME LOANS FRANCE 1	Financial Company	FULL	100	100	100
	RIVAPRIM REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100
	SCI DU DOMAINE DE STONEHAM	Real Estate and Real Estate Financing	EJV	50	50	50
	SAGEMCOM LEASE	Specialist Financing	FULL	99.99	99.99	100
	SAINTE-MARTHE ILOT C	Real Estate and Real Estate Financing	ESI	40	40	40
	SAINTE-MARTHE ILOT D	Real Estate and Real Estate Financing	ESI	40	40	40
	SAINT-MARTIN 3	Real Estate and Real Estate Financing	EJV	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
	(2) SARL CS 72 - KERIADENN	Real Estate and Real Estate Financing	ESI	0	32.5	0
	SARL D'AMENAGEMENT DU MARTINET	Real Estate and Real Estate Financing	EJV	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

				Group ownership interest		Group voting interest	
Country		Activity	Method*	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
(3)	SAS ZAC DU TRIANGLE	Real Estate and Real Estate Financing	FULL	0	51	0	51

				Group ownership interest		Group voting interest	
Country		Activity	Method*	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
		SCCV ALFORTVILLE MANDELA	Real Estate and Real Estate Financing	ESI	49	49	49
		SCCV BAC GALLIENI	Real Estate and Real Estate Financing	FULL	51	51	51
		SCCV BAHIA	Real Estate and Real Estate Financing	FULL	51	51	51
		SCCV BOIS-GUILLAUME PARC DE HALLEY	Real Estate and Real Estate Financing	EJV	50	50	50
	(6)	SCCV BOURG BROU	Real Estate and Real Estate Financing	FULL	60	0	60
		SCCV BRON CARAVELLE	Real Estate and Real Estate Financing	EJV	50	50	50
		SCCV CAEN CASERNE MARTIN	Real Estate and Real Estate Financing	FULL	100	100	100
		SCCV CAEN PANORAMIK	Real Estate and Real Estate Financing	ESI	40	40	40
		SCCV CANNES JOURDAN	Real Estate and Real Estate Financing	EJV	50	50	50
		SCCV CHARTREUX LOT C	Real Estate and Real Estate Financing	EJV	50	50	50
		SCCV CHARTREUX LOT E	Real Estate and Real Estate Financing	FULL	100	100	100
		SCCV CHARTREUX LOTS B-D	Real Estate and Real Estate Financing	FULL	100	100	100
	(6)	SCCV CHOISY LOGEMENT	Real Estate and Real Estate Financing	FULL	67	0	67
	(3)	SCCV CITY SQUARE	Real Estate and Real Estate Financing	ESI	0	35	0
	(6)	SCCV CLICHY BAC D'ASNIERES	Real Estate and Real Estate Financing	FULL	100	0	100
		SCCV CLICHY BRC	Real Estate and Real Estate Financing	EJV	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
	SCCV CUGNAUX-LEO LAGRANGE	Real Estate and Real Estate Financing	EJV	50	50	50
	(6) SCCV DEVILLE-CARNOT	Real Estate and Real Estate Financing	FULL	60	0	0
	(6) SCCV DUNKERQUE PATINOIRE DÉVELOPPEMENT	Real Estate and Real Estate Financing	EJV	40	0	0
	SCCV EPRON – ZAC L'OREE DU GOLF	Real Estate and Real Estate Financing	FULL	70	70	70
	SCCV ESPACES DE DEMAIN	Real Estate and Real Estate Financing	EJV	50	50	50
	SCCV ETERVILLE ROUTE D'AUNAY	Real Estate and Real Estate Financing	EJV	50	50	50
	SCCV EURONANTES 1E	Real Estate and Real Estate Financing	EJV	50	50	50
	SCCV FAVERGES	Real Estate and Real Estate Financing	FULL	100	100	100
	(6) SCCV GAMBETTA LA RICHE	Real Estate and Real Estate Financing	ESI	25	0	0
	SCCV GIGNAC MOUSSELINE	Real Estate and Real Estate Financing	FULL	70	70	70
	SCCV GIVORS ROBICHON	Real Estate and Real Estate Financing	FULL	85	85	85
	SCCV HEROUVILLE ILOT A2	Real Estate and Real Estate Financing	ESI	33.33	33.33	33.33
	(3) SCCV HOUSE PARK	Real Estate and Real Estate Financing	ESI	0	35	35
	(6) SCCV ISTRES PAPAILLE	Real Estate and Real Estate Financing	FULL	70	0	0
	SCCV JA LE HAVRE 22 COTY	Real Estate and Real Estate Financing	ESI	40	40	40

				Group ownership interest		Group voting interest	
Country		Activity	Method*	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
		SCCV KYMA MERIGNAC	Real Estate and Real Estate Financing	ESI	30	30	30
		SCCV LA BAULE – LES JARDINS D’ESCOUBLAC	Real Estate and Real Estate Financing	ESI	25	25	25
	(6)	SCCV LA MADELEINE – PRE CATELAN	Real Estate and Real Estate Financing	FULL	40.8	0	51
		SCCV LA MADELEINE SAINT-CHARLES	Real Estate and Real Estate Financing	EJV	40	40	50
		SCCV LA PORTE DU CANAL	Real Estate and Real Estate Financing	EJV	50	50	50
		SCCV LACASSAGNE BRICKS	Real Estate and Real Estate Financing	ESI	49	49	49
		SCCV LE BOUSCAT CARRE SOLARIS	Real Estate and Real Estate Financing	ESI	25	25	25
		SCCV LES ECRIVAINS	Real Estate and Real Estate Financing	FULL	70	70	70
		SCCV LES PATIOS D’OR DE FLEURY LES AUBRAIS	Real Estate and Real Estate Financing	FULL	64	64	80
		SCCV LES SUCRES	Real Estate and Real Estate Financing	EJV	50	50	50
		SCCV LESQUIN PARC	Real Estate and Real Estate Financing	EJV	40	40	50
	(6)	SCCV L’IDEAL – MODUS 1.0	Real Estate and Real Estate Financing	FULL	80	0	80
		SCCV LILLE – JEAN MACE	Real Estate and Real Estate Financing	ESI	26.72	26.72	33.4
		SCCV LOOS GAMBETTA	Real Estate and Real Estate Financing	ESI	35	35	35
	(2)	SCCV MARCQ PROJECTIM	Real Estate and Real Estate Financing	FULL	0	64	0

				Group ownership interest		Group voting interest		
Country		Activity	Method*	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 TRETSS 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

				Group ownership interest		Group voting interest	
Country		Activity	Method*	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
	(6)	SCCV WAMBRECHIES RESISTANCE	Real Estate and Real Estate Financing	EJV	40	0	50
		SCI 1134, AVENUE DE L'EUROPE A CASTELNAU LE LEZ	Real Estate and Real Estate Financing	EJV	50	50	50
		SCI 637 ROUTE DE FRANS	Real Estate and Real Estate Financing	ESI	30	30	30
		SCI AQPRIM PROMOTION	Real Estate and Real Estate Financing	FULL	79.8	79.8	50
		SCI ASC LA BERGEONNERIE	Real Estate and Real Estate Financing	EJV	42	42	50
		SCI AVARICUM	Real Estate and Real Estate Financing	FULL	99	99	99
	(3)	SCI BOBIGNY HOTEL DE VILLE	Real Estate and Real Estate Financing	ESI	0	35	0
		SCI CENTRE IMMO PROMOTION RESIDENCES	Real Estate and Real Estate Financing	FULL	80	80	100
		SCI CHELLES AULNOY MENDES FRANCE	Real Estate and Real Estate Financing	EJV	50	50	50
	(2)	SCI DU 84 RUE DU BAC	Real Estate and Real Estate Financing	EJV	0	50	0
		SCI DU PARC SAINT ETIENNE	Real Estate and Real Estate Financing	ESI	40	40	40
		SCI ETAMPES NOTRE-DAME	Real Estate and Real Estate Financing	EJV	50	50	50
	(3)	SCI HEGEL PROJECTIM	Real Estate and Real Estate Financing	FULL	0	68	0

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
	(2) SCI LA MARQUEILLE	Real Estate and Real Estate Financing	EJV	0	50	0
	SCI L'ACTUEL	Real Estate and Real Estate Financing	ESI	30	30	30
	SCI LAVOISIER	Real Estate and Real Estate Financing	FULL	80	80	80
	SCI LE DOMAINE DU PLESSIS	Real Estate and Real Estate Financing	ESI	20	20	20
	SCI LE HAMEAU DES GRANDS PRES	Real Estate and Real Estate Financing	EJV	40	40	40
	SCI LE MANOIR DE JEREMY	Real Estate and Real Estate Financing	ESI	40	40	40
	SCI LES BAINOTS	Real Estate and Real Estate Financing	ESI	40	40	40
	SCI LES CASTELLINES	Real Estate and Real Estate Financing	ESI	30	30	30
	SCI LES JARDINS DE LA BOURBRE	Real Estate and Real Estate Financing	ESI	40	40	40
	SCI LES JARDINS D'IRIS	Real Estate and Real Estate Financing	FULL	60	60	60
	SCI LES JARDINS DU BLAVET	Real Estate and Real Estate Financing	ESI	40	40	40
	SCI LES PORTES DU LEMAN	Real Estate and Real Estate Financing	FULL	70	70	70
	SCI LIEUSAINTE RUE DE PARIS	Real Estate and Real Estate Financing	EJV	50	50	50
	SCI LINAS COEUR DE VILLE 1	Real Estate and Real Estate Financing	FULL	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
	SCI L'OREE DES LACS	Real Estate and Real Estate Financing	FULL	70	70	70
	SCI MONTPELLIER JACQUES COEUR	Real Estate and Real Estate Financing	EJV	50	50	50
	SCI PROJECTIM HABITAT	Real Estate and Real Estate Financing	FULL	80	80	100
	SCI PROJECTIM MARCQ COEUR DE VILLE	Real Estate and Real Estate Financing	FULL	48	48	60
	SCI PRONY	Real Estate and Real Estate Financing	EJV	50	50	50
	SCI QUINTEFEUILLE	Real Estate and Real Estate Financing	ESI	30	30	30
	(3) SCI QUINTESSANCE-VALESCURE	Real Estate and Real Estate Financing	EJV	0	50	0
	SCI RESIDENCE DU DONJON	Real Estate and Real Estate Financing	EJV	40	40	40
	SCI RHIN ET MOSELLE 1	Real Estate and Real Estate Financing	FULL	100	100	100
	SCI RHIN ET MOSELLE 2	Real Estate and Real Estate Financing	FULL	100	100	100
	SCI RIVAPRIM HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100
	SCI RIVAPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100
	(3) SCI RSS INVESTIMMO COTE BASQUE	Real Estate and Real Estate Financing	ESI	0	20	0
	SCI SAINT OUEN L'AUMONE – L'OISE	Real Estate and Real Estate Financing	EJV	38	38	38
	SCI SAINT-DENIS WILSON	Real Estate and Real Estate Financing	FULL	60	60	60
	SCI SCS IMMOBILIER D'ENTREPRISES	Real Estate and Real Estate Financing	FULL	52.8	52.8	66

				Group ownership interest		Group voting interest	
Country		Activity	Method*	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
		SCI SOGETIM	Real Estate and Real Estate Financing	FULL	80	80	100
		SCI SOGEPROM LYON RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100
		SCI TERRES NOUVELLES FRANCILIENNES	Real Estate and Real Estate Financing	FULL	80	80	80
		SCI TOULOUSE CENTREDA 3	Real Estate and Real Estate Financing	FULL	100	100	100
	(2)	SCI VELRI	Group Real Estate Management Company	EJV	0	50	0
		SCI VILLA EMILIE	Real Estate and Real Estate Financing	ESI	35	35	35
		SCI VITAL BOUHOT 16-22 NEUILLY SUR SEINE	Real Estate and Real Estate Financing	ESI	40	40	40
		SEFIA	Specialist Financing	FULL	99.89	99.89	100
		SERVIPAR	Specialist Financing	FULL	79.82	79.82	100
		SG 29 HAUSSMANN	Financial Company	FULL	100	100	100
		SG ACTIONS EURO	Insurance	FULL	47.75	47.75	47.75
		SG ACTIONS EURO SELECTION	Financial Company	FULL	40.05	40.05	40.05
	(3)	SG ACTIONS EURO VALUE-C	Insurance	FULL	0	64.94	0
		SG ACTIONS FRANCE	Portfolio Management	FULL	38.14	38.14	38.14
		SG ACTIONS LUXE-C	Insurance	FULL	84.25	84.25	84.25
	(6)	SG ACTIONS MONDE	Insurance	FULL	67.59	0	67.59
		SG ACTIONS MONDE EMERGENT	Insurance	FULL	60.05	60.05	60.05
		SG ACTIONS US	Portfolio Management	FULL	65.06	65.06	65.06
		SG ACTIONS US TECHNO	Insurance	FULL	85.08	85.08	85.08
		SG CAPITAL DÉVELOPPEMENT	Portfolio Management	FULL	100	100	100
		SG FINANCIAL SERVICES HOLDING	Portfolio Management	FULL	100	100	100

				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	
Country		Activity	Method*					
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

				Group ownership interest		Group voting interest	
Country		Activity	Method*	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
	(2)	SOCIETE « LES PINSONS »	Real Estate and Real Estate Financing	EJV	0	50	0
		SOCIETE ANONYME DE CREDIT A L'INDUSTRIE FRANÇAISE (CALIF)	Bank	FULL	100	100	100
		SOCIETE CIVILE IMMOBILIERE CAP THALASSA	Real Estate and Real Estate Financing	ESI	45	45	45
		SOCIETE CIVILE IMMOBILIERE CAP VEYRE	Real Estate and Real Estate Financing	ESI	50	50	50
		SOCIETE CIVILE IMMOBILIERE DE DIANE	Real Estate and Real Estate Financing	ESI	30	30	30
		SOCIETE CIVILE IMMOBILIERE DE PIERLAS	Real Estate and Real Estate Financing	ESI	28	28	28
		SOCIETE CIVILE IMMOBILIERE DES COMBEAUX DE TIGERY	Real Estate and Real Estate Financing	FULL	99.99	99.99	100
	(3)	SOCIETE CIVILE IMMOBILIERE DOMAINE DURANDY	Real Estate and Real Estate Financing	ESI	0	25	0
	(3)	SOCIETE CIVILE IMMOBILIERE ERICA	Real Estate and Real Estate Financing	ESI	0	30	0
		SOCIETE CIVILE IMMOBILIERE ESTEREL TANNERON	Real Estate and Real Estate Financing	ESI	30	30	30
		SOCIETE CIVILE IMMOBILIERE FONTENAY – ESTIENNES D'ORVES	Real Estate and Real Estate Financing	EJV	50	50	50
		SOCIETE CIVILE IMMOBILIERE GAMBETTA DEFENSE V	Real Estate and Real Estate Financing	ESI	20	20	20
		SOCIETE CIVILE IMMOBILIERE LE BOTERO	Real Estate and Real Estate Financing	ESI	30	30	30
		SOCIETE CIVILE IMMOBILIERE LES HAUTS DE L'ESTAQUE	Real Estate and Real Estate Financing	ESI	35	35	35
		SOCIETE CIVILE IMMOBILIERE LES HAUTS DE SEPTEMES	Real Estate and Real Estate Financing	ESI	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
	SOCIETE CIVILE IMMOBILIERE NAXOU	Real Estate and Real Estate Financing	FULL	100	100	100
	SOCIETE CIVILE IMMOBILIERE TOULDI	Real Estate and Real Estate Financing	FULL	100	100	100
	SOCIETE CIVILE IMMOBILIERE VERT COTEAU	Real Estate and Real Estate Financing	ESI	35	35	35
	SOCIETE DE BOURSE GILBERT DUPONT	Financial Company	FULL	100	100	100
	SOCIETE DE LA RUE EDOUARD VII	Portfolio Management	FULL	99.91	99.91	99.91
	SOCIETE DES TERRAINS ET IMMEUBLES PARISIENS (STIP)	Group Real Estate Management Company	FULL	99.98	99.98	100
	SOCIETE DU PARC D'ACTIVITÉ DE LA VALENTINE	Real Estate and Real Estate Financing	ESI	30	30	30
	(5) SOCIETE EN NOM COLLECTIF PARNASSE	Real Estate and Real Estate Financing	FULL	0	100	0
	SOCIETE FINANCIERE D'ANALYSE ET DE GESTION	Financial Company	FULL	100	100	100
	SOCIETE GENERALE	Bank	FULL	100	100	100
	SOCIETE GENERALE CAPITAL FINANCE	Portfolio Management	FULL	100	100	100
	SOCIETE GENERALE CAPITAL PARTENAIRES	Portfolio Management	FULL	100	100	100
	SOCIETE GENERALE FACTORING	Specialist Financing	FULL	100	100	100
	SOCIETE GENERALE PARTICIPATIONS INDUSTRIELLES	Portfolio Management	FULL	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
	SOCIETE GENERALE REAL ESTATE	Real Estate and Real Estate Financing	FULL	100	100	100
	SOCIETE GENERALE SCF	Financial Company	FULL	100	100	100
	SOCIETE GENERALE SECURITIES SERVICES HOLDING	Portfolio Management	FULL	100	100	100
	SOCIETE GENERALE SFH	Specialist Financing	FULL	100	100	100
	SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN	Group Real Estate Management Company	FULL	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
		SOGÉ BEAUJOIRE	Group Real Estate Management Company	FULL	99.99	99.99	100	100
		SOGÉ PERIVAL I	Group Real Estate Management Company	FULL	100	100	100	100
		SOGÉ PERIVAL II	Group Real Estate Management Company	FULL	100	100	100	100
		SOGÉ PERIVAL III	Group Real Estate Management Company	FULL	100	100	100	100
		SOGÉ PERIVAL IV	Group Real Estate Management Company	FULL	100	100	100	100
		SOGÉACT.SELEC.MON.	Portfolio Management	FULL	99.78	99.78	99.78	99.78
		SOGÉCAMPUS	Group Real Estate Management Company	FULL	100	100	100	100
		SOGÉCAP	Insurance	FULL	100	100	100	100
		SOGÉCAP – DIVERSIFIED LOANS FUND	Specialist Financing	FULL	100	100	100	100
		SOGÉCAP DIVERSIFIE 1	Portfolio Management	FULL	100	100	100	100
		SOGÉCAP EQUITY OVERLAY (FEEDER)	Insurance	FULL	100	100	100	100
		SOGÉCAP LONG TERME N°1	Financial Company	FULL	100	100	100	100
		SOGÉCAP IMMO 2	Insurance	FULL	89.39	89.39	90.84	90.84
		SOGÉFIM HOLDING	Portfolio Management	FULL	100	100	100	100
		SOGÉFIMUR	Specialist Financing	FULL	100	100	100	100
		SOGÉFINANCEMENT	Specialist Financing	FULL	100	100	100	100
		SOGÉFINERG FRANCE (Ex- SOGÉFINERG SG POUR LE FINANCEMENT DES INVESTISSEMENTS ECONOMISANT L’ENERGIE)	Specialist Financing	FULL	100	100	100	100
		SOGÉFONTENAY	Group Real Estate Management Company	FULL	100	100	100	100
		SOGÉLEASE FRANCE	Specialist Financing	FULL	100	100	100	100
		SOGÉMARCHE	Group Real Estate Management Company	FULL	100	100	100	100
		SOGÉPARTICIPATIONS	Portfolio Management	FULL	100	100	100	100
		SOGÉPIERRE	Financial Company	FULL	100	100	100	100
		SOGÉPROM	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGÉPROM ALPES	Real Estate and Real Estate Financing	FULL	100	100	100	100

				Group ownership interest		Group voting interest		
Country		Activity	Method*	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	

				Group ownership interest		Group voting interest	
Country		Activity	Method*	As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	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
	TH INVESTMENTS (HONG KONG) 1 LIMITED	Financial Company	FULL	100	100	100
	(2) TH INVESTMENTS (HONG KONG) 2 LIMITED	Financial Company	FULL	0	100	0
	TH INVESTMENTS (HONG KONG) 5 LIMITED	Financial Company	FULL	100	100	100
Hungary						
	ALD AUTOMOTIVE MAGYARORSZAG AUTOPARK-KEZELO ES FINANSZIROZO KORLATOLT FELELOSSEGU TARSASAG	Specialist Financing	FULL	79.82	79.82	100
Jersey Island						
	ELMFORD LIMITED	Services	FULL	100	100	100
	HANOM I LIMITED	Financial Company	FULL	100	100	100
	HANOM II LIMITED	Financial Company	FULL	100	100	100
	HANOM III LIMITED	Financial Company	FULL	100	100	100
	J D CORPORATE SERVICES LIMITED	Services	FULL	100	100	100
	KLEINWORT BENSON CUSTODIAN SERVICES LIMITED	Bank	FULL	100	100	100
	(7) LYXOR MASTER FUND	Financial Company	FULL	100	100	100
	(2) NEWMEAD TRUSTEES LIMITED	Financial Company	FULL	0	100	0
	(2) SG HAMBROS (FOUNDATIONS) LIMITED	Financial Company	FULL	0	100	0
	SG HAMBROS NOMINEES (JERSEY) LIMITED	Financial Company	FULL	100	100	100
	SG KLEINWORT HAMBROS BANK (CI) LIMITED	Bank	FULL	100	100	100
	SG KLEINWORT HAMBROS CORPORATE SERVICES (CI) LIMITED	Portfolio Management	FULL	100	100	100
	SG KLEINWORT HAMBROS TRUST COMPANY (CI) LIMITED	Financial Company	FULL	100	100	100
	SGKH TRUSTEES (CI) LIMITED	Services	FULL	100	100	100
Isle of Man						
	KBBIOM LIMITED	Bank	FULL	50	50	50
	KBTIOM LIMITED	Bank	FULL	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	
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		Group voting interest	
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
Luxembourg	LYXOR EURO 6M – CLASS SI	Insurance	FULL	64.37	64.37	64.37
(4)	LYXOR FUND SOLUTIONS (Ex- LYXOR FUNDS SOLUTIONS)	Financial Company	FULL	0	100	0
(6)	MOOREA GLB BALANCED	Insurance	FULL	68.08	0	68.08
	PIONEER INVESTMENTS DIVERSIFIED LOANS FUND	Specialist Financing	FULL	100	100	100
	RED & BLACK AUTO LEASE GERMANY 2 SA	Financial Company	FULL	79.82	79.82	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
	SALINGER SA	Bank	FULL	100	100	100
	SG ISSUER	Financial Company	FULL	100	100	100
	SGBT ASSET BASED FUNDING SA	Financial Company	FULL	100	100	100
	SGBTCI	Financial Company	FULL	100	100	100
	SGL ASIA	Real Estate and Real Estate Financing	FULL	100	100	100
(6)	SGL RE	Insurance	FULL	100	0	100
	SOCIETE GENERALE CAPITAL MARKET FINANCE	Bank	FULL	100	100	100
	SOCIETE GENERALE FINANCING AND DISTRIBUTION	Bank	FULL	100	100	100
	SOCIETE GENERALE LIFE INSURANCE BROKER SA	Insurance	FULL	100	100	100
	SOCIETE GENERALE LUXEMBOURG	Bank	FULL	100	100	100
	SOCIETE GENERALE LUXEMBOURG LEASING	Specialist Financing	FULL	100	100	100
	SOCIETE GENERALE PRIVATE WEALTH MANAGEMENT SA	Financial Company	FULL	100	100	100
	SOCIETE GENERALE RE SA	Insurance	FULL	100	100	100
	SOCIETE IMMOBILIERE DE L'ARSENAL	Group Real Estate Management Company	FULL	100	100	100
	SOGE LIFE	Insurance	FULL	100	100	100
(6)	SPIRE SA – COMPARTIMENT 2021-51	Insurance	FULL	100	0	100
	SURYA INVESTMENTS SA	Specialist Financing	FULL	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

				Group ownership interest		Group voting interest	
Country		Activity	Method*	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
	SOGLEASE BV	Specialist Financing	FULL	100	100	100	100
	SOGLEASE 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
	SOGLEASE 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
	KOMERČNÍ 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 STAVEBNÍ 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 TELSUCOM	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

				Group ownership interest		Group voting interest	
Country		Activity	Method*	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	
		2021 ⁽¹⁾	2020	2021 ⁽²⁾	2020	2021	2020
<i>(In EUR m excluded VAT)</i>							
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 approximately EUR 53.5 million for Societe Generale and approximately 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 the 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

Jean-Marc Mickeler

ERNST & YOUNG et Autres

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)
<i>o.w. securities purchased under resale agreements</i>	198	217	(19)
Other assets	178	209	(31)
<i>o.w. option premiums</i>	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	
<i>o.w. securities sold under repurchase agreements</i>	192	207	(15)
Other liabilities and provisions	176	202	(25)
<i>o.w. option premiums</i>	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

(In EURbn)	2021			2020			Changes 2021-2020 (%)		
	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 took 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					
	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
(In EURbn)												
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 (<i>In EURm</i>)	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)						
<input checked="" type="checkbox"/> Statutory payment terms (45 days end of month or 60 days from invoice date)						
<input type="checkbox"/> 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 (<i>In EURm</i>) ⁽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)						
<input type="checkbox"/> Contractual payment terms (to be specified)						
<input checked="" type="checkbox"/> 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 *pro rata 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 unprecedented 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 capped 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 deferred 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) weighted 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 Department of 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 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 securities:	-	-
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
<i>of which mutual funds which reinvest all their income</i>	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 Komerční 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 intent 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		
	Quantity	Book value ⁽²⁾	Market value	Quantity	Book value ⁽²⁾	Market value
(In EURm)						
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 Agreements (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 securitisation 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.

(In EURm)	2021			2020		
	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".

Comments related to the identification of the downgrading of credit risk:

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)
<i>of which gain on revaluation of currency hedge of provisions</i>	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.

(In EURm)	2021			2020		
	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

<i>(In percentage)</i>	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, deferred 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 deferred 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

(In EURm)	Capital Stock	Additional paid-in-capital	Retained earnings			Retained earnings	Net income of the period	Shareholders' equity
			Legal reserve	Special reserves	Other reserves			
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⁾

(In EURm)	France		Europe		Amériques	
	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

(In EURm)	Asia/Océania		Africa		Total	
	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

<i>(In EURm)</i>	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.

<i>(In EURm)</i>	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

(In EURm)	Outstanding as at 31.12.2021					Total
	Less than 3 months	3 months to one year	1 to 5 years	More than 5 years	Intercompany eliminations: Societe Generale Paris/branches	
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
<i>Trading securities</i>	33,788	15,299	2,043	16	-	51,146
<i>Short-term investment securities</i>	744	9,190	56	86	-	10,076
<i>Long-term investment securities</i>	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.

(In EURm)	31.12.2021				31.12.2020			
	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

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 (%)
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		Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue excluding tax for the last financial year (local currency) (1)(2)(3)	Net income (gain or loss) for the last financial year (local currency) (1)(3)	Dividends received by the Company during the year (in EUR)	Remarks
Gross (in EUR)	Net (in EUR)						Revaluation differences
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

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) ⁽²⁾	Share of capital held (%)
VALMINVEST	Office space				
29, boulevard Haussmann – 75009 Paris – France	Corporate centre	EUR	248,877	12,621	100.00
SOGE CAMPUS	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				
24 th 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		Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue excluding tax for the last financial year (local currency) (1)/(2)/(3)	Net income (gain or loss) for the last financial year (local currency) (1)/(3)	Dividends received by the Company During the year (in EUR)	Remarks
Gross (in EUR)	Net (in EUR)						Revaluation differences
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				
Ilôt 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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(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		Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue excluding tax for the last financial year (local currency) (1)(2)(3)	Net income (gain or loss) for the last financial year (local currency) (1)(3)	Dividends received by the Company during the year (in EUR)	Remarks
Gross (in EUR)	Net (in EUR)						Revaluation differences
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

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) ⁽²⁾	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 – Ivory 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 Příkopě 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

(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		Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue excluding tax for the last financial year (local currency) (1)(2)(3)	Net income (gain or loss) for the last financial year (local currency) (1)(3)	Dividends received by the Company during the year (in EUR)	Remarks
Gross (in EUR)	Net (in EUR)						Revaluation differences
1,156,422	1,156,422	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

(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		Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue excluding tax for the last financial year (local currency) ^{(1)/(2/3)}	Net income (gain or loss) for the last financial year (local currency) ^(1/3)	Dividends received by the Company during the year (in EUR)	Remarks
Gross (in EUR)	Net (in EUR)						Revaluation differences
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)

	Book value of shares held		Unreimbursed loans and advances made by the Company	Guarantees given by the Company	Dividends received during the year		Remarks
	Gross	Net					
(In thousands of euros)							
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 approximately 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 USDICE Libor panel banks conspired to make artificially low submissions to that benchmark in order to profit on their trading in derivatives tied to USDICE 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 USDICE 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 the 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
<p>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.</p> <p>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.</p> <p>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.</p> <p>In addition, Société Générale uses judgment and makes accounting estimates to measure the level of individual impairment for doubtful loans.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>Our other audit procedures mainly consisted in:</p> <ul style="list-style-type: none"> ■ 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. <p>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.</p>

RECOVERABILITY OF DEFERRED TAX ASSETS IN FRANCE AND THE UNITED STATES OF AMERICA

Risk identified	Our response
<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>With the support of tax specialists, our procedures mainly consisted in:</p> <ul style="list-style-type: none"> ■ 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. <p>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.</p>

VALUATION OF COMPLEX FINANCIAL INSTRUMENTS

Risk identified	Our response
<p>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.</p> <p>To determine the fair value of these instruments, Société Générale uses techniques or in-house valuation models. As stated in Note 2.2 "Operations on forward financial instruments" to the financial statements, if necessary, these valuations include discounts calculated according to the relevant instruments and associated risks. In the absence of available market data or market valuation models, the models and data used to value these instruments may, for example, be based on Management's judgment and estimates.</p> <p>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.</p>	<p>Our audit approach is based on the key internal control processes related to the valuation of complex financial instruments.</p> <p>With the support of experts in the valuation of financial instruments included in the audit team, our procedures consisted in:</p> <ul style="list-style-type: none"> ■ 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. <p>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.</p>

IT RISK RELATING TO MARKET ACTIVITIES

Risk identified	Our response
<p>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.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> ■ 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. <p>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.</p> <p>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.</p> <p>In this context, the IT risk relating to the Market Activities of the GBIS division constitutes a key audit matter.</p>	<p>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.</p> <p>Our work mainly consisted in assessing:</p> <ul style="list-style-type: none"> ■ 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. <p>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.</p> <p>In addition, our tests on the general IT and application controls were supplemented by data analysis procedures on certain IT applications.</p> <p>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.</p>

VALUATION OF EQUITY SECURITIES, OTHER LONG-TERM SECURITIES AND SHARES IN AFFILIATED COMPANIES

Risk identified	Our response
<p>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).</p> <p>As stated in Note 2.1 “Securities portfolio” to the financial statements, they are recognized at their purchase price excluding acquisition costs.</p> <p>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.</p> <p>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).</p> <p>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.</p>	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> ■ 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. <p>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.</p>

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

Jean-Marc Mickeler

ERNST & YOUNG et Autres

Micha Missakian

