5

CAPITAL MANAGEMENT AND ADEQUACY

IN BRIEF

This section provides details on capital resources, regulatory requirements and the composition of the leverage ratio.

Evolution of CET1 capital

-€1.2bn*

(between 2021 and 2022)

Evolution of total regulatory capital

+€1.2bn*

CET1 ratio at end 2022

13.5%*

** Figures taking into account the phasing under IFRS 9 (CET1 ratio of 13.34% at end-2022 without phasing, a phasing effect of +17 bp) and the effects of the transitional Covid-19 measures taken by the ECB and ending on 31 December 2022.*

5.1 REGULATORY FRAMEWORK

Since January 2014, Societe Generale has applied the Basel III regulations implemented in the European Union through a regulation and a directive (CRR and CRD4 respectively).

The general framework defined by Basel III is structured around three pillars:

- Pillar 1 sets the minimum solvency, leverage and liquidity requirements and defines the rules that banks must use to measure risks and calculate the related capital requirements, according to standard or more advanced methods;
- Pillar 2 concerns the discretionary supervision implemented by the competent authority, which allows them – based on a constant dialogue with supervised credit institutions – to assess the adequacy of capital requirements as calculated under Pillar 1, and to calibrate additional capital requirements taking into account all the risks to which these institutions are exposed;
- Pillar 3 encourages market discipline by developing a set of qualitative or quantitative disclosure requirements which will allow market participants to better assess a given institution's capital, risk exposure, risk assessment processes and, accordingly, capital adequacy.

Several amendments to European regulatory standards were adopted in May 2019 (CRR2/CRD5). The majority of these provisions entered into force in June 2021.

The amendments include:

- NSFR: The text introduces the regulatory requirements for the NSFR ratio. A ratio of 100% is respected since June 2021;
- Leverage ratio: the minimum requirement of 3% to which is added, since January 2023, 50% of the buffer required as a systemic institution;
- Derivatives counterparty risk (SA-CCR): the "SA-CCR" method is the Basel method replacing the "CEM" method for determining prudential exposure to derivatives in a standard approach;
- Large Risks: the main change is the calculation of the regulatory limit (25%) on Tier 1 (instead of total own funds), as well as the introduction of a specific cross-limit on systemic institutions (15%);
- TLAC: The ratio requirement for G-SIBs is introduced in CRR. In accordance with the Basel text, G SIBs must respect an amount of own funds and eligible debt equal to the highest between 18%+risk-weighted buffers and 6.75% leverage since 2022.

With regard to the implementation of the market risk reform (FRTB), after the publication of the first revised standard in January 2016 and of the consultation in March 2018 on this subject, the Basel Committee published in January 2019 its final text: BCBS457. In March 2020, the Basel Committee announced a one-year delay in the implementation of FRTB (1 January 2023 instead of 1 January 2022 as originally planned in the January 2019 text).

The European FRTB calendar would be as follows:

- regarding reporting requirements:
  - the Standardised Approach (SA) has been effective since Q3 2021,
  - for the Internal Model Approach (IMA), for the approved banks, reporting should start three years after the publication in the Official Journal of the European Union (OJEU) of three technical standards (RTS) of the EBA, which entered in force on the 15th of November 2022;
- capital requirements for FRTB: Expected by 1 January 2025 at this stage, which would make the IMA reporting obsolete; a 2-year delay (i.e. 1 January 2027) could be applied in the event of unlevel playing field with other major jurisdictions In December 2017, the Group of Central Bank Governors and Heads of Supervision (GHOS), the Basel Committee's oversight body, endorsed the regulatory reforms aiming to complete Basel 3.

In December 2017, the Group of Central Bank Governors and Heads of Supervision (GHOS), the Basel Committee's oversight body, endorsed the regulatory reforms aiming to complete Basel 3.

A first version of the transposition text was published by the European Commission on 27 October 2021 ("CRR3 – CRD6") and will serve as support for the European Trialogue where this version will be combined with the Council text published in November 2022 and the Parliament text. The trialogue is expected to be finalized in the summer of 2023. It will then have to be voted by Parliament to become applicable.

These new rules, which were to take effect from 2022, have been postponed to January 2025 with an overall output floor: the risk-weighted assets (RWA) will be floored to a percentage of the standard method (credit, market and operational). The output floor level will increase gradually, from 50% in 2025 to 72.5% in 2030.

Throughout 2022, Societe Generale complied with the minimum ratiorequirements applicable to its activities.

5.2 CAPITAL MANAGEMENT

As part of its capital management, the Group (under the managment of the Finance Department and the supervision of Risk Department) ensures that its solvency level is always compatible with the following objectives:

- maintaining its financial strength and respecting the risk appetite;
- preserving its financial flexibility to finance organic growth and growth through acquisitions;
- allocating adequate capital to the various businesses, according to the Group's strategic objectives;
- maintaining the Group's resilience in the event of stress scenarios;
- meeting the expectations of its various stakeholders: supervisors, debt and equity investors, rating agencies, and shareholders.

The Group determines its internal solvency targets in accordance with these objectives and regulatory thresholds.

The Group has an internal process for assessing the adequacy of its capital that measures and explains the evolution of the Group's capital ratios over time, taking into account any future regulatory constraints and changes in the scope.

This process is based on a selection of key metrics that are relevant to the Group in terms of risk and capital measurement, such as CET1, Tier 1 and Total Capital ratios. These regulatory indicators are supplemented by an assessment of the coverage of internal capital needs by available CET1 capital and an economic perspective, thus confirming the relevance of the targets set in the risk appetite. Besides, this assessment takes into account the constraints arising from the other metrics of the risk appetite, such as rating, MREL and TLAC or leverage ratio.

All of these indicators are measured on a forward-looking basis in relation to their target on a quarterly or even monthly basis for the current year. During the preparation of the financial plan, they are also assessed on an annual basis over a minimum of three-year horizon according to at least a baseline and adverse scenarios, in order to demonstrate the resilience of the bank's business model against adverse macroeconomic and financial uncertain environments. Capital adequacy is continuously monitored by the Executive Management and by the Board of Directors as part of the Group's corporate governance process and is reviewed in depth during the preparation of the financial plan. It ensures that the bank always complies with its financial target and that its capital level is above the "Maximum Distributable Amount" (MDA) threshold.

Besides, the Group maintains a balanced capital allocation among its three strategic core businesses:

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

Each of the Group's core businesses accounts for around a third of total Risk-Weighted Assets (RWA), with a predominance of credit risk (83% of total Group RWA, including counterparty credit risk).

At 31 December 2022, Group RWA were down 1% to EUR 360 billion, compared with EUR 363 billion at end-December 2021.

The evolution of the business lines' RWA lies at the core of the operational management of the Group's capital trajectory based on a detailed understanding of the vectors of variations. Where appropriate, the General Management may decide, upon a proposal from the Finance Department, to implement managerial actions to increase or reduce the share of the business lines, for instance by validating the execution of synthetic securitisation or of disposals of performing or non-performing portfolios.

5.3 SCOPE OF APPLICATION – PRUDENTIAL SCOPE

The Group's prudential reporting scope includes all fully consolidated entities, with the exception of insurance entities, which are subject to separate capital supervision.

All regulated entities of the Group comply with their prudential commitments on an individual basis.

Non-regulated entities outside of the scope of prudential consolidation are subject to periodic reviews, at least annually.

The following table provides the main differences between the accounting scope (consolidated Group) and the prudential scope (Banking Regulation requirements).

TABLE 9: DIFFERENCE BETWEEN ACCOUNTING SCOPE AND PRUDENTIAL REPORTING SCOPE

Type of entity	Accounting treatment	Prudential treatment
Entities with a finance activity	Full consolidation	Full consolidation
Entities with an Insurance activity	Full consolidation	Equity method
Holdings with a finance activity by nature	Equity method	Equity method
Joint ventures with a finance activity by nature	Equity method	Proportional consolidation

The following table provides a reconciliation between the consolidated balance sheet and the accounting balance sheet within the prudential scope.The amounts presented are accounting data, not a measure of RWA, EAD or prudential capital. Prudential filters related to entities and holdings notassociated with an insurance activity are grouped together on account of their non-material weight (< 0.1%).

TABLE 10: RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS

ASSETS at 31.12.2022 *(In EURm)*	**Balance sheet as in published financial statements**	**Prudential restatements linked to insurance[1]**	**Prudential restatements linked to consolidation methods**	**Balance sheet under regulatory scope of consolidation**	**Reference to table 14 (CC1)**
Cash, due from banks	207,013	(0)	0	207,012	
Financial assets at fair value through profit or loss	329,437	11,135	(0)	340,571	
Hedging derivatives	32,850	10	-	32,860	
Financial assets at fair value through other comprehensive income	37,463	(0)	-	37,463	
Securities at amortised cost	21,430	(0)	-	21,430	
Due from banks at amortised cost	66,903	1	51	66,955	1
o.w. subordinated loans to credit institutions	*238*	*(0)*	-	*238*	
Customer loans at amortised cost	506,529	1,524	(11)	508,041	
Revaluation differences on portfilios hedged against interest rate risk	(2,262)	-	-	(2,262)	
Investment of insurance activities	158,415	(158,415)	-	-	
Tax assets	4,697	(406)	0	4,292	
o.w. deferred tax assets that rely on future profitability excluding those arising from temporary differences	*1,662*	-	*(594)*	*1,069*	2
o.w. deferred tax assets arising from temporary differences	*2,215*	-	*325*	*2,540*	
Other assets	86,247	(4,003)	155	82,399	
o.w. defined-benefit pension fund assets	*47*	-	-	*47*	3
Non-current assets held for sale	1,081	-	-	1,081	
Investments accounted for using the equity method	146	3,438	(42)	3,541	
Tangible and intangible assets	33,089	(64)	0	33,025	
o.w. intangible assets exclusive of leasing rights	*2,881*	-	*(41)*	*2,840*	4
Goodwill	3,781	(325)	-	3,456	4
TOTAL ASSETS	**1,486,818**	**(147,106)**	**152**	**1,339,864**	

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

LIABILITIES at 31.12.2022 *(In EURm)*	**Balance sheet as in published financial statements**	**Prudential restatements linked to insurance[1]**	**Prudential restatements linked to consolidation methods**	**Balance sheet under regulatory scope of consolidation**	**Reference to table 14 (CC1)**
Due to central banks	8,361	-	-	8,361	
Financial liabilities at fair value through profit or loss	300,618	2,473	-	303,091	
Hedging derivatives	46,164	19	-	46,183	
Debt securities issued	133,176	336	-	133,512	
Due to banks	132,988	(2,187)	19	130,820	
Customer deposits	530,764	913	(123)	531,553	
Revaluation differences on portfolios hedged against interest rate risk	(9,659)	-	-	(9,659)	
Tax liabilities	1,637	(168)	0	1,470	
Other Liabilities	107,552	(5,766)	256	102,042	
Non-current liabilities held for sale	220	-	-	220	
Liabilities related to insurance activities contracts	141,688	(141,688)	-	-	
Provisions	4,579	(21)	-	4,558	
Subordinated debts	15,946	40	-	15,986	
o.w. redeemable subordinated notes including revaluation differences on hedging items	*15,521*	*42*	-	*15,563*	*5*
TOTAL DEBTS	**1,414,036**	**(146,049)**	**152**	**1,268,139**	
Subtotal Equity, Group share	66,451	(202)	(0)	66,249	6
Issued common stocks, equity instruments and capital reserves	30,384	1	-	30,384	
Retained earnings	*34,267*	*(203)*	*(0)*	*34,065*	
Net income	*2,018*	*(0)*	-	*2,018*	
Unrealised or deferred capital gains and losses	*(218)*	*0*	*(0)*	*(218)*	
Minority interests	6,331	(855)	-	5,476	7
TOTAL EQUITY	**72,782**	**(1,057)**	**(0)**	**71,725**	
TOTAL LIABILITIES	**1,486,818**	**(147,106)**	**152**	**1,339,864**	

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

ASSETS at 31.12.2021 *(In EURm)*	**Balance sheet as in published financial statements**	**Prudential restatements linked to insurance[1]**	**Prudential restatements linked to consolidation methods**	**Balance sheet under regulatory scope of consolidation**	**Reference to table 14 (CC1)**
Cash, due from banks	179,969	(0)	0	179,969	
Financial assets at fair value through profit or loss	342,714	11,128	(0)	353,842	
Hedging derivatives	13,239	30	-	13,269	
Financial assets at fair value through other comprehensive income	43,450	(0)	-	43,450	
Securities at amortised cost	19,371	(0)	-	19,371	
Due from banks at amortised cost	55,972	(0)	90	56,062	1
o.w. subordinated loans to credit institutions	*99*	*(0)*	-	*99*	
Customer loans at amortised cost	497,164	1,575	(6)	498,733	
Revaluation differences on portfilios hedged against interest rate risk	131	-	-	131	
Investment of insurance activities	178,898	(178,898)	-	-	
Tax assets	4,812	(195)	0	4,617	
o.w. deferred tax assets that rely on future profitability excluding those arising from temporary differences	*1,719*	-	*(622)*	*1,096*	*2*
o.w. deferred tax assets arising from temporary differences	*2,111*	-	*378*	*2,489*	
Other assets	92,898	(2,654)	114	90,357	
o.w. defined-benefit pension fund assets	*85*	-	-	*85*	*3*
Non-current assets held for sale	27	-	-	27	
Investments accounted for using the equity method	95	4,629	(76)	4,649	
Tangible and intangible assets	31,968	(163)	0	31,805	
o.w. intangible assets exclusive of leasing rights	*2,733*	-	*(134)*	*2,599*	*4*
Goodwill	3,741	(325)	-	3,416	4
TOTAL ASSETS	**1,464,449**	**(164,873)**	**121**	**1,299,698**	

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

LIABILITIES at 31.12.2021 *(In EURm)*	Balance sheet as in published financial statements	Prudential restatements linked to insurance[1]	Prudential restatements linked to consolidation methods	Balance sheet under regulatory scope of consolidation	Reference to table 14 (CC1)
Due to central banks	5,152	-	-	5,152	
Financial liabilities at fair value through profit or loss	307,563	1,854	-	309,418	
Hedging derivatives	10,425	4	-	10,429	
Debt securities issued	135,324	432	-	135,757	
Due to banks	139,177	(2,574)	49	136,652	
Customer deposits	509,133	1,002	(121)	510,013	
Revaluation differences on portfolios hedged against interest rate risk	2,832	-	-	2,832	
Tax liabilities	1,577	(299)	0	1,279	
Other Liabilities	106,305	(8,962)	193	97,536	
Non-current liabilities held for sale	1	-	-	1	
Liabilities related to insurance activities contracts	155,288	(155,288)	-	-	
Provisions	4,850	(23)	-	4,827	
Subordinated debts	15,959	40	-	15,999	
o.w. redeemable subordinated notes including revaluation differences on hedging items	*15,519*	*42*	-	*15,561*	*5*
TOTAL DEBTS	**1,393,586**	**(163,813)**	**122**	**1,229,894**	
Subtotal Equity, Group share	65,067	(202)	(0)	64,865	6
Issued common stocks, equity instruments and capital reserves	*29,447*	*1*	-	*29,448*	
Retained earnings	*30,631*	*(203)*	*(0)*	*30,428*	
Net income	*5,641*	*0*	-	*5,641*	
Unrealised or deferred capital gains and losses	*(652)*	*0*	*(0)*	*(653)*	
Minority interests	5,796	(858)	-	4,939	7
TOTAL EQUITY	**70,863**	**(1,060)**	**(0)**	**69,804**	
TOTAL LIABILITIES	**1,464,449**	**(164,873)**	**121**	**1,299,698**	

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

The main Group companies outside the prudential reporting scope are as follows:

TABLE 11: ENTITIES OUTSIDE THE PRUDENTIAL SCOPE

Company	Activity	Country
Antarius	Insurance	France
ALD RE Designated Activity Company	Insurance	Ireland
Catalyst RE International LTD	Insurance	Bermuda
Sogelife	Insurance	Luxembourg
Sogecap	Insurance	France
Komercni Pojstovna A.S.	Insurance	Czech Republic
La Marocaine Vie	Insurance	Morocco
Oradea Vie	Insurance	France
SGL RE	Insurance	Luxembourg
Société Générale RE SA	Insurance	Luxembourg
Sogessur	Insurance	France
Banque Pouyanne	Bank	France

Generally, all regulated Group undertakings are subject to solvency requirements set by their respective supervisory authorities. Regulated financial entities and affiliates outside of Societe Generale's prudential consolidation scope are all in compliance with their respective solvency requirements. As a general principle, all banks should be under a double supervision, on a standalone basis and on a consolidated basis but the CRR allows, under specific conditions, waivers from the requirements on an individual basis granted by the competent authorities.

The supervisory authority accepted that some Group entities may be exempted from the application of prudential requirements on an individual basis or, where applicable, on a sub-consolidated basis. Terms and conditions of waiver of requirements granted by supervisors include a commitment to provide these subsidiaries with the Group's support to ensure their overall solvency and liquidity, as well as a commitment to ensure that they are managed prudently according to the applicable banking regulations.

The conditions for applying waivers regarding monitoring on an individual basis for a Parent Institution, as far as solvency and large exposure ratios are concerned, are defined by the CRR, which stipulates that two conditions have to be met:

- there is no significant obstacle, in law or in fact, current or anticipated, to the prompt transfer of equity capital or the rapid repayment of liabilities to the Parent Institution in a Member State;
- the risk assessment, measurement and control procedures that are useful for the purposes of supervision on a consolidated basis cover the Parent Institution in a Member State.

Accordingly, for instance, Societe Generale SA is not subject to prudential requirements on an individual basis.

Any transfer of equity or repayment of liabilities between the parent company and its entities is carried out in compliance with capital and liquidity requirements that are locally applicable. The obligation to comply with such requirements may affect the capacity of subsidiaries to transfer funds to the parent company. Every year, in compliance with local capital and liquidity regulatory requirements, the Group reviews the capitalization of its subsidiaries (direct and indirect) and proposals for appropriation of their allocating their net income (payment of dividends, retained earnings, etc.). In addition, the Group studies requests from its subsidiaries relating to changes in their equity or eligible liabilities (capital increases or decrease, distributions of exceptional dividends, loan issues or repayments). These reviews and studies show that, as long as subsidiaries comply with their regulatory constraints, there is no significant obstacle to transfer funds from Societe Generale to them or vice versa.

The financing process of subsidiaries within the Group allows rapid repayments of loans between the parent company and its subsidiaries. In 2022, the embargo on Russia was a significant to the rapid repatriation of the funds generated by the sale of Rosbank, which could nevertheless be repatriated. Moreover, the war in Ukraine is disrupting remittances, but the Group is not significantly affected.

The outline of the differences in the scopes of consolidation (entity byentity) is available on the website www.societegenerale.com, section"Universal Registration Document, Pillar 3" This informationcorresponds to table LI3 of EBA instructions (EBA/ITS/2020/04).

5.4 REGULATORY CAPITAL

Reported in accordance with International Financial Reporting Standards (IFRS), Societe Generale's regulatory capital consists of the following components.

Common Equity Tier 1 capital

According to the applicable regulations, Common Equity Tier 1 capital is made up primarily of the following:

- ordinary shares (net of repurchased shares and treasury shares) and related share premium accounts;
- retained earnings;
- components of other comprehensive income;
- other reserves;
- minority interests limited by CRR/CRD.

Deductions from Common Equity Tier 1 capital essentially involve the following:

- estimated dividend payments;
- goodwill and intangible assets, net of associated deferred tax liabilities;
- unrealised capital gains and losses on cash flow hedging;
- income on own credit risk;
- deferred tax assets on tax loss carryforwards;
- deferred tax assets resulting from temporary differences beyond a threshold;
- assets from defined benefit pension funds, net of deferred taxes;
- any positive difference between expected losses on customer loans and receivables managed under the internal ratings-based (IRB) approach, and the sum of related value adjustments and collective impairment losses;
- expected losses on equity portfolio exposures;
- value adjustments resulting from the requirements of prudent valuation;
- securitisation exposures weighted at 1,250%, when these positions are excluded from the calculation of RWA.

Additional Tier 1 capital

According to CRR/CRD regulations, Additional Tier 1 capital is made up of deeply subordinated notes that are issued directly by the Bank, and have the following features:

- these instruments are perpetual and constitute unsecured, deeply subordinated obligations. They rank junior to all other obligations of the Bank, including undated and dated subordinated debt, and senior only to common stock shareholders;
- Societe Generale may elect, on a discretionary basis, not to pay the interest and coupons linked to these instruments. This compensation is paid out of distributable items;
- they include neither a step-up in compensation nor any other incentive to redeem;
- they must have a loss-absorbing capacity;
- they might be haircut or converted when in resolution or independently of a resolution measurement;
- subject to the prior approval of the European Central Bank, Societe Generale has the option to redeem these instruments at certain dates, but no earlier than five years after their issuance date.

Deductions of Additional Tier 1 capital essentially apply to the following:

- AT1 treasury shares;
- holding of AT1 hybrid shares issued by financial sector entities;
- minority interests beyond the minimum T1 requirement in the entities concerned.

Tier 2 capital

Tier 2 capital includes:

- subordinated notes;
- any positive difference between the sum of value adjustments and impairment losses on customer loans and receivables exposures managed under the IRB approach and expected losses, up to 0.6% of total credit RWA under the IRB approach;
- value adjustments for credit risk related to collective impairment losses on customer loans and receivables exposures managed under the standardised approach, up to 1.25% of total credit RWA.

Deductions of Tier 2 capital essentially apply to the following:

- Tier 2 treasury shares;
- holding of Tier 2 shares issued by financial sector entities;
- minority interests beyond the minimum capital requirement in the entities concerned.

All capital instruments and their features are detailed online (*www.societegenerale.com/en/measuring-our-performance/information-and-publications/registration-documents*).

TABLE 12: TOTAL AMOUNT OF DEBT INSTRUMENTS ELIGIBLE FOR TIER 1 EQUITY

Issuance Date	Currency	Issue amount (in currency m)	First call date	Yield before the call date and frequency	Yield after the call date and frequency	Book value (EURm) at 31.12.2022	Book value (EURm) at 31.12.2021
18.12.2013	USD	1 750 M	18.12.2023	7.875% annually	Mid Swap Rate USD 5 years +4.979%	1,641	1,545
29.09.2015	USD	1 250 M	29.09.2025	8.000% annually	Mid Swap Rate USD 5 years +5.873%	1,172	1,104
06.04.2018	USD	1250 M	06.04.2028	6.750% annually	Mid Swap Rate USD 5 years +3.929%	1,172	1,104
04.10.2018	USD	1250 M	04.10.2023	7.375% annually	Mid Swap Rate USD 5 years +4.302%	1,172	1,104
16.04.2019	SGD	750 M	16.04.2024	6.125% annually	Swap Offer Rate SGD 5 years +4.207%	524	491
12.09.2019	AUD	700 M	12.09.2024	4.875% annually	Mid Swap S/Q AUD 5 years +4.036%	446	448
18.11.2020	USD	1 500 M	18.11.2030	5.375% annually	5y U.S. Treasury Rate +4.514%	1,406	1,324
26.05.2021	USD	1 000 M	26.05.2026	4.750% annually	5y U.S. Treasury Rate +3.931%	938	883
15.07.2022	SGD	200 M	15/07/2027	8.25% par an	Swap Offer Rate SGD 5 ans majoré de 5.6%	140	-
22.11.2022	USD	1 500 M	22/11/2027	9.375% par an	U.S. Treasury Rate 5 ans majoré de 5.385%	1,406	-
TOTAL						**10,017**	**8,003**

TABLE 13: CHANGES IN DEBT INSTRUMENTS ELIGIBLE FOR SOLVENCY CAPITAL REQUIREMENTS

(In EURm)	31.12.2021	Issues	Redemptions	Prudential supervision valuation haircut	Others	31.12.2022
Debt instruments eligible for Tier 1	8,003	1,546	-	-	468	10,017
Debt instruments eligible for Tier 2	11,820	2,450	(157)	(1,815)	251	12,549
TOTAL ELIGIBLE DEBT INSTRUMENTS	**19,823**	**3,996**	**(157)**	**(1,815)**	**719**	**22,566**

Solvency ratios

The solvency ratios are set by comparing the Group’s equity (Common Equity Tier 1 (CET1), Tier 1 (T1) or Total Capital (TC)) with the sum of risk-weighted exposures for credit risk and the capital requirement multiplied by 12.5 for market and operational risks.

Each quarter, the ratios are calculated following the accounting closing and then compared to the supervisory requirements.

The Pillar 1 regulatory minimum capital requirement is set at 4.5% for CET1, 6% for T1 and 8% for TC. This minimum remains stable over time.

The minimum Pillar 2 requirement (P2R) is set by the supervisor following the Supervisory Review and Evaluation Process (SREP). It has been standing at 2.12% until 31 December 2022, this level will stand at 2.14% including the additional requirement regarding Pillar 2 prudential expectations on the provisioning of non-performing loans granted before 26 April 2019.

In addition to these requirements comes the overall buffer requirement which is the sum of:

- the mean of the countercyclical buffer rates of each country, weighted by the relevant credit risk exposures in these countries. As of 1 January 2023, Societe Generale’s countercyclical buffer is equal to 0.19%;
- the conservation buffer in force since 1 January 2016 with a maximum level standing at 2.50% since 1 January 2019;
- the Group’s G-SIB buffer imposed by the Financial Stability Board (FSB), which is equal to 1%.

As at 31 December 2022, taking into account the combined regulatory buffers, the phased-in CET1 ratio level that would trigger the Maximum Distributable Amount (MDA) mechanism stands at 9.35%. It will stand at 9.39% from 1 January 2023.

TABLE 14: BREAKDOWN OF PRUDENTIAL CAPITAL REQUIREMENT FOR SOCIETE GENERALE

	31.12.2022	01.03.2022	01.01.2022
Minimum requirement for Pillar 1	4.50%	4.50%	4.50%
Minimum requirement for Pillar 2 (P2R)[1]	1.19%	1.19%	0.98%
Minimum requirement for countercyclical buffer	0.16%	0.04%	0.04%
Minimum requirement for conservation buffer	2.50%	2.50%	2.50%
Minimum requirement for systemic buffer	1.00%	1.00%	1.00%
Minimum requirement for CET1 ratio	**9.35%**	**9.23%**	**9.02%**

(1) *According to Article 104 bis of the CRDV Directive, banks must now meet a minimum of 56% P2R with CET1 capital (as opposed to 100% previously) and 75% with Tier 1 capital.*

TABLE 15: REGULATORY CAPITAL AND SOLVENCY RATIOS[1]

(In EURm)	31.12.2022	31.12.2021
Shareholders' equity (IFRS), Group share	**66,451**	**65,067**
Deeply subordinated notes	(10,017)	(8,003)
Perpetual subordinated notes	(0)	(0)
Group consolidated shareholders' equity net of deeply subordinated and perpetual subordinated notes	**56,434**	**57,064**
Non-controlling interests	5,207	4,762
Intangible assets	(2,161)	(1,828)
Goodwill	(3,478)	(3,408)
Dividends proposed (to the General Meeting) and interest expenses on deeply subordinated and perpetual subordinated notes	(1,879)	(2,345)
Deductions and regulatory adjustments	(5,484)	(4,410)
COMMON EQUITY TIER 1 CAPITAL	**48,639**	**49,835**
Deeply subordinated notes and preferred shares	10,017	8,003
Other additional Tier 1 capital	209	206
Additional Tier 1 deductions	(138)	(137)
TOTAL TIER 1 CAPITAL	**58,727**	**57,907**
Tier 2 instruments	12,549	11,820
Other Tier 2 capital	238	287
Tier 2 deductions	(1,790)	(1,527)
Total regulatory capital	**69,724**	**68,487**
TOTAL RISK-WEIGHTED ASSETS	**360,464**	**363,371**
Credit and counterparty credit risk-weighted assets	300,694	304,922
Market risk-weighted assets	13,747	11,643
Operational risk-weighted assets	46,023	46,806
Solvency ratios		
Common Equity Tier 1 ratio	13.49%	13.71%
Tier 1 ratio	16.29%	15.94%
Total capital ratio	19.34%	18.85%

(1) *Ratios set in accordance with CRR2/CRD5 rules as published in June 2019, including Danish compromise for insurance, and taking into account the IFRS 9 phasing (fully-loaded CET1 ratio of 13.34% as at 31 December 2022, the phasing effect being +17 bps) and the effects of the ECB's Covid-19 transitional measures ending on 31 December 2022.*

The solvency ratio as at 31 December 2022 stood at 13.5% in Common Equity Tier 1 (13.7% at 31 December 2021) and 16.3% in Tier 1 (15.9% at 31 December 2021) for a total ratio of 19.3% (18.8% at 31 December 2021).

Group shareholders' equity at 31 December 2022 totalled EUR 66.4 billion (compared with EUR 65.1 billion at 31 December 2021).

After taking into account non-controlling interests and regulatory adjustments, CET1 regulatory capital was EUR 48.6 billion at 31 December 2022, *vs.* EUR 49.8 billion at 31 December 2021. The Additional Tier One deductions mainly regard authorisations to buy back own Additional Tier 1 capital instruments as well as subordinated bank and insurance loans.

TABLE 16: CET1 REGULATORY DEDUCTIONS AND ADJUSTMENTS

(In EURm)	31.12.2022	31.12.2021
Unrecognised minority interests	(3,326)	(2,860)
Deferred tax assets	(1,068)	(1,096)
Prudent Valuation Adjustment	(852)	(911)
Adjustments related to changes in the value of own liabilities	(245)	254
Other	7	203
TOTAL CET1 REGULATORY DEDUCTIONS AND ADJUSTMENTS	**(5,484)**	**(4,410)**

The prudential deductions and restatements included in the "Other" category essentially involve the following:

- any positive difference between expected losses on customer loans and receivables managed under the internal ratings-based (IRB) approach, and the sum of related value adjustments and impairment losses;
- expected losses on equity portfolio exposures;
- unrealised gains and losses on cash flow hedges;
- assets from defined benefit pension funds, net of deferred taxes;
- securitisation exposures weighted at 1,250%, when these positions are excluded from the calculation of RWA.

5.5 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

The Basel III Accord has established the rules for calculating minimum capital requirements in order to more accurately assess the risks to which banks are exposed, taking into account the risk profile of transactions *via* two approaches intended for determining RWA: a standardised approach and an advanced one based on internal methods modelling the counterparties' risk profiles.

Change in risk-weighted assets and capital requirements

TABLE 17: OVERVIEW OF RISK-WEIGHTED ASSETS (OV1)

	Risk-weighted assets			Total own funds requirements
(In EURm)	31.12.2022	30.09.2022	31.12.2021	31.12.2022
Credit risk (excluding counterparty credit risk)	**269,084**	**271,963**	**271,012**	**21,527**
o.w. standardised approach	*94,083*	*95,360*	*103,323*	*7,527*
o.w. Foundation IRB (FIRB) approach	*4,190*	*4,213*	*4,121*	*335*
o.w. slotting approach	*667*	*720*	*752*	*53*
o.w. equities under the simple risk-weighted approach	*2,753*	*3,404*	*3,515*	*220*
o.w. other equities under IRB approach	*13,864*	*14,716*	*18,189*	*1,109*
o.w. Advanced IRB (AIRB) approach	*153,528*	*153,551*	*141,111*	*12,282*
Counterparty credit risk – CCR	**23,803**	**31,160**	**27,478**	**1,904**
o.w. standardised approach[(1)]	*6,649*	*8,102*	*9,304*	*532*
o.w. internal model method (IMM)	*12,381*	*17,145*	*13,088*	*990*
o.w. exposures to a CCP	*918*	*1,084*	*1,273*	*73*
o.w. credit valuation adjustment – CVA	*2,805*	*3,521*	*2,807*	*224*
o.w. other CCR	*1,050*	*1,308*	*1,007*	*84*
Settlement risk	**6**	**12**	**63**	**1**
Securitisation exposures in the non-trading book (after the cap)	**7,801**	**7,562**	**6,368**	**624**
o.w. SEC-IRBA approach	*2,706*	*2,764*	*2,082*	*216*
o.w. SEC-ERBA incL IAA	*4,023*	*3,881*	*3,978*	*322*
o.w. SEC-SA approach	*1,072*	*916*	*308*	*86*
o.w. 1,250%/deductions	-	-	-	-
Position, foreign exchange and commodities risks (Market risk)	**13,747**	**15,324**	**11,643**	**1,100**
o.w. standardised approach	*1,932*	*2,528*	*1,419*	*155*
o.w. IMA	*11,816*	*12,796*	*10,225*	*945*
Large exposures	-	-	-	-
Operational risk	**46,023**	**45,626**	**46,806**	**3,682**
o.w. basic indicator approach	-	-	-	-
o.w. standardised approach	*1,290*	*1,232*	*2,412*	*103*
o.w. advanced measurement approach	*44,733*	*44,394*	*44,394*	*3,579*
Amounts (included in the "credit risk" section above) below the thresholds for deduction (subject to 250% risk weight)	7,319	7,835	7,344	586
TOTAL	**360,465**	**371,645**	**363,371**	**28,837**

(1) The amounts of RWA at 31 December 2021 correspond to the new SA-CCR approach following the application of Regulation (EU) No. 2019/876 (CRR2).

TABLE 18: RISK-WEIGHTED ASSETS (RWA) BY CORE BUSINESS AND RISK TYPE

(In EURbn)	Credit and counterparty credit	Market	Operational	Total 31.12.2022	Total 31.12.2021
French Retail Banking	101.0	0.0	5.1	106.1	95.5
International Retail Banking and Financial Services	105.6	0.2	4.6	110.4	117.7
Global Banking and Investor Solutions	82.1	12.6	29.0	123.7	131.2
Corporate Centre	12.1	0.9	7.4	20.3	19.0
Group	**300.7**	**13.7**	**46.0**	**360.5**	**363.4**

As at 31 December 2022, RWA (EUR 360.5 billion) were distributed as follows:

- credit and counterparty credit risks accounted for 83% of RWA (of which 35% for International Retail Banking and Financial Services);
- market risk accounted for 4% of RWA (of which 92% for Global Banking and Investor Solutions);
- operational risk accounted for 13% of RWA (of which 63% for Global Banking and Investor Solutions).

TABLE 19: MAIN SUBSIDIARIES' CONTRIBUTIONS TO THE GROUP'S RWA

	Crédit du Nord		Boursorama		Komerčni Banka	
(In EURm)	IRB	Standard	IRB	Standard	IRB	Standard
Credit and counterparty credit risks	**18,737**	**3,150**	**606**	**1,697**	**13,962**	**2,346**
Sovereign	-	-	-	1	26	34
Financial institutions	83	3	4	10	813	246
Corporate	10,119	1,043	-	15	9,179	1,449
Retail	6,985	943	546	1,403	3,755	84
Equity investments	1,426	123	55	-	188	-
Other non-credit obligation assets	-	1,038	-	268	-	533
Securitisation	123	-	-	-	-	-
Market risk	**28**	**-**	**-**	**-**	**70**	**-**
Operational risk	**578**	**-**	**112**	**-**	**758**	**-**
TOTAL 2022	**22,493**	**-**	**2,414**	**-**	**17,066**	**-**
TOTAL 2021	**21,120**	**-**	**-**	**-**	**15,251**	**-**

5.6 TLAC AND MREL RATIOS

The Total Loss Absorbing Capacity (TLAC) requirement which applies to Societe Generale is 18 % of RWA since 1 January 2022, to which the conservation buffer of 2.5%, the G-SIB buffer of 1% and the countercyclical buffer must be added. As at 31 December 2022, the global TLAC requirement thus stood at 21.66% of Group RWA.

The TLAC rule also provides for a minimum ratio of 6.75% of the leverage exposure January 2022.

As at 31 December 2022, Societe Generale reached a phased-in TLAC ratio of 30.5% excluding senior preferred debts. The phased-in ratio stands at 33.6% of RWA when considering the possibility to account for senior preferred debts up to 3.5% of RWA and 9% of leverage exposure.

Quantitative information on the TLAC ratio can be found in Chapter 1 (summary) and Section 5.10 (detail).

The Minimum Requirement for own funds and Eligible Liabilities (MREL) has applied to credit institutions and investment firms within the European Union since 2016.

Contrary to the TLAC ratio, the MREL is tailored to each institution and regularly revised by the resolution authority.

Throughout 2022, Societe Generale complied with its MREL requirement.

5.7 LEVERAGE RATIO

The Group calculates its leverage ratio according to the CRR2 rules applicable since June 2021.

Managing the leverage ratio means both calibrating the amount of Tier 1 capital (the numerator of the ratio) and controlling the Group's leverage exposure (the denominator of the ratio) to achieve the target ratio levels that the Group sets for itself. To this end, the leverage exposure of the different businesses is monitored by the Finance Division.

The Group aims to maintain a consolidated leverage ratio that is significantly higher than the 3.5% minimum set in the Basel Committee's recommendations, transposed in Europe via CRR2, including a fraction of the systemic buffer which is applicable to the Group.

As at 31 December 2022, the leverage ratio of Societe Generale stood at 4.37% considering a Tier 1 capital amount of EUR 58.7 billion compared with a leverage exposure of EUR 1,345 billion (versus 4.87% as at 31 December 2021, with EUR 57.9 billion and EUR 1,190 billion, respectively).

TABLE 20: LEVERAGE RATIO SUMMARY AND TRANSITION FROM PRUDENTIAL BALANCE SHEET TO LEVERAGE EXPOSURE(1)

(In EURm)	31.12.2022	31.12.2021
Tier 1 capital(2)	**58,727**	**57,907**
Total assets in prudential balance sheet(3)	**1,339,864**	**1,299,698**
Adjustments for derivative financial instruments	(7,197)	8,619
Adjustments for securities financing transactions(4)	15,156	14,896
Off-balance sheet exposure (loan and guarantee commitments)	123,022	118,263
Technical and prudential adjustments	(125,976)	(252,223)
o.w. central banks exemption(5)	-	*(117,664)*
Leverage ratio exposure	**1,344,870**	**1,189,253**
Leverage ratio	**4.37%**	**4.87%**

(1) Ratio set in accordance with CRR2 rules and taking into account the IFRS 9 phasing (leverage ratio of 4.32% without phasing at 31 December 2022, the phasing effect being -5 bps).
(2) The capital overview is available in table 3.
(3) The prudential balance sheet corresponds to the IFRS balance sheet less entities accounted for through the equity method (mainly insurance subsidiaries).
(4) Securities financing transactions: repurchase transactions, securities lending or borrowing transactions and other similar transactions.
(5) Change to the opening terminal.

5.8 LARGE EXPOSURES RATIO

The CRR incorporates the provisions regulating large exposures. As such, Societe Generale must not have any exposure towards a single beneficiary which exceeds 25% of the Group's capital.

The final rules of the Basel Committee on large exposures, transposed in Europe *via* CRR2, have been applicable since June 2021. The main changes compared with CRR reside in the calculation of the regulatory limit (25%), henceforth expressed as a proportion of Tier 1 (instead of cumulated Tier 1 and Tier 2), and in the introduction of a cross-specific limit on systemic institutions (15%).

5.9 FINANCIAL CONGLOMERATE RATIO

The Societe Generale group, also identified as a "Financial conglomerate", is subject to additional supervision from the ECB.

At 31 December 2022, Societe Generale's financial conglomerate equity covered the solvency requirements for both banking and insurance activities.

At 30 June 2022, the financial conglomerate ratio was 140%, consisting of a numerator "Own funds of the Financial Conglomerate" of EUR 74.1billion, and a denominator "Regulatory requirement of the Financial Conglomerate" of EUR 52.9 billion.

As at 31 December 2021, the financial conglomerate ratio was 150%, consisting of a numerator "Own funds of the Financial Conglomerate"of EUR 76.1 billion, and a denominator "Regulatory requirement of the Financial Conglomerate" of EUR 50.9 billion.

TABLE 21: FINANCIAL CONGLOMERATES INFORMATION ON OWN FUNDS AND CAPITAL ADEQUACY RATIO (INS2)

(In EURm)	31.12.2022
Supplementary own fund requirements of the financial conglomerate (amount)	21,236
Capital adequacy ratio of the financial conglomerate (%)	140%

5.10 ADDITIONAL QUANTITATIVE INFORMATION ON OWN FUNDS AND CAPITAL ADEQUACY

TABLE 22: COMPARISON OF OWN FUNDS AND CAPITAL AND LEVERAGE RATIOS WITH AND WITHOUT THE APPLICATION OF TRANSITIONAL ARRANGEMENTS FOR IFRS 9 (IFRS9-FL)

	(In EURm)	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021
AVAILABLE CAPITAL (AMOUNTS)						
1	Common Equity Tier 1 (CET1) capital	48,639	47,614	47,254	48,211	49,835
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	48,011	47,043	46,906	47,728	49,223
3	Tier 1 capital	58,727	57,053	56,024	56,443	57,907
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	58,100	56,482	55,676	55,960	57,295
5	Total capital	69,724	69,444	67,835	66,990	68,487
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	69,096	68,873	67,486	66,507	67,875
RISK-WEIGHTED ASSETS (AMOUNTS)						
7	Total risk-weighted assets	360,465	371,645	367,637	376,636	363,371
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	360,435	371,645	367,610	376,482	363,216
RISK-WEIGHTED ASSETS (AMOUNTS)						
9	Common Equity Tier 1 (as a percentage of RWA)	13.49%	12.81%	12.85%	12.80%	13.71%
10	Common Equity Tier 1 (as a percentage of RWA) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13.32%	12.66%	12.76%	12.68%	13.55%
11	Tier 1 (as a percentage of RWA)	16.29%	15.35%	15.24%	14.99%	15.94%
12	Tier 1 (as a percentage of RWA) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.12%	15.20%	15.15%	14.86%	15.77%
13	Total capital (as a percentage of RWA)	19.34%	18.69%	18.45%	17.79%	18.85%
14	Total capital (as a percentage of RWA) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	19.17%	18.53%	18.36%	17.67%	18.69%
LEVERAGE RATIO						
15	Leverage ratio total exposure measure[(1)]	1,344,870	1,392,918	1,382,334	1,319,813	1,189,253
16	Leverage ratio	4.37%	4.10%	4.05%	4.28%	4.87%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4.32%	4.06%	4.03%	4.24%	4.82%

(1) Leverage ratio total exposure measure taking into account the IFRS 9 transitional provisions over the whole historical period considered, as well as the option to exempt some central bank exposures until 31 March 2022 included.

TABLE 23: NON-DEDUCTED EQUITIES IN INSURANCE UNDERTAKINGS (INS1)

	31.12.2022	
(In EURm)	Exposure value	RWA amount
Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds	3,464	12,820

OWN FUNDS DETAILS

TABLE 24: COMPOSITION OF REGULATORY OWN FUNDS (CC1)

(In EURm)		31.12.2022		30.06.2022	
		Amounts	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
COMMON EQUITY TIER 1 (CET1) CAPITAL: INSTRUMENTS AND RESERVES					
1	Capital instruments and the related share premium accounts	20,776	6	20,540	6
	of which fully paid up capital instruments	*1,062*		*1,046*	
	of which share premium	*19,713*		*19,494*	
2	Retained earnings	30,771	6	34,954	6
3	Accumulated other comprehensive income (and other reserves)	3,858	6	1,277	6
EU-3a	Funds for general banking risk	-		-	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-		-	
5	Minority interests (amount allowed in consolidated CET1)	1,881	7	1,893	7
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	139	6	-	6
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**57,424**	**0**	**58,665**	
COMMON EQUITY TIER 1 (CET1) CAPITAL: REGULATORY ADJUSTMENTS					
7	Additional value adjustments (negative amount)	(852)		(912)	
8	Intangible assets (net of related tax liability) (negative amount)	(5,639)	4	(5,267)	4
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(1,068)	2	(1,177)	2
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	294		181	
12	Negative amounts resulting from the calculation of expected loss amounts	-		-	
13	Any increase in equity that results from securitised assets (negative amount)	-		-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(241)		(697)	
15	Defined-benefit pension fund assets (negative amount)	(71)	3	(167)	3
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(937)		(986)	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-		-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(0)		(0)	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0		(0)	
EU-20a	Exposure amount of the following items which qualify for a RW of 1,250%, where the institution opts for the deduction alternative	(70)		(40)	
EU-20b	*of which qualifying holdings outside the financial sector (negative amount)*	-		-	
EU-20c	*of which securitisation positions (negative amount)*	*(70)*		*(40)*	
EU-20d	*of which free deliveries (negative amount)*	-		-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(0)		0	
22	Amount exceeding the 17,65% threshold (negative amount)	0		0	
23	*of which direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*	-		-	
25	*of which deferred tax assets arising from temporary differences*	-		-	
EU-25a	Losses for the current financial year (negative amount)	-		(1,897)	

(In EURm)		31.12.2022 Amounts	31.12.2022 Source based on reference numbers of the balance sheet under the regulatory scope of consolidation	30.06.2022 Amounts	30.06.2022 Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-		-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-		-	
27a	Other regulatory adjustments	(202)		(449)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(8,786)**		**(11,411)**	
29	**Common Equity Tier 1 (CET1) capital**	**48,639**		**47,254**	
ADDITIONAL TIER 1 (AT1) CAPITAL: INSTRUMENTS					
30	Capital instruments and the related share premium accounts	7,205		5,795	
31	*of which classified as equity under applicable accounting standards*	*10,017*	*6*	*8,683*	*6*
32	*of which classified as liabilities under applicable accounting standards*	-		-	
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) of CRR	-		-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1	-		-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1	2,813		2,888	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	209	7	225	7
35	*of which instruments issued by subsidiaries subject to phase out*	-		-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**10,226**		**8,908**	
ADDITIONAL TIER 1 (AT1) CAPITAL: REGULATORY ADJUSTMENTS					
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	(125)		(125)	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-		-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-		-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	(13)	1	(13)	1
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-		-	
42a	Other regulatory adjustments to AT1 capital	-		-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**(138)**		**(138)**	
44	**Additional Tier 1 (AT1) capital**	**10,089**		**8,770**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**58,727**		**56,024**	
TIER 2 (T2) CAPITAL: INSTRUMENTS					
46	Capital instruments and the related share premium accounts	8,174	5	7,805	5
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	-		-	
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2	-		-	
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2	4,375	5	5,311	5
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	238	7	291	7
49	*of which instruments issued by subsidiaries subject to phase out*	-		-	
50	Credit risk adjustments	94		296	
51	**Tier 2 (T2) capital before regulatory adjustments**	**12,881**		**13,703**	
TIER 2 (T2) CAPITAL: REGULATORY ADJUSTMENTS					
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	(150)		(150)	

		31.12.2022		30.06.2022	
(In EURm)		Amounts	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-		-	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0		-	
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	(1,735)	1	(1,743)	1
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-		-	
56b	Other regulatory adjusments to T2 capital	-		-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**(1,885)**		**(1,893)**	
58	**Tier 2 (T2) capital**	**10,997**		**11,810**	
59	**Total capital (TC = T1 + T2)**	**69,724**		**67,835**	
60	**Total RWA**	**360,465**		**367,637**	
CAPITAL RATIOS AND REQUIREMENTS INCLUDING BUFFERS					
61	**Common Equity Tier 1 (as a percentage of RWA)**	**13.49%**		**12.85%**	
62	**Tier 1 (as a percentage of RWA)**	**16.29%**		**15.24%**	
63	**Total capital (as a percentage of total RWA)**	**19.34%**		**18.45%**	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of RWA)	9.35%		9.24%	
65	*of which capital conservation buffer requirement*	*2.50%*		*2.50%*	
66	*of which countercyclical buffer requirement*	*0.16%*		*0.05%*	
67	*of which systemic risk buffer requirement*	-		-	
EU-67a	*of which Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer*	*1.00%*		*1.00%*	
EU-67b	*of which additional own funds requirements to address the risks other than the risk of excessive leverage*	*1.19%*		*1.19%*	
68	**Common Equity Tier 1 available to meet buffer (as a percentage of RWA)**	**7.80%**		**7.16%**	
AMOUNTS BELOW THE THRESHOLDS FOR DEDUCTION (BEFORE RISK WEIGHTING)					
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	3,545		2,638	
73	Direct and indirect holdings by the institution of the CET1 3 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	389		436	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	2,539		2,598	
APPLICABLE CAPS ON THE INCLUSION OF PROVISIONS IN TIER 2					
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-		-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	1,219		1,278	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	94		296	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	1,150		1,173	
CAPITAL INSTRUMENTS SUBJECT TO PHASE-OUT ARRANGEMENTS (ONLY APPLICABLE BETWEEN 1 JANUARY 2014 AND 1 JANUARY 2022)					
80	Current cap on CET1 instruments subject to phase out arrangements	-		-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-		-	
82	Current cap on AT1 instruments subject to phase out arrangements	-		-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-		-	
84	Current cap on T2 instruments subject to phase out arrangements	-		-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		-	

The regulatory own funds items are used as a starting point to describe differences between balance sheet items used to calculate own funds and regulatory own funds.

Notes

I Common Equity Tier 1 (CET1): Instruments and reserves

1. difference due to deduction for holdings of own CET1 instruments;
2. difference linked to a limited recognition of minority interests.

II Common Equity Tier 1: Regulatory adjustments

3. other comprehensive income from changes in the fair value through equity of financial assets are not deducted from regulatory own funds, except gains and losses on derivatives held as cash flow hedges;
4. the differences between the amounts of the balance sheet under the prudential scope and under regulatory capital are related to taxes deferred on OCA and DVA;
5. goodwill and other intangible assets net of related deferred tax liabilities are fully deducted from regulatory own funds;
6. gains or losses on liabilities valued at fair value and recognised in the income statement resulting from changes in own credit spread (OCA) as well as gains or losses resulting from changes in credit spread on own liability derivatives (DVA) are deducted from Common Equity Tier 1 instruments.

III Additional Tier 1 (AT1) capital: Instruments

7. differences between balance sheet items used to calculate own funds and regulatory own funds are referring to the translation differences associated with these instruments;
8. minority interests recognised in Additional Tier 1 instruments receive the same accounting treatment as described in Note 2.

IV Additional Tier 1 (AT1) capital: Regulatory adjustments

9. discrepancy due to the exclusion of insurance subordinated loans in the consolidated balance sheet.

V Tier 2 (T2) capital: Instruments and provisions

10. difference due to instruments ineligible to a classification as regulatory own funds;
11. minority interests recognised in Tier 2 instruments receive the same accounting treatment as described in Note 2.

TLAC RATIO DETAILS

TABLE 25: TLAC – COMPOSITION (TLAC1)

(in EURm)		31.12.2022	30.06.2022
OWN FUNDS AND ELIGIBLE LIABILITIES AND ADJUSTMENTS			
1	Common Equity Tier 1 capital (CET1)	48,639	47,254
2	Additional Tier 1 capital (AT1)	10,089	8,770
6	Tier 2 capital (T2)	10,832	11,426
11	Total of eligible Own funds	69,559	67,451
OWN FUNDS AND ELIGIBLE LIABILITIES: NON-REGULATORY CAPITAL ELEMENTS			
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	36,912	37,369
EU-12a	Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	-	-
EU-12b	Eligible liabilities instruments that are subordinated to excluded liabilities, issued prior to 27 June 2019 (subordinated grandfathered)	-	-
EU-12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	3,348	2,696
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre cap)	11,301	8,894
EU-13a	Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	129	129
14	Amount of non subordinated instruments eligible, where applicable after application of Article 72b (3) CRR	11,430	9,023
17	Eligible liabilities items before adjustments	51,690	49,088
EU-17a	*of which subordinated*	*40,260*	*40,065*
OWN FUNDS AND ELIGIBLE LIABILITIES: ADJUSTMENTS TO NON-REGULATORY CAPITAL ELEMENTS			
18	Own funds and eligible liabilities items before adjustments	121,249	116,539
19	(Deduction of exposures between MPE resolution groups)	-	-
20	(Deduction of investments in other eligible liabilities instruments)		-
22	Own funds and eligible liabilities after adjustments	121,249	116,539
RWA AND LEVERAGE EXPOSURE MEASURE OF THE RESOLUTION GROUP			
23	Total RWA	360,465	367,637
24	Total exposure measure	1,344,870	1,382,334
RATIO OF OWN FUNDS AND ELIGIBLE LIABILITIES			
25	Own funds and eligible liabilities (as a percentage of total RWA)	33.64%	31.70%
26	Own funds and eligible liabilities (as a percentage of total exposure measure)	9.02%	8.43%
27	CET1 (as a percentage of TREA) available after meeting the resolution group's requirements	7.80%	7.16%
28	Institution-specific combined buffer requirement	3.66%	3.55%
29	*of which capital conservation buffer requirement*	*2.50%*	2.50%
30	*of which countercyclical buffer requirement*	*0.16%*	0.05%
31	*of which systemic risk buffer requirement*	-	-
EU-31a	*of which Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer*	*1.00%*	*1.00%*
MEMORANDUM ITEMS			
EU-32	Total amount of excluded liabilities referred to in Article 72a(2) CRR	963,850	1,002,451

TABLE 26: TLAC – CREDITOR RANKING OF THE RESOLUTION ENTITY[1] (TLAC3)

		31.12.2022					
		Insolvency ranking					
		1	2	3	7	8	9
(In EURm)		(most junior)					
1	Description of insolvency ranking[2]	Equity	Deeply subordinated notes	Subordinated notes	Senior non preferred unsecured	Senior preferred unsecured	Deposits of natural personnes and SME
2	Liabilities and own funds	48,639	10,017	18,155	41,041	626,933	28,211
3	*o.w. excluded liabilities*	-	-	-	-	*452,232*	*28,211*
4	Liabilities and own funds less excluded liabilities	48,639	10,017	18,155	41,041	174,701	-
5	Subset of row 4 that are own funds and liabilities potentially eligible for meeting TLAC	48,639	10,017	15,733	36,912	11,631	-
6	*o.w. residual maturity ≥ 1 year < 2 years*	-	-	*938*	*6,384*	*202*	-
7	*o.w. residual maturity ≥ 2 year < 5 years*	-	-	*6,044*	*15,281*	*7,458*	-
8	*o.w. residual maturity ≥ 5 years < 10 years*	-	-	*4,243*	*13,850*	*3,775*	-
9	*o.w. residual maturity ≥ 10 years, but excluding perpetual securities*	-	-	*4,508*	*1,397*	*196*	-
10	*o.w. perpetual securities*	48,639	10,017	-	-	-	-

		31.12.2022				
		Insolvency ranking				
		10	11	14	17	Sum of 1 to 17
(En M EUR)					(most senior)	
1	Description of insolvency ranking[2]	Covered deposits	Pre-insolvency judgment claims with preferential right	Claims arising after the safeguard procedure	Super-privileged debts owed to employees	
2	Liabilities and own funds	103,652	276	284,893	1,555	1,163,370
3	*o.w. excluded liabilities*	*103,652*	*276*	*284,893*	*1,555*	*870,818*
4	Liabilities and own funds less excluded liabilities	-	-	-	-	292,552
5	Subset of row 4 that are own funds and liabilities potentially eligible for meeting TLAC	-	-	-	-	122,932
6	*o.w. residual maturity ≥ 1 year < 2 years*	-	-	-	-	*7,523*
7	*o.w. residual maturity ≥ 2 year < 5 years*	-	-	-	-	*28,783*
8	*o.w. residual maturity ≥ 5 years < 10 years*	-	-	-	-	*21,868*
9	*o.w. residual maturity ≥ 10 years, but excluding perpetual securities*	-	-	-	-	*6,102*
10	*o.w. perpetual securities*	-	-	-	-	*58,656*

(1) Scope of the resolution entity Societe Generale SA.
(2) For further details regarding the nature and definitions of creditor ranks as per French jurisdiction, please refer to the Single Resolution Board's documentation (part 8, page 29): https://www.srb.europa.eu/system/files/media/document/LDR%20-%20Annex%20on%20Insolvency%20ranking%202021%20v1.6_1.pdf.

		31.12.2021							
		Insolvency ranking							
		1	2	4	5	6	10	13	
(In EURm)		(most junior)						(most senior)	Sum of 1 to 13
1	Description of insolvency ranking[(2)]	Common Equity Tier 1 (CET1) capital	Additional Tier 1 (AT1) capital and Tier 2 (T2) capital	Senior Non-Preferred debt	Senior Preferred debt	Deposits	Secured debt	Employees wage claims	
2	Liabilities and own funds	49,835	22,159	37,570	508,863	135,844	266,698	1,821	1,022,791
3	*o.w. excluded liabilities*	-	-	-	*343,508*	*135,844*	*266,698*	*1,821*	*747,872*
4	Liabilities and own funds less excluded liabilities	49,835	22,159	37,570	165,355	-	-	-	274,919
5	Subset of row 4 that are own funds and liabilities potentially eligible for meeting TLAC	49,835	22,159	34,183	7,223	-	-	-	113,400
6	*o.w. residual maturity ≥ 1 year < 2 years*	-	*3,392*	*4,221*	*1,598*	-	-	-	*9,211*
7	*o.w. residual maturity ≥ 2 year < 5 years*	-	*7,939*	*16,072*	*2,854*	-	-	-	*26,865*
8	*o.w. residual maturity ≥ 5 years < 10 years*	-	*1,075*	*13,829*	*2,694*	-	-	-	*17,598*
9	*o.w. residual maturity ≥ 10 years, but excluding perpetual securities*	-	*1,681*	*50*	*76*	-	-	-	*1,807*
10	*o.w. perpetual securities*	*49,835*	*8,072*	-	-	-	-	-	*57,907*

(1) Scope of the resolution entity Societe Generale SA.

(2) For further details regarding the nature and definitions of creditor ranks as per French jurisdiction, please refer to the Single Resolution Board's documentation (part 8, page 29): https://www.srb.europa.eu/system/files/media/document/LDR%20-%20Annex%20on%20Insolvency%20ranking%202021%20v1.6_1.pdf.

LEVERAGE RATIO DETAILS

TABLE 27: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES (LR1-LRSUM)

(In EURm)		31.12.2022	31.12.2021
1	Total assets as per published financial statements	1,486,818	1,464,449
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(146,954)	(164,752)
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	(2,386)	(2,874)
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	0	(117,664)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	0	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	0	-
7	Adjustment for eligible cash pooling transactions	(20)	(2)
8	Adjustments for derivative financial instruments	(7,197)	8,619
9	Adjustments for securities financing transactions “SFTs”	15,156	14,896
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	123,387	118,600
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	(365)	(337)
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	0	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	(23,215)	(18,768)
12	Other adjustments	(100,355)	(112,915)
13	**Total exposure measure**	**1,344,870**	**1,189,253**

TABLE 28: LEVERAGE RATIO – COMMON DISCLOSURE (LR2-LRCOM)

(In EURm)		31.12.2022	31.12.2021
ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)			
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	1,007,844	1,009,966
2	(Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework)	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(31,920)	(25,233)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(7,911)	(7,380)
7	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)**	**968,012**	**977,353**
DERIVATIVE EXPOSURES			
8	Replacement cost associated with SA-CCR derivatives transactions (*i.e.* net of eligible cash variation margin)	100,616	77,700
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	101,120	141,694
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	(102,610)	(117,990)
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-	-
11	Adjusted effective notional amount of written credit derivatives	68,048	85,359
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(65,308)	(81,706)
13	**Total derivative exposures**	**101,867**	**105,057**
SECURITIES FINANCING TRANSACTION EXPOSURES			
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	271,542	218,293
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(97,378)	(92,821)
16	Counterparty credit risk exposure for SFT assets	15,156	14,896
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b(4) and 222 of Regulation (EU) No 575/2013	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	**189,321**	**140,368**
OTHER OFF-BALANCE SHEET EXPOSURES			
19	Off-balance sheet exposures at gross notional amount	281,879	256,127
20	(Adjustments for conversion to credit equivalent amounts)	(158,547)	(137,527)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	(365)	(337)
22	**Other off-balance sheet exposures**	**122,967**	**118,263**
EXCLUDED EXPOSURES			
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR) (on and off balance sheet)	(23,215)	(18,768)
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-

(In EURm)		31.12.2022	31.12.2021
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	(14,083)	(12,482)
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans) (Other exempted exposures)[(1)]	- -	- (120,538)
EU-22k	(Total exempted exposures)	(37,297)	(151,788)
CAPITAL AND TOTAL EXPOSURES			
23	Tier 1 capital	58,727	57,907
24	Total leverage ratio exposures	1,344,870	1,189,253
LEVERAGE RATIO			
25	**Leverage ratio** *(%)*	4.37%	4.87%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) *(%)*	4.37%	4.87%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank exposures) *(%)*	4.37%	4.43%
26	Regulatory minimum leverage ratio requirement *(%)*	3.00%	3.09%
EU-26a	Additional own funds requirements to address the risk of excessive leverage *(%)*	-	-
EU-26b	*of which to be made up of CET1 capital (%)*	-	-
27	Leverage ratio buffer requirement *(%)*	-	-
EU-27a	Overall leverage ratio requirement *(%)*	3.00%	3.09%
CHOICE ON TRANSITIONAL ARRANGEMENTS AND RELEVANT EXPOSURES			
EU-27b	Choice on transitional arrangements for the definition of the capital measure		
DISCLOSURE OF MEAN VALUES			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	188,993	185,546
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	174,164	125,471
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	1,359,699	1,249,329
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	1,359,699	1,366,993
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	4.32%	4.64%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	4.32%	4.64%

(1) Notably including the temporary central bank exemption amount in 2021; exemption that has not been applicable anymore since 31 March 2022.

TABLE 29: LEVERAGE RATIO – SPLIT-UP OF ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES) (LR3-LRSPL)

(In EURm)		31.12.2022	31.12.2021
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**938,261**	**832,980**
EU-2	Trading book exposures	87,955	122,145
EU-3	Banking book exposures, of which:	850,306	710,835
EU-4	*Covered bonds*	*136*	*197*
EU-5	*Exposures treated as sovereigns*	*253,030*	*168,690*
EU-6	*Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns*	*5,869*	*15,086*
EU-7	*Institutions*	*30,723*	*59,464*
EU-8	*Secured by mortgages of immovable properties*	*167,848*	*18,568*
EU-9	*Retail exposures*	*76,905*	*198,602*
EU-10	*Corporates*	*211,819*	*217,653*
EU-11	*Exposures in default*	*12,554*	*8,202*
EU-12	*Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)*	*91,422*	*24,374*

COUNTERCYCLICAL BUFFER DETAILS

The countercyclical capital buffer (or CCyB) rate is defined by country. The countercyclical capital buffer requirement is calculated by averaging the countercyclical rates of each country, weighted by the exposures relevant to credit risk in those countries. The countercyclical capital buffer rate came into effect on 1 January 2016, with a transitional period that ended in 2019. In France, the authority in charge of defining the countercyclical rate applicable to exposures in France and in charge of recognising any rates applicable in other countries is the High Council for Financial Stability (HCSF). The HCSF publishes quarterly the CCyB rate for France and the rates recognised for third countries. The rate applicable to the Group is recalculated whenever a country is subject to a rate change. As a result, there is no annual rate for this cushion, but a rate applicable on a given date.

TABLE 30: GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL BUFFER (CCYB1)

	31.12.2022												
	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures – Exposure value for non-trading book	Total exposure value	Own fund requirements						
(In EURm)	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	RWA	Own fund requirements weights *(%)*	Countercyclical buffer rate *(%)*
Europe	**95,991**	**428,226**	**-**	**-**	**28,461**	**552,679**	**17,754**	**-**	**11**	**17,764**	**222,054**	**81.63%**	**13.50%**
Bulgaria	65	50	-	-	-	115	6	-	-	6	75	0.03%	1.00%
Czech Republic	3,853	33,754	-	-	-	37,608	1,213	-	-	1,213	15,158	5.57%	1.50%
Denmark	652	766	-	-	-	1,417	52	-	-	52	650	0.24%	2.00%
France	35,441	281,922	-	-	18,872	336,235	10,384	-	4	10,388	129,849	47.73%	0.00%
Norway	309	1,153	-	-	-	1,462	39	-	-	39	493	0.18%	2.00%
Slovakia	1,270	678	-	-	-	1,948	109	-	-	109	1,368	0.50%	1.00%
Sweden	593	1,561	-	-	-	2,155	74	-	-	74	920	0.34%	1.00%
Ireland	257	6,602	-	-	1,267	8,127	138	-	1	139	1,740	0.64%	-
Iceland	0	0	-	-	-	-	-	-	-	-	-	-	2.00%
Lithuania	47	31	-	-	-	79	3	-	-	3	35	0.01%	0.00%
Luxembourg	1,193	13,767	-	-	1,215	16,175	429	-	1	431	5,383	1.98%	0.50%
Roumania	9,266	58	-	-	-	9,324	455	-	-	455	5,688	2.09%	0.50%
Estonia	30	37	-	-	-	67	3	-	-	3	42	0.02%	1.00%
United Kingdom	8,715	16,356	-	-	1,794	26,865	813	-	2	814	10,181	3.74%	1.00%
North America	**2,870**	**70,644**	**-**	**-**	**18,337**	**91,851**	**1,525**	**-**	**18**	**1,543**	**19,287**	**7.09%**	**0.00%**
Asia-Pacific	**1,559**	**23,074**	**-**	**-**	**4,230**	**28,862**	**553**	**-**	**4**	**558**	**6,973**	**2.56%**	**1.00%**
Hong-Kong	210	1,122	-	-	-	1,333	23	-	-	23	292	0.11%	1.00%
Rest of the world	**22,330**	**19,589**	**-**	**-**	**15**	**41,933**	**1,896**	**-**	**-**	**1,897**	**23,706**	**8.71%**	**0.00%**
TOTAL	**122,750**	**541,533**	**-**	**-**	**51,043**	**715,325**	**21,729**	**-**	**33**	**21,762**	**272,021**	**100.00%**	**0.16%**

	31.12.2021												
	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures – Exposure value for non-trading book	Total exposure value	Own fund requirements						
(In EURm)	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	RWA	Own fund requirements weights (%)	Countercyclical buffer rate (%)
Europe	**120,990**	**399,869**	**-**	**-**	**23,373**	**544,232**	**18,154**	**-**	**10**	**18,163**	**227,043**	**82.22%**	
Bulgaria	63	136	-	-	-	198	7	-	-	7	83	0.03%	0.50%
Czech Republic	3,447	31,442	-	-	-	34,890	1,074	-	-	1,074	13,428	4.86%	0.50%
Denmark	665	692	-	-	-	1,357	53	-	-	53	657	0.24%	-
France	51,956	262,077	-	-	14,196	328,230	10,587	-	4	10,591	132,393	47.94%	-
Norway	535	1,234	-	-	-	1,769	68	-	-	68	850	0.31%	1.00%
Slovakia	1,011	813	-	-	-	1,823	95	-	-	95	1,191	0.43%	1.00%
Sweden	733	1,247	-	-	-	1,980	83	-	-	83	1,032	0.37%	-
Ireland	266	6,352	-	-	1,074	7,692	123	-	1	124	1,552	0.56%	-
Iceland	0	7	-	-	-	7	0	-	-	0	1	-	-
Lithuania	36	34	-	-	-	71	2	-	-	2	29	0.01%	-
Luxembourg	1,377	11,564	-	-	824	13,765	360	-	1	361	4,510	1.63%	0.50%
United Kingdom	8,448	15,302	-	-	1,589	25,339	809	-	2	811	10,139	3.67%	-
North America	**3,153**	**64,030**	**-**	**-**	**17,255**	**84,437**	**1,514**	**-**	**14**	**1,528**	**19,105**	**6.92%**	
Asia-Pacific	**1,872**	**22,051**	**-**	**-**	**3,437**	**27,361**	**581**	**-**	**4**	**585**	**7,315**	**2.65%**	
Hong-Kong	319	1,044	-	-	-	1,363	27	-	-	27	336	0.12%	1.00%
Rest of the world	**20,695**	**21,194**	**-**	**-**	**20**	**41,909**	**1,814**	**-**	**0**	**1,814**	**22,674**	**8.21%**	
TOTAL	**146,709**	**507,144**	**-**	**-**	**44,086**	**697,940**	**22,063**	**-**	**28**	**22,091**	**276,138**	**100.00%**	**0.04%**

TABLE 31: AMOUNT OF INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER (CCYB2)

(In EURm)	31.12.2022	31.12.2021
Total RWA	360,465	363,371
Institution-specific countercyclical capital buffer (rate)	0.16%	0.04%
Institution-specific countercyclical capital buffer requirement (amount)	576	150

LINK BETWEEN PRUDENTIAL BALANCE SHEET AND TYPE OF RISK

TABLE 32: DIFFERENCES BETWEEN STATUTORY AND PRUDENTIAL CONSOLIDATED BALANCE SHEETS AND ALLOCATION TO REGULATORY RISK CATEGORIES (LI1)

ASSETS at 31.12.2022 *(In EURm)*	**Consolidated balance sheet (statutory scope)**	**Consolidated balance sheet within the prudential scope**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Subject to the securitisation framework**	**Subject to market risk**	**Not subject to capital requirements or subject to deduction from capital**
Cash, due from banks	207,013	207,012	207,012	-			
Financial assets at fair value through profit or loss	329,437	340,571	32,874	209,457	293	307,404	
Hedging derivatives	32,850	32,860	-	32,860		(50)	
Financial assets at fair value through other comprehensive income	37,463	37,463	37,337	-		126	
Securities at amortised cost	21,430	21,430	20,694	-	5	731	
Due from banks at amortised cost	66,903	66,955	49,045	17,670		9,685	240
of which subordinated loans to credit institutions	*238*	*238*	*238*				
Customer loans at amortised cost	506,529	508,041	478,995	10,159	18,886	10,019	
Revaluation differences on portfolios hedged against interest rate risk	(2,262)	(2,262)	649	-			(2,911)
Investment of insurance activities	158,415	-	-	-			
Tax assets	4,697	4,292	3,224	-			1,068
o.w deferred tax assets that rely on future profitability excluding those arising from temporary differences	*1,662*	*1,069*	*1*	-			*1,068*
o.w deferred tax assets arising from temporary differences	*2,215*	*2,540*	*2,540*	-			
Other assets	86,247	82,399	58,885	-		839	22,675
o.w defined-benefit pension fund assets	*47*	*47*	-				*48*
Non-current assets held for sale	1,081	1,081	1,081	-			
Investments accounted for using the equity method	146	3,541	3,541	-			
Tangible and intangible assets	33,089	33,025	30,822	-			2,203
o.w intangible assets exclusive of leasing rights	*2,881*	*2,840*	*637*	-			*2,203*
Goodwill	3,781	3,456	-	-			3,486
TOTAL ASSETS	**1,486,818**	**1,339,864**	**924 160**	**270,147**	**19,184**	**328,754**	**26,761**

LIABILITIES at 31.12.2022 *(In EURm)*	**Consolidated balance sheet (statutory scope)**	**Consolidated balance sheet within the prudential scope**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Subject to the securitisation framework**	**Subject to market risk**	**Not subject to capital requirements or subject to deduction from capital**
Due to central bank	8,361	8,361	-	-	-		8,361
Financial liabilities at fair value through profit or loss	300,618	303,091	-	176,498	-	288,264	14,828
Hedging derivatives	46,164	46,183	-	46,183	-	(67)	(0)
Debt securities issued	133,176	133,512	-		-	34,270	99,241
Due to banks	132,988	130,820	-	1,560	-	1,091	129,260
Customer deposits	530,764	531,553	-	6,897	-	6,195	524,656
Revaluation differences on portfolios hedged against interest rate risk	(9,659)	(9,659)	-	-	-		(9,659)
Tax liabilities	1,637	1,470	-	-	-		1,470
Other Liabilities	107,552	102,042	-	-	-	7,600	94,443
Non-current liabilities held for sale	220	220	-	-	-		220
Liabilities related to insurance activities contracts	141,688	-	-	-	-		-
Provisions	4,579	4,558	-	-	-	197	4,360
Subordinated debts	15,946	15,986	-	-	-	(13)	15,986
of which redeemable subordinated notes including revaluation differences on hedging items	*15,521*	*15,563*	-	-	-		*15,563*
TOTAL DEBTS	**1,414,036**	**1,268,139**	**-**	**231,138**	**-**	**337,537**	**883,168**
Subtotal Equity, Group share	66,451	66,249	-	-	-		66,249
Issued common stocks, equity instruments and capital reserves	*30,384*	*30,384*	-	-	-		*30,384*
Retained earnings	*34,267*	*34,065*	-	-	-		*34,065*
Net income	*2,018*	*2,018*	-	-	-		*2,018*
Unrealised or deferred capital gains and losses	*(218)*	*(218)*	-	-	-		*(218)*
Minority interests	6,331	5,476	-	-	-		5,476
TOTAL EQUITY	**72,782**	**71,725**	**-**	**-**	**-**		**71,725**
TOTAL LIABILITIES	**1,486,818**	**1,339,864**	**-**	**231,138**	**-**	**337,537**	**954,893**

Some balance sheet items have been allocated to both “counterparty” and “market” risk categories: this is mostly the case for some derivative items at fair value through profit or loss as well as for reverse repos.

ASSETS at 31.12.2021 *(In EURm)*	**Consolidated balance sheet (statutory scope)**	**Consolidated balance sheet within the prudential scope**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Subject to the securitisation framework**	**Subject to market risk**	**Not subject to capital requirements or subject to deduction from capital**
Cash, due from banks	179,969	179,969	177,510	-	-	-	2,459
Financial assets at fair value through profit or loss	342,714	353,842	33,045	192,231	-	320,797	-
Hedging derivatives	13,239	13,269	0	13,269	-	9	-
Financial assets at fair value through other comprehensive income	43,450	43,450	43,210	-	-	240	-
Securities at amortised cost	19,371	19,371	18,559	-	-	812	-
Due from banks at amortised cost	55,972	56,062	45,779	10,184	-	2,008	99
of which subordinated loans to credit institutions	*99*	*99*	-	-	-	-	*99*
Customer loans at amortised cost	497,164	498,733	468,028	8,830	21,874	8,396	-
Revaluation differences on portfolios hedged against interest rate risk	131	131	-	-	-	-	225
Investment of insurance activities	178,898	-	-	-	-	-	-
Tax assets	4,812	4,617	3,521	-	-	-	1,096
o.w deferred tax assets that rely on future profitability excluding those arising from temporary differences	*1,719*	*1,096*	-	-	-	-	*1,096*
o.w deferred tax assets arising from temporary differences	*2,111*	*2,489*	*2,489*	-	-	-	-
Other assets	92,898	90,357	62,781	-	-	3,562	24,015
o.w defined-benefit pension fund assets	*85*	*85*	*0*		-	-	*85*
Non-current assets held for sale	27	27	27	-	-	-	-
Investments accounted for using the equity method	95	4,649	4,649	-	-	-	-
Tangible and intangible assets	31,968	31,805	29,945	-	-	-	1,860
o.w intangible assets exclusive of leasing rights	*2,733*	*2,599*	*739*	-	-	-	*1,860*
Goodwill	3,741	3,416	-	-	-	-	3,416
TOTAL ASSETS	**1,464,449**	**1,299,698**	**887,055**	**224,514**	**21,874**	**335,823**	**33,170**

LIABILITIES at 31.12.2021 *(In EURm)*	**Consolidated balance sheet (statutory scope)**	**Consolidated balance sheet within the prudential scope**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Subject to the securitisation framework**	**Subject to market risk**	**Not subject to capital requirements or subject to deduction from capital**
Due to central bank	5,152	5,152	-	-	-	-	5,152
Financial liabilities at fair value through profit or loss	307,563	309,418	-	192,282	-	301,699	7,719
Hedging derivatives	10,425	10,429	-	10,429	-	8	0
Debt securities issued	135,324	135,757	-	-	-	35,879	99,878
Due to banks	139,177	136,652	-	996	-	995	135,656
Customer deposits	509,133	510,013	-	6,738	-	6,264	503,275
Revaluation differences on portfolios hedged against interest rate risk	2,832	2,832	-	-	-	-	2,832
Tax liabilities	1,577	1,279	-	-	-	-	1,279
Other Liabilities	106,305	97,536	-	-	-	1,371	96,165
Non-current liabilities held for sale	1	1	-	-	-	-	1
Liabilities related to insurance activities contracts	155,288	-	-	-	-	-	-
Provisions	4,850	4,827	-	-		96	4,731
Subordinated debts	15,959	15,999	-	-	-	-	15,999
of which redeemable subordinated notes including revaluation differences on hedging items	*15,519*	*15,561*	-	-	-	-	*15,561*
TOTAL DEBTS	**1,393,586**	**1,229,894**	**-**	**210,444**	**-**	**346,311**	**872,688**
Subtotal Equity, Group share	65,067	64,865	-	-	-	-	64,865
Issued common stocks, equity instruments and capital reserves	*29,447*	*29,448*	-	-	-	-	*29,448*
Retained earnings	*30,631*	*30,428*	-	-	-	-	*30,428*
Net income	*5,641*	*5,641*	-	-	-	-	*5,641*
Unrealised or deferred capital gains and losses	*(652)*	*(653)*	-	-	-	-	*(653)*
Minority interests	5,796	4,939	-	-	-	-	4,939
TOTAL EQUITY	**70,863**	**69,804**	**-**	**-**	**-**	**-**	**69,804**
TOTAL LIABILITIES	**1,464,449**	**1,299,698**	**-**	**210,444**	**-**	**346,311**	**942,492**

TABLE 33: MAIN SOURCES OF DIFFERENCES BETWEEN REGULATORY EXPOSURE AMOUNTS AND CARRYING AMOUNTS IN FINANCIAL STATEMENTS (LI2)

	2022				
(In EURm)	**Consolidated balance sheet within the prudential scope**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Subject to the securitisation framework**	**Subject to market risk**
Asset carrying value amount under the scope of regulatory consolidation	1,313,103	924,160	270,147	19,184	328,754
Liabilities carrying value amount under the scope of regulatory consolidation	(231,138)		(231,138)	-	(337,537)
TOTAL NET AMOUNT UNDER REGULATORY SCOPE OF CONSOLIDATION	**1,081,965**	**924,160**	**39,008**	**19,184**	**(8,783)**
Off-balance sheet amounts	**306,778**	**279,763**	**-**	**27,015**	
Differences in valuations	*(852)*	-	-	-	
Differences due to different netting rules	*121,297*	-	*121,297*	-	
Differences due to considerations for provisions	*7,060*	*7,060*	-	-	
Differences due to the use of Credit Risk Mitigation (CRM) techniques	*(11,864)*	*(11,864)*	-	-	
Differences due to Credit Conversion Factors (CCF)	*(160,129)*	*(160,129)*	-	-	
Differences due to securitisation with risk transfer	-	-	-	-	
Other differences	*(225,148)*	*(131,232)*	-	*4,844*	
EXPOSURE AMOUNTS CONSIDERED FOR REGULATORY PURPOSES (EAD)	**1,119,106**	**907,758**	**160,306**	**51,043**	

	2021				
(In EURm)	**Consolidated balance sheet within the prudential scope**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Subject to the securitisation framework**	**Subject to market risk**
Asset carrying value amount under the scope of regulatory consolidation	1,266,528	887,055	224,514	21,874	335,823
Liabilities carrying value amount under the scope of regulatory consolidation	(210,444)	-	(210,444)	-	(346,311)
TOTAL NET AMOUNT UNDER REGULATORY SCOPE OF CONSOLIDATION	**1,056,083**	**887,055**	**14,069**	**21,874**	**(10,487)**
Off-balance sheet amounts	**267,890**	**243,882**	**-**	**24,008**	
Differences in valuations	*(911)*	-	-	-	
Differences due to different netting rules	*130,840*	-	*130,840*	-	
Differences due to considerations for provisions	*7,014*	*7,014*	-	-	
Differences due to the use of Credit Risk Mitigation (CRM) techniques	*(9,946)*	*(9,946)*	-	-	
Differences due to Credit Conversion Factors (CCF)	*(132,555)*	*(132,555)*	-	-	
Differences due to securitisation with risk transfer	-	-	-	-	
Other differences	*(239,081)*	*(105,111)*	-	*(1,796)*	
EXPOSURE AMOUNTS CONSIDERED FOR REGULATORY PURPOSES (EAD)	**1,079,334**	**890,339**	**144,909**	**44,086**	

The table above features the various effects inducing the difference between accounting carrying values on prudential perimeter and regulatory exposures (EAD), split by type of risk.

As per BCBS recommendations and EBA instructions, total accounting carrying values correspond to those displayed in table LI1 without elements not subject to capital requirements or subject to deduction from capital.

The main factors illustrated by this table are the following ones:

- inclusion of gross off-balance sheet amounts: financing and guarantee commitments relating to credit risk as well as securitisation exposures;
- impact of the application of CCF on credit risk off-balance sheet amounts;
- reintegration of provisions associated with exposures treated under advanced approach, insofar as initial accounting carrying values are net of provisions while credit risk EAD in advanced approach is gross;
- impact on EAD treated under standardised approach of some Credit Risk Mitigation elements (cash collateral);
- prudential netting of counterparty credit risk;
- other differences: notably include the deduction of items subject to market risk that do not generate EAD.

TABLE 34: PRUDENT VALUATION ADJUSTMENTS (PVA) (PV1)

(In EURm)	31.12.2022									
	Risk category					Category level AVA – Valuation uncertainty		Total category level post-diversification		
Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		of which Total core approach in the trading book	of which Total core approach in the banking book
Market price uncertainty	237	135	8	53	-	5	12	226	216	10
Close-out cost	55	109	2	26	-	2	9	101	87	14
Concentrated positions	201	99	7	8	-			316	276	40
Early termination	-	-	-	-	-			-	-	-
Model risk	173	25	-	-	-	144	-	173	120	54
Operational risk	-	-	-	-	-			-	-	-
Future administrative costs	36	-	-	-	-			36	36	-
TOTAL ADDITIONAL VALUATION ADJUSTMENTS (AVAS)								**852**	**735**	**117**

(In EURm)	31.12.2021									
	Risk category					Category level AVA – Valuation uncertainty		Total category level post-diversification		
Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		of which Total core approach in the trading book	of which Total core approach in the banking book
Market price uncertainty	293	122	7	51	-	-	17	245	232	13
Close-out cost	89	114	3	24	-	0	12	121	102	19
Concentrated positions	226	75	5	7	-			313	260	53
Early termination	-	-	-	-	-			-	-	-
Model risk	186	25	-	7	-	139	-	178	138	40
Operational risk	-	0	-	-	-			-	-	-
Future administrative costs	53	-	-	-	-			53	53	-
TOTAL ADDITIONAL VALUATION ADJUSTMENTS (AVAS)								**911**	**785**	**125**