12

LIQUIDITY RISK

IN BRIEF

Liquidity risk is defined as the Group's inability to meet its financial obligations at a reasonable cost. Funding risk is defined as the risk of the Group being unable to finance the development of its activities in line with its commercial objectives and at a competitive cost.

Liquidity reserve at end 2022

€279bn

(Amount at end 2021: €229bn)

Liquidity risk is defined as the risk that the bank does not have the necessary funds to meet its commitments. Funding risk is defined as the risk that the Group will no longer be able to finance its activities with appropriate column of assets and at a reasonable cost.

12.1 OBJECTIVES AND GUIDING PRINCIPLES

The liquidity and funding management set up at Societe Generale aims at ensuring that the Group can (i) fulfil its payment obligations at any moment in time, during normal course of business or under lasting financial stress conditions (management of liquidity risks); (ii) raise funding resources in a sustainable manner, at a competitive cost compared to peers (management of funding risks). Doing so, the liquidity and funding management ensures compliance with risk appetite and regulatory requirements

To achieve these objectives, Societe Generale has adopted the following guiding principles:

- liquidity risk management is centralised at Group level, ensuring pooling of resources, optimisation of costs and consistent risk management. Businesses must comply with static liquidity deadlocks in normal situations, within the limits of their supervision and the operation of their activities, by carrying out operations with the “own management” entity, where appropriate, according to an internal refinancing schedule. Assets and liabilities with no contractual maturity are assigned maturities according to agreements or quantitative models proposed by the Finance Department and by the business lines and validated by the Risk Division;
- funding resources are based on business development needs and the risk appetite defined by the Board of Directors. See section 2;
- financing resources are diversified by currencies, investor pools, maturities and formats (vanilla issues, structured, secured notes, etc.). Most of the debt is issued by the parent company. However, Societe Generale also relies on certain subsidiaries to raise resources in foreign currencies and from pools of investors complementary to those of the parent company;
- liquid reserves are built up and maintained in such a way as to respect the stress survival horizon defined by the Board of Directors. Liquid reserves are available in the form of cash held in central banks and securities that can be liquidated quickly and housed either in the banking book, under direct or indirect management of the Group Treasury. in the trading book within the market activities under the supervision of the Group Treasury;
- the Group has options that can be activated at any time under stress, through an Emergency Financing Plan (EFP) at Group level (except for insurance activities, which have a separate contingency plan), defining leading indicators for monitoring the evolution of the liquidity situation, operating procedures and remedial actions that can be activated in a crisis situation.

12.2 OPERATIONAL IMPLEMENTATION

The key operational steps of liquidity and funding management are as follows:

- risk identification is a process which is set out and documented by the Risk Division, in charge of establishing a mapping of liquidity risks. This process is conducted yearly with each Business Unit and within the Group Treasury Department, aimed at screening all material risks and checking their proper measurement and capturing the control framework. In addition, a Reverse Stress Testing process exists, which aims at identifying and quantifying the risk drivers which may weigh most on the liquidity profile under assumptions even more severe than used in the regular stress test metrics;
- definition, implementation and periodic review of liquidity models and conventions used to assess the duration of assets and liabilities and to assess the liquidity profile under stress. Liquidity models are managed along the overall Model Risk Management governance, also applicable to other risk factors (market, credit, operational), controlled by the Group Risk division;
- yearly definition of the risk appetite for liquidity and funding risks, whereby the Board of Directors approves financial indicators framing that have been proposed by General Management. Such risk appetite targets are then cascaded down per Business Units. The risk appetite is framed along the following metrics:
  - key regulatory indicators (LCR, Adjusted LCR excess in USD, and NSFR),
  - the footprint of the Group in Short-Term Wholesale funding markets,
  - the survival horizon under an adverse stress scenario, combining a severe market and systemic shock and an idiosyncratic shock. In addition to the main adverse scenario, Societe Generale also checks its survival horizon under an extreme stress scenario. For both scenarios, the idiosyncratic shock is characterised by one of its main consequences, which would be an immediate 3-notch downgrade of Societe Generale’s long-term rating. In such adverse or extreme scenarios, the liquidity position of the Group is assessed over time, taking into account the negative impacts of the scenarios, such as deposit outflows, drawing by clients of the committed facilities provided by Societe Generale, increase in margin calls related to derivatives portfolios, etc. The survival horizon is the moment in time when the net liquidity position under such assumptions becomes negative,

- the overall transformation position of the Group (static liquidity deadlock in normal situation matured up to a maturity of 5 years),
- the amount of free collaterals providing an immediate access to central bank funding, in case of an emergency (only collaterals which do not contribute to the numerator of the LCR are considered, i.e. non-HQLA collaterals);

- the financial trajectories under baseline and stressed scenarios are determined within the framework of the funding plan to respect the risk appetite. The budget's baseline scenario reflects the central assumptions for the macro-economic environment and the business strategy of the Group, while the stressed scenario is factoring both an adverse macro-economic environment and idiosyncratic issues;
- the funding plan comprises both the long-term funding programme, which frames the issuance of plain vanilla bonds and structured notes, and the plan to raise short-term funding resources in money markets;
- the Funds Transfer Pricing (FTP) mechanism, drawn up and maintained within the Group Treasury, provides internal refinancing schedules that enable businesses to recover their excess liquidity and finance their needs through transactions carried out with its own management;
- production and broadcasting of periodic liquidity reports, at various frequencies (daily indicators, weekly indicators, monthly indicators), leveraging in most part on the central data repository, operated by a dedicated central production team. The net liquidity position under the combined (idiosyncratic and market/systemic) stress scenario is reassessed on a monthly basis and can be analysed along multiple axes (per product, Business Unit, currency, legal entity). Each key metric (LCR, NSFR, transformation positions, net liquidity position under combined stress) is reviewed formally on a monthly basis by the Group Finance and Risk divisions. Forecasts are made and revised weekly by the Strategic and Financial Steering Department and reviewed during a Weekly Liquidity Committee chaired by the Head of Group Treasury. This Weekly Liquidity Committee gives tactical instructions to Business Units, with the objective to adjust in permanence the liquidity and funding risk profile, within the limits and taking into account business requirements and market conditions;
- preparation of a Contingency Funding Plan, which is applicable Group-wide, and provides for: (i) a set of early warning indicators (e.g. market parameters or internal indicators); (ii) the operating model and governance to be adopted in case of an activation of a crisis management mode (and the interplay with other regimes, in particular Recovery management); (iii) the main remediation actions to be considered as part of the crisis management.

These various operational steps are part of the ILAAP (Internal Liquidity Adequacy Assessment Process) framework of Societe Generale.

Every year, Societe Generale produces for its supervisor, the ECB, a self-assessment of the liquidity risk framework in which key liquidity and funding risks are identified, quantified and analysed with both a backward and a multi-year forward-looking perspective. The adequacy self-assessment also describes qualitatively the risk management set up (methods, processes, resources…), supplemented by an assessment of the adequacy of the Group's liquidity.

12.3 GOVERNANCE

The main liquidity risk governance bodies are as follows:

- the Board of Directors, which:
  - sets yearly the level of liquidity risk tolerance as part of the Group's risk appetite, based on a set of key metrics, which includes both internal and regulatory metrics, in particular the period of time during which the Group can operate under stressed conditions ("survival horizon"),
  - approves financial indicators framing including the scarce resources indicators framing,
  - reviews at least quarterly the Group's liquidity and funding situation: key liquidity metrics, including stressed liquidity gap metrics as evaluated through Societe Generale group models, the regulatory metrics LCR and NSFR, the pace of execution of the funding plan and the related cost of funds;
- General Management, which:
  - allocates liquidity and funding targets to the various Business Units and the Group Treasury entity, upon proposal from the Group Finance division,
  - defines and implements the liquidity and funding risk strategy, based on inputs from the Finance and Risk Divisions and the Business Units. In particular, the General Management chairs the Finance Committee, held every 6 weeks and attended by representatives from the Finance and Risk Divisions and Business Units, which is responsible for monitoring structural risks and managing scarce resources:
    - validation and monitoring of the set of limits for structural risks, including liquidity risk,
    - monitoring of budget targets and decisions in case of a deviation from the budget,
    - definition of principles and methods related to liquidity risk management (e.g. definition of stress scenarios),
    - assessment of any regulatory changes and their impacts;
- the Group Finance Division, which is responsible for the liquidity and funding risks as First Line of Defense, interacting closely with Business Units. Within the Group Finance Division, there are three main departments involved respectively in the preparation and implementation of decisions taken by the abovementioned bodies:
  - the Strategic and Financial Steering Department is responsible for framing and steering the Group's scarce resources, including liquidity, within the Group's risk appetite and financial indicators framing,
  - the Group Treasury Department is in charge of all aspects of the operational management of liquidity and funding across the Group, including managing the liquidity position, executing the funding plan, supervising and coordinating treasury functions, providing operational expertise in target setting, managing the liquidity reserves and the collateral used in funding transactions, managing the corporate centre,
  - the Asset and Liability Management Department is in charge of the definition of modelling and monitoring structural risks, including liquidity risk alongside interest rate and foreign exchange risks in the Banking Book.

- also sitting with the Group Finance Division, the Metrics Production Department runs the management information system regarding liquidity and funding risks across the Group. For liquidity metrics, the Group relies on a centralised system architecture, with all Business Units feeding a central data repository from which all metrics are produced, either regulatory metrics (*e.g.* the LCR or the NSFR) or metrics used for internal steering (*e.g.* stress test indicators);
- the ALM Risk Department, which perform as the second line of defense functions, ensure the supervision of liquidity risks and evaluates the management system for these risks. As such, it is in charge of:
  - the definition of liquidity indicators and the setting of the main existing limits within the Group,
  - the definition of the normative framework for measuring, modelling methods and monitoring these risks.

In addition, by delegation of MRM, this department ensures the validation of ALM models for which it organises and chairs the Validation Committee of Models.

Finally, it ensures the correct interpretation of the regulatory framework as well as an adequate implementation in the Societe Generale environment.

12.4 ASSET ENCUMBRANCE

An asset shall be treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which it cannot be freely withdrawn.

Analysis of the balance sheet structure

Total Group encumbrance amounts to 36% over 2022, measured according to the EBA definition[(1)]. Securities encumbrance is 78%, while loan encumbrance is 16%.

The majority of the Group's encumbered assets (around 76%) is in the form of securities as a result of the relative size of capital market activities, mainly through repos, reverse repos and collateral swaps.

Securities encumbrance is concentrated in SGPM and its branches, where Group market activities are located.

The main sources of encumbrance are repo operations and debt securities issued. Encumbrance on assets in US dollars stems mainly from debt securities.

The level of encumbered loans varies among Group entities mainly due to their respective business models, funding strategies and the type of underlying loans, as well as to the law governing them. The main sources of loans encumbrance are in euros and to a lesser extent in US dollars. A few points are noteworthy:

- at SGPM level, the loan encumbrance rate amounts to close to 29%[(2)] at 2022 year-end, stemming mainly from housing loans. Encumbered loans are affected as collateral for the ECB's TLTRO operations as well as long-term refinancing mechanisms which are broadly used by banks for covered bonds (SG SFH, SG SCF and CRH), securitisations or specific mechanisms;
- at subsidiary level, the loan encumbrance rate stands at 21%[(2)] overall, with discrepancies between entities due to different funding strategies. The highest levels of secured funding correspond to entities which contribute to the pooling scheme (see below) or having implemented external funding programmes through securitisations such as BDK (Bank Deutsches Kraftfahrzeuggewerbe) and ALD, or other forms of secured funding. Besides, some subsidiaries (Crédit du Nord) have participated directly in TLTRO operations, which in turn impacted their loan encumbrance rate.

As far as the loan encumbrance is concerned, there is a pooling scheme in which Crédit du Nord, Boursorama and to a lesser extent BFCOI (Réunion) bring a share of their housing loans portfolio to the Group. The surplus of loans encumbrance stemming from intra-group transactions represent approximately 13.6% of the total Group loans encumbrance.

In 2022, cover pools of retained covered bonds and securitized portfolios of retained Asset Backed Securities amounted respectively to EUR 46 billion and EUR 14 billion for outstanding amounts of issuances of respectively EUR 38.6 billion and EUR 12.7 billion. Loan encumbrance ratios linked to those portfolios were respectively 77.7% and 74.7%.

Regarding major long-term secured funding mechanisms, over-collateralisation on covered bond vehicles was 127% on SG SCF and 114% on SG SFH as of 31 December 2022.

As far as SG SFH is concerned, underlying assets are mortgage loans guaranteed by Crédit Logement.

Regarding SG SCF, assets consist of exposures on public sector entities.

The unencumbered "Other assets" (excluding loans) include all derivatives and options products (interest rate swaps, cross currency swaps, currency options, warrants, futures, forward contracts…) for an amount of EUR 109 billion as of end 2022 as well as some other assets that cannot be encumbered in the normal course of business too. These assets include goodwill, fixed assets, deferred tax, adjustment accounts, sundry debtors and other assets. Overall, assets that cannot be encumbered (derivatives products and other assets listed above) represent 18% of the total balance sheet as of end 2022.

(1) Median values on quarterly data.
(2) According to a methodology consisting of encumbering the least liquid eligible assets (encumbered loans/total loans) first.

TABLE 100: ENCUMBERED AND UNENCUMBERED ASSETS (AE1)

	31.12.2022[1]							
	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
(In EURm)		of which EHQLA & HQLA		of which EHQLA & HQLA		of which EHQLA & HQLA		of which EHQLA & HQLA
Assets of the reporting institution	**245,260**	**66,953**			**1,170,947**	**239,564**		
Equity instruments	44,314	34,744	44,314	34,744	34,809	10,745	34,809	10,745
Debt securities	37,035	32,946	37,035	32,946	53,416	34,491	53,416	34,491
of which covered bonds	*237*	*116*	*237*	*116*	*213*	*207*	*213*	*207*
of which asset-backed securities	*198*	*62*	*198*	*62*	*3,969*	*44*	*3,969*	*44*
of which issued by general governments	*32,245*	*31,836*	*32,245*	*31,836*	*27,519*	*27,519*	*27,519*	*27,519*
of which issued by financial corporations	*4,945*	*667*	*4,945*	*667*	*11,397*	*2,586*	*11,397*	*2,586*
of which issued by non-financial corporations	*1,092*	*416*	*1,092*	*416*	*8,780*	*241*	*8,780*	*241*
Other asset	157,853	371			1,080,829	195,972		
of which Loans on demand	*7,533*	*-*			*227,227*	*191,248*		
of which Loans and advances other than loans on demand	*148,455*	*371*			*568,399*	*2,008*		
of which other	*1,799*	*-*			*264,610*	*2,498*		

(1) Table's figures are calculated as medians of the four quarters across 2022.

	31.12.2021[1]							
	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
(In EURm)		of which EHQLA & HQLA		of which EHQLA & HQLA		of which EHQLA & HQLA		of which EHQLA & HQLA
Assets of the reporting institution	**253,755**	**94,731**			**1,087,854**	**226,154**		
Equity instruments	76,424	58,720	76,424	58,720	48,946	16,193	48,946	16,193
Debt securities	39,838	36,010	39,838	36,010	61,276	41,592	61,276	41,592
of which covered bonds	*135*	*101*	*135*	*101*	*274*	*224*	*274*	*224*
of which asset-backed securities	*130*	*74*	*130*	*74*	*3,262*	*60*	*3,262*	*60*
of which issued by general governments	*34,611*	*34,104*	*34,611*	*34,104*	*31,770*	*31,770*	*31,770*	*31,770*
of which issued by financial corporations	*3,052*	*1,345*	*3,052*	*1,345*	*18,816*	*3,685*	*18,816*	*3,685*
of which issued by non-financial corporations	*2,256*	*587*	*2,256*	*587*	*9,183*	*397*	*9,183*	*397*
Other asset	138,329	-			973,492	169,936		
of which Loans on demand	*5,477*	*-*	*-*	*-*	*196,750*	*166,301*	*-*	*-*
of which Loans and advances other than loans on demand	*131,769*	*-*	*-*	*-*	*513,061*	*1,282*	*-*	*-*
of which: other	*1,719*	*-*	*-*	*-*	*257,793*	*2,373*	*-*	*-*

(1) Table's figures are calculated as medians of the four quarters across 2021.

TABLE 101: COLLATERAL RECEIVED (AE2)

(In EURm)	31.12.2022[1] Fair value of encumbered collateral received or own debt securities issued	of which EHQLA & HQLA[1]	Fair value of collateral received or own debt securities issued available for encumbrance	of which EHQLA & HQLA[1]
Collateral received by the reporting institution	**434,458**	**365,124**	**58,616**	**47,748**
Loans on demand	-	-	-	-
Equity instruments	94,565	52,173	9,649	5,849
Debt securities	339,536	311,931	48,890	41,462
of which covered bonds	*3,833*	*2,057*	*2,724*	*2,415*
of which asset-backed securities	*4,338*	*840*	*6,382*	*2,142*
of which issued by general governments	*308,331*	*303,518*	*37,511*	*36,407*
of which issued by financial corporations	*20,528*	*4,179*	*8,146*	*2,567*
of which issued by non-financial corporations	*10,136*	*4,442*	*3,535*	*2,349*
Loans and advances other than loans on demand	-	-	-	-
Other collateral received	-	-	-	-
Own debt securities issued other than own covered bonds or asset-backed securities	**1,857**	**-**	**39**	**-**
Own covered bonds and asset-backed securities issued and not yet pledged			**8,585**	**-**
TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	**676,627**	**432,077**		

(1) Table's figures are calculated as medians of the four quarters across 2022.

(In EURm)	31.12.2021[1] Fair value of encumbered collateral received or own debt securities issued	of which EHQLA & HQLA[1]	Fair value of collateral received or own debt securities issued available for encumbrance	of which EHQLA & HQLA[1]
Collateral received by the reporting institution	**371,005**	**318,340**	**63,028**	**46,853**
Loans on demand	-	-	-	-
Equity instruments	77,453	45,080	12,019	5,765
Debt securities	294,793	271,918	51,145	41,326
of which covered bonds	*2,490*	*990*	*4,237*	*3,948*
of which asset-backed securities	*4,292*	*2,357*	*3,835*	*707*
of which issued by general governments	*270,974*	*265,510*	*39,288*	*35,895*
of which issued by financial corporations	*15,449*	*2,975*	*9,284*	*4,155*
of which issued by non-financial corporations	*8,642*	*3,484*	*2,096*	*716*
Loans and advances other than loans on demand	-	-	-	-
Other collateral received	-	-	-	-
Own debt securities issued other than own covered bonds or asset-backed securities	**1,602**	**-**	**29**	**-**
Own covered bonds and asset-backed securities issued and not yet pledged			**8,253**	**-**
TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	**625,152**	**413,070**	**-**	**-**

(1) Table's figures are calculated as medians of the four quarters across 2021.

TABLE 102: SOURCES OF ENCUMBRANCE (AE3)

(In EURm)	31.12.2022[1] Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	**407,205**	**447,332**

(1) Table's figures are calculated as medians of the four quarters across 2022.

(In EURm)	31.12.2021[1] Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	**402,302**	**424,769**

(1) Table's figures are calculated as medians of the four quarters across 2021.

12.5 LIQUIDITY RESERVE

The Group's liquidity reserve encompasses cash at central banks and assets that can be used to cover liquidity outflows under a stress scenario. The reserve assets are available, i.e. not used in guarantee or as collateral on any transaction. They are included in the reserve after applying a haircut to reflect their expected valuation under stress. The Group's liquidity reserve contains assets that can be freely transferred within the Group or used to cover subsidiaries' liquidity outflows in the event of a crisis: non-transferable excess cash (according to the regulatory ratio definition) in subsidiaries is therefore not included in the Group's liquidity reserve.

The liquidity reserve includes:

- central bank deposits, excluding mandatory reserves;
- High-Quality Liquid Assets (HQLAs), which are securities that can be quickly monetised on the market via sale or repurchase transactions; these include government bonds, corporate bonds and equities listed on major indices (after haircuts). These HQLAs meet the eligibility criteria for the LCR, according to the most recent standards known and published by regulators. The haircuts applied to HQLA securities are in line with those indicated in the most recent known texts on determining the numerator of the LCR;
- non-HQLA Group assets that are central bank-eligible, including receivables as well as covered bonds and securitisations of Group receivables held by the Group.

TABLE 103: LIQUIDITY RESERVE

(In EURbn)	**31.12.2022**	**31.12.2021**
Central bank deposits (excluding mandatory reserves)	195	168
HQLA securities available and transferable on the market (after haircut)	59	58
Other available central bank-eligible assets (after haircut)	24	3
TOTAL	**279**	**229**

12.6 REGULATORY RATIOS

Regulatory requirements for liquidity risk are managed through two ratios:

- the Liquidity Coverage Ratio (LCR), which aims to ensure that banks hold sufficient liquid assets or cash to survive to a significant stress scenario combining a market crisis and a specific crisis and lasting for one month The minimum regulatory requirement is 100% at all times;
- the Net Stable Funding Ratio (NSFR), a long-term ratio of the balance sheet transformation, which compares the financing needs generated by the activities of institutions with their stable resources; The minimum level required is 100%.

In order to meet these requirements, the Group ensures that its regulatory ratios are managed well beyond the minimum regulatory requirements set by Directive 2019/878 of the European Parliament and of the Council of 20 May 2019 (CRD5) and Regulation (EU) 2019 /876 of the European Parliament and of the Council of 20 May 2019 (CRR2)[(1)].

Societe Generale's LCR ratio has always been above 100%: 141% at the end of 2022 compared to 129% at the end of 2021. Since it came into force, the NSFR ratio has always been above 100% and stands at 114% at the end of 2022 compared to 110% at the end of 2021.

In addition, in order to complete its system, the Group has adapted monitoring indicators, in particular the monitoring of liquidity gap under various stress scenarios and under normal conditions, by significant currency and all currencies combined, which may be subject to additional constraints in terms of objective and minimum level. USD liquidity indicators are also specifically monitored.

(1) Several amendments to European regulatory standards were adopted in May 2019: The text on the CRL, published in October 2014, has since been supplemented by a Delegated Act corrigendum which entered into force on 30 April 2020. The minimum level of the required ratio is 100% since January 1, 2018. The NSFR requirement included in CRR2 (EU) 2019/876 of 20 May 2019 has applied since June 2021. The required ratio is 100%.

TABLE 104: LIQUIDITY COVERAGE RATIO (LIQ1)

The liquidity coverage ratio is calculated as the simple average of month-end observations over the twelve months preceding the end of each quarter.

Prudential Group *(In EURm)*	**Total unweighted value (in average)**				**Total weighted value (in average)**			
Quarter ending on	**31.12.2022**	**30.09.2022**	**30.06.2022**	**31.03.2022**	**31.12.2022**	**30.09.2022**	**30.06.2022**	**31.03.2022**
High-quality liquid assets								
Total high-quality liquid assets (HQLA)					**246,749**	**242,177**	**238,136**	**235,333**
Cash – Outflows								
Retail deposits and deposits from small business customers, of which:	232,177	231,136	228,527	225,948	18,687	18,693	18,415	18,105
Stable deposits	*126,164*	*122,569*	*121,113*	*120,126*	*6,308*	*6,128*	*6,056*	*6,006*
Less stable deposits	*101,370*	*103,742*	*102,398*	*100,552*	*12,357*	*12,544*	*12,341*	*12,083*
Unsecured wholesale funding	309,913	307,312	301,779	292,765	166,535	165,700	162,798	158,345
Operational deposits (all counterparties) and deposits in networks of cooperative banks	*71,734*	*72,616*	*72,562*	*70,349*	*17,451*	*17,659*	*17,653*	*17,111*
Non-operational deposits (all counterparties)	*224,717*	*220,519*	*214,152*	*206,058*	*135,622*	*133,863*	*130,080*	*124,876*
Unsecured debt	*13,462*	*14,178*	*15,065*	*16,358*	*13,462*	*14,178*	*15,065*	*16,358*
Secured wholesale funding					103,466	105,934	106,023	104,645
Additional requirements	215,310	209,420	200,219	191,339	77,934	74,769	68,608	64,006
Outflows related to derivative exposures and other collateral requirements	*44,389*	*41,600*	*36,427*	*32,887*	*42,350*	*39,552*	*34,448*	*31,052*
Outflows related to loss of funding on debt products	*10,677*	*10,853*	*10,457*	*10,000*	*10,677*	*10,853*	*10,457*	*10,000*
Credit and liquidity facilities	*160,243*	*156,967*	*153,334*	*148,452*	*24,907*	*24,365*	*23,703*	*22,954*
Other contractual funding obligations	68,539	67,450	63,817	63,496	68,539	67,450	63,817	63,496
Other contingent funding obligations	69,000	64,106	60,740	56,879	1,890	1,531	1,155	992
TOTAL CASH OUTFLOWS					**437,050**	**434,078**	**420,815**	**409,590**
CASH – INFLOWS								
Secured lending (eg reverse repos)	312,015	309,590	304,082	295,777	100,769	99,420	96,209	92,410
Inflows from fully performing exposures	54,460	52,794	50,404	48,046	46,646	45,204	42,819	40,651
Other cash inflows	119,855	118,402	110,543	105,281	114,965	114,081	106,784	102,097
(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
(Excess inflows from a related specialised credit institution)					-	-	-	-
TOTAL CASH INFLOWS	**486,330**	**480,786**	**465,030**	**449,105**	**262,381**	**258,705**	**245,812**	**235,158**
Fully exempt Inflows	-	-	-	-	-	-	-	-
Inflows subject to 90% cap	-	-	-	-	-	-	-	-
Inflows subject to 75% cap	*384,265*	*376,735*	360,313	346,275	*262,381*	*258,705*	*245,812*	*235,158*
TOTAL ADJUSTED VALUE								
LIQUIDITY BUFFER					**246,749**	**241,995**	**237,934**	**234,974**
TOTAL NET CASH OUTFLOWS					**174,670**	**175,373**	**175,003**	**174,432**
LIQUIDITY COVERAGE RATIO *(%)*					**141.41%**	**138.06%**	**136.00%**	**134.72%**

As at 31 December 2022, the average of Societe Generale's LCR stood at 141% (arithmetic average of the 12 LCR monthly values from January 2022 to December 2022, in accordance with the prudential disclosure requirement emanating from Regulation (EU) No 2019/876).

Reported LCR was 141% as of 1 December 2022, or EUR 74 billion of liquidity surplus over the regulatory requirement of 100%. This compares to 143%, or EUR 75 billion of liquidity surplus, as of 30 September 2022.

As of 31 December 2022, the numerator of the LCR included EUR 195 billion of central bank reserves (EUR 64 billion in the form of withdrawable central bank reserves and EUR 131 billion in the form of O/N deposit classified as level 1 assets). Level 1 assets are complemented with EUR 50 billion of Level 1 high-quality securities. Level 2 high-quality securities stand at EUR 9 billion.

The euro accounted for 60% of Societe Generale's total high-quality liquid assets as of 31 December 2022. The US dollar also accounted for more than 5% of liquid assets, with a weight of 19.7%, as well as the Swiss franc, with a weight of 5.7% and the Japanese yen, with a weight of 5.2%. The liquidity profile of the Group in US dollars is framed by a set of thresholds and metrics, including indicators of liquidity excess under stress, in US dollars.

Societe Generale ensures it does not overly rely on any given individual counterparty or segment by setting and monitoring concentration risk metrics on secured and unsecured markets. For instance, unsecured short-term funding is subject to thresholds by counterparty type (Corporates, Central banks, Public sector, Asset managers, etc). Secured funding is framed to ensure that the drying up of liquidity in any segment of the repo market (counterparty segments, underlying collateral segments, currencies) would not materially impair the refinancing of inventories in capital markets. In addition to this, the Group's long-term funding is structurally diversified. The plain vanilla funding programme is split into various currencies, instruments and geographies and seeks to continuously expand the investor base. Structured issuances are highly granular (multiple distributing networks) and provide a diversification in terms of nature of investors.

Societe Generale impacts its LCR computation to factor in collateral needs for covered bonds issuance vehicles and other vehicles used in capital markets activities, in case of a 3-notch downgrade of Societe Generale's credit rating. Societe Generale also impacts its LCR computation to factor in a potential adverse market shock based on a 24-month historical look-back approach.

Intraday funding requirements give rise to dedicated reserves which are taken into account when computing liquidity stress tests based on internal models, which ground the control of the Societe Generale Group survival horizon under stress.

TABLE 105: NET STABLE FUNDING RATIO (LIQ2)

	31.12.2022				
	Unweighted value by residual maturity				
(In EURm)	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available stable funding (ASF) Items					
Capital items and instruments	66,261	3,374	-	9,641	75,902
Own funds	*66,261*	*3,374*	*-*	*9,641*	*75,902*
Other capital instruments		*-*	*-*	*-*	*-*
Retail deposits		230,165	1,934	8,138	224,352
Stable deposits		*144,568*	*1,934*	*8,138*	*147,315*
Less stable deposits		*85,597*	*-*	*-*	*77,038*
Wholesale funding:		496,446	53,458	166,794	312,751
Operational deposits		*77,890*	*5*	*2*	*38,950*
Other wholesale funding		*418,556*	*53,452*	*166,792*	*273,801*
Interdependent liabilities		59,775	0	3,727	-
Other liabilities:	3,051	88,683	360	4,306	4,486
NSFR derivative liabilities	*3,051*				
All other liabilities and capital instruments not included in the above categories		*88,683*	*360*	*4,306*	*4,486*
TOTAL AVAILABLE STABLE FUNDING (ASF)					**617,491**
Required stable funding (RSF) Items					
Total high-quality liquid assets (HQLA)					27,605
Assets encumbered for more than 12m in cover pool		2	5	25,593	21,760
Deposits held at other financial institutions for operational purposes		-	-	-	-
Performing loans and securities:		248,013	52,987	384,295	394,099
Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut		*95,197*	*9,559*	*2,482*	*10,865*
Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		*59,807*	*7,627*	*28,970*	*38,326*
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		*62,655*	*28,687*	*213,275*	*236,653*
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		*13,054*	*5,250*	*28,364*	*38,102*
Performing residential mortgages, of which:		*4,201*	*4,991*	*115,874*	*81,923*
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		*3,777*	*4,502*	*105,826*	*72,926*
Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		*26,153*	*2,123*	*23,694*	*26,331*
Interdependent assets		59,775	-	3,727	-
Other assets:		133,260	4,065	72,440	90,160
Physical traded commodities				*-*	*-*
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		*10,820*	*2,923*	*8,641*	*19,027*
NSFR derivative assets		*-*			*-*
NSFR derivative liabilities before deduction of variation margin posted		*94,602*			*4,730*
All other assets not included in the above categories		*27,839*	*1,142*	*63,799*	*66,404*
Off-balance sheet items		202,469	1,307	29	9,924
TOTAL RSF					**543,549**
NET STABLE FUNDING RATIO *(%)*					**113.60%**

	30.06.2022				
	Unweighted value by residual maturity				
(In EURm)	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Available stable funding (ASF) Items					
Capital items and instruments	65,777	44	1,672	12,124	77,901
Own funds	*65,777*	*44*	*1,672*	*12,124*	*77,901*
Other capital instruments		-	-	-	-
Retail deposits		230,691	836	4,996	219,709
Stable deposits		*125,938*	*834*	*4,996*	*125,430*
Less stable deposits		*104,753*	*1*	-	*94,279*
Wholesale funding		526,085	56,487	178,260	317,900
Operational deposits		*70,733*	*4*	*5*	*35,373*
Other wholesale funding		*455,352*	*56,483*	*178,255*	*282,527*
Interdependent liabilities		60,957	1	2,834	-
Other liabilities	3,798	98,691	224	257	369
NSFR derivative liabilities	*3,798*				
All other liabilities and capital instruments not included in the above categories		*98,691*	*224*	*257*	*369*
TOTAL AVAILABLE STABLE FUNDING (ASF)					**615,879**
Required stable funding (RSF) Items					
Total high-quality liquid assets (HQLA)					23,492
Assets encumbered for more than 12m in cover pool		99	99	23,274	19,952
Deposits held at other financial institutions for operational purposes		-	-	-	-
Performing loans and securities		290,210	50,326	391,395	407,774
Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut		*112,185*	*5,935*	*3,004*	*8,991*
Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		*80,125*	*8,880*	*27,874*	*40,426*
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		*63,902*	*29,129*	*233,595*	*255,241*
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		*11,590*	*3,516*	*45,402*	*49,347*
Performing residential mortgages, of which:		*3,518*	*4,841*	*100,102*	*72,060*
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		*3,127*	*4,364*	*86,031*	*59,665*
Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		*30,480*	*1,541*	*26,819*	*31,056*
Interdependent assets		60,957	1	2,834	-
Other assets	-	104,023	1,299	81,238	88,672
Physical traded commodities				-	-
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		*4,410*	-	*21,282*	*21,839*
NSFR derivative assets		-			-
NSFR derivative liabilities before deduction of variation margin posted		*63,390*			*3,170*
All other assets not included in the above categories		*36,222*	*1,299*	*59,955*	*63,664*
Off-balance sheet items		192,058	-	-	9,603
TOTAL RSF					**549,492**
NET STABLE FUNDING RATIO *(%)*					**112.08%**

12.7 BALANCE SHEET SCHEDULE

The main lines of the Group's financial liabilities and assets are presented in Note 3.13 to the consolidated financial statements.

TABLE 106: BALANCE SHEET SCHEDULE

FINANCIAL LIABILITIES

	31.12.2022					
(In EURm)	Note to the consolidated financial statements	0-3 m	3 m-1 yr	1-5 yrs	>5 yrs	Total
Due to central banks		8,361	-	-	-	8,361
Financial liabilities at fair value through profit or loss, excluding derivatives	Notes 3.1 et 3.4	150,413	22,543	29,654	25,940	228,550
Due to banks	Note 3.6	49,803	39,639	42,213	1,333	132,988
Customer deposits	Note 3.6	475,608	27,233	23,101	4,822	530,764
Securitised debt payables	Note 3.6	34,158	24,030	46,583	28,405	133,176
Subordinated debt	Note 3.9	3	-	6,062	9,881	15,946

NB: The scheduling assumptions for these liabilities are presented in Note 3.13 to the consolidated financial statements. In particular, the data are shown without provisional interest and excluding derivatives.

	31.12.2021					
(In EURm)	Note to the consolidated financial statements	0-3 m	3 m-1 yr	1-5 yrs	>5 yrs	Total
Due to central banks		5,152	-	-	-	5,152
Financial liabilities at fair value through profit or loss, excluding derivatives		136,581	17,693	23,438	23,244	200,956
Due to banks	Note 3.6	57,174	4,185	76,106	1,712	139,177
Customer deposits	Note 3.6	470,890	15,244	16,568	6,431	509,133
Securitised debt payables	Note 3.6	89,671	12,164	19,040	14,449	135,324
Subordinated debt	Note 3.9	7,735	61	3,649	4,514	15,959

NB: The scheduling assumptions for these liabilities are presented in Note 3.13 to the consolidated financial statements. In particular, the data are shown without provisional interest and excluding derivatives.

FINANCIAL ASSETS

	31.12.2022					
(In EURm)	**Note to the consolidated financial statements**	**0-3 m**	**3 m-1 yr**	**1-5 yrs**	**>5 yrs**	**Total**
Cash, due from central banks		203,389	734	1,808	1,082	207,013
Financial assets at fair value through profit or loss, excluding derivatives	Note 3.4	242,458	11,045	-	-	253,503
Financial assets at fair value through other comprehensive income	Note 3.4	37,066	132	-	265	37,463
Securities at amortised cost	Note 3.5	6,939	4,718	6,547	3,226	21,430
Due from banks at amortised cost	Note 3.5	57,524	1,569	7,348	462	66,903
Customer loans at amortised cost	Note 3.5	111,407	62,807	183,235	120,477	477,927
Lease financing agreements(1)	Note 3.5	2,760	6,014	15,663	4,165	28,602

(1) Amounts are featured net of impairments.

	31.12.2021					
(In EURm)	**Note to the consolidated financial statements**	**0-3 m**	**3 m-1 yr**	**1-5 yrs**	**>5 yrs**	**Total**
Cash, due from central banks		176,064	822	1,988	1,095	179,969
Financial assets at fair value through profit or loss, excluding derivatives	Note 3.4	233,186	9,173	-	-	242,359
Financial assets at fair value through other comprehensive income	Note 3.4	42,798	380	-	272	43,450
Securities at amortised cost	Note 3.5	16,686	289	1,480	916	19,371
Due from banks at amortised cost	Note 3.5	47,182	3,619	4,715	456	55,972
Customer loans at amortised cost	Note 3.5	94,978	65,686	189,325	117,555	467,544
Lease financing agreements(1)	Note 3.5	2,778	6,378	16,024	4,440	29,620

(1) Amounts are featured net of impairments.

Due to the nature of its activities, Société Générale holds derivative products and securities whose residual contractual maturities are not representative of its activities or risks.

By convention, the following residual maturities were used for the classification of financial assets:

1. assets measured at fair value through profit or loss, excluding derivatives (customer-related trading assets):
   - positions measured using prices quoted on active markets (L1 accounting classification): maturity of less than 3 months,
   - positions measured using observable data other than quoted prices (L2 accountBing classification): maturity of less than 3 months,
   - positions measured mainly using unobservable market data (L3): maturity of 3 months to 1 year;
2. financial assets at fair value through other comprehensive income:
   - available-for-sale assets measured using prices quoted on active markets: maturity of less than 3 months,
   - bonds measured using observable data other than quoted prices (L2): maturity of 3 months to 1 year,
   - finally, other securities (shares held long-term in particular): maturity of more than 5 years.

As regards the other lines of the balance sheet, other assets and liabilities and their associated conventions can be broken down as follows:

OTHER LIABILITIES

	31.12.2022						
(In EURm)	**Note to the consolidated financial statements**	**Not scheduled**	**0-3 m**	**3 m-1 yr**	**1-5 yrs**	**> 5 yrs**	**Total**
Tax liabilities	Note 6.3	-	-	807	831	-	1,638
Revaluation difference on portfolios hedged against interest rate risk		(9,659)	-	-	-	-	(9,659)
Other liabilities	Note 4.4	-	100,859	1,969	2,864	1,861	107,553
Non-current liabilities held for sale	Note 2.5	-	-	220	-	-	220
Insurance contracts related liabilities	Note 4.3	-	5,345	10,055	39,677	86,611	141,688
Provisions	Note 8.3	4,579	-	-	-	-	4,579
Shareholders' equity		72,782	-	-	-	-	72,782

	31.12.2021						
(In EURm)	**Note to the consolidated financial statements**	**Not scheduled**	**0-3 m**	**3 m-1 yr**	**1-5 yrs**	**> 5 yrs**	**Total**
Tax liabilities	Note 6.3	-	-	836	741	-	1,577
Revaluation difference on portfolios hedged against interest rate risk		2,832	-	-	-	-	2,832
Other liabilities	Note 4.4	-	98,035	2,241	3,023	3,006	106,305
Non-current liabilities held for sale		1	-	-	-	-	1
Insurance contracts related liabilities	Note 4.3	-	15,566	10,232	40,848	88,642	155,288
Provisions	Note 8.3	4,850	-	-	-	-	4,850
Shareholders' equity[1]		70,863	-	-	-	-	70,863

OTHER ASSETS

(In EURm)	31.12.2022						
	Note to the consolidated financial statements	Not scheduled	0-3 m	3 m-1 yr	1-5 yrs	> 5 yrs	Total
Revaluation differences on portfolios hedged against interest rate risk		(2,262)	-	-	-	-	(2,262)
Other assets	Note 4.4	-	85,072	-	-	-	85,072
Tax assets	Note 6	4,696	-	-	-	-	4,696
Deferred profit-sharing			1,170	0	1	4	1,175
Investments accounted for using the equity method		-	-	-	-	146	146
Tangible and intangible fixed assets	Note 8.4	-	-	-	-	33,089	33,089
Goodwill	Note 2.2	-	-	-	-	3,781	3,781
Non-current assets held for sale	Note 2.5	-	1	1,049	15	17	1,081
Investments of insurance companies	Note 4.3	-	34,774	7,907	35,418	80,316	158,415

(In EURm)	31.12.2021						
	Note to the consolidated financial statements	Not scheduled	0-3 m	3 m-1 yr	1-5 yrs	> 5 yrs	Total
Revaluation differences on portfolios hedged against interest rate risk		131	-	-	-	-	131
Other assets	Note 4.4	-	92,898	-	-	-	92,898
Tax assets	Note 6	4,812	-	-	-	-	4,812
Investments accounted for using the equity method		-	-	-	-	95	95
Tangible and intangible fixed assets	Note 8.4	-	-	-	-	31,968	31,968
Goodwill	Note 2.2	-	-	-	-	3,741	3,741
Non-current assets held for sale		-	1	2	12	12	27
Investments of insurance companies		-	49,908	5,632	36,781	86,577	178,898

1. Revaluation differences on portfolios hedged against interest rate risk are not scheduled, as they comprise transactions backed by the portfolios in question. Similarly, the schedule of tax assets whose schedule would result in the early disclosure of income flows is not made public.
2. Other assets and other liabilities (guarantee deposits and settlement accounts, miscellaneous receivables) are considered as current assets and liabilities.
3. The notional maturities of commitments in derivative instruments are presented in Note 3.2.2 to the consolidated financial statements.
4. Investments in subsidiaries and affiliates accounted for by the equity method and Tangible and intangible fixed assets have a maturity of more than 5 years.
5. Provisions and shareholders' equity are not scheduled.