

8

SECURITISATION

IN BRIEF

This section provides information on Societe Generale's securitisation positions, which have already been incorporated into the relevant sections (credit risk and market risk).

They are subject to specific capital requirements according to European regulations.

Regulatory capital requirements
for securitisations in the Banking Book
at end 2022

€583_m

(Amount at end 2021: €509m)

Regulatory capital requirements
for securitisations in the Trading Book
at end 2022

€12_m

(Amount at end 2021: €45m)

8.1 SECURITISATIONS AND REGULATORY FRAMEWORK

This section presents information on Societe Generale's securitisation activities, acquired or carried out for proprietary purposes or for its customers. It describes the risks associated with these activities and the management of those risks. Finally, it contains quantitative information to describe these activities during 2021, as well as the capital requirements for the Group's regulatory banking book and trading book within the scope defined by prudential regulations.

As defined in prudential regulations, the term securitisation refers to a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is divided into tranches, having the following characteristics :

- the transaction achieves significant risk transfer, in case of origination;
- payments in the transaction or scheme are contingent on the performance of the exposure or pool of exposures;
- subordination of some tranches determines the distribution of losses during the ongoing life of the transaction or risk transfer scheme.

The securitisation transactions are subject to the regulatory treatment defined:

- in Regulation (EU) No 2017/2401 amending Regulation (EU) No 575/2013 relating to the capital requirements applicable to credit institutions and to credit and investment firms;
- in Regulation (EU) No 2017/2402 creating a general framework for securitisation as well as a specific framework for simple, transparent, and standardised securitisations (STS).

Regulation No 2017/2401 presents the hierarchy of methods for weighting securitisation positions (see section 8.6). The floor weighting rate is 15% (10% for STS securitisations).

Regulation No 2017/2402 defines the criteria for the identification of "simple, transparent and standardised" (STS) securitisations to which specific and lower capital charges are applicable. The text also specifies the authorisation procedure for third-party organisations that will be involved in ensuring compliance with requirements relating to STS securitisations. The risk retention requirement for the transferor is set at a minimum level of 5%.

The securitisation framework has been amended by 2 new regulations published on April 6th, 2021:

- regulation (EU) 2021/557 amending regulation (EU) 2017/2402 and creating a specific STS framework for synthetic on-balance sheet securitisations;
- regulation (EU) 2021/558 amending regulation (EU) no 575/2013, a specific prudential framework for non-performing exposures (NPE) securitisations.

Guidelines or Regulatory Technical Standards issued by the technical authorities, ESMA and the EBA, clarify some aspects of the level 1 European regulations.

8.2 ACCOUNTING METHODS

The securitisation transactions that Societe Generale invests in (i.e. the Group invests directly in certain securitisation positions, is a liquidity provider or a counterparty of derivative exposures) are recognised in accordance with Group accounting principles, as set forth in the notes to the consolidated financial statements included in the 2021 Universal Registration Document.

In the financial statements, the classification of securitisation positions depends on their contractual characteristics and the way the entity manages those financial instruments.

When analysing the contractual cash flow of financial assets issued by a securitisation vehicle, the entity must analyse the contractual terms, as well as the credit risk of each tranche and the exposure to credit risk in the underlying pool of financial instruments. To that end, the entity must apply a “look-through approach” to identify the underlying instruments that are creating the cash flows.

Contractual flows that represent solely payments of principal and interest on the principal amount outstanding are consistent with a basic lending arrangement (SPPI flows: Solely Payments of Principal and Interest).

In the financial statements, the basic securitisation positions (SPPI) are classified into two categories, depending on the business model used to managed them:

- when they are managed under a “Collect and Sell” business model, the positions are classified as “Financial assets at fair value through other comprehensive income”. Accrued or earned income on these positions is recorded in profit or loss based on the effective interest rate, under Interest and similar income. At the reporting date, these instruments are measured at fair value, and changes in fair value, excluding income, are recorded under Unrealised or deferred gains and losses. Furthermore, as these financial assets are subject to impairment for credit risk, changes in expected credit losses are recorded in profit or losses under Cost of risk with a corresponding entry to Unrealised or deferred gains and losses;
- when they are managed under a “Hold to Collect” business model, the positions are measured at amortised cost. Subsequent to initial recognition, these positions are measured at amortised cost using the effective interest method, and their accrued or earned income is recorded in the income statement under Interest and similar income. Furthermore, as these financial assets are subject to impairment for credit risk, changes in expected credit losses are recorded in profit or loss under Cost of risk with a corresponding impairment of amortised cost under balance sheet assets.

The securitisation positions that are not basic (non-SPPI) will be measured at fair value through profit or loss, regardless of the business model for managing them.

At the balance sheet date, these assets are recorded in the balance sheet under Financial assets at fair value through profit or loss and changes in the fair value of these instruments (excluding interest income) are recorded in the income statement under Net gains or losses on financial instruments at fair value through profit or loss.

Interest income and expense are recorded in the income statement under Interest and similar income and Interest and similar expense.

Securitisation positions classified among the financial assets at amortised cost or among the financial assets at fair value through other comprehensive income, are systematically subject to impairment or a loss allowance for expected credit losses. These impairments and loss allowances are booked on initial recognition of the assets, without waiting for objective evidence of impairment to occur.

To determine the amount of impairment to be recorded at each reporting date, these assets are classified into one of three categories based on the increase in credit risk observed since initial recognition. Stage 1 exposures are impaired for the amount of credit losses that the Group expects to incur within 12 months; Stages 2 and 3 exposures are impaired for the amount of credit losses that the Group expects to incur over the life of the exposures.

For securitisation positions measured at fair value through profit or loss, their fair value includes already the expected credit loss, as assessed by the market participant, on the residual lifetime of the instrument.

Reclassification of securitisation positions is only required in the exceptional event that the Group changes the business model used to manage these assets.

Synthetic securitisations in the form of Credit Default Swaps follow accounting recognition rules specific to trading derivatives.

The securitisation transactions are derecognised when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows and substantially all the risks and rewards linked to the ownership of the asset. Where the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has effectively not retained control of the financial asset, the Group derecognises it and, where necessary, recognises a separate asset or liability to cover any rights and obligations created or retained because of transferring the asset. If the Group has retained control of the asset, it continues to recognise it in the balance sheet to the extent of its continuing involvement in that asset.

Securitisation of securitised assets recognised in the Group balance sheet follow the same accounting treatment described above.

When a financial asset is derecognised in its entirety, a gain or loss on disposal is recorded in the income statement for an amount equal to the difference between the carrying value of the asset and the payment received for it, adjusted where necessary for any unrealised profit or loss previously recognised directly in equity.

8.3 STRUCTURED ENTITIES' SPECIFIC CASE

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

When assessing the existence of a control over a structured entity, all facts and circumstances shall be considered, among which:

- the purpose and design of the entity;
- the structuring of the entity (especially, the power to direct the relevant activities of the entity);
- risks to which the entity is exposed by way of its design and the Group's exposure to some or all of these risks;
- potential returns and benefits for the Group.

Unconsolidated structured entities are those that are not exclusively controlled by the Group.

Within the framework of the consolidation of structured entities that are controlled by the Group, the shares of those entities that are not held by the Group are recognised under "Debt" in the balance sheet.

When customer loans are securitised and partially sold to external investors, the entities carrying the loans are consolidated if the Group retains control and remains exposed to the majority of the risks and benefits associated with these loans.

Any financial support outside of any binding contractual arrangement provided to unconsolidated entities, over securitised assets, would be recognised as a liability on balance sheet if it met the relevant IFRS criteria, or gave rise to a provision under IAS 37, and must be disclosed.

8.4 MANAGEMENT OF SECURITISATION RISKS

The management of risks associated with securitisation operations follows the rules established by the Group depending on whether these assets are recorded in the banking book (credit and counterparty credit risks) or in the trading book (market risk and counterparty credit risk).

The securitisation risk is monitored by the Client Relations and Financing and Advisory Solutions department (Global Banking & Advisory - GLBA) and, in respect of transactions for own account, by the Group Treasury Department of the Financial Department [DFIN / GTR / FUN] in LoD1 and supervised in the credit risk management system by the "Corporate and Investment Banking" division (CIB) of the Risks department in LoD2.

- structuring of securitisation transactions for its own (i.e., the underlying portfolio consisting of receivables booked on the Group's balance sheet). This activity does not generate additional credit risk for the Group; the role of the Corporate and Investment Banking (CIB) division of the Risk Department [RISQ / CIB] is to ensure that the structure is robust;
- securitised products are also used as underlying on the secondary market in collateralised financing and trading transactions. These transactions generate both credit risk and market risk for the Group and are overseen by the "Corporate and Investment Banking" (CIB) and the Risks on Market Activities divisions of the Risk Department.

ROLE OF GLOBAL BANKING AND ADVISORY (GLBA)

Only the Asset-Backed Products division of GLBA has the mandate to deal with transactions generating securitisation risk.

These operations consist in:

- structuring and/or primary distribution of ABS (Asset-Backed Securities), which can take the form of RMBS (Residential Mortgage-Backed Securities), CMBS (Commercial Mortgage-Backed Securities) and CLOs (Collateralised Loan Obligations), structured or co-arranged by Societe Generale, for the benefit of issuers (companies and specialised financial companies) also called "public securitisation". These transactions do not generate any securitisation risk for the Group if no exposure is retained by Societe Generale;
- financing of customer needs, via commercial paper backed by assets issued by Societe Generale conduits or, marginally, on the balance sheet, also called "private securitisation". These activities generate credit risk for Societe Generale and are overseen by the "Corporate and Investment Banking" (CIB) division of the Risk Department;

ROLE OF THE RISK DEPARTMENT

The Risk Department, within the framework of various CORISQs chaired by General Management and in compliance with the risk appetite of Societe Generale group, formalises, jointly with the "Global Banking and Advisory" department, the Group's risk appetite with regard to securitisation activities.

These frameworks are established by type of product (primary securitisation, sale of securitisation products in secondary, collateralised financing, etc.) and aim to define the acceptable level of risk with regard to the Group's strategic objectives via limits and guidelines for granting credit.

The role and responsibilities of the Risk Department are divided according to the main risk (credit or market).

The Risk Department contributes to the definition of risk policies, taking into account the objectives of the business lines and the corresponding risk issues.

The Risk Department defines or validates the methods and procedures for analysing, measuring, approving and monitoring risks and, ultimately, ensures that they are in line with the needs of the businesses.

The Risk Department validates the operations transactions and certain limits, the others being presented in CORISQ proposed by Business Managers.

The Business Unit does not have signing authority delegations for securitisation risk. Only certain authorised persons within RISQ can approve a transaction generating securitisation risk.

CREDIT RISK

Securitisation exposures subject to credit risk are approved through the Group's standard credit approval process. New operations are presented by the business lines (LoD1) to the Risk Department, after approval by the business line manager. The Risk Department gives its opinion on these new transactions, which are approved according to the delegations in force. All exhibitions are subject to an annual review by the business line and the Risk Department.

The rating of the transaction and the borrower as well as the LGD are therefore subject to an initial validation and an annual review for each transaction. In particular, the data used within the framework of the IAA (Internal Assessment Approach) securitisation model and the result of the calculations of this model are subject to specific validation. Regular monitoring is carried out independently of the business line and portfolio reviews are produced quarterly specifically on the bank's securitisation exposures. This monitoring makes it possible to identify any changes in the behaviour of securitised assets.

Portfolio-level limits are granted by the Risk Committee for securitisation exposures. Stress tests are also carried out on these portfolios.

The analysis of the credit risk of securitisation transactions covers the standard elements of credit risk: the performance of the underlying assets as well as that of the assignor/collector. Risk factors are reduced by structural elements of each transaction including default triggers, excess spread, delinquencies, segregated accounts and back-up collector. The monitoring of the credit risk on these transactions, of the performance of the underlying assets and of the covenants, is reviewed at portfolio level by the "Corporate and Investment Banking" division of the Risks department. Each quarter during the Quarterly Portfolio Review prepared by the "Global Business Service Unit" with a focus on major events and sent to the "Corporate and Investment Banking" division of the Risk Department with a presentation in session every other quarter. A follow-up at the level of each transaction is carried out in detail each year during the Annual Review with a revalidation of the rating of the transaction.

Resecuritisation exposures go through the same approval and monitoring process.

MARKET RISK

Securitisation exposures subject to market risk are monitored and controlled through Societe Generale's market risk standard market approval process, with additional controls specific to securitisation.

The analysis of the market risk of securitisation transactions covers the standard elements of market risk: credit, spread, liquidity risk, interest rate risk (hedged with standard liquid interest rate instruments (US Treasuries, Eurodollar futures, interest rate swaps)).

Securitisation exposures are subject to strict supervision through the setting of limits on specific assets in the securitisation field (CMBS, CLO, RMBS, ABS), according to several types of indicators:

- Value at risk (VaR) and Stressed value at risk (SVaR): synthetic indicators, allowing day-to-day monitoring of market risk;
- stress test measurements, based on ten-year risk type indicators. These metrics make it possible to limit the Group's exposure to systemic risks and cases of exceptional market shocks impacting securitisation activities;
- "sensitivity" and "nominal" indicators, which allow the size of positions to be controlled;
- other specific indicators: nominal limits on the sizes of ABS market-making inventories, cash at risk and stress test limits on financing activities collateralised by ABS, which makes it possible in particular to monitor the behaviour of the underlying assets under stress and supervise the Group's exposure in the event of market shocks.

The Risk Department on Market Operations is in charge of examining limit requests made by the front office. These limits make it possible to ensure that the Group respects the appetite for the market validated by the Board of Directors, on a proposal from General Management.

The daily monitoring of compliance with the limits by the front office is carried out by the Risk Department on market transactions. This continuous monitoring of the risk profile is the subject of frequent exchanges between the risk and business teams, which may result in various positions hedging actions by the front office aimed at reducing the level of risk of complying with the framework defined. In the event of an overrun, the front office must detail the reasons for the management concerned, and take the necessary measures to return to the defined framework, or otherwise request a temporary or permanent increase in the limit if customer demand, market conditions or risk assessment justify it.

Resecuritisation exposures go through the same approval and monitoring process.

STRUCTURAL RISKS

The management of structural interest rate and change risks in securitisation activities does not differ from that of other Group assets.

The management of the structural interest rate risk is described in Chapter 11 of this document.

The liquidity risk linked to securitisation activities is monitored both at the level of the responsible business lines but also, centrally, at the level of the Finance Department, with in particular the measurement of the impact of these activities on liquidity ratios, stress tests and the Group's liquidity gaps. The organisation and management of liquidity risk are covered in Chapter 12 of this document.

OPERATIONAL RISK

The monitoring of operational risk on securitisation activities is taken into account in the Group's operational risk management systems. Thus, the operational risks on these activities are notably regulated by the limits of the appetite for operational risk, identified and assessed by

the Risk Control Self-Assessment exercise and any incidents are collected and analysed according to Group standards. The management of operational risk is described in Chapter 10 of this document.

8.5 SOCIETE GENERALE'S SECURITISATION ACTIVITIES

Securitisation activities allow the Group to raise liquidity or manage risk exposures, for proprietary purposes or on behalf of customers. Within the framework of these activities, the Group can act as originator, sponsor/arranger or investor:

- as an originator, the Group directly or indirectly participates in the initial agreement on assets which subsequently serve as underlying in securitisation transactions, primarily for refinancing purposes;
- as a sponsor, the Group establishes and manages a securitisation programme used to refinance customers' assets, mainly *via* the Antalis and Barton conduits and *via* certain other special purpose vehicles;
- as an investor, the Group invests directly in certain securitisation positions, is a liquidity provider or a counterparty of derivative exposures.

This information must be considered within the context of the specific structure of each transaction and vehicle, which cannot be described in this report.

Securitisation initiatives are part of the portfolio management program. They are efficient tools for optimizing capital management and managing credit risk exposure while maintaining a strong level of commercial dynamic. Several transactions with significant risk transfer (SRT) have been executed since mid-2019, mostly under a synthetic

format and on different portfolios, to manage underlying credit risks and associated capital requirement. The SRT policy is documented in terms of internal governance, control framework as well as ongoing monitoring and reporting.

Taken separately, the level of payments past due or in default does not provide sufficient information on the types of exposures securitised by the Group, mainly because the default criteria may vary from one transaction to another. Furthermore, these data reflect the situation of the underlying assets.

In securitisation transactions, past due exposures are generally managed *via* structural mechanisms that protect the most senior positions.

Impaired exposures belong mainly to CDOs of US subprime residential mortgages, dating back to 2014.

As part of its securitisation activities, the Group does not provide any implicit support in accordance with Article 250 of revised CRR (regulation (UE) 2017/2401).

Since the protection purchased is financed, there is no counterparty credit risk on the vendor of the insurance. The Group does not intend to purchase unfunded protection at this stage.

TABLEAU 81: QUALITY OF SECURITISATION POSITIONS RETAINED OR ACQUIRED

Positions in the securitisation trading book are exclusively high ranking and mezzanine tranches, and 85.9% are high ranking positions as of 31 December 2022.

		31.12.2022					
		Exposure At Default (EAD)					
		Highest-ranking tranche		Mezzanine tranche		Initial Loss tranche	
(in EUR m)		STS	Non STS	STS	Non STS	STS	Non STS
Banking book							
Securitisation		18,704	31,053	880	327	7	72
	Originator	13,435	4,383	880	317	7	72
	Investor	202	2,281	-	-	-	-
	Sponsor	5,067	24,388	-	9	-	-
Re-Securitisation		-	-	-	-	-	-
Trading book							
Securitisation		37	1,875	5	309	0	0
	Investor	37	1 875	5	309	-	-
Re-Securitisation		0	2	0	0	0	0
	Investor	-	2	-	-	-	-

		31.12.2021					
		Exposure At Default (EAD)					
		STS		Non STS		STS	
(in EUR m)		STS	Non STS	STS	Non STS	STS	Non STS
Banking book							
Securitisation		9,411	38,443	130	1,389	19	60
	Originator	4 224	11 489	130	803	5	55
	Investor	-	7	-	-	-	-
	Sponsor	5 028	22 337	-	9	-	-
Re-Securitisation		-	-	-	-	-	-
Trading book							
Securitisation		41	3,643	-	526	-	-
	Investor	41	3 643	-	526	-	-
Re-Securitisation		-	-	-	-	-	-
	Investor	-	-	-	-	-	-

SOCIETE GENERALE AS ORIGINATOR

As part of its refinancing activities, the Group undertakes securitisations of some of its portfolios of receivables originated with individuals or corporate customers. The securities created in these transactions can be either sold to external investors, thus providing funding to the Group, or retained by the Group to be used as collateral in repurchase transactions, notably with the European Central Bank.

In 2022, the following securitisation transactions were carried out:

- Two securitisation operations of EUR 10.1 billion and EUR 2.6 billion of real estate loans in France, fully subscribed by Société Générale or its subsidiaries and used as collateral for Eurosystem refinancing operations;
- EUR 0.6 billion auto loan securitisation transaction in Germany, placed on the market. This securitisation served, on the one hand, to refinance the Group and, on the other hand, to reduce RWA consumption;
- A securitisation transaction of approximately EUR 0.5 billion in car rental receivables (which may include residual value risk) deriving from long-term leasing contracts, placed to the tune of EUR 0.4 billion.

Given that there is no significant risk transfer as regards the Group securitisation transactions on its funding, those transactions have no impact on the Group's regulatory capital, and consequently are not included in the tables of this section.

The vehicles bearing the transferred receivables are consolidated by the Group. This last one remains exposed to most of the risks and advantages on these receivables. Moreover, they cannot be used as guarantee or collateral or sold within the framework of other operations.

The total outstanding of the receivables securitised without significant risk transfer amounted to EUR 18.3 billion as at 31 December 2022, including EUR 11.6 billion of French home loans, EUR 4.1 billion of German auto loans, EUR 2.6 billion of French consumer loans.

Besides, the Group also detains several synthetic securitisation programmes in which the risk transfer is made by using credit derivatives or financial guarantees and where the portfolio is kept in the balance sheet of the Group.

The securitised stock of these transactions stood at EUR 18.4 billion as at 31 December 2022, mainly composed of loans to corporates.

Societe Generale did not securitise revolving exposures subject to early amortisation treatment in which the level of credit risk to which the originator is exposed may increase following the execution of the early amortisation provision.

SOCIETE GENERALE AS SPONSOR

The Societe Generale group carries out transactions on behalf of its customers or investors. As at 31 December 2021, there were two consolidated multi-seller vehicles in operation (Barton and Antalis), structured by the Group on behalf of clients. This ABCP (Asset-Backed Commercial Paper) activity funds the working capital requirements of some of the Group's customers by backing short-term financing with traditional assets such as trade receivables or consumer loans. Total assets held by these vehicles and financed through the issuance of commercial paper amounted to EUR 18.5 billion on 31 December 2022 (EUR 15.5 billion on 31 December 2021).

As part of the implementation of the new IFRS 10 standards on 1 January 2014, Societe Generale has consolidated these two vehicles, Barton and Antalis, from this date onwards.

ABCP activity remained solid in 2022, with newly securitised outstanding amounts predominantly comprising trade receivables, leasing, or consumer loans.

SOCIETE GENERALE AS INVESTOR

Societe Generale also acts as a market-maker for securitised assets, resulting in securitisation positions in the Group's trading book. Since 31 December 2011, CRD3 has required the same prudential treatment regardless of prudential classification. The following tables show the securitisation exposures retained or purchased by the Group, by type of underlying assets, by role and by type of securitisation, etc. Separately for the banking book and for the trading book. These tables only feature the exposures with an impact on the Group's regulatory capital.

TABLE 82: SECURITISATION EXPOSURES IN THE NON-TRADING BOOK (SEC1)

	31.12.2022														
	Institution acts as originator						Institution acts as sponsor				Institution acts as investor				
	Traditional		Synthetic				Traditional				Traditional				
	STS		Non-STS												
(In EURm)	of which SRT	of which SRT	of which SRT		Sub-total	STS	Non-STS	Synthetic	Sub-total	STS	Non-STS	Synthetic	Sub-total		
TOTAL EXPOSURES	2,413	2,413	273	273	18,129	18,129	20,816	5,312	23,090	-	28,402	202	1,396	-	1,597
Retail (total)	2,413	2,413	-	-	-	-	2,413	346	13,264	-	13,610	202	157	-	358
Residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit card	-	-	-	-	-	-	-	-	2,935	-	2,935	-	40	-	40
Other retail exposures	2,413	2,413	-	-	-	-	2,413	346	10,330	-	10,676	202	117	-	318
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale (total)	-	-	273	273	18,129	18,129	18,403	4,966	9,826	-	14,792	-	1,239	-	1,239
Loans to corporates	-	-	273	273	18,129	18,129	18,403	150	4,596	-	4,746	-	1,112	-	1,112
Commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease and receivables	-	-	-	-	-	-	-	4,816	3,965	-	8,781	-	7	-	7
Other wholesale	-	-	-	-	-	-	-	-	1,265	-	1,265	-	120	-	120
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

As of end of December 2022, securitisation exposures in the banking book amounted to EUR 50.8 billion. The bulk of the amount consists predominantly of liquidity lines linked to the Group's sponsor conduit activity. The main underlying assets are corporate loans, consumer loans and trade receivables. In 2022, banking book exposures increased by EUR 8 billion, up 18% year-on-year.

As of December 31st 2022, 56% of banking book securitization exposures were STS. Since 2022, several synthetic programmes have been qualified as STS.

	31.12.2021														
	Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
	Traditional		Synthetic					Traditional				Traditional			
	STS	Non-STS													
(ln EURm)	of which SRT	of which SRT		of which SRT		Sub-total	STS	Non-STS	Synthetic	Sub-total	STS	Non-STS	Synthetic	Sub-total	
TOTAL EXPOSURES	2,902	2,902	282	282	14,983	14,983	18,168	4,823	19,828	-	24,651	-	7	-	7
Retail (total)	2,902	2,902	-	-	-	-	2,902	245	11,108	-	11,353	-	0	-	0
Residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit card	-	-	-	-	-	-	-	-	2 243	-	2,243	-	0	-	0
Other retail exposures	2,902	2,902	-	-	-	-	2,902	245	8,865	-	9,110	-	0	-	0
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale (total)	-	-	282	282	14983	14,983	15,265	4,578	8,720	-	13,298	-	7	-	7
Loans to corporates	-	-	282	282	14,983	14,983	15,265	250	3,888	-	4 138	-	-	-	-
Commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease and receivables	-	-	-	-	-	-	-	4,328	3,753	-	8,080	-	7	-	7
Other wholesale	-	-	-	-	-	-	-	-	1,079	-	1,079	-	0	-	0
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

TABLE 83: SECURITISATION EXPOSURES IN THE TRADING BOOK (SEC2)

(In EURm)	31.12.2022											
	Institution acts as originator				Institution acts as sponsor				Institution acts as investor			
	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
	STS	Non-STS			STS	Non-STS			STS	Non-STS		
TOTAL EXPOSURES	-	-	-	-	-	-	-	-	41	203	1,983	2,228
Retail (total)	-	-	-	-	-	-	-	-	41	41	40	122
Residential mortgage	-	-	-	-	-	-	-	-	-	26	40	65
Credit card	-	-	-	-	-	-	-	-	-	-	-	-
Other retail exposures	-	-	-	-	-	-	-	-	41	14	-	55
Re-securitisation	-	-	-	-	-	-	-	-	-	2	-	2
Wholesale (total)	-	-	-	-	-	-	-	-	-	162	1,944	2,105
Loans to corporates	-	-	-	-	-	-	-	-	-	55	-	55
Commercial mortgage	-	-	-	-	-	-	-	-	-	106	1,944	2,050
Lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other wholesale	-	-	-	-	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-

The securitisation positions on the trading book are exclusively investor positions for a total of EUR 2.2 billion nominal. Most of the positions relate to corporate financing, especially on commercial mortgage loans.

For the Trading portfolio, 98% of the transactions are non-STS as of 31 December 2022.

(In EURm)	31.12.2021											
	Institution acts as originator				Institution acts as sponsor				Institution acts as investor			
	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
	STS	Non-STS			STS	Non-STS			STS	Non-STS		
TOTAL EXPOSURES	-	-	-	-	-	-	-	-	41	547	3,621	4,210
Retail (total)	-	-	-	-	-	-	-	-	1	116	41	158
Residential mortgage	-	-	-	-	-	-	-	-	1	115	41	156
Credit card	-	-	-	-	-	-	-	-	-	1	-	1
Other retail exposures	-	-	-	-	-	-	-	-	-	0	-	0
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale (total)	-	-	-	-	-	-	-	-	40	431	3,581	4,052
Loans to corporates	-	-	-	-	-	-	-	-	-	204	-	204
Commercial mortgage	-	-	-	-	-	-	-	-	-	88	3,566	3,654
Lease and receivables	-	-	-	-	-	-	-	-	4	5	-	8
Other wholesale	-	-	-	-	-	-	-	-	36	134	15	185
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-

TABLE 84: EXPOSURES SECURITISED BY THE INSTITUTION - EXPOSURES IN DEFAULT AND SPECIFIC CREDIT RISK ADJUSTMENTS (SEC5)

	31.12.2022		
	Exposures securitised by the institution – Institution acts as originator or as sponsor		
	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
(In EURm)		of which exposures in default	
TOTAL EXPOSURES	49,218	272	7
Retail (total)	16,024	14	7
Residential mortgage	-	-	-
Credit card	2,935	-	-
Other retail exposures	13,089	14	7
Re-securitisation	-	-	-
Wholesale (total)	33,195	258	-
Loans to corporates	23,148	258	-
Commercial mortgage	-	-	-
Lease and receivables	8,781	-	-
Other wholesale	1,265	-	-
Re-securitisation	-	-	-

	31.12.2022		
	Exposures securitised by the institution – Institution acts as originator or as sponsor		
	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
(In EURm)		of which exposures in default	
TOTAL EXPOSURES	42,818	3,030	5
Retail (total)	14,255	923	5
Residential mortgage	-	-	-
Credit card	2,243	-	-
Other retail exposures	12,012	923	5
Re-securitisation	-	-	-
Wholesale (total)	28,563	2,107	-
Loans to corporates	19,404	2,107	-
Commercial mortgage	-	-	-
Lease and receivables	8,080	-	-
Other wholesale	1,079	-	-
Re-securitisation	-	-	-

8.6 PRUDENTIAL TREATMENT OF SECURITISATION POSITIONS

APPROACH FOR CALCULATING RISK-WEIGHTED EXPOSURES

Whenever traditional or synthetic securitisations, for which sponsorship, origination, structuring or management of Societe Generale is involved, achieve a substantial and documented risk transfer compliant with the regulatory framework, the underlying assets are excluded from the bank's calculation of risk-weighted exposures for traditional credit risk.

For the securitisation positions that Societe Generale decides to hold either on- or off-balance sheet, capital requirements are determined based on the bank's exposure, irrespective of its underlying strategy or role.

Institutions use one of the methods described in the hierarchy below to calculate the weighted exposure amounts:

- SEC-IRBA (approach based on internal ratings), when certain conditions are met;
- when the SEC-IRBA cannot be used, the institution uses the SEC-SA (standardised approach);
- when the SEC-SA cannot be used, the institution uses the SEC-ERBA (approach based on external ratings) for positions with an external credit rating or those for which it is possible to infer such a note.

The unrated liquidity lines granted to ABCP programmes can be determined using the Internal Assessment Approach (IAA). Regarding the liquidity lines that the bank grants to the securitisation conduits it sponsors, Societe Generale obtained approval in 2009 to use the internal assessment approach. As such, Societe Generale has developed a rating model (IAA approach), which estimates the expected loss (Expected Loss - EL) for each Group's exposure to securitisation conduits, which automatically leads to a capital weighting by application of a correspondence table defined by the regulations. The IAA model mainly applies to underlying assets such as trade receivables, auto loans and auto lease. An annual review of the model makes it possible to verify that the performance and conservatism of the model. Also, in-depth analyses are carried out on inputs (transaction details such as default, dilution, or reserve rates), model parameters (transition matrices, PD, LGD) and an EL backtest.

The backtest of the outputs themselves being not feasible due to the limited number of transactions, the backtest of the IAA model consists in the backtest of the inputs (including for example default rate and default rate standard deviation) and the parameters as well as a model behaviour analysis. Methodological benchmarks are also regularly carried out in order to validate our internal approach in comparison with the best practices of the market. The relevance of the IAA approach is regularly monitored and reviewed by the Risk Department responsible for Model Risk Management at Group level, as second line of defense. The independent review process ends with (i) review and approval Committees and (ii) an independent review report detailing the scope of the review, the tests performed and their outcomes, the recommendations, and the conclusion of the review. The model control mechanism gives rise to recurrent reporting to the appropriate authorities.

In the other cases, the securitisation positions receive a risk weight of 1,250%.

EXTERNAL CREDIT ASSESSMENT INSTITUTIONS USED BY SOCIETE GENERALE

Assets securitised by Societe Generale are usually rated by one or more ECAs (External Credit Assessment Institutions), the list of which is established by the French prudential supervisory authority ACPR (Autorité de Contrôle Prudentiel et de Résolution). The agencies used are DBRS, FitchRatings, Moody's Investors Service and Standard & Poor's. All four rating agencies have been registered with and supervised by the European Securities and Market Authority (ESMA) since 31 October 2011. The capital requirements for securitisation positions valued using the standardised approach are calculated based on the lowest external rating of the securitisation exposure.

An equivalence (see table 29, p. 84) between external ratings and Societe Generale's internal rating scale is provided, presenting Societe Generale's internal rating scale and the corresponding scales of the main ECAs, as well as the corresponding average estimated probabilities of default.

TABLE 85: CREDIT RATING AGENCIES USED IN SECURITISATIONS BY TYPE OF UNDERLYING ASSETS

Underlying assets	MOODY'S	FITCH	S&P	DBRS
Residential mortgages	✓	✓	✓	✓
Commercial mortgages	✓	✓	✓	
Credit card receivables	✓		✓	
Leasing	✓	✓	✓	
Loans to corporates and SMEs	✓	✓	✓	
Consumer loans	✓	✓	✓	✓
Trade receivables	✓	✓	✓	
Other assets	✓	✓	✓	
Covered bonds				
Other liabilities				

REGULATORY CAPITAL REQUIREMENTS

The following tables present, by type of securitisation position, the approaches for calculating the weighted exposure amounts that Société Générale applies to its securitisation activities.

The following tables show the bank's securitisation exposures and corresponding regulatory capital requirements for the Banking Book as at 31 December 2022.

TABLE 86: SECURITISATION EXPOSURES IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS - INSTITUTION ACTING AS ORIGINATOR OR AS SPONSOR (SEC3)

(In EURm)	31.12.2022				
	Exposure values (by RW bands/deductions)				
	≤ 20% RW	> 20% to 50% RW	> 50% to 100% RW	> 100% to < 1,250% RW	1,250% RW/ deductions
TOTAL EXPOSURES	46,683	1,529	230	64	54
Traditional transactions	30,534	1,432	21	64	17
Securitisation	30,534	1,432	21	64	17
Retail underlying	15,761	593	-	-	17
of which STS	2,741	-	-	-	17
Wholesale	14,773	839	21	64	-
of which STS	4,712	-	-	-	-
Re-securitisation	-	-	-	-	-
Synthetic transactions	16,148	97	209	-	37
Securitisation	16,148	97	209	-	37
Retail underlying	-	-	-	-	-
Wholesale	16,148	97	209	-	37
Re-securitisation	-	-	-	-	-

(In EURm)	31.12.2022										
	Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap		
	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA
TOTAL EXPOSURES	17,231	25,300	5,974	54	2,706	3,889	706	-	216	311	56
Traditional transactions	777	25,300	5,974	17	44	3,889	706	-	4	311	56
Securitisation	777	25,300	5,974	17	44	3,889	706	-	4	311	56
Retail underlying	576	13,967	1,810	17	-	2,298	-	-	-	184	-
of which STS	576	355	1,810	17	-	35	-	-	-	3	-
Wholesale	200	11,333	4,164	-	44	1,591	706	-	4	127	56
of which STS	-	4,712	-	-	-	471	-	-	-	38	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-
Synthetic transactions	16,455	-	-	37	2,662	-	-	-	213	-	-
Securitisation	16,455	-	-	37	2,662	-	-	-	213	-	-
Retail underlying	-	-	-	-	-	-	-	-	-	-	-
Wholesale	16,455	-	-	37	2,662	-	-	-	213	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-

Most of the STS EAD transactions of the banking book (EUR 26.1 billion) are in IAA methodology (SG sponsor EUR 16 billion) and in SEC-IRBA methodology (SG originator EUR 4.7 billion).

31.12.2021					
(In EURm)	Exposure values (by RW bands/deductions)				
	≤ 20% RW	> 20% to 50% RW	> 50% to 100% RW	> 100% to < 1,250% RW	1,250% RW/ deductions
TOTAL EXPOSURES	42,510	1,261	170	94	43
Traditional transactions	29,174	1,090	170	94	18
Securitisation	29,174	1,090	170	94	18
Retail underlying	13,534	944	-	-	18
of which STS	3,095	-	-	-	18
Wholesale	15,640	146	170	94	-
of which STS	4,807	-	-	-	-
Re-securitisation	-	-	-	-	-
Synthetic transactions	13,336	171	-	-	25
Securitisation	13,336	171	-	-	25
Retail underlying	-	-	-	-	-
Wholesale	13,336	171	-	-	25
Re-securitisation	-	-	-	-	-

31.12.2021												
(In EURm)	Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250%/ deductions
TOTAL EXPOSURES	14,988	25,631	3,416	43	2,082	3,977	308	-	167	318	25	-
Traditional transactions	1,481	25,631	3,416	18	89	3,977	308	-	7	318	25	-
Securitisation	1,481	25,631	3,416	18	89	3,977	308	-	7	318	25	-
Retail underlying	912	11,204	2,363	18	-	1,887	59	-	-	151	5	-
of which STS	912	90	2,093	18	-	12	13	-	-	1	1	-
Wholesale	570	14,427	1,053	-	89	2,090	249	-	7	167	20	-
of which STS	-	4,807	-	-	-	486	-	-	-	39	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-
Synthetic transactions	13,507	-	-	25	1,993	-	-	-	159	-	-	-
Securitisation	13,507	-	-	25	1,993	-	-	-	159	-	-	-
Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale	13,507	-	-	25	1,993	-	-	-	159	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-

TABLE 87: SECURITISATION EXPOSURES IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS - INSTITUTION ACTING AS INVESTOR (SEC4)

(In EURm)	31.12.2022				
	Exposure values (by RW bands/deductions)				
	≤ 20% RW	> 20% to 50% RW	> 50% to 100% RW	> 100% to < 1,250% RW	1,250% RW/ deductions
TOTAL EXPOSURES	2,184	117	181	-	-
Traditional securitisation	2,184	117	181	-	-
Securitisation	2,184	117	181	-	-
Retail underlying	429	113	61	-	-
of which STS	202	-	-	-	-
Wholesale	1,755	5	120	-	-
of which STS	-	-	-	-	-
Re-securitisation	-	-	-	-	-
Synthetic securitisation	-	-	-	-	-
Securitisation	-	-	-	-	-
Retail underlying	-	-	-	-	-
Wholesale	-	-	-	-	-
Re-securitisation	-	-	-	-	-

(In EURm)	31.12.2022											
	Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250%/ deductions
TOTAL EXPOSURES	-	426	2,057	-	-	134	366	-	-	11	29	-
Traditional securitisation	-	426	2,057	-	-	134	366	-	-	11	29	-
Securitisation	-	426	2,057	-	-	134	366	-	-	11	29	-
Retail underlying	-	6	597	-	-	1	143	-	-	-	11	-
of which STS	-	0	202	-	-	0	20	-	-	-	2	-
Wholesale	-	419	1,460	-	-	133	223	-	-	11	18	-
of which STS	-	-	-	-	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-
Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation	-	-	-	-	-	-	-	-	-	-	-	-
Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale	-	-	-	-	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-

31.12.2021					
(In EURm)	Exposure values (by RW bands/deductions)				
	≤ 20% RW	> 20% to 50% RW	> 50% to 100% RW	> 100% to < 1,250% RW	1,250% RW/ deductions
TOTAL EXPOSURES	7	-	-	-	-
Traditional securitisation	7	-	-	-	-
Securitisation	-	7	-	-	-
Retail underlying	-	-	-	-	-
of which STS	-	-	-	-	-
Wholesale	7	-	-	-	-
of which STS	-	-	-	-	-
Re-securitisation	-	-	-	-	-
Synthetic securitisation	-	-	-	-	-
Securitisation	-	-	-	-	-
Retail underlying	-	-	-	-	-
Wholesale	-	-	-	-	-
Re-securitisation	-	-	-	-	-

30.06.2022												
(In EURm)	Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250%/ deductions
TOTAL EXPOSURES	-	7	-	-	-	2	-	-	-	-	-	-
Traditional securitisation	-	7	-	-	-	2	-	-	-	-	-	-
Securitisation	-	7	-	-	-	2	-	-	-	-	-	-
Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-
of which STS	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale	-	7	-	-	-	1	-	-	-	-	-	-
of which STS	-	-	-	-	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-
Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation	-	-	-	-	-	-	-	-	-	-	-	-
Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale	-	-	-	-	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-

8.7 PERIMETER OF SECURITISATION VEHICLES

List of SSPEs which acquire exposures originated by the institutions⁽¹⁾:

Business Line	Originator	SPPE	Description of types of institutions' exposures ⁽²⁾
Retail Banking and International Financial Services	BANK DEUTSCHES KRAFTFAHRZEUGGEWERBE GMBH (BDK)	RED & BLACK AUTO GERMANY 6 UG	Auto loans
	BANK DEUTSCHES KRAFTFAHRZEUGGEWERBE GMBH (BDK)	RED & BLACK AUTO GERMANY 7 UG	Auto loans
	BANK DEUTSCHES KRAFTFAHRZEUGGEWERBE GMBH (BDK)	RED & BLACK AUTO GERMANY 8 UG	Auto loans
	BANK DEUTSCHES KRAFTFAHRZEUGGEWERBE GMBH (BDK)	RED & BLACK AUTO GERMANY 9 UG	Auto loans
	FIDITALIA SPA	RED & BLACK AUTO ITALY SRL	Auto loans
Retail banking	SOCIETE GENERALE	RED & BLACK CONSUMER FRANCE 2013	Consumer loans
	SOGEFINANCEMENT	RED & BLACK HOME LOANS FRANCE 2	Residential loans
	BOURSORAMA	BOURSORAMA MASTER HOME LOANS FRANCE	Residential loans
ALDA	TEMSYS	RED & BLACK AUTO LEASE FRANCE 1	Auto leases
	AXUS NETHERLAND B.V.	RED & BLACK AUTO LEASE GERMANY 3 S.A.	Auto leases

(1) Public securitisations.

(2) Société Générale or an affiliate of the Group may provide cash reserves to the SSPE in certain circumstances and hold the junior tranches.

List of SSPEs sponsored by the institutions:

Business Line	Country	SSPE
Global Banking & Investor Solutions	France	ANTALIS SA
	Luxembourg	BARTON CAPITAL SA
	United States	MOUNTCLIFF FUNDING LLC
	Jersey	INSTITUTIONAL SECURED FUNDING LTD

List of SSPEs and other legal entities for which the institutions provide securitisation-related services, such as advisory, asset servicing or management services:

Business Line	Country	Management company
Global Banking & Investor Solutions	France	CLARESCO FINANCE
		DELTA ALTERNATIVE MANAGEMENT
		EQUITIS GESTION
		EUROTITRISATION
		FRANCE TITRISATION
		GTI ASSET MANAGEMENT
		PARIS TITRISATION
		SIENNA AM FRANCE
	Luxembourg	VAULT

On SGSS side, other asset managers are providing different categories of funds other than securitisation.

List of legal entities affiliated with the institutions and that invest in securitisations originated by the institutions or in securitisation positions issued by SPPEs sponsored by the institutions:

Country	Legal entities
Germany	BANK DEUTSCHES KRAFTFAHRZEUGGEWERBE GMBH (BDK)
	ALD AUTOLEASING GMBH
Belgium	AXUS SA/NV
Spain	SOCGEN FINANCIACIONES IBERIA, SL
	BOURSORAMA
France	CREDIT DU NORD
	SOCIETE GENERALE
	SOGLEASE FRANCE
	TEMSYS
Great Britain	ALD AUTOMATIVE LIMITED
Ireland	SGBT FINANCE IRELAND DESIGNATED ACTIVITY COMPANY
Italie	FIDITALIA SPA
Luxembourg	SGBT CI
	SGBT ASSET BASED FUNDING SA
	SOCIETE GENERALE FINANCING AND DISTRIBUTION
Netherlands	AXUS NEDERLAND B.V

List of SPPEs included in the institutions' regulatory scope of consolidation

Country	SSPE
Germany	RED & BLACK AUTO GERMANY 6 UG
	RED & BLACK AUTO GERMANY 7 UG
	RED & BLACK AUTO GERMANY 8 UG
	RED & BLACK AUTO GERMANY 9 UG
Belgium	AXUS FINANCE SA/NV
France	ANTALIS SA
	BOURSORAMA MASTER HOME LOANS FRANCE
	RED & BLACK CONSUMER FRANCE 2013
	RED & BLACK HOME LOANS FRANCE 2
	RED & BLACK AUTO LEASE FRANCE 1
Great Britain	FCT LA ROCHE
	RED & BLACK AUTO LEASE UK 1 PLC
Italy	RED & BLACK AUTO ITALY SRL
Luxembourg	BARTON CAPITAL SA
	RED & BLACK AUTO LEASE GERMANY 3 S.A.
	ZEUS FINANCE LEASING SA
Netherlands	AXUS FINANCE NL B.V.

