

The Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Société Générale, the Index, the Shares or the Warrants.

## **Base Listing Document relating to Warrants to be issued by**

**SG Issuer**

**(incorporated in Luxembourg with limited liability)**

**unconditionally and irrevocably guaranteed by  
Société Générale  
(incorporated in France)**

This document is supplemented by and should be read in conjunction with the Appendices attached, comprising of (i) the form of the Guarantee (contained in Appendix 1), (ii) the description of the Issuer (contained in Appendix 2), (iii) the description of the Guarantor (contained in Appendix 3), (iv) copies of the up-to-date financial information relating to the Issuer (contained in Appendix 4), and (v) copies of the up-to-date financial information relating to the Guarantor (contained in Appendices 5 and 6), (altogether and collectively referred to as “**this document**” or the “**Base Listing Document**”) and is published for the purpose of obtaining a listing on the SGX-ST of warrants permitted by the SGX-ST (the “**Warrants**”) to be issued from time to time by SG Issuer (the “**Issuer**”) and unconditionally and irrevocably guaranteed by Société Générale (the “**Guarantor**”).

The Warrants include European style cash settled call warrants on single equities (“**European Style Cash Settled Call Warrants**”), European style cash settled basket call warrants on a basket of equities (“**European Style Cash Settled Basket Call Warrants**”), European style index call warrants on indices (“**European Style Index Call Warrants**”), European style cash settled long/short certificates on single equities (the “**European Style Cash Settled Long/Short Certificates on Single Equities**” or “**Equity Daily Leverage Certificates**”), European style cash settled long/short certificates on indices (the “**European Style Cash Settled Long/Short Certificates**” or “**Index Daily Leverage Certificates**”; together with the Equity Daily Leverage Certificates, the “**Daily Leverage Certificates**”), European style structured certificates on single equities (the “**European Style Structured Certificates**” or “**Equity Structured Certificates**”), European style cash settled structured certificates on indices (the “**European Style Cash Settled Index Structured Certificates**” or “**Index Structured Certificates**”; together with the Index Daily Leverage Certificates, the “**Index Certificates**”; together with the Equity Structured Certificates, the “**Structured Certificates**”; together with the Equity Structured Certificates and the Daily Leverage Certificates, the “**Certificates**”), European style cash settled put warrants on single equities (“**European Style Cash Settled Put Warrants**”), European style cash settled basket put warrants on a basket of equities (“**European Style Cash Settled Basket Put Warrants**”), European style index put warrants on indices (“**European Style Index Put Warrants**”) and such other warrants to be issued from time to time by the Issuer (together the “**Warrants**” save that where the context requires references to the “**Warrants**” shall mean the European Style Cash Settled Call Warrants, European Style Cash Settled Basket Call Warrants, European Style Index Call Warrants, Equity Daily Leverage Certificates, Index Daily Leverage Certificates, Equity Structured Certificates, Index Structured Certificates, European Style Cash Settled Put Warrants, European Style Cash Settled Basket Put Warrants, European Style Index Put Warrants or such other warrants to be issued from time to time by the Issuer, as the case may be).

This document includes particulars given in compliance with the SGX-ST Listing Rules in respect of structured warrants for the purpose of giving information with regards to the Issuer, the Guarantor and the Warrants. The additional terms relating to each series of Warrants will be set out in a supplemental listing document (each a “**Supplemental Listing Document**”) which will be supplemental to, and should be read in conjunction with, this Base Listing Document.

**The Warrants are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Warrants may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the Warrants and carefully study the risk factors set out in this document and, where necessary, seek professional advice before they invest in the Warrants.**

**The information in this document does not take into account the investment objectives or financial position of any particular investor. Accordingly, nothing in this document should be construed as a**

**recommendation or invitation by the Issuer, the Guarantor, or any associate of theirs or any other person concerning investment in the Warrants, the shares or any other security underlying the Warrants.**

**The Warrants are classified as capital markets products other than prescribed capital markets products<sup>1</sup> and Specified Investment Products (SIPs)<sup>2</sup>, and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.**

**The Warrants constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the guarantee dated 14 June 2024 and entered into by the Guarantor (the "Guarantee") constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Warrants, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Warrants against, if applicable, the company which has issued the underlying securities, the sponsor of the underlying indices or any companies forming part of any indices to which the Warrants relate.**

The Guarantor is rated A1 by Moody's Investors Service, Inc. and A by S&P Global Ratings. For confirmation of the ratings, please refer to the relevant Supplemental Listing Document.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

The Issuer accepts full responsibility for the information contained in this document in relation to itself and the Warrants. The Guarantor accepts full responsibility for the accuracy of the information contained in this document in relation to itself, its subsidiaries and affiliates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Neither the delivery of this document nor any sale made hereunder shall create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof. No person has been authorised to give any information or to make any representation other than those contained in this document and in the relevant Supplemental Listing Document in connection with the offering of the Warrants, and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Guarantor or the Placing Agent.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Warrants or other securities of the Issuer or the Guarantor, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration Warrants or other securities of the Issuer or the Guarantor. The distribution of this document and the offering of the Warrants may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. Neither the Issuer nor the Guarantor assumes any fiduciary responsibility or liability for any consequences financial or otherwise arising from the subscription or acquisition of the Warrants. An investor should make its own appraisal of the risks and should consult to the extent necessary its own legal, financial, tax, accounting and other professional advisors in this respect prior to any subscription or acquisition of the Warrants.

The Warrants and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Warrants has not been approved by the United States Commodity Futures Trading Commission (the "CFTC") under the United States Commodity Exchange Act of 1936, as amended and the Issuer has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Warrants or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Warrants, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Warrants or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Warrants, or interests therein, directly or indirectly, in the United States

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<sup>1</sup> As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

<sup>2</sup> As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Warrants and distribution of this document is given in the section headed “**Sales Restrictions**” on page 134 below.

The Issuer has undertaken, in respect of each series of Warrants, until the Expiry Date (as defined in the applicable Supplemental Listing Document) to make available for inspection by holders of the Warrants at the registered office of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, a copy of the latest publicly available audited financial statements and the latest issued annual report and interim report (if any) of the Issuer and the Guarantor and this Base Listing Document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Warrants at any time and any Warrant which is repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer. Investors should not therefore make any assumption as to the number of Warrants in issue at any time.

This document includes the terms and conditions of each of the European Style Cash Settled Call Warrants, European Style Cash Settled Basket Call Warrants, European Style Index Call Warrants, Equity Daily Leverage Certificates, Index Daily Leverage Certificates, Equity Structured Certificates, Index Structured Certificates, European Style Cash Settled Put Warrants, European Style Cash Settled Basket Put Warrants and European Style Index Put Warrants (together, the “**Conditions**” or the “**Conditions of the Warrants**”, save that where the context requires references to the Conditions or the Conditions of the Warrants shall mean the terms and conditions of the European Style Cash Settled Call Warrants, the terms and conditions of the European Style Cash Settled Basket Call Warrants, the terms and conditions of the European Style Index Call Warrants, the terms and conditions of the Equity Daily Leverage Certificates, the terms and conditions of the Index Daily Leverage Certificates, the terms and conditions of the Equity Structured Certificates, the terms and conditions of the Index Structured Certificates, the terms and conditions of the European Style Cash Settled Put Warrants, the terms and conditions of the European Style Cash Settled Basket Put Warrants and the terms and conditions of the European Style Index Put Warrants, as the case may be).

All references herein to “**Singapore dollars**” and “**S\$**” are to the lawful currency of Singapore, to “**US dollar**” and “**USD**” are to the lawful currency of the United States of America and to “**EUR**” are to the currency introduced at the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time.

14 June 2024

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## OVERVIEW OF THE BRRD AND IMPLICATIONS TO THE WARRANTS

### *What is the BRRD?*

The Bank Recovery and Resolution Directive (2014/59/EU), as amended (“**BRRD**”) is a legislative development in the European Union (“**EU**”) which was introduced to address the shortcomings in the national laws and regulations of EU Member States for the resolution of failing banks and financial institutions. The BRRD has been implemented (i) in Luxembourg by the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the “**BRR Act 2015**”) and (ii) in France through Ordinance No.2020-1636 dated 21 December 2020 relating to the resolution regime in the banking sector. In March 2016, the European Commission has adopted a Commission Delegated Regulation setting out a number of regulatory technical standards for the BRRD.

The BRRD provides for the establishment of an EU-wide framework for the recovery and resolution of EU credit institutions and investment firms as well as certain of their group companies falling under the scope of the BRRD. The BRRD requires the governments of all EU Member States to provide their relevant resolution authorities with a set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of that institution’s critical financial and economic functions, while minimising the impact of that institution’s failure on the broader economy and financial system.

The BRRD contains four resolution tools and powers (the “**Resolution Tools**”) which may be used alone or in combination where the relevant resolution authority considers that (a) an affected institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such affected institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business – which enables the relevant resolution authorities to direct the sale of the affected institution or the whole or part of its business on commercial terms; (ii) bridge institution – which enables the relevant resolution authorities to transfer all or part of the business of the affected institution to a “**bridge institution**” (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation – which enables the relevant resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) Bail-In Power (as described in the paragraph headed “**What is “Bail-In Power”?**” below).

It is important to note that certain protections are granted to the creditors of an EU credit institution in case of the exercise of the Resolution Tools (including the Bail-In Power) over such institution. The most important one is the principle known as the “no creditor worse off principle” as provided for in the BRRD. This principle is intended to ensure that the creditors of an affected institution which is subject to the exercise of the Bail-In Power under the BRRD shall not incur greater losses than they would have incurred if such affected institution had been wound up under normal insolvency proceedings. For this purpose, the relevant resolution authorities in the EU have to ensure that it is assessed at the time of exercise of the Bail-In Power whether shareholders and creditors of an affected institution would have received better treatment if such affected institution had entered into normal insolvency proceedings.

### *The Issuer is subject to the BRRD*

The Issuer is a financial institution incorporated in Luxembourg within the meaning of Article 2(1) of the BRR Act 2015 and is subject to the BRR Act 2015.

Under the BRR Act 2015, substantial powers are granted to the *Commission de surveillance du secteur financier* (“**CSSF**”) acting as the Luxembourg resolution authority to implement resolution measures (including the use of the Resolution Tools) in respect of a Luxembourg financial institution (including, for example, the Issuer) and certain of its affiliates (each a “**relevant entity**”) to protect and enhance the stability of the financial system of Luxembourg if the relevant resolution authorities consider the relevant entity as failing or likely to fail and that certain other conditions are satisfied (in particular, that resolution measures would be necessary in the public interest).

### *The Guarantor is subject to the BRRD*

The Guarantor is a credit institution incorporated in France and is subject to the French legislation having implemented the BRRD and to Regulation (EU) No 806/2014, as amended.

Under the French legislation having implemented the BRRD, substantial powers are granted to the *Autorité de contrôle prudentiel et de résolution* (“**ACPR**”), the French resolution authority, and/or to other relevant resolution authorities in the EU, to implement resolution measures (including the use of the Resolution Tools) in respect of a French credit

institution (including, for example, the Guarantor) and certain of its affiliates to protect and enhance the stability of the financial system of France if the relevant resolution authorities consider the failure of the relevant entity has become likely and certain other conditions are satisfied.

*The Resolution Tools may be exercised over the Issuer and/or the Guarantor*

The exercise of any Resolution Tool or any suggestion of any such exercise under the BRRD over the Issuer and/or the Guarantor could adversely affect the value of the Warrants. You may therefore lose all or a substantial part of your investment in the Warrants.

In addition, the resolution powers could be exercised (i) prior to the commencement of any insolvency proceedings in respect of the Issuer and/or the Guarantor, and (ii) by the relevant resolution authority without your consent or any prior notice to you. It is also uncertain how the relevant resolution authority would assess triggering conditions in different pre-insolvency scenarios affecting the Issuer and/or the Guarantor under the BRRD. Accordingly, you may not be able to anticipate a potential exercise of any such resolution powers over the Issuer and/or the Guarantor.

*What is “Bail-In Power”?*

“**Bail-In Power**” (as defined in the Conditions) means the power of the relevant resolution authorities to write down, modify, transfer, suspend or convert to equity certain claims of unsecured creditors of a failing institution existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Luxembourg and/or in France, relating to the transposition of the BRRD as amended from time to time, and the instructions, rules and standards created thereunder, pursuant to which, in particular, the obligations of the Issuer under the Warrants and/or the Guarantor in respect of the Guarantee can be reduced (in part or in whole), cancelled, modified, or converted into shares, other securities or other obligations of the Issuer and/or the Guarantor or any other person (or suspended for a temporary period). Please see the Conditions as set out in this document for further details, in particular Condition 1(e) of the Conditions with respect to the Bail-In Power. Please also see Appendix 1 (Form of the Guarantee) of this document for further details, in particular clause 4 of the Guarantee with respect to the Bail-In Power.

*The Issuer’s obligations under the Warrants and the Guarantor’s obligations with respect to the Guarantee are subject to the “Bail-In Power”*

In addition to applicable relevant Luxembourg law provisions relating to the use of the bail-in tool, the Conditions include a contractual term regarding the “Bail-In Power” and will be contractually subject to the exercise of any “Bail-In Power” by the relevant resolution authority if such authority should so decide at the relevant time.

In addition, the Guarantee includes a contractual term regarding the “Bail-In Power” and will be contractually subject to the exercise of any “Bail-In Power” by the relevant resolution authority if such authority should so decide at the relevant time.

By investing in the Warrants, you acknowledge, accept, consent and agree to be contractually bound by the exercise of any Bail-In Power by the relevant resolution authorities over the Issuer and the Guarantor. You further acknowledge, accept, consent and agree that your rights under the Warrants and/or the Guarantee are contractually subject to, and will be varied, if necessary, so as to give effect to, the exercise of any Bail-In Power by the relevant resolution authorities.

The effect of the exercise of the Bail-In Power by the relevant resolution authority over the Issuer and/or the Guarantor may include and result in any of the following, or some combination thereof:

- (a) the reduction of all, or a portion, of the amounts payable by the Issuer under the Conditions and/or by the Guarantor under the terms of the Guarantee (including a reduction to zero);
- (b) the conversion of all, or a portion, of the amounts due under the Warrants and/or the Guarantee into shares or other securities or other obligations of the Issuer and/or the Guarantor or of another person, including by means of an amendment, modification or variation of the Conditions and/or the terms of the Guarantee, in which case you agree to accept in lieu of your contractual rights under the terms of the Warrants and/or the Guarantee any such shares, other securities or other obligations of the Issuer and/or the Guarantor or another person;
- (c) the cancellation of the Warrants and/or the Guarantee;

- (d) the amendment or alteration of the maturity of the Warrants and/or the Guarantee or amendment of the amount of interest payable on the Warrants and/or the Guarantee, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and/or
- (e) if applicable, the variation of the Conditions and/or the terms of the Guarantee, if necessary to give effect to the exercise of the Bail-In Power by the relevant resolution authority.

In addition, if the relevant resolution authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Code monétaire et financier (the “Code”):

- (a) ranking:
  - (i) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I-1 and 2 of the Code;
  - (ii) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and
  - (iii) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and
- (b) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and
- (c) which are not or are no longer eligible to be taken into account for the purposes of the MREL (Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer’s obligations under the Warrants will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the holders of the Warrants and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the holders of the Warrants as if, in either case, the Warrants had been directly issued by the Guarantor itself, and as if any amount due under the Warrants had accordingly been directly subject to the exercise of the Bail-In Power.

By investing in the Warrants, you acknowledge, accept, consent and agree that neither a cancellation of the Warrants and/or the Guarantee, a reduction of all, or a portion of, the amounts due under the Conditions and/or the Guarantee, the conversion thereof into other securities or other obligations of the Issuer and/or the Guarantor or another person, as a result of the exercise or implementation of the Bail-In Power as described above will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the holders of the Warrants to any remedies (including equitable remedies) which are expressly waived.

Accordingly, if any Bail-In Power is exercised over the Issuer and/or the Guarantor, you may not be able to recover all or even part of the amount due under the Warrants (if any) from the Issuer and/or from the Guarantor (under the Guarantee), or you may receive a different security issued by the Issuer and/or by the Guarantor (or another person) in place of the amount (if any) due to you under the Warrants from the Issuer, which may be worth significantly less than the amount due to you under the Warrants (if any).

Moreover, the relevant resolution authorities may exercise the Bail-In Power without providing any advance notice to, or requiring your further consent.

Please see the paragraph headed “risk factors relating to the BRRD” below for further details of the relevant risk factors applicable to the Warrants.

## RISK FACTORS

The following risk factors are relevant to the Warrants:-

- (a) investment in Warrants involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Warrants. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Warrants. You should consider carefully whether Warrants are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Warrants are not suitable for inexperienced investors;
- (b) the Warrants constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Warrants, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Warrants you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Warrants against the company which has issued the underlying securities, the sponsor of the underlying indices or any companies forming part of any indices to which the Warrants relate;
- (c) in the case of Warrants relating to a share or shares or share index, certain events relating to such shares or the underlying company may cause adverse movements in the value and price of the underlying share or other security, as a result of which, the holders of the Warrants may, in certain circumstances, sustain a total loss of their investment if, for Call Warrants, the price of the underlying share or level of the index falls below or is equal to the relevant exercise price or exercise level on the relevant Expiry Date, for Put Warrants, the price of the underlying share or level of the index is equal to or higher than the relevant exercise price on the relevant Expiry Date;
- (d) due to their nature, the Warrants can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Warrants may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the underlying share or index, dividends and interest rate, the time remaining to expiry, the related futures contracts, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor, and investors may sustain a total loss of their investment;
- (e) fluctuations in the price of the underlying share and other security will affect the price of the Warrants but not necessarily in the same magnitude and direction, therefore, prospective investors intending to purchase Warrants to hedge their market risk associated with investing in the underlying share or other security which may be specified in the relevant Supplemental Listing Document, should recognise the complexities of utilising the Warrants in this manner;
- (f) if, whilst any of the Warrants relating to a share or shares remain unexercised, trading in the underlying shares is suspended on the Relevant Stock Exchange, trading of options or futures relating to the relevant index on any options or futures exchanges is suspended, or options or futures generally on any options and/or futures exchanges on which options or futures relating to the relevant index are traded is suspended, or if the relevant index for whatever reason is not calculated, trading in the relevant Warrants may be suspended for a similar period;
- (g) as indicated in the Conditions of the Warrants and as shall be indicated in the applicable Supplemental Listing Document, a holder of the Warrants must tender a specified number of Warrants at any one time in order to exercise. Thus, holders of the Warrants with fewer than the specified minimum number of Warrants in a particular series will either have to sell their Warrants or purchase additional Warrants, incurring transactions costs in each case, in order to realise their investment;
- (h) investors should note that in the event of there being a Settlement Disruption Event (as defined in the Conditions of the Warrants) or Market Disruption Event (as defined in the Conditions of the Warrants) delivery of the shares or determination or payment of the Cash Settlement Amount (as defined in the Conditions of the Warrants) or the Distribution (as defined in the relevant Supplemental Listing Document) may be delayed, all as more fully described in the Conditions of the Warrants;

- (i) the Conditions of the Warrants relating to a share or shares provide anti-dilution protection to the value of the Warrants against the occurrence of events relating to the company whose shares underlie those Warrants. For example, the Issuer may adjust the Entitlement (as defined in the Conditions of the Warrants) and/or the Cash Settlement Amount in the event of a rights issue, an issue of shares out of capitalisation of profits or reserves or a consolidation or sub-division of the share capital of the company. However, the Issuer is not obliged under the Conditions of the Warrants to make an adjustment in response to every type of corporate event that affects the value of the Warrants. For Index Warrants and the Index Certificates, the Issuer will determine the adjustment to the Cash Settlement Amount necessary to take account of any material change in the method of calculation of the underlying index;
- (j) in the case of Index Warrants and the Index Certificates, certain events relating to the relevant indices or index components permit the Issuer to make certain determinations in respect of the indices or index components and thus, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the relevant Conditions of Index Warrants and Index Certificates on page 45, pages 67 to 68, pages 94 to 95 and page 124 for more information;
- (k) in the case of Index Warrants and Index Certificates, a level for the relevant index may be published by the index sponsor at a time when one or more securities or derivatives comprised in the index are not trading. If this occurs on a Valuation Date (as defined in the relevant Supplemental Listing Document) or an Observation Date (as defined in the relevant Supplemental Listing Document), as the case may be, and there is no Market Disruption Event under the terms of the relevant Warrants then the value of such securities or derivatives may not be included in the closing level of the index. In addition, certain events relating to the index (including a material change in the formula or the method of calculating the index or a failure to publish the index) permits the Issuer to determine the level of the index on the basis of the formula or method last in effect prior to such change of formula;
- (l) “European Style” Warrants and Certificates are only exercisable on their respective Expiry Dates (as defined in the Conditions of the Warrants) or their respective Early Expiry Dates (as defined in the relevant Supplemental Listing Document), as the case may be, and may not be exercised by holders of the Warrants prior to such date. Accordingly, in the event that there is non-occurrence of an Automatic Early Expiry (where applicable and as defined in the relevant Supplemental Listing Document), if on such relevant Expiry Date the Cash Settlement Amount (where applicable) is zero or negative and no Distribution is payable (where applicable), a holder of the Warrants will lose the value of his investment;
- (m) investors should note that there may be an exchange rate risk in the case of Warrants where the Cash Settlement Amount may be converted from a foreign currency into Singapore dollars;
- (n) the calculation of the Cash Settlement Amount of the Warrants may be postponed in certain circumstances in the event of there being a Market Disruption Event (as defined in the Conditions of the Warrants);
- (o) there is no assurance that an active trading market for the Warrants will sustain throughout the life of the Warrants, or if it does sustain, it may be due to market-making on the part of the Designated Market-Maker (as defined in the relevant Supplemental Listing Document). The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Warrants. Therefore, the secondary market for the Warrants may be limited and you may not be able to realise the value of the Warrants. Do note that the bid-ask spread increases with illiquidity;
- (p) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker’s market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may have a position or interest in the underlying shares, baskets of shares and/or indices or related securities or derivatives, and may effect transactions for their own account or for the account of their customers and hold long or short positions in the underlying shares, baskets of shares and/or indices or related securities or derivatives. In addition, in connection with the offering of any Warrants, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the underlying shares, baskets of shares and/or indices or related securities or derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the underlying shares, baskets of shares and/or indices or related securities or derivatives where conflicts of interest may arise, and/or which may affect the market price, liquidity or value of the Warrants and which may affect the interests

of holders of the Warrants, and investors consent to the Issuer, Guarantor and any of their respective subsidiaries and affiliates entering into such transactions.

The Issuer, the Guarantor and their affiliates act or may act in different capacities in relation to the issue of the Warrants, including without limitation:

- (A) the Issuer is the issuer of the Warrants;
- (B) Societe Generale acts as designated market maker for the Warrants, and as master placement agent for the Warrants;
- (C) Societe Generale may at its sole and absolute discretion enter into contracts with other sub-placing agents for the physical delivery of underlying shares (if applicable); and
- (D) Societe Generale, Singapore Branch is authorized to distribute and market the Warrants.

For the avoidance of doubt and as an independent stipulation, investors agree to each of the Issuer, the Guarantor and its affiliates providing different services and/or performing different roles in relation to the issuance, offer and/or dealing in the Warrants. Each investor acknowledges and agrees that the provision of such services or the undertaking of such roles may not always be consistent with the interests of the investors.

Each investor agrees that subject to mandatory applicable law which cannot be derogated from, no implied duties or obligations shall be imposed on the Issuer, the Guarantor and their affiliates under the Warrants, and in connection with or as a result of the investor's subscription or purchase of the Warrants.

The Issuer, the Guarantor and their affiliates may (i) receive benefits, fees, spreads, mark-ups and/or profits as a result of their multiple roles as issuer, guarantor, custodian, calculation agent, designated market maker, master placing agent, hedging party, entering into forward and other derivative contracts, and/or distributor (whether in the nature of a fiduciary, similar or additional duty or relationship or otherwise) and (ii) pay fees and commissions, and/or provide rebates, benefits or discounted prices to sub-placing agents, and each investor fully consents to (i) each of the Issuer, the Guarantor and their affiliates acting in such capacities, taking on such roles, and entering into such transactions, (ii) each of the Issuer, the Guarantor and their affiliates not being liable to notify nor to account for, and each of them, retaining such benefits, fees, spreads, mark-ups and/or profits for their own account, (iii) each of the Issuer, the Guarantor and their affiliates not being liable to notify nor to account for, and each of them, paying fees and commissions and/or providing rebates, benefits and discounted prices to sub-placing agents and (iv) each of the sub-placing agents retaining such fees, commissions, rebates, benefits and/or discounted prices. Each investor acknowledges and agrees that none of the Issuer, the Guarantor and their affiliates acts as fiduciary to any investor nor assumes any such obligations, and that none of the Issuer, the Guarantor and their affiliates is obliged to notify, and is liable to account to, any investor or any other person for (and each investor or such other person shall not be entitled to ask for) disclosure of the fact or the amount of, any benefits, fees, spreads, mark-ups and/or profits resulting from any of the aforementioned roles, other than is already disclosed in this document. Each investor agrees that it will have no claim against the Issuer, the Guarantor and their affiliates for, and it consents to, (i) the receipt, acceptance and retention by the Issuer, the Guarantor and their affiliates of, such benefits, fees, spreads, mark-ups and/or profits arising from any such multiple roles, and (ii) the payment by the Issuer, the Guarantor and their affiliates to, and the receipt, acceptance and retention by, the sub-placing agent of fees, commissions, rebates, benefits and/or discounted prices.

Subject to mandatory applicable laws which cannot be derogated from, regulations and listing rules, the Guarantor and its affiliates may enter into off-exchange transactions in the capacity of holder of Warrants at their discretion to sell the Warrants at a price which may be different from the price of the Warrants quoted on the SGX-ST by the Guarantor in its capacity of the designated market maker;

- (q) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the

underlying shares, baskets of shares and/or indices. Such activities and information may involve or otherwise affect issuers of underlying shares, baskets of shares and/or indices in a manner that may cause consequences adverse to the holders of the Warrants or otherwise create conflicts of interests in connection with the issue of Warrants by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the underlying shares, baskets of shares and/or indices or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Warrants by the Issuer or the effect that such activities may directly or indirectly have on any Warrant.

In the case of Index Warrants and the Index Certificates, an affiliate of the Guarantor may act as the index sponsor. Potential conflict of interests may arise. This may result in consequences which may be adverse to Warrantholders. The Issuer and the Guarantor assume no responsibility whatsoever for such consequences and their impact on Warrantholders. However, any risk of conflict of interest will be limited since (i) the index rules are pre-determined, publicly available and based on observable market parameters; and (ii) the index will be calculated by an independent calculation agent;

(r) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Warrants (ii) the Warrants can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Warrants or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Warrants under any applicable risk-based capital or similar rules;

(s) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Warrants. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Warrants;

(t) in the case of Index Warrants and Index Certificates, subject to risks broadly similar to those attending any investment in a broadly-based portfolio of assets, the risk that the general level of prices for such assets may move against the investor. The following is a list of some of the significant risks associated with an index:

- Historical performance of the index does not give an indication of future performance of this index. It is impossible to predict whether the value of the index will fall or rise over the term of the Index Warrants and Index Certificates; and
- The level of the index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any shares, securities or derivatives comprised in the index or indices may be traded.

The policies of the sponsor of an index with regards to additions, deletions and substitutions of the assets underlying the index and the manner in which the index sponsor takes account of certain changes affecting such assets underlying the index may affect the value of the index. The policies of an index sponsor with respect to the calculation of an index could also affect the value of the index. An index sponsor may discontinue or suspend calculation or dissemination of information relating to its index. Any such actions could affect the value of the Index Warrants and Index Certificates.

In addition, indices may be subject to management fees and other fees as well as charges that are payable to the index sponsor(s) and which can reduce the settlement amount payable to holders of the Index Warrants and Index Certificates. Such fees may be paid to index sponsors that are affiliates of the Guarantor;

(u) two or more risk factors may simultaneously have an effect on the value of a Warrant such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Warrant;

(v) as the Warrants are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("CDP"):-

- (i) investors should note that no definitive certificate will be issued in relation to the Warrants;
- (ii) there will be no register of holders of the Warrants and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Warrants by way of interest (to the extent of such number) in the global warrant certificate in respect of those Warrants represented thereby shall be treated as the holder of such number of the Warrants;
- (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Warrants; and
- (iv) notices to such holders of the Warrants will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST and/or rely on their brokers/custodians to obtain such notices;

(w) the US Foreign Account Tax Compliance Act (“**FATCA**”) withholding risk:-

FATCA generally imposes a 30 per cent. withholding tax on certain U.S.-source payments to certain non-US persons that do provide certification of their compliance with IRS rules to disclose the identity of their US owners and account holders (if any) or establish a basis for exemption for such disclosure. The Issuer or an investor’s broker or custodian may be subject to FATCA and, as a result, may be required to obtain certification from investors that they have complied with FATCA disclosure requirements or have established a basis for exemption from FATCA. If an investor does not provide the Issuer or the relevant broker or custodian with such certification, the Issuer and the Guarantor or other withholding agent could be required to withhold U.S. tax on U.S.-source income (if any) paid pursuant to the Warrants. In certain cases, the Issuer or the relevant broker or custodian could be required to close an account of an investor who does not comply with the FATCA certification procedures.

FATCA IS PARTICULARLY COMPLEX. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO DETERMINE HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN ITS PARTICULAR CIRCUMSTANCES;

(x) U.S. withholding tax

U.S. Treasury regulations issued under Section 871(m) of the U.S. Internal Revenue Code of 1986 (“**Section 871(m) Regulations**”) generally impose a 30% withholding tax on dividend equivalents paid or deemed paid to a non-United States holder as defined pursuant to the Section 871(m) Regulations (a “**Non-U.S. Holder**”) with respect to certain financial instruments linked to U.S. equities (or other securities that can pay U.S.-source dividend income) or indices that include U.S. equities (or such securities) (“**U.S. Underlying Equities**”). The 30% withholding tax on dividend equivalents paid or deemed paid to Non-U.S. Holders may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner claims a credit or refund from the United States Internal Revenue Service (“**IRS**”) in a timely manner, but the Issuer makes no assessment as to whether any such tax credits will be available to Non-U.S. Holders.

Specifically, the Section 871(m) Regulations will generally apply to Warrants the pricing date of which occurs from 1 January 2017 and that substantially replicate the economic performance of one or more U.S. Underlying Equity(ies) as determined by the Issuer on the date for such Warrants as of which the expected delta of the product is determined by the Issuer (such date being the “pricing date”) based on tests in accordance with the applicable Section 871(m) Regulations (for the purposes of the relevant notices describing these rules, such Warrants are deemed “delta-one” instruments) (“**Specified Securities**”). If one or more of the U.S. Underlying Equities are expected to pay dividends during the term of the Specified Securities, withholding generally will still be required even if the Specified Security does not provide for payments explicitly linked to dividends. The Section 871(m) Regulations are scheduled to apply to a broader range of derivative instruments referencing U.S. Underlying Equity(ies) as of 1 January 2027.

Warrants that track certain broad-based indices that meet the requirements of a “Qualified Index” as set forth in the applicable rules under the Section 871(m) Regulations are not subject to withholding under the Section 871(m)



Regulations and will not be treated as Specified Securities. Investors are advised that the Issuer's determination is binding on all Non-U.S. Holders of such Warrants, but it is not binding on the IRS and the IRS may therefore disagree with the Issuer's determination.

Even where a Warrant is a Specified Security, no tax should be imposed under the Section 871(m) Regulations as long as either (1) no dividend is paid with respect to any U.S. Underlying Equity during the term of the Warrants or (2) both (x) no additional amount is paid to the holder of a Warrant in respect of any such dividend and (y) as reasonably estimated by the Issuer (with the meaning of Treas. Reg. § 1.871-15(i)(2)(iii)) at the time of issuance the amount of all such dividends will be zero (Zero Estimated Dividends Securities). In such case, the Issuer will estimate the amount of dividends to be paid with respect to U.S. Underlying Equities for all periods during the term of the Warrants to be zero and will not make any adjustments for dividends, including extraordinary dividends, that are taxable as dividend for U.S. federal income tax purposes, and thus there should be no tax imposed under the Section 871(m) Regulations on the Warrants even if one or more dividends are paid with respect to a U.S. Underlying Equity.

In withholding this tax, the Issuer will regularly apply the general tax rate of 30% to the payments subject to U.S. provisions (or amounts deemed payments) without regard to any applicable treaty rate. Therefore, in such cases, an investor's individual tax situation will not be taken into account. Warrants linked to U.S. Underlying Equities which the Issuer has determined not to be a Specified Security will not be subject to withholding tax under the Section 871(m) Regulations.

The Issuer has determined that generally Warrants should not be "delta-one" transactions within the meaning of the relevant notices or should be delta-one transactions that track Qualified Indices and, therefore, should not be Specified Securities subject to withholding tax under the Section 871(m) Regulations, though products issued after 1 January 2027 linked to U.S. Underlying Equities may be subject to the Section 871(m) Regulations even if they are not "delta-one." The Issuer will indicate if a particular issuance is subject to the Section 871(m) Regulations in the applicable Supplemental Listing Documents. Investors are advised that the Issuer's determination is binding on all Non-U.S. Holders of the Warrants, but it is not binding on the IRS and the IRS may therefore disagree with the Issuer's determination. In the case of Warrants tracking Qualified Indices, the Issuer may be restricted in its ability to issue or sell additional Warrants if the status of an underlying index becomes non-qualified in a future year while the Warrant is outstanding.

The rules of the Section 871(m) Regulations require complex calculations in respect of the instruments that include U.S. Underlying Equities and application of these rules to a specific issue of Warrants may be uncertain. **Consequently the IRS may determine they are to be applied even if the Issuer initially assumed the rules would not apply. There is a risk in such case that holders of the Warrants are subject to withholding tax ex post.**

As neither the Issuer nor the withholding agent will be required to gross up any amounts withheld in connection with a Specified Security (including any amounts withheld on income with respect to the Issuer's hedge of a Specified Security), holders will receive smaller payments in such case than they would have received without withholding tax being imposed.

**Investors should consult their tax adviser regarding the potential application of the Section 871(m) Regulations to their investment in the Warrants;**

- (y) risk factors relating to the BRRD

*French and Luxembourg law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Warrants or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution*

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the “**BRRD**”) entered into force on 2 July 2014. The BRRD, as amended, has been implemented into Luxembourg law by, among others, the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the “**BRR Act 2015**”). Under the BRR Act 2015, the competent authority is the Luxembourg financial sector supervisory authority (*Commission de surveillance du secteur financier*, the CSSF) and the resolution authority is the CSSF acting as resolution council (*conseil de résolution*).

In April 2023, the EU Commission released a proposal to amend, in particular, the BRRD according to which senior preferred debt instruments would no longer rank *pari passu* with any non covered non preferred deposits of the Issuer; instead, senior preferred debt instruments would rank junior in right of payment to the claims of all depositors.

This proposal has been discussed and amended by the European Parliament and the European Council. Council and Parliament reached agreement on 6 December 2023 to make the proposal final and applicable. If the final agreement was adopted as is, there may be an increased risk of an investor in senior preferred debt instruments losing all or some of their investment in the context of the exercise of the Bail-in Power. The final agreement may also lead to a rating downgrade for senior preferred debt instruments.

Moreover, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism (“**SRM**”) and a Single Resolution Framework (the “**SRM Regulation**”) has established a centralised power of resolution entrusted to a Single Resolution Board (the “**SRB**”) in cooperation with the national resolution authorities.

Since November 2014, the European Central Bank (“**ECB**”) has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the Single Supervisory Mechanism (“**SSM**”). In addition, the SRM has been put in place to ensure that the resolution of credit institutions and certain investment firms across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the EU Member States’ resolution authorities under the BRRD for those credit institutions and certain investment firms subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016.

Societe Generale has been, and continues to be, designated as a significant supervised entity for the purposes of Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the “**SSM Regulation**”) and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The stated aim of the BRRD and the SRM Regulation is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and certain investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the resolution authority designated by each EU Member State (the “**Resolution Authority**”) with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution’s critical financial and economic functions while minimising the impact of an institution’s failure on the economy and financial system (including taxpayers’ exposure to losses).

In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the institutions’ resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The SRB is the Resolution Authority for the Issuer and the Guarantor.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the “**Bail-in Power**”). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Warrants contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion of the Warrants into ordinary shares or other instruments of ownership, or the variation of the terms of the Warrants (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write-down, conversion or otherwise.

In addition to the Bail-in Power, the BRRD and the SRM Regulation provide the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution’s business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

The BRRD, the BRR Act 2015 and the SRM Regulation however also state that, under exceptional circumstances, if the bail-in instrument is applied, the SRB, in cooperation with the CSSF, may completely or partially exclude certain liabilities from the application of the impairment or conversion powers under certain conditions.

Since 1 January 2016, EU credit institutions (such as Societe Generale) and certain investment firms have to meet, at all times, a minimum requirement for own funds and eligible liabilities (“**MREL**”) pursuant to Article 12 of the SRM Regulation. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

The regime has evolved as a result of the changes adopted by the EU legislators. On 7 June 2019, as part of the contemplated amendments to the so-called “EU Banking Package”, the following legislative texts were published in the Official Journal of the EU 14 May 2019:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (“**BRRD II**”); and
- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity (“**TLAC**”) of credit institutions and investment firms (the “**SRM II Regulation**” and, together with the BRRD II, the “**EU Banking Package Reforms**”).

The EU Banking Package Reforms introduced, among other things, the TLAC standard as implemented by the Financial Stability Board's TLAC Term Sheet (“**FSB TLAC Term Sheet**”), by adapting, among other things, the existing regime relating to the specific MREL with aim of reducing risks in the banking sector and further reinforcing institutions’ ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system.

The TLAC has been implemented in accordance with the FSB TLAC Term Sheet, which impose a level of “Minimum TLAC” that will be determined individually for each global systemically important bank (“**G-SIB**”), such as Societe Generale, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets since January 1, 2022 and 18%, plus applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator since January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements).

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “**CRR**”), as amended notably by Regulation (EU) 2019/876 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the “**CRR II**”) and Regulation (EU) 2022/2036 of the European Parliament and of the Council of 19 October 2022 amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institutions with a multiple-point-of-entry resolution strategy and methods for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities, EU G-SIBs, such as Societe Generale, have to comply with TLAC requirements, on top of the MREL requirements, since the entry into force of the CRR II. As such, G-SIBs, such as Societe Generale have to comply with both the TLAC and MREL requirements.

Consequently, the criteria for MREL-eligible liabilities have been closely aligned with the criteria for TLAC-eligible liabilities under CRR II, but subject to the complementary adjustments and requirements introduced in the BRRD II. In particular, certain debt instruments with an embedded derivative component, such as certain structured notes, will be eligible, subject to certain conditions, to meet MREL requirements to the extent that they have a fixed or increasing principal amount repayable at maturity that is known in advance with only an additional return permitted to be linked to that derivative component and dependent on the performance of a reference asset.

The level of capital and eligible liabilities required under MREL is set by the SRB for Societe Generale on an individual and/or consolidated basis based on certain criteria including systemic importance and may also be set for SG Issuer. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining term of at least one year and, they recognise contractually the Resolution Authority's power to write down or convert the liabilities governed by non-EU law.

The scope of liabilities used to meet MREL includes, in principle, all liabilities resulting from claims arising from ordinary unsecured creditors (non-subordinated liabilities) unless they do not meet specific eligibility criteria set out in BRRD, as amended notably by BRRD II. To enhance the resolvability of institutions and entities through an effective use of the bail-in tool, the SRB should be able to require that MREL be met with own funds and other subordinated liabilities, in particular where there are clear indications that bailed-in creditors are likely to bear losses in resolution that would exceed the losses that they would incur under normal insolvency proceedings. Moreover the SRB should assess the need to require institutions and entities to meet the MREL with own funds and other subordinated liabilities where the amount of liabilities excluded from the application of the bail- in tool reaches a certain threshold within a class of liabilities that includes MREL-eligible liabilities. Any subordination of debt instruments requested by the SRB for the MREL shall be without prejudice to the possibility to partly meet the TLAC requirements with non-subordinated debt instruments in accordance with the CRR, as amended by the CRR II, as permitted by the TLAC standard. Specific requirements apply to resolution groups with assets above EUR 100 billion (top-tier banks, including Societe Generale); and

- (z) risk factors relating to the Daily Leverage Certificates:
  - (i) investors should note that there are leveraged risks because the Daily Leverage Certificates integrate a leverage within the leveraged index or integrate a leverage mechanism, as the case may be, and the Daily Leverage Certificates will amplify the movements in the increase, and in the decrease, of the

value of the securities or derivatives comprised in the underlying reference index or the index, or the underlying securities, as the case may be, and if the investment results in a loss, any such loss will be increased by the leverage factor of the leveraged index or the Daily Leverage Certificates, as the case may be. As such, investors could lose more than they would if they had invested directly in the securities or derivatives comprised in the underlying reference index or the index, or the underlying securities, as the case may be;

- (ii) when held for longer than a day, the performance of the Daily Leverage Certificates could be more or less than the leverage factor that is embedded within the leveraged index or the Daily Leverage Certificates, as the case may be. The performance of the Daily Leverage Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from the leverage factor that is embedded within the leveraged index or the Daily Leverage Certificates, as the case may be, over a period longer than one day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;
- (iii) since the Daily Leverage Certificates relate to the level of an index or the price of an underlying security, certain events relating to the index or index components, or the underlying securities, may cause adverse movements in the value and the level of the index or index components, or the price of the underlying securities, as a result of which, the Certificate Holders (as defined in the Conditions of the Daily Leverage Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the level of the index or the price of the underlying securities has fallen or risen sharply, as the case may be;
- (iv) investors should note that (A) in case of Daily Leverage Certificates that integrate a leverage within the leveraged index, the Air Bag Mechanism (as defined in the relevant Supplemental Listing Document) reduces the impact on the leveraged index if the underlying reference index falls or rises, as the case may be, further, but will also maintain a reduced exposure to the underlying reference index in the event the underlying reference index starts to rise or fall, as the case may be, after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses; (B) in case of Daily Leverage Certificates that integrate a leverage mechanism, the Air Bag Mechanism reduces the impact on the Leverage Strategy/Leverage Inverse Strategy (as defined in the relevant Supplemental Listing Document) if the index or the underlying security falls or rises, as the case may be, further, but will also maintain a reduced exposure to the index or the underlying security in the event the index or the underlying security starts to rise or fall, as the case may be, after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;
- (v) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (A) an overnight fall or rise, as the case may be, in the underlying reference index or the index, or the underlying securities, as the case may be, where there is a certain percentage (as specified in the relevant Supplemental Listing Document) or greater gap between the previous day closing level or price and the opening level or price of the underlying reference index or the index, or the underlying securities, as the case may be, the following day, as the Air Bag Mechanism will only be triggered when market opens (including pre-opening session or opening auction, as the case may be) the following day or (B) a sharp intraday fall or rise, as the case may be, in the underlying reference index or the index, or the underlying securities, as the case may be, of certain percentage (as specified in the relevant Supplemental Listing Document) or greater during the observation period compared to the reference level or price, being: (1) if air bag has not been previously triggered on the same day, the previous closing level or price of the underlying reference index or the index, or the underlying securities, as the case may be, or (2) if one or more air bag have been previously triggered on the same day, the latest new observed level or price;
- (vi) certain events may, pursuant to the terms and conditions of the Daily Leverage Certificates, trigger (A) the implementation of methods of adjustment or (B) the early termination of the Daily Leverage Certificates. The Daily Leverage Certificates may be terminated prior to its Expiry Date for the following reasons which are not exhaustive: Illegality and force majeure, occurrence of a Holding Limit Event (as defined in the Conditions of the Daily Leverage Certificates) or Hedging Disruption (as defined in the Conditions of the Equity Daily Leverage Certificates). For more detailed examples of

when early termination may occur, please refer to the website as specified in the relevant Supplemental Listing Document.

The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Daily Leverage Certificates early, the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Daily Leverage Certificate held by such holder equal to the fair market value of the Daily Leverage Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (A) general market conditions and (B) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be substantially less than the amount initially invested, and at the worst case, be zero. Investors may refer to the Condition 13 of the Equity Daily Leverage Certificates on pages 58 to 60 and the Condition 11 of the Index Daily Leverage Certificates on pages 70 to 71 of this document for more information;

- (vii) in the case of the Index Daily Leverage Certificates, an affiliate of the Guarantor may act as the index sponsor. If the hedging activities of the Issuer, the Guarantor and any of their subsidiaries and affiliates in connection with the leveraged index or the index, as the case may be, are disrupted, the index sponsor may decide to terminate calculations in relation to the leveraged index or the index, as the case may be, sooner than another index sponsor would in comparable circumstances. Such a termination may trigger the early redemption of the Daily Leverage Certificates;
  - (viii) the total return on an investment in any Daily Leverage Certificate may be affected by the Hedging Fee Factor (as defined in the relevant Supplemental Listing Document), Management Fee (as defined in the relevant Supplemental Listing Document) and Gap Premium (as defined in the relevant Supplemental Listing Document); and
  - (ix) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Daily Leverage Certificates, as well as certain costs embedded within the leveraged index or the Leverage Strategy/Leverage Inverse Strategy, as the case may be, including the Funding Cost/Stock Borrowing Cost (as defined in the relevant Supplemental Listing Document) and the Rebalancing Cost (as defined in the relevant Supplemental Listing Document).
- (aa) risk factors relating to the Structured Certificates:
- (i) investors should note that they may only benefit from a partial participation in the positive performance of the underlying stock or index. The potential payout, and therefore the potential profits which may be realised by investing in the Structured Certificates may be capped;
  - (ii) in respect of Structured Certificates which are subject to Knock-in Event (as defined in the relevant Supplemental Listing Document), the occurrence of the Knock-in Event will be determined only when the closing price of the underlying stock or index on the Knock-in Observation Date (as defined in the relevant Supplemental Listing Document) is available, which may not be during the trading hours of the relevant stock exchange for the Structured Certificates. Investors should note that the Knock-in Event may occur during SGX-ST trading hours and that while the Issuer will make an appropriate announcement, this announcement will take place after the occurrence of the Knock-in Event and may be after SGX-ST trading hours. In addition, upon the first occurrence of the Knock-in Event, the value of the Structured Certificates may be adversely affected;
  - (iii) in the event that (i) a Distribution is payable and the announcement announcing such Distribution is not published on SGXNet by 8:00 a.m. (Singapore time) on the Business Day immediately following the corresponding Observation Date (as defined in the relevant Supplemental Listing Document) of such Distribution or (ii) in respect of Structured Certificates which are subject to Knock-in Event, upon first occurrence of the Knock-in Event, the announcement announcing such first occurrence is not published on SGXNet by 8:00 a.m. (Singapore time) on the Business Day immediately following the corresponding Knock-in Observation Date, the trading in the Structured Certificates may be suspended until the publication of such announcement on SGXNet;

- (iv) in respect of Equity Structured Certificates, cash settlement or physical settlement may apply. In the event that the physical settlement applies:

All matters relating to Onboarding (as defined in the relevant Supplemental Listing Document) are subject to the sole and absolute discretion of the Physical Delivery Agent (as defined in the relevant Supplemental Listing Document). Onboarding will not complete and the Other Investors (as defined in the relevant Supplemental Listing Document) will not be entitled to deliver the Election Notice (as defined in the relevant Supplemental Listing Document) to the Physical Delivery Agent if, among others:

- (A) the Physical Delivery Agent rejects the Other Investor's application to open an account with it for whatsoever reason;
- (B) by the Onboarding Completion Date (as defined in the relevant Supplemental Listing Document), the Physical Delivery Agent does not establish business relations with the Other Investor for any reason;
- (C) the requisite requirements prescribed by the Physical Delivery Agent for the delivery of the Physical Settlement Stock (as defined in the relevant Supplemental Listing Document) (including, without limitation, the deposit of the relevant Equity Structured Certificates into the securities account designated by the Physical Delivery Agent by the Onboarding Completion Date) have not been fulfilled; or
- (D) the delivery of the Physical Settlement Stock to the Other Investor may infringe any applicable law, regulation or rule or necessitate compliance with conditions or requirements which the Physical Delivery Agent, in its absolute discretion, determines to be onerous or impracticable by reason of costs, delay or otherwise.

The Physical Delivery Agent may determine that no Physical Settlement Authorisation (as defined in the relevant Supplemental Listing Document) shall be delivered in respect of the Equity Structured Certificates for which a valid Election Notice has been received. Upon receipt of a valid Election Notice, the Physical Delivery Agent may determine that no Physical Settlement Authorisation shall be delivered in respect of such Equity Structured Certificates if the delivery of the Physical Settlement Stock to the Onboarded Investors (as defined in the relevant Supplemental Listing Document) may infringe any applicable law, regulation or rule or necessitate compliance with conditions or requirements which the Physical Delivery Agent, in its absolute discretion, determines to be onerous or impracticable by reason of costs, delay or otherwise.

The Issuer may determine that the Equity Structured Certificates in respect of which a Physical Settlement Authorisation has been provided shall not be physically settled. Upon the occurrence of a Physical Settlement Event (as defined in the relevant Supplemental Listing Document), the Issuer is entitled (but not obliged) to physically settle in accordance with the Conditions those Equity Structured Certificates in respect of which it has received a Physical Settlement Authorisation. Without prejudice to the generality of the foregoing, the Issuer may determine that the Equity Structured Certificates in respect of which a Physical Settlement Authorisation has been provided shall not be physically settled where:

- (A) no Physical Settlement Event has occurred; and/or
- (B) the delivery of the Physical Settlement Stock to the Physical Delivery Agents and/or the Onboarded Investors may infringe any applicable law, regulation or rule or necessitate compliance with conditions or requirements which the Issuer, in its absolute discretion, determines to be onerous or impracticable by reason of costs, delay or otherwise.

Investors should also note that in the event the Issuer determines to physically settle the relevant Equity Structured Certificates, upon occurrence of a Settlement Disruption Event, the Issuer retains the discretion to cash settle the relevant Equity Structured Certificates in the circumstances described in the Conditions of the Equity Structured Certificates;

- (v) certain events may, pursuant to the terms and conditions of the Structured Certificates, trigger (A) the implementation of methods of adjustment or (B) the early termination of the Structured Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Structured Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Structured Certificate held by such holder equal to the fair market value of the Structured Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (A) general market conditions and (B) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 of the Equity Structured Certificates on pages 86 to 87 and Condition 11 on pages 96 to 98 of the Index Structured Certificates for more information; and
  
- (vi) in the event that there is occurrence of an Automatic Early Expiry (where applicable), the Structured Certificates will expire earlier. Following an Automatic Early Expiry, investors may not be able to reinvest the proceeds from such Automatic Early Expiry at a comparable return for a similar level of risk. Investors should consider such reinvestment risk in light of other available investments when they purchase the Structured Certificates.



The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Warrants. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

## TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED CALL WARRANTS

### 1. Form, Status and Guarantee, Transfer and Title

- (a) *Form.* The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 11) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 14 June 2024, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
  - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Warrants.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Warrants (the “**Warrantholders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status and Guarantee.* The Warrants constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Warrants provide for cash settlement on exercise. The Warrants do not entitle Warrantholders to the delivery of any Shares, are not secured by Shares and do not entitle Warrantholders to any interest in any Shares.

The due and punctual payment of any amounts due by the Issuer in respect of the Warrants issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;
- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Warrantholder under the terms of the Warrants, such Warrantholder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (c) *Transfer.* The Warrants are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Warrants in definitive form will not be issued. Transfers of Warrants may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Warrants, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) *Title.* Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Warrants shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Warrants, notwithstanding any notice to the contrary. The expression “**Warrantholder**” shall be construed accordingly.
- (e) *Bail-In.* By the acquisition of Warrants, each Warrantholder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Warrants) acknowledges, accepts, consents and agrees:
  - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Warrants, which may include and result in any of the following, or some combination thereof:
    - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
    - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Warrantholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Warrants, in which case the Warrantholder agrees to accept in lieu of its rights under the Warrants any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
    - (C) the cancellation of the Warrants; and/or
    - (D) the amendment or alteration of the expiration of the Warrants or amendment of the amounts payable on the Warrants, or the date on which the amounts become payable, including by suspending payment for a temporary period; andthat terms of the Warrants are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,  
  
(the “**Statutory Bail-In**”);
  - (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**Code**”):
    - (A) ranking:
      - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the Code;
      - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and
      - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and

- (B) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and
- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Warrants will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Warrantheolders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Warrantheolders as if, in either case, the Warrants had been directly issued by the Guarantor itself and any Amount Due under the Warrants had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Warrants issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Warrants, the Issuer or the Guarantor will provide a written notice to the Warrantheolders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Warrants described above.

Neither a cancellation of the Warrants, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Warrants will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Warrantheolder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Warrantheolder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Warrantheolder.

For the purposes of this Condition:

**"Amounts Due"** means any amounts due by the Issuer under the Warrants.

**"Bail-In Power"** means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking

group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

“**MREL**” means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

“**Relevant Resolution Authority**” means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

## 2. **Warrant Rights and Exercise Expenses**

- (a) *Warrant Rights.* Every Exercise Amount of Warrants entitles each Warrantholder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The “**Cash Settlement Amount**”, in respect of each Exercise Amount of Warrants, shall be an amount (if positive) payable in the Settlement Currency equal to the Entitlement (subject to adjustment as provided in Condition 6) for the time being multiplied by (i) the arithmetic mean of the closing price of one Share (as derived from the daily publications of the Relevant Stock Exchange, subject to any adjustments to such closing price determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date (as defined below), LESS (ii) the Exercise Price (subject to adjustment as provided in Condition 6) for the time being.

If the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event (as defined below) has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day (as defined below) on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the two Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date. In that case:-

- (i) that second Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on that second Business Day but for the Market Disruption Event.

If the postponement of a Valuation Date as aforesaid would result in a Valuation Date falling on or after the Expiry Date, then (1) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event and (2) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence on the Valuation Date of (i) any suspension of trading on the Relevant Stock Exchange in the Shares requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Shares if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

“**Valuation Date**” means, with respect to the exercise of Warrants, and subject as provided above in relation to a Market Disruption Event, each of the five Business Days immediately preceding the Expiry Date relating to such exercise.

- (b) *Exercise Expenses.* Warrantholders will be required to pay all charges which are incurred in respect of the exercise of the Warrants (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses

will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Warrantheolders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Warrantheolders in accordance with Condition 4.

- (c) *No Rights.* The purchase of Warrants does not confer on the Warrantheolder any right (whether in respect of voting, dividend or other distributions in respect of the Shares or otherwise) which the holder of a Share may have.

### 3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Warrants shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day.

### 4. Exercise of Warrants

- (a) *Exercise.* Warrants may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Warrantheolders shall not be required to deliver an exercise notice. Exercise of Warrants shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Warrants shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Warrants shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Warrants shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Warrantheolders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.
- (c) *Settlement.* In respect of Warrants which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Warrantheolder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Warrantheolder only (or, in the case of joint Warrantheolders, the first-named Warrantheolder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Warrantheolder and posted to the Warrantheolder's address appearing in the records maintained by CDP (or, in the case of joint Warrantheolders, to the address of the first-named Warrantheolder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.
- (d) *CDP not liable.* CDP shall not be liable to any Warrantheolder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Warrants or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a "**Business Day**" shall be a day on which the Singapore Exchange Securities Trading Limited ("**SGX-ST**") is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

### 5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Warrants are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Warrantheolders in accordance with Condition 9.

- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Warrantholders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Warrantholders.

## 6. Adjustments

- (a) *Rights Issues.* If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement will be adjusted on the Business Day following the last day on which Shares must be standing to the credit of a securities account with CDP so that the holder of such securities account would qualify for the Rights Offer in accordance with the following formula:-

$$\text{Adjusted Entitlement} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:-

- E : Existing Entitlement immediately prior to the relevant event giving rise to the adjustment
- S : Cum-Rights Share price determined by the closing price on the Relevant Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis
- R : Subscription price per Share specified in the Rights Offer plus an amount equal to any dividends or other benefits forgone to exercise the Right
- M : Number of new shares (whether a whole or a fraction) per Share each holder of Shares is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, all as determined by the Issuer, then no adjustment shall be made to the Entitlement. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

For the purposes of these Conditions, “**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

- (b) *Bonus Issues.* If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement shall be increased on the Business Day following the last day on which Shares must be standing to the credit of a securities account with CDP so that the holder of such securities account would qualify for the Bonus Issue in accordance with the following formula:-

$$\text{Adjusted Entitlement} = (1 + N) \times E$$

Where:-

- E : Existing Entitlement immediately prior to the Bonus Issue
- N : Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue

No adjustment of the Entitlement will be made (i) for a Bonus Issue with an intrinsic value of less than three per cent. of the market value of the Shares on the last Business Day on which Shares are traded on a cum-Bonus basis or (ii) if the adjustment to the Entitlement is less than one per cent. of the Entitlement immediately prior to the adjustment, all as determined by the Issuer. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

- (c) *Share Splits or Consolidations.* If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), the Entitlement in effect immediately prior thereto shall be increased (in the case of a Subdivision), or the Entitlement decreased (in the case of a Consolidation) accordingly, in each case, on the Business Day following the day on which the relevant Subdivision or Consolidation shall have taken effect. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.
- (d) *Merger or Consolidation.* If it is announced that the Company:-
- (i) is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation); or
  - (ii) is to or may sell or transfer all or substantially all of its assets,

then (except where the Company is the surviving corporation in a merger) the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation (as determined by the Issuer) of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) so that the Entitlement may, after such Restructuring Event, be adjusted to reflect the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (together the “**Substituted Securities**”) or cash offered in substitution for Shares (as the case may be) to which a holder of the number of Shares comprising the Entitlement immediately prior to such Restructuring Event would have been entitled upon such Restructuring Event.

Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the Settlement Currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares shall not be affected by this Condition 6(d) and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Conditions to the Shares shall include any such cash.

The Issuer may, without the consent of the Warrantheolders, make such adjustments to the entitlements of Warrantheolders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.

- (e) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer’s sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion and notwithstanding any prior adjustment made pursuant to the above should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Warrantheolders generally (without considering the circumstances of any individual Warrantheolder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

- (f) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warranholders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

## **7. Purchases**

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

## **8. Meetings of Warranholders; Modification**

- (a) *Meetings of Warranholders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Warranholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Warrants or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Warranholders.

Such a meeting may be convened by the Issuer or by Warranholders holding not less than ten per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Warrants for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Warranholders whatever the number of Warrants so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Warranholders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Warranholders shall be binding on all the Warranholders, whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Warranholders, effect (i) any modification of the provisions of the Warrants or the Master Instrument which is not materially prejudicial to the interests of the Warranholders or (ii) any modification of the provisions of the Warrants or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Warranholders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

## **9. Notices**

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Warranholder or to which a Warranholder is entitled or which the Issuer shall have agreed to deliver to a Warranholder may be delivered by hand or sent by post addressed to the Warranholder at his address appearing in the records maintained by CDP or, in the case of joint Warranholders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Warranholder.
- (b) *Notices.* All notices to Warranholders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Warrant, give notice of the date of expiry of such Warrant in the manner prescribed above.



## 10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

## 11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Warrantheolders, to create and issue further warrants so as to form a single series with the Warrants, subject to the approval of the SGX-ST.

## 12. Delisting

- (a) *Delisting.* If at any time the Shares cease to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Warrantheolders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Warrantheolder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Adjustments.* Without prejudice to the generality of Condition 12(a), where the Shares are, or, upon delisting, become, listed on any other stock exchange, these Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Relevant Stock Exchange and the Issuer may, without the consent of the Warrantheolders, make such adjustments to the entitlements of Warrantheolders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.
- (c) *Issuer's Determination.* The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Warrantheolders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Warrantheolders in accordance with Condition 9 as soon as practicable after they are determined.

## 13. Early Termination for Illegality and Force Majeure, etc.

- (a) *Illegality and Force Majeure, etc.* If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Warrants has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Warrants for any reason, the Issuer may at its discretion and without obligation terminate the Warrants early by giving notice to the Warrantheolders in accordance with Condition 9 and Condition 13(b).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

- (b) *Termination.* If the Issuer terminates the Warrants early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantheolder in respect of each Warrant held by such holder equal to the fair market value of a Warrant notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantheolders in accordance with Condition 9.

#### **14. Governing Law**

The Warrants, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

#### **15. Prescription**

Claims against the Issuer for payment of any amount in respect of the Warrants will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Warrants shall be forfeited and shall revert to the Issuer.

#### **16. Contracts (Rights of Third Parties) Act 2001 of Singapore**

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Warrants. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

## **TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED BASKET CALL WARRANTS**

### **1. Form, Status and Guarantee, Transfer and Title**

- (a) *Form.* The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 11) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 14 June 2024, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
  - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Warrants.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Warrants (the “**Warrantholders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

References in these Conditions to “**Company**” shall be a reference to a company comprising one of the Companies and references to “**Shares**” shall be a reference to the shares of the Companies or, as the context requires, to the shares of a particular Company.

- (b) *Status and Guarantee.* The Warrants constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Warrants provide for cash settlement on exercise. The Warrants do not entitle Warrantholders to the delivery of any Shares, are not secured by Shares and do not entitle Warrantholders to any interest in any Shares.

The due and punctual payment of any amounts due by the Issuer in respect of the Warrants issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;
- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;

- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Warrantholder under the terms of the Warrants, such Warrantholder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (c) *Transfer.* The Warrants are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Warrants in definitive form will not be issued. Transfers of Warrants may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Warrants, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) *Title.* Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Warrants shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Warrants, notwithstanding any notice to the contrary. The expression “**Warrantholder**” shall be construed accordingly.
- (e) *Bail-In.* By the acquisition of Warrants, each Warrantholder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Warrants) acknowledges, accepts, consents and agrees:
  - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Warrants, which may include and result in any of the following, or some combination thereof:
    - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
    - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Warrantholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Warrants, in which case the Warrantholder agrees to accept in lieu of its rights under the Warrants any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
    - (C) the cancellation of the Warrants; and/or
    - (D) the amendment or alteration of the expiration of the Warrants or amendment of the amounts payable on the Warrants, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Warrants are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the “**Statutory Bail-In**”);
  - (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**Code**”):
    - (A) ranking:
      - (1) junior to liabilities of the Guarantor benefiting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the Code;

- (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and
  - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and
- (B) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and
- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Warrants will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Warrantheolders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Warrantheolders as if, in either case, the Warrants had been directly issued by the Guarantor itself and any Amount Due under the Warrants had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Warrants issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Warrants, the Issuer or the Guarantor will provide a written notice to the Warrantheolders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Warrants described above.

Neither a cancellation of the Warrants, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Warrants will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Warrantheolder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Warrantheolder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Warrantheolder.

For the purposes of this Condition:

"**Amounts Due**" means any amounts due by the Issuer under the Warrants.

**“Bail-In Power”** means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

**“MREL”** means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

**“Relevant Resolution Authority”** means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

## 2. Warrant Rights and Exercise Expenses

- (a) *Warrant Rights.* Every Exercise Amount of Warrants entitles each Warrantholder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The **“Cash Settlement Amount”**, in respect of each Exercise Amount of Warrants, shall be an amount (if positive) payable in the Settlement Currency equal to (i) the aggregate for all the Shares included in the Entitlement (subject to adjustment as provided in Condition 6) for the time being of the amount derived by multiplying (A) the number or fraction of the relevant Shares included in the Entitlement by (B) the arithmetic mean of the respective closing price of such Shares (as derived from the daily publications of the Relevant Stock Exchange, subject to any adjustments to such closing price determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date (as defined below), LESS (ii) the Exercise Price (subject to adjustment as provided in Condition 6) for the time being.

If the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event (as defined below) has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day (as defined below) on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the two Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date. In that case:-

- (i) that second Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on that second Business Day but for the Market Disruption Event.

If the postponement of a Valuation Date as aforesaid would result in a Valuation Date falling on or after the Expiry Date, then (aa) the Business Day immediately preceding the Expiry Date (the **“Last Valuation Date”**) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event and (bb) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

**“Market Disruption Event”** means the occurrence or existence on the Valuation Date of (i) any suspension of trading on the Relevant Stock Exchange in the Shares requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Shares if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the

determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

“**Valuation Date**” means, with respect to the exercise of Warrants, and subject as provided above in relation to a Market Disruption Event, each of the five Business Days immediately preceding the Expiry Date relating to such exercise.

- (b) *Exercise Expenses.* Warranholders will be required to pay all charges which are incurred in respect of the exercise of the Warrants (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Warranholders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Warranholders in accordance with Condition 4.
- (c) *No Rights.* The purchase of Warrants does not confer on the Warranholder any right (whether in respect of voting, dividend or other distributions in respect of the Shares or otherwise) which the holder of a Share may have.

### 3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Warrants shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day.

### 4. Exercise of Warrants

- (a) *Exercise.* Warrants may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Warranholders shall not be required to deliver an exercise notice. Exercise of Warrants shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Warrants shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Warrants shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Warrants shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Warranholders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.
- (c) *Settlement.* In respect of Warrants which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Warranholder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Warranholder only (or, in the case of joint Warranholders, the first-named Warranholder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Warranholder and posted to the Warranholder’s address appearing in the records maintained by CDP (or, in the case of joint Warranholders, to the address of the first-named Warranholder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.
- (d) *CDP not liable.* CDP shall not be liable to any Warranholder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Warrants or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a “**Business Day**” shall be a day on which the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

## 5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Warrants are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Warranholders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Warranholders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Warranholders.

## 6. Adjustments

- (a) *Rights Issues.* If and whenever any of the Companies shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement that relates to the Share(s) of the Company making the Rights Offer will be adjusted to take effect on the Business Day following the last day on which Shares must be standing to the credit of a securities account with CDP so that the holder of such securities account would qualify for the Rights Offer in accordance with the following formula:-

$$\begin{array}{l} \text{Adjusted Entitlement} \\ \text{insofar as it relates to the Share(s)} \\ \text{of the Company making the} \\ \text{Rights Offer} \end{array} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:-

- E : Existing Entitlement insofar as it relates to the Share(s) of the Company making the Rights Offer immediately prior to the relevant event giving rise to the adjustment
- S : Cum-Rights Share price determined by the closing price on the Relevant Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis
- R : Subscription price per Share specified in the Rights Offer plus an amount equal to any dividends or other benefits forgone to exercise the Right
- M : Number of new shares (whether a whole or a fraction) per Share each holder of Shares is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, all as determined by the Issuer, then no adjustment shall be made to the Entitlement. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

For the purposes of these Conditions, “**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

- (b) *Bonus Issues.* If and whenever any of the Companies shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the relevant Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement shall be increased on the Business Day following the last day



on which Shares must be standing to the credit of a securities account with CDP so that the holder of such securities account would qualify for the Bonus Issue in accordance with the following formula:-

Adjusted Entitlement  
insofar as it relates to the Share(s) of =  $(1 + N) \times E$   
the Company making the Bonus Issue

Where:-

E : Existing Entitlement insofar as it relates to the Share(s) of the Company making the Bonus Issue immediately prior to the Bonus Issue

N : Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue

No adjustment of the Entitlement will be made (i) for a Bonus Issue with an intrinsic value of less than three per cent. of the market value of the Share(s) of the Company making the Bonus Issue on the last Business Day on which such Shares are traded on a cum-Bonus basis or (ii) if the adjustment to the Entitlement is less than one per cent. of the Entitlement immediately prior to the adjustment, all as determined by the Issuer. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

(c) *Share Splits or Consolidations.* If and whenever any of the Companies shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), the Entitlement insofar as it relates to the Share(s) of the Company making the Subdivision in effect immediately prior thereto shall be increased or the Entitlement insofar as it relates to the Share(s) of the Company making the Consolidation decreased accordingly, in each case, on the Business Day following the day on which the relevant Subdivision or Consolidation shall have taken effect. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

(d) *Merger or Consolidation.* If it is announced that any of the Companies:-

(i) is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation); or

(ii) is to or may sell or transfer all or substantially all of its assets,

then (except where that Company is the surviving corporation in a merger), the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation (as determined by the Issuer) of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) so that the Entitlement may, after such Restructuring Event, be adjusted to reflect the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (together the “**Substituted Securities**”) or cash offered in substitution for Share(s) (as the case may be) to which a holder of the number of Shares of the Company that has undergone the Restructuring Event which were included in the Entitlement immediately prior to the Restructuring Event would have been entitled upon such Restructuring Event.

Thereafter, in respect of the Shares of the Company that has undergone the Restructuring Event, the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the Settlement Currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares (whether of the Company that has undergone the Restructuring Event or of the other Companies) shall not be affected by this Condition 6(d) and, where cash is offered in substitution for the relevant Shares or is deemed to replace Substituted Securities as described above, references in these Conditions to such Shares shall include any such cash.

The Issuer may, without the consent of the Warrantholders, make such adjustments to the entitlements of Warrantholders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.

- (e) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion and notwithstanding any prior adjustment made pursuant to the above should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Warrantholders generally (without considering the circumstances of any individual Warrantholder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (f) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

## **7. Purchases**

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

## **8. Meetings of Warrantholders; Modification**

- (a) *Meetings of Warrantholders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Warrants or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Warrantholders.

Such a meeting may be convened by the Issuer or by Warrantholders holding not less than ten per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Warrants for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Warrantholders whatever the number of Warrants so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Warrantholders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Warrantholders, effect (i) any modification of the provisions of the Warrants or the Master Instrument which is not materially prejudicial to the interests of the Warrantholders or (ii) any modification of the provisions of the Warrants or the Master Instrument

which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Warrantheholders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

## 9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Warrantheholder or to which a Warrantheholder is entitled or which the Issuer shall have agreed to deliver to a Warrantheholder may be delivered by hand or sent by post addressed to the Warrantheholder at his address appearing in the records maintained by CDP or, in the case of joint Warrantheholders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Warrantheholder.
- (b) *Notices.* All notices to Warrantheholders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Warrant, give notice of the date of expiry of such Warrant in the manner prescribed above.

## 10. Liquidation

In the event of a liquidation or dissolution of all of the Companies or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of their undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation of the last Company to be so affected, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution of the last Company to be so affected, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of any of the Companies, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

## 11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Warrantheholders, to create and issue further warrants so as to form a single series with the Warrants, subject to the approval of the SGX-ST.

## 12. Delisting

- (a) *Delisting.* If at any time any of the Shares cease to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Warrantheholders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Warrantheholder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Adjustments.* Without prejudice to the generality of Condition 12(a), where any of the Shares are, or, upon delisting, become, listed on any other stock exchange, these Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Relevant Stock Exchange and the Issuer may, without the consent of the Warrantheholders, make such adjustments to the entitlements of Warrantheholders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.
- (c) *Issuer's Determination.* The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Warrantheholders save in the case

of manifest error. Notice of any adjustments or amendments shall be given to the Warrantholders in accordance with Condition 9 as soon as practicable after they are determined.

**13. Early Termination for Illegality and Force Majeure, etc.**

- (a) *Illegality and Force Majeure, etc.* If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Warrants has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Warrants for any reason, the Issuer may at its discretion and without obligation terminate the Warrants early by giving notice to the Warrantholders in accordance with Condition 9 and Condition 13(b).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

- (b) *Termination.* If the Issuer terminates the Warrants early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantholder in respect of each Warrant held by such holder equal to the fair market value of a Warrant notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 9.

**14. Governing Law**

The Warrants, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

**15. Prescription**

Claims against the Issuer for payment of any amount in respect of the Warrants will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Warrants shall be forfeited and shall revert to the Issuer.

**16. Contracts (Rights of Third Parties) Act 2001 of Singapore**

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Warrants. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

## TERMS AND CONDITIONS OF THE EUROPEAN STYLE INDEX CALL WARRANTS

### 1. Form, Status and Guarantee, Transfer and Title

- (a) *Form.* The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 10) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 14 June 2024, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
  - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Warrants.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Warrants (the “**Warrantholders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status and Guarantee.* The Warrants constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Warrants provide for cash settlement on exercise.

The due and punctual payment of any amounts due by the Issuer in respect of the Warrants issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;
- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Warrantholder under the terms of the Warrants, such Warrantholder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (c) *Transfer.* The Warrants are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Warrants in definitive form will not be issued. Transfers of Warrants may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Warrants, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) *Title.* Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Warrants shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Warrants, notwithstanding any notice to the contrary. The expression “**Warrantholder**” shall be construed accordingly.
- (e) *Bail-In.* By the acquisition of Warrants, each Warrantholder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Warrants) acknowledges, accepts, consents and agrees:
  - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Warrants, which may include and result in any of the following, or some combination thereof:
    - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
    - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Warrantholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Warrants, in which case the Warrantholder agrees to accept in lieu of its rights under the Warrants any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
    - (C) the cancellation of the Warrants; and/or
    - (D) the amendment or alteration of the expiration of the Warrants or amendment of the amounts payable on the Warrants, or the date on which the amounts become payable, including by suspending payment for a temporary period; andthat terms of the Warrants are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,  
(the “**Statutory Bail-In**”);
  - (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**Code**”):
    - (A) ranking:
      - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the Code;
      - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and
      - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and
    - (B) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and

- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Warrants will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Warrantheolders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Warrantheolders as if, in either case, the Warrants had been directly issued by the Guarantor itself and any Amount Due under the Warrants had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Warrants issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Warrants, the Issuer or the Guarantor will provide a written notice to the Warrantheolders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Warrants described above.

Neither a cancellation of the Warrants, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Warrants will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Warrantheolder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Warrantheolder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Warrantheolder.

For the purposes of this Condition:

**"Amounts Due"** means any amounts due by the Issuer under the Warrants.

**"Bail-In Power"** means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced,

cancelled, varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

“**MREL**” means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

“**Relevant Resolution Authority**” means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

## 2. **Warrant Rights and Exercise Expenses**

- (a) *Warrant Rights.* Every Exercise Amount of Warrants entitles each Warrantheader, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (if any) in the manner set out in Condition 4.
- (b) *Exercise Expenses.* Warrantheaders will be required to pay all charges which are incurred in respect of the exercise of the Warrants (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Warrantheaders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Warrantheaders in accordance with Condition 4.

## 3. **Expiry Date**

Unless automatically exercised in accordance with Condition 4(b), the Warrants shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

## 4. **Exercise of Warrants**

- (a) *Exercise.* Warrants may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Warrantheaders shall not be required to deliver an exercise notice. Exercise of Warrants shall be determined by the Closing Level of the Index. If the Closing Level of the Index is greater than the Strike Level and the Cash Settlement Amount (less any Exercise Expenses) is positive, all Warrants shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Warrants shall be paid in the manner set out in Condition 4(c) below. In the event the Closing Level of the Index is less than or equal to the Strike Level and the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Warrants shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Warrantheaders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.
- (c) *Settlement.* In respect of Warrants which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Warrantheader the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date (subject to extension upon the occurrence of a Market Disruption Event (as defined below)) by way of crossed cheque or other payment in immediately available funds drawn in favour of the Warrantheader only (or, in the case of joint Warrantheaders, the first-named Warrantheader) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Warrantheader and posted to the Warrantheader’s address appearing in the records maintained by CDP (or, in the case of joint Warrantheaders, to the address of the first-named Warrantheader appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.



If the Issuer determines, in its sole discretion, that on the Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Index Business Day (as defined below) on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Index Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date. In that case:-

- (i) that fifth Index Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that fifth Index Business Day but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence, on a Valuation Date, of any of:-

- (A) the suspension or limitation of the trading of a material number of securities/commodities from time to time comprising the Index; or
- (B) the suspension or limitation of the trading of securities/commodities (1) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) or the Relevant Stock Exchange or (2) generally; or
- (C) the suspension or limitation of the trading of (1) options or futures relating to the Index on any options or futures exchanges or (2) options or futures generally on any options and/or futures exchanges on which options relating to the Index are traded; or
- (D) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.

For the purposes of this definition, (aa) the limitation on the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any exchange, and (bb) a limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of the movements in price exceeding the levels permitted by any relevant exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the relevant exchange will constitute a Market Disruption Event.

- (d) *CDP not liable.* CDP shall not be liable to any Warrantholder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Warrants or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a “**Business Day**” shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore and an “**Index Business Day**” shall be a day on which the Index is published by the Index Sponsor or, as the case may be, the Successor Index Sponsor and where the Index closes at the normal trading hours.

## 5. **Warrant Agent**

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Warrants are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Warrantholders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Warrantholders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Warrantholders.

## 6. Adjustments to the Index

- (a) *Successor Sponsor Calculates and Reports Index.* If the Index is (i) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “**Successor Index Sponsor**”) acceptable to the Issuer or (ii) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the index so calculated and announced by the Successor Index Sponsor or that successor index, as the case may be.
- (b) *Modification and Cessation of Calculation of Index.* If:-
- (i) on or prior to the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock, contracts or commodities and other routine events); or
  - (ii) on the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and publish the Index,

then the Issuer shall determine the Closing Level using, in lieu of a published level for the Index, the level for the Index as at the Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities/commodities that comprised the Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the relevant exchange).

- (c) *Notice of Determinations.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholders. The Issuer will give, or procure that there is given, notice as soon as practicable of any determinations by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

## 7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

## 8. Meetings of Warrantholders; Modification

- (a) *Meetings of Warrantholders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Warrants or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days’ notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Warrantholders.

Such a meeting may be convened by the Issuer or by Warrantholders holding not less than ten per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Warrants for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Warrantholders whatever the number of Warrants so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Warrantholders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Warrantholders, effect (i) any modification of the provisions of the Warrants or the Master Instrument which is not materially prejudicial to the interests of the Warrantholders or (ii) any modification of the provisions of the Warrants or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Warrantholders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

## 9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Warrantholder or to which a Warrantholder is entitled or which the Issuer shall have agreed to deliver to a Warrantholder may be delivered by hand or sent by post addressed to the Warrantholder at his address appearing in the records maintained by CDP or, in the case of joint Warrantholders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Warrantholder.
- (b) *Notices.* All notices to Warrantholders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Warrant, give notice of the date of expiry of such Warrant in the manner prescribed above.

## 10. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Warrantholders, to create and issue further warrants so as to form a single series with the Warrants, subject to the approval of the SGX-ST.

## 11. Early Termination for Illegality and Force Majeure, etc.

- (a) *Illegality and Force Majeure, etc.* If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Warrants has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Warrants for any reason, the Issuer may at its discretion and without obligation terminate the Warrants early by giving notice to the Warrantholders in accordance with Condition 9 and Condition 11(b).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

- (b) *Termination.* If the Issuer terminates the Warrants early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantholder in respect of each Warrant held by such holder equal to the fair market value of a Warrant notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 9.

## 12. Governing Law

The Warrants, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

**13. Prescription**

Claims against the Issuer for payment of any amount in respect of the Warrants will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Warrants shall be forfeited and shall revert to the Issuer.

**14. Contracts (Rights of Third Parties) Act 2001 of Singapore**

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

*The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Equity Daily Leverage Certificates may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Equity Daily Leverage Certificates. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.*

## **TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES**

### **1. Form, Status and Guarantee, Transfer and Title**

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 14 June 2024, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
  - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the “**Certificate Holders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status and Guarantee.* The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;

- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (c) *Transfer*. The Certificates are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression “**Certificate Holder**” shall be construed accordingly.
- (e) *Bail-In*. By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:
  - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:
    - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
    - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
    - (C) the cancellation of the Certificates; and/or
    - (D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the “**Statutory Bail-In**”);
  - (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**Code**”):

- (A) ranking:
  - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the Code;
  - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and
  - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and
- (B) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and
- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself and any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each

Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

“**Amounts Due**” means any amounts due by the Issuer under the Certificates.

“**Bail-In Power**” means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

“**MREL**” means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

“**Relevant Resolution Authority**” means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

## 2. Certificate Rights and Exercise Expenses

- (a) *Certificate Rights.* Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The “**Cash Settlement Amount**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The “**Closing Level**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left( \frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

- (i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have



prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event.

**“Market Disruption Event”** means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

- (b) *Exercise Expenses.* Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the **“Exercise Expenses”**). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.
- (c) *No Rights.* The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

### 3. **Expiry Date**

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

### 4. **Exercise of Certificates**

- (a) *Exercise.* Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
- (c) *Settlement.* In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement

Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Settlement Business Days (as defined in the relevant Supplemental Listing Document and subject to extension upon the occurrence of a Settlement Disruption Event (as defined below)) following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

If the Issuer determines, in its sole discretion, that on any Settlement Business Day during the period of five Settlement Business Days following the Expiry Date a Settlement Disruption Event has occurred, such Settlement Business Day shall be postponed to the next Settlement Business Day on which the Issuer determines that the Settlement Disruption Event is no longer subsisting and such period shall be extended accordingly, provided that the Issuer and/or the Guarantor shall make their best endeavours to implement remedies as soon as reasonably practicable to eliminate the impact of the Settlement Disruption Event on its/their payment obligations under the Certificates and/or the Guarantee.

**"Settlement Disruption Event"** means the occurrence or existence of any malicious action or attempt initiated to steal, expose, alter, disable or destroy information through unauthorised access to, or maintenance or use of, the Computer Systems of the Issuer, the Guarantor, the Calculation Agent, their respective affiliates (the **"SG Group"**), their IT service providers, by (and without limitation) the use of malware, ransomware, phishing, denial or disruption of service or cryptojacking or any unauthorized entry, removal, reproduction, transmission, deletion, disclosure or modification preventing the Issuer, the Guarantor and/or the Calculation Agent to perform their obligations under the Certificates, and notwithstanding the implementation of processes, required, as the case may be, by the laws and regulations applicable to the Issuer, the Guarantor, the Calculation Agent and their affiliates, or their IT service providers to improve their resilience to these actions and attempts.

**"Computer System"** means all the computer resources including, in particular: hardware, software packages, software, databases and peripherals, equipment, networks, electronic installations for storing computer data, including Data. The Computer System shall be understood to be that which (i) belongs to the SG Group and/or (ii) is rented, operated or legally held by the SG Group under a contract with the holder of the rights to the said system and/or (iii) is operated on behalf of the SG Group by a third party within the scope of a contractual relationship and/or (iv) is made available to the SG Group under a contract within the framework of a shared system (in particular cloud computing).

**"Data"** means any digital information, stored or used by the Computer System, including confidential data.

- (d) *CDP not liable.* CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a **"Business Day"** shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

## 5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

## 6. Adjustments

- (a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.
- (b) *Definitions.* “**Potential Adjustment Event**” means any of the following:
  - (i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;
  - (ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a “spin-off” or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;
  - (iii) an extraordinary dividend;
  - (iv) a call by the Company in respect of the Underlying Stock that is not fully paid;
  - (v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
  - (vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a “poison pill” being distributed, or becoming separated from shares of common stock or

other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

- (vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.
- (c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:
- (i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;
  - (ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or
  - (iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the “**Option Reference Source**”) make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

- (d) *Definitions.* “**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from

transferring them. “**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. “**Merger Event**” means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. “**Nationalisation**” means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. “**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

- (e) *Subdivision or Consolidation of the Certificates.* The Issuer reserves the right to subdivide or consolidate the Certificates, provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction) and subject to the approval of the SGX-ST.
- (f) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (g) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

## 7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

## 8. Meetings of Certificate Holders; Modification

- (a) *Meetings of Certificate Holders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

## 9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

- (b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

## **10. Liquidation**

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

## **11. Further Issues**

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

## **12. Delisting**

- (a) *Delisting.* If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Issuer's Determination.* The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

## **13. Early Termination**

- (a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(e).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

“**Regulatory Event**” means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the “**Relevant Affiliates**” and each of the Issuer, Société Générale and the Relevant Affiliates, a “**Relevant Entity**”) that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer’s obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer’s obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer’s obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer’s obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer’s capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

“**Change in law**” means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

- (b) *Early Termination for Holding Limit Event.* The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(e) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:



“**Holding Limit Event**” means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

- (c) *Early Termination for Hedging Disruption.* If the Issuer or any of its affiliates is, following commercially reasonable efforts, not in the position (i) to enter, re-enter, replace, maintain, liquidate, acquire or dispose of any Hedge Positions (as defined below) or (ii) to freely realize, recover, receive, repatriate, remit, regain or transfer the proceeds of any Hedge Position (where either (i) or (ii) shall constitute a "Hedging Disruption"), the Issuer may terminate the Certificates early in accordance with Condition 13(e) provided that the intrinsic value on the previous trading day of the relevant Certificate is at or above the Issue Price. The Issuer’s decision on whether a Hedging Disruption has occurred is final and conclusive. For the avoidance of doubt, Hedging Disruptions shall include the scenario where any Hedge Position cannot be maintained up to the amount necessary to cover all of the Issuer’s obligations under the Certificates.

For the purposes hereof, “**Hedge Positions**” means any one or more commercially reasonable (i) positions (including long or short positions) or contracts in, or relating to, securities, options, futures, other derivatives contracts or foreign exchange, (ii) stock loan or borrowing transactions or (iii) other instruments, contracts, transactions or arrangements (howsoever described) that the Issuer or any of its affiliates determines necessary to hedge, individually or on a portfolio basis, any risk (including, without limitation, market risk, price risk, foreign exchange risk and interest rate risk) in relation to the assumption and fulfilment of the Issuer’s obligations under the Certificates.

- (d) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer’s sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(e) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.
- (e) *Termination.* If the Issuer terminates the Certificates early, the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The determination of the fair market value may deviate from the determination of the Cash Settlement Amount under different scenarios, including but not limited to, where (i) the Daily Reset (as defined in the relevant Supplemental Listing Document) mechanism is suspended and/or (ii) the Final Reference Level is determined based on the closing price of the Underlying Stock on multiple Underlying Stock Business Days or Exchange Business Days, as the case may be. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

#### **14. Substitution of the Issuer**

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the “**Substituted Obligor**”), it shall give at least 90 days’ notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

#### **15. Governing Law**

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

#### **16. Prescription**

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

#### **17. Contracts (Rights of Third Parties) Act 2001 of Singapore**

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Index Daily Leverage Certificates may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Index Daily Leverage Certificates. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

## TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES

### 1. Form, Status and Guarantee, Transfer and Title

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 10) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 14 June 2024, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
  - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the “**Certificate Holders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status and Guarantee.* The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;
- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (c) *Transfer.* The Certificates are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) *Title.* Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression “**Certificate Holder**” shall be construed accordingly.
- (e) *Bail-In.* By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:
  - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:
    - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
    - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
    - (C) the cancellation of the Certificates; and/or
    - (D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; andthat terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,  
(the “**Statutory Bail-In**”);
  - (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**Code**”):
    - (A) ranking:
      - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the Code;
      - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and
      - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and
    - (B) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and

- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself and any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

**"Amounts Due"** means any amounts due by the Issuer under the Certificates.

**"Bail-In Power"** means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled,

varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

“**MREL**” means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

“**Relevant Resolution Authority**” means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

## 2. Certificate Rights and Exercise Expenses

- (a) *Certificate Rights.* Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (if any) in the manner set out in Condition 4.

The “**Cash Settlement Amount**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The “**Closing Level**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left( \frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

- (b) *Exercise Expenses.* Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

## 3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

## 4. Exercise of Certificates

- (a) *Exercise.* Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by the Closing Level. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
- (c) *Settlement.* In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Settlement Business Days (as defined in the relevant Supplemental Listing Document and subject to extension upon the occurrence of a Settlement Disruption

Event (as defined below)) following the Expiry Date (subject to extension upon the occurrence of a Market Disruption Event (as defined below)) by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

If the Issuer determines, in its sole discretion, that on any Settlement Business Day during the period of five Settlement Business Days following the Expiry Date a Settlement Disruption Event has occurred, such Settlement Business Day shall be postponed to the next Settlement Business Day on which the Issuer determines that the Settlement Disruption Event is no longer subsisting and such period shall be extended accordingly, provided that the Issuer and/or the Guarantor shall make their best endeavours to implement remedies as soon as reasonably practicable to eliminate the impact of the Settlement Disruption Event on its/their payment obligations under the Certificates and/or the Guarantee.

**“Settlement Disruption Event”** means the occurrence or existence of any malicious action or attempt initiated to steal, expose, alter, disable or destroy information through unauthorised access to, or maintenance or use of, the Computer Systems of the Issuer, the Guarantor, the Calculation Agent, their respective affiliates (the **“SG Group”**), their IT service providers, by (and without limitation) the use of malware, ransomware, phishing, denial or disruption of service or cryptojacking or any unauthorized entry, removal, reproduction, transmission, deletion, disclosure or modification preventing the Issuer, the Guarantor and/or the Calculation Agent to perform their obligations under the Certificates, and notwithstanding the implementation of processes, required, as the case may be, by the laws and regulations applicable to the Issuer, the Guarantor, the Calculation Agent and their affiliates, or their IT service providers to improve their resilience to these actions and attempts.

**“Computer System”** means all the computer resources including, in particular: hardware, software packages, software, databases and peripherals, equipment, networks, electronic installations for storing computer data, including Data. The Computer System shall be understood to be that which (i) belongs to the SG Group and/or (ii) is rented, operated or legally held by the SG Group under a contract with the holder of the rights to the said system and/or (iii) is operated on behalf of the SG Group by a third party within the scope of a contractual relationship and/or (iv) is made available to the SG Group under a contract within the framework of a shared system (in particular cloud computing).

**“Data”** means any digital information, stored or used by the Computer System, including confidential data.

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Index Business Day (as defined below) on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Index Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

- (i) that fifth Index Business Day shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Index Business Day but for the Market Disruption Event.

**“Market Disruption Event”** means the occurrence or existence of any of:-

- (A) the suspension or limitation of the trading of a material number of securities/commodities from time to time comprising the Underlying Reference Index or the PR Index, as the case may be; or

- (B) the suspension or limitation of the trading of securities/commodities (1) on the Singapore Exchange Securities Trading Limited (“SGX-ST”) or the Relevant Stock Exchange or (2) generally; or
- (C) the suspension or limitation of the trading of (1) options or futures relating to the Underlying Reference Index or the PR Index, as the case may be, on any options or futures exchanges or (2) options or futures generally on any options and/or futures exchanges on which options relating to the Underlying Reference Index or the PR Index, as the case may be, are traded; or
- (D) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount; or
- (E) failure from the Index Sponsor or the Underlying Reference Index Sponsor, as the case may be, to compute, publish and disseminate the level of the Index or the PR Index or the Underlying Reference Index, as the case may be, or material limitation to access the level of the PR Index or Index or the Underlying Reference Index, as the case may be.

For the purposes of this definition, (aa) the limitation on the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any exchange, and (bb) a limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of the movements in price exceeding the levels permitted by any relevant exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the relevant exchange will constitute a Market Disruption Event.

- (d) *CDP not liable.* CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a “**Business Day**” shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore and an “**Index Business Day**” shall be a day on which the Leveraged Index or the Index, as the case may be, is published by the Index Sponsor or, as the case may be, the Successor Index Sponsor (as defined below) and where the Leveraged Index or the Index closes at the normal trading hours.

## 5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

## 6. Adjustments

- (a) *Successor Sponsor Calculates and Reports Leveraged Index, Underlying Reference Index, Index or PR Index.* If the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, is (i) not calculated and announced by the relevant Index Sponsor but is calculated and published by a successor to the relevant Index Sponsor (the “**Successor Index Sponsor**”) acceptable to the Issuer or (ii) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, then the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, will be deemed to be the index so calculated and announced by the relevant Successor Index Sponsor or that successor index, as the case may be.



(b) *Modification and Cessation of Calculation of the Leveraged Index/Underlying Reference Index/Index/PR Index. If:-*

- (i) on or prior to the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor makes a material change in the formula for or the method of calculating the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, or in any other way materially modifies the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, (other than a modification prescribed in that formula or method to maintain the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, in the event of changes in constituent stock, contracts or commodities and other routine events); or
- (ii) on the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and publish the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be,

then the Issuer shall determine the Final Reference Level using, in lieu of a published level for the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, the level for the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, as at the Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, last in effect prior to that change or failure, but using only those securities/commodities that comprised the Underlying Reference Index or the PR Index, as the case may be, immediately prior to that change or failure (other than those securities that have since ceased to be listed on the relevant exchange).

- (c) *FRTB Event.* Where a FRTB Event (as defined below) occurs, if the Certificates are not terminated in accordance with Condition 11, the Calculation Agent may substitute the affected index with an index determined by the Calculation Agent as being similar to the benchmark of the affected index or, in the absence of benchmark for the affected index as having an investment strategy similar to the investment strategy of the affected index.

For the purposes of this Condition:

**“FRTB Event”** means, if the index components of the Leveraged Index, the Underlying Reference Index, the Index or the PR Index comprise, without limitation, one or more securities that are units of trusts or funds, in respect of such units, from 1 January 2023, the trust or the trust service provider, or the fund or the fund service provider (a) does not make publicly available on a voluntary basis or as the case may be, as required by applicable laws and regulations, the FRTB Information and (b) in breach of a bilateral agreement with the Issuer and/or any of its affiliates, if any, does not provide the Issuer and/or any of its affiliates with the FRTB Information and as a consequence, the Issuer or any of its affiliates would incur materially increased (as compared with circumstances existing on the Issue Date of the Certificates) capital requirements pursuant to the Fundamental Review of the Trading Book as implemented into French law, in holding such units.

**“FRTB Information”** means sufficient information, including relevant sensitivities, in a processable format to enable the Issuer and/or any of its affiliates, as a holder of units of a trust or a fund to calculate its market risk in relation thereto as if it were holding directly the assets of such trust or fund.

- (d) *Subdivision or Consolidation of the Certificates.* The Issuer reserves the right to subdivide or consolidate the Certificates, provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction) and subject to the approval of the SGX-ST.
- (e) *Notice of Determinations.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any determinations by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

## 7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

## 8. Meetings of Certificate Holders; Modification

- (a) *Meetings of Certificate Holders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

## 9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.
- (b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

## 10. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

## 11. Early Termination

- (a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 11(e).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

“**Regulatory Event**” means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the “**Relevant Affiliates**” and each of the Issuer, Société Générale and the Relevant Affiliates, a “**Relevant Entity**”) that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer’s obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer’s obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer’s obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer’s obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer’s capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

“**Change in law**” means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

- (b) *Early Termination for not being able to find a successor to the Index Sponsor or a successor to the Leveraged Index or the Index, as the case may be.* If (i) the Index Sponsor is not able to calculate and

announce the Leveraged Index or the Index, as the case may be, and the Issuer is not able to find an acceptable successor to the Index Sponsor or (ii) the Leveraged Index or the Index, as the case may be, becomes unavailable and the Issuer is not able to find a successor to the Leveraged Index or the Index, the Issuer may at its sole discretion and without obligation terminate the Certificates in accordance with Condition 11(e).

- (c) *Early Termination for Holding Limit Event and FRTB Event.* The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 11(e) where a Holding Limit Event (as defined below) or FRTB Event occurs.

For the purposes of this Condition:

“**Holding Limit Event**” means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in one or more index components of the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of such index component(s), of such index component(s) in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

- (d) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer’s sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 11(e) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.
- (e) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

## 12. Substitution of the Issuer

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the “**Substituted Obligor**”), it shall give at least 90 days’ notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

### **13. Governing Law**

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

### **14. Prescription**

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

### **15. Contracts (Rights of Third Parties) Act 2001 of Singapore**

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Equity Structured Certificates may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Equity Structured Certificates. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

## TERMS AND CONDITIONS OF THE EUROPEAN STYLE STRUCTURED CERTIFICATES

### 1. Form, Status and Guarantee, Transfer and Title

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 14 June 2024, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
  - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The Certificate Holders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status and Guarantee.* The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions) and, in particular, the Certificates will not be secured by the Underlying Stock. If the Cash Settlement Amount (as defined in the relevant Supplemental Listing Document) is positive, the Certificate Holders will receive the Cash Settlement Amount or, in lieu of the aggregate Cash Settlement Amount, the Physical Settlement Stock (as defined below) together with the Cash Residual Amount (as defined in the relevant Supplemental Listing Document) (if any), as the case may be, in accordance with these Conditions.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;
- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;

- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (c) *Transfer.* The Certificates are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) *Title.* Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression “**Certificate Holder**” shall be construed accordingly.
- (e) *Bail-In.* By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:
  - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:
    - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
    - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
    - (C) the cancellation of the Certificates; and/or
    - (D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator, (the “**Statutory Bail-In**”);
  - (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**Code**”):
    - (A) ranking:
      - (1) junior to liabilities of the Guarantor benefiting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the Code;

- (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and
- (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and
- (B) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and
- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself and any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder. For the purposes of this Condition:

**"Amounts Due"** means any amounts due by the Issuer under the Certificates.



“**Bail-In Power**” means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

“**MREL**” means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

“**Relevant Resolution Authority**” means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

## 2. Certificate Rights and Exercise Expenses

- (a) *Certificate Rights*. Every Certificate entitles each Certificate Holder to (i) (in the event the Cash Settlement Amount is positive) the Cash Settlement Amount or, in lieu of the aggregate Cash Settlement Amount, the Physical Settlement Stock together with the Cash Residual Amount (if any), as the case may be, upon due exercise and on compliance with Condition 4 and (ii) Distribution(s) (as defined in the relevant Supplemental Listing Document) (if applicable and if any), in the manner set out in **Condition 4**.

“**Physical Settlement Stock**” refers to, in respect of a Physical Delivery Lot (as defined in the relevant Supplemental Listing Document) of the Certificates to which the Physical Settlement (as defined below) is applicable, the number of the Underlying Stock to be delivered by the Issuer by the Physical Settlement Date (as defined in the relevant Supplemental Listing Document) to a Physical Delivery Agent (as specified in the relevant Supplemental Listing Document) and equal to (a) the Cash Settlement Amount (less any Exercise Expenses) multiplied by the Physical Delivery Lot; (b) divided by the Closing Price (as defined in the relevant Supplemental Listing Document) multiplied by the Exchange Rate (as defined in the relevant Supplemental Listing Document), rounded down to the nearest integer number of the Underlying Stock.

If the Issuer determines, in its sole discretion, that on the Valuation Date (as defined in the relevant Supplemental Listing Document), any Observation Date (as defined in the relevant Supplemental Listing Document) (if applicable) or any Knock-in Observation Date (as defined in the relevant Supplemental Listing Document) (if applicable), a Market Disruption Event (as defined below) has occurred, then the Valuation Date, such Observation Date or such Knock-in Observation Date shall be postponed until the first succeeding Exchange Business Day (as defined in the relevant Supplemental Listing Document) on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date, an Observation Date or a Knock-in Observation Date. In that case:-

- (i) that fifth Exchange Business Day shall be deemed to be the Valuation Date, the Observation Date or the Knock-in Observation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on that fifth Exchange Business Day but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence on the Valuation Date, any Observation Date or any Knock-in Observation Date of (i) any suspension of trading in the Underlying Stock on the Relevant Stock Exchange for the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading in the Underlying Stock (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public

disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange for the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange for the Underlying Stock or a disruption to trading on the Relevant Stock Exchange for the Underlying Stock if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

- (b) *Exercise Expenses.* Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the aggregate Cash Settlement Amount in accordance with **Condition 4**. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the aggregate Cash Settlement Amount prior to the date of payment of the aggregate Cash Settlement Amount to the Certificate Holders in accordance with **Condition 4**.
- (c) *No Rights.* The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

### 3. Expiry Date

Unless automatically exercised in accordance with **Condition 4(c)**, the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or the Early Expiry Date, as the case may be, or if the Expiry Date or the Early Expiry Date, as the case may be, is not a Business Day (as defined below), the immediately following Business Day.

### 4. Exercise of Certificates

- (a) *Exercise.* Certificates may only be exercised on the Expiry Date or the Early Expiry Date, as the case may be, or if the Expiry Date or the Early Expiry Date, as the case may be, is not a Business Day, the immediately following Business Day, in accordance with **Condition 4(c)**.
- (b) *Cash / Physical Settlement.*
  - (i) *Cash Settlement.* Unless the Issuer physically settles the Certificates in accordance with these Conditions, all the Certificates will be cash settled (the “**Cash Settlement**”) in accordance with **Condition 4(c)(i)**. The Certificates may only be exercised and cash settled in Board Lots or integral multiples thereof.
  - (ii) *Physical Settlement*
    - (I) *Issuer’s discretion.* If a Physical Settlement Event (as defined in the relevant Supplemental Listing Document) occurs, the Issuer shall be entitled (but not obliged) to physically settle the Certificates deposited in the securities accounts designated by the Physical Delivery Agents, in respect of which the Physical Delivery Agents have delivered to the Issuer an authorisation of physical settlement (the “**Physical Settlement Authorisation**”), in accordance with **Condition 4(c)(ii)** (the “**Physical Settlement**”).

Without prejudice to the generality of the foregoing, the Issuer may determine that the Certificates in respect of which a Physical Settlement Authorisation has been provided shall not be physically settled where:

- (A) no Physical Settlement Event has occurred; and/or
- (B) the delivery of the Physical Settlement Stock to the Physical Delivery Agents and/or the Onboarded Investors may infringe any applicable law, regulation or rule or necessitate compliance with conditions or requirements which the Issuer, in its absolute discretion, determines to be onerous or impracticable by reason of costs, delay or otherwise.

For the avoidance of doubt, in the event the Issuer determines that the relevant Certificates shall not be physically settled, such Certificates shall be cash settled in accordance with **Condition 4(c)(i)**.

- (II) **Pre-Condition to issuing the Election Notice.** Only the Onboarded Investors (as defined below) who complete the Onboarding (as defined below) by no later than the Onboarding Completion Date are entitled to issue the Election Notice in accordance with **Condition 4(b)(ii)(III)** below.

To issue an Election Notice, investors other than the Onboarded Investors (the “**Other Investors**”), being the Certificate Holders who hold the Certificates in their direct securities accounts with CDP and investors who hold the Certificates through nominees other than the Physical Delivery Agents, are required to:

- (A) by no later than the Onboarding Application Date, submit an application to the Physical Delivery Agent to open an account with it; and
- (B) transfer, or procure the transfer of, the relevant Certificates to the Physical Delivery Agent such that the relevant Certificates are held through the Physical Delivery Agent by no later than the Onboarding Completion Date,
- (the foregoing, the “**Onboarding**”).

For the avoidance of doubt, the Physical Delivery Agent has sole and absolute discretion to determine all matters relating to Onboarding. Onboarding will not complete and the Other Investors will not be entitled to deliver the Election Notice to the Physical Delivery Agent if, among others:

- (1) the Physical Delivery Agent rejects the Other Investor’s application to open an account with it for whatsoever reason;
- (2) by the Onboarding Completion Date, the Physical Delivery Agent does not establish business relations with the Other Investor for any reason;
- (3) the requisite requirements prescribed by the Physical Delivery Agent for the delivery of the Physical Settlement Stock (including, without limitation, the deposit of the relevant Certificates into the securities account designated by the Physical Delivery Agent by the Onboarding Completion Date) have not been fulfilled; or
- (4) the delivery of the Physical Settlement Stock to the Other Investors may infringe any applicable law, regulation or rule or necessitate compliance with conditions or requirements which the Physical Delivery Agent, in its absolute discretion, determines to be onerous or impracticable by reason of costs, delay or otherwise.
- (III) *Election Notice.* Investors who maintain an account with the Physical Delivery Agent and hold the Certificates through the Physical Delivery Agents (the “**Onboarded Investors**”) may, by delivering an irrevocable Election Notice (as defined in the relevant Supplemental Listing Document) to a Physical Delivery Agent on or before the Election Notice Date (as specified in the relevant Supplemental Listing Document) in respect of the Exercise Amount of the Certificates, direct the Physical Delivery Agent to deliver to the Issuer the Physical Settlement Authorisation in respect of such Certificates.

No Election Notice shall be accepted after the Election Notice Date and the Certificates in respect of which no valid Election Notice has been received shall be cash settled in accordance with **Condition 4(c)(i)**.

The Election Notice shall:

- (A) declare and confirm that the Onboarded Investor:
  - (I) has complied with all requirements prescribed by the Physical Delivery Agent for the purposes of facilitating the Physical Settlement; and;
  - (II) directs the Physical Delivery Agent to deliver to the Issuer the Physical Settlement Authorisation in respect of the relevant Certificates;
- (B) specify the name and contact details of the Onboarded Investor and the Exercise Amount in respect of which the Physical Delivery Agent is entitled to deliver the Physical Settlement Authorisation;
- (C) acknowledge and agree that unless otherwise approved in writing by the Physical Delivery Agent, the Onboarded Investor shall not be entitled to transfer or otherwise deal with the Certificates in respect of which the Election Notice is given with effect from the date of the Election Notice up to the Expiry Date;
- (D) declare and confirm that the Onboarded Investor's receipt of the Physical Settlement Stock and the Cash Residual Amount (if any) will not infringe any applicable law, regulation or rule; and
- (E) declare that the information set out in the Election Notice is correct and authorise the Issuer, the Physical Delivery Agent and CDP to act and rely on such information.

Any determination as to whether an Election Notice is duly completed, validly delivered and in proper form shall be made by the Physical Delivery Agent in its sole and absolute discretion and shall be conclusive and binding on the Onboarded Investor. Without limiting the generality of the Physical Delivery Agent's discretion, the Physical Delivery Agent may regard any Election Notice invalid if (i) the person issuing the Election Notice is not an Onboarded Investor, (ii) the number of Certificates credited to the Onboarded Investor's securities sub-account with the Physical Delivery Agent is less than the Exercise Amount, (iii) any information, confirmation or declaration in the Election Notice is found to be untrue or incorrect or (iv) the submission of the Election Notice is not performed in compliance with these Conditions. The Physical Delivery Agent shall be authorised and entitled, in its sole and absolute discretion, to reject any Election Notice which it deems to be incomplete, invalid or not in proper form and any such rejected Election Notice shall be null and void. If such Election Notice is subsequently corrected to the satisfaction of the Physical Delivery Agent, it shall be deemed to be a new Election Notice submitted at the time such correction was delivered to the Physical Delivery Agent. For the avoidance of doubt, the Physical Delivery Agent also reserves the right to treat any Election Notice which is incomplete, invalid or not in proper form as valid.

Upon receipt of a valid Election Notice, the Physical Delivery Agent shall deliver to the Issuer the Physical Settlement Authorisation in respect of such Certificates unless the delivery of the Physical Settlement Stock to the Onboarded Investors may infringe any applicable law, regulation or rule or necessitate compliance with conditions or requirements which the Physical Delivery Agent, in its absolute discretion, determines to be onerous or impracticable by reason of costs, delay or otherwise.

- (c) *Automatic Exercise.* Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive.

If the aggregate Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or the Early Expiry Date, as the case may be, or if the Expiry Date or the Early Expiry Date, as the case may be, is not a Business Day, the immediately following Business Day. In such a case:

- (i) if and to the extent the Cash Settlement applies, the aggregate Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in **Condition 4(d(i)(A))** below; and
- (ii) if and to the extent the Physical Settlement applies, the Physical Settlement Stock together with the Cash Residual Amount (if any) shall be delivered and paid in the manner set out in **Condition 4(d(i)(B))** below.

In the event the aggregate Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or the Early Expiry Date, as the case may be, or if the Expiry Date or the Early Expiry Date, as the case may be, is not a Business Day, the immediately following Business Day, and Certificate Holders shall not be entitled to receive any payment (other than the Distribution(s) (if applicable and if any)) from the Issuer in respect of the Certificates.

(d) *Settlement.*

- (i) In respect of Certificates which are automatically exercised in accordance with **Condition 4(c)**:
  - (A) If and to the extent the Cash Settlement applies, the Issuer will pay to the relevant Certificate Holder appearing in the records maintained by CDP a cash amount per Certificate equal to the aggregate Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than three Business Days following the Expiry Date or two Business Days following the Early Expiry Date, as the case may be (the “**Cash Settlement Date**”) (subject to extension upon the occurrence of a Cyber-attack Disruption Event (as defined below)), by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP.

If the Issuer determines, in its sole discretion, that on any Business Day during the period of three Business Days following the Expiry Date or two Business Days following the Early Expiry Date a Cyber-attack Disruption Event has occurred, such Business Day shall be postponed to the next Business Day on which the Issuer determines that the Cyber-attack Disruption Event is no longer subsisting and such period shall be extended accordingly, provided that the Issuer and/or the Guarantor shall make their best endeavours to implement remedies as soon as reasonably practicable to eliminate the impact of the Cyber-attack Disruption Event on its/their payment obligations under the Certificates and/or the Guarantee.

“**Cyber-attack Disruption Event**” means the occurrence or existence of any malicious action or attempt initiated to steal, expose, alter, disable or destroy information through unauthorised access to, or maintenance or use of, the Computer Systems of the Issuer, the Guarantor, their respective affiliates (the “**SG Group**”), their IT service providers, by (and without limitation) the use of malware, ransomware, phishing, denial or disruption of service or cryptojacking or any unauthorized entry, removal, reproduction, transmission, deletion, disclosure or modification preventing the Issuer and/or the Guarantor to perform their obligations under the Certificates, and notwithstanding the implementation of processes, required, as the case may be, by the laws and regulations applicable to the Issuer, the Guarantor and their affiliates, or their IT service providers to improve their resilience to these actions and attempts.

“**Computer System**” means all the computer resources including, in particular: hardware, software packages, software, databases and peripherals, equipment, networks, electronic

installations for storing computer data, including Data. The Computer System shall be understood to be that which (i) belongs to the SG Group and/or (ii) is rented, operated or legally held by the SG Group under a contract with the holder of the rights to the said system and/or (iii) is operated on behalf of the SG Group by a third party within the scope of a contractual relationship and/or (iv) is made available to the SG Group under a contract within the framework of a shared system (in particular cloud computing).

“**Data**” means any digital information, stored or used by the Computer System, including confidential data.

- (B) If and to the extent the Physical Settlement applies, subject as provided below in the case of a Settlement Disruption Event (as defined below), with respect to each Physical Delivery Lot comprised in the Exercise Amount, the Issuer will no later than the Physical Settlement Date and the Cash Settlement Date respectively, deliver and pay, or procure the delivery and payment of, the Physical Settlement Stock and the Cash Residual Amount (if any) to the Physical Delivery Agent.

The delivery and payment of the Physical Settlement Stock and the Cash Residual Amount (if any) by the Issuer to the Physical Delivery Agent in accordance with these Conditions shall represent full and final discharge of the Issuer’s obligations under the Certificates, and in no event shall any person who has delivered the Election Notice to the Physical Delivery Agent in respect of the Certificates to which the Physical Settlement applies have any claim and demand against the Issuer.

If a Settlement Disruption Event exists on any Exchange Business Day from and including the Expiry Date to and including the Physical Settlement Date, the Physical Settlement Date shall be postponed by the number of Exchange Business Days for which there has been a Settlement Disruption Event unless a Settlement Disruption Event prevents settlement on each of the seven Exchange Business Days immediately following the original date that, but for the Settlement Disruption Event, would have been a Physical Settlement Date. In that case: (i) if the Underlying Stock can be delivered in any other commercially reasonable manner on the seventh Exchange Business Day immediately following the original Physical Settlement Date then they shall so be delivered; and (ii) if the Underlying Stock cannot be delivered in any other commercially reasonable manner, the Issuer may in its sole and absolute discretion determine that (A) the Physical Settlement Date shall be postponed until settlement can reasonably be effected under this Condition or in any other commercially reasonable manner or (B) the Underlying Stock shall be sold in such manner and at such prices as the Issuer determines to be appropriate in its absolute discretion and the net proceeds of such sale (less all costs and expenses) shall be paid to the relevant Certificate Holders no later than five Business Days following such determination.

“**Settlement Disruption Event**” means a Cyber-attack Disruption Event or an event beyond the control of the Issuer as a result of which (A) it is unable to deliver the Underlying Stock owing to the suspension of, or a material limitation on, trading in or settlement of the Underlying Stock or a general suspension of, or a material limitation on, trading on the Relevant Stock Exchange or (B) otherwise a transfer of the Underlying Stock cannot be effected through the relevant settlement system.

If, as a result of a Settlement Disruption Event, (A) it is not possible for the Issuer to deliver or procure the delivery of the Underlying Stock to the relevant Certificate Holders, all as set out above, on or before the original Physical Settlement Date or (B) the Issuer determines that the relevant Certificates shall be cash settled, the Issuer shall procure that the relevant Certificate Holders are notified (in accordance with Condition 9) of the postponement of the Physical Settlement Date or the cash settlement of the relevant Certificates, as the case may be.

- (ii) In respect of Certificates under which there is any Distribution payable, the Issuer will pay to the relevant Certificate Holder the Distribution(s) in the Settlement Currency. The aggregate Distribution shall be despatched on the relevant Distribution Payment Date or on or before the

Cash Settlement Date, as the case may be, by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP.

- (iii) Any payment made pursuant to this **Condition 4(i)** and **Condition 4(ii)** shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the aggregate Cash Settlement Amount is equal to or less than the determined Exercise Expenses and no Distribution is payable, no amount is payable.
- (e) *CDP not liable.* CDP shall not be liable to any Certificate Holder, any Onboarded Investor or any Other Investor with respect to any action taken or omitted to be taken by the Issuer, the Physical Delivery Agents and/or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.
- (f) *Business Day.* In these Conditions, a "**Business Day**" shall be a day on which the Singapore Exchange Securities Trading Limited ("**SGX-ST**") is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

## 5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

## 6. Adjustments

- (a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.
- (b) *Definitions.* "**Potential Adjustment Event**" means any of the following:
  - (i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;
  - (ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

- (iii) an extraordinary dividend;
  - (iv) a call by the Company in respect of the Underlying Stock that is not fully paid;
  - (v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
  - (vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a “poison pill” being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or
  - (vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.
- (c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:
- (i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;
  - (ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or
  - (iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the “**Option Reference Source**”) make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action is in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

- (d) *Definitions.* “**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from



transferring them. “**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. “**Merger Event**” means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. “**Nationalisation**” means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. “**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

- (e) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (f) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

## 7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

## 8. Meetings of Certificate Holders; Modification

- (a) *Meetings of Certificate Holders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders, whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

## **9. Notices**

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.
- (b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least five weeks prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

## **10. Liquidation**

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

## **11. Further Issues**

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

## 12. Delisting

- (a) *Delisting.* If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Issuer's Determination.* The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

## 13. Early Termination

- (a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

**“Regulatory Event”** means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the **“Relevant Affiliates”** and each of the Issuer, Société Générale and the Relevant Affiliates, a **“Relevant Entity”**) that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

**“Change in law”** means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation

or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

- (b) *Early Termination for Holding Limit Event.* The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:

“**Holding Limit Event**” means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

- (c) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer’s sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(d) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.
- (d) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

#### 14. **Substitution of the Issuer**

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the “**Substituted Obligor**”), it shall give at least 90 days’ notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the

Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

**15. Governing Law**

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

**16. Prescription**

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date or the Early Expiry Date, as the case may be, and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

**17. Contracts (Rights of Third Parties) Act 2001 of Singapore**

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Index Structured Certificates may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Index Structured Certificates. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

## TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED INDEX STRUCTURED CERTIFICATES

### 1. Form, Status and Guarantee, Transfer and Title

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 10) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 14 June 2024, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
  - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the “**Certificate Holders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status and Guarantee.* The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;
- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (c) *Transfer.* The Certificates are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) *Title.* Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression “**Certificate Holder**” shall be construed accordingly.
- (e) *Bail-In.* By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:
  - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:
    - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
    - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
    - (C) the cancellation of the Certificates; and/or
    - (D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; andthat terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,  
  
(the “**Statutory Bail-In**”);
  - (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**Code**”):
    - (A) ranking:
      - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the Code;
      - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and
      - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and
    - (B) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and

- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself and any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

**"Amounts Due"** means any amounts due by the Issuer under the Certificates.

**"Bail-In Power"** means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.



“**MREL**” means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

“**Relevant Resolution Authority**” means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

## 2. Certificate Rights and Exercise Expenses

- (a) *Certificate Rights.* Every Certificate entitles each Certificate Holder to payment by the Issuer of (i) the Cash Settlement Amount (as defined in the relevant Supplemental Listing Document) (if any) upon due exercise and on compliance with Condition 4 and (ii) Distribution(s) (as defined in the relevant Supplemental Listing Document) (if applicable and if any), in the manner set out in Condition 4.

If the Issuer determines, in its sole discretion, that on the Valuation Date (as defined in the relevant Supplemental Listing Document), any Observation Date (as defined in the relevant Supplemental Listing Document) (if applicable) or any Knock-in Observation Date (as defined in the relevant Supplemental Listing Document) (if applicable), a Market Disruption Event (as defined below) has occurred, then the Valuation Date, such Observation Date or such Knock-in Observation Date shall be postponed until the first succeeding Index Business Day (as defined in the relevant Supplemental Listing Document) on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Index Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date, an Observation Date or a Knock-in Observation Date. In that case:-

- (i) that fifth Index Business Day shall be deemed to be the Valuation Date, the Observation Date or the Knock-in Observation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the closing level on the basis of its good faith estimate of the closing level that would have prevailed on that fifth Index Business Day but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence of any of:-

- (A) the suspension or limitation of the trading of a material number of securities/commodities from time to time comprising the Index; or
- (B) the suspension or limitation of the trading of securities/commodities (1) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) or the Relevant Stock Exchange or (2) generally; or
- (C) the suspension or limitation of the trading of (1) options or futures relating to the Index on any options or futures exchanges or (2) options or futures generally on any options and/or futures exchanges on which options relating to the Index are traded; or
- (D) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount; or
- (E) failure from the Index Sponsor to compute, publish and disseminate the level of the Index, or material limitation to access the level of the Index.

For the purposes of this definition, (aa) the limitation on the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any exchange, and (bb) a limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of the movements in price exceeding the levels permitted by any relevant exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the relevant exchange will constitute a Market Disruption Event.

- (b) *Exercise Expenses.* Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition

4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

### 3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or the Early Expiry Date, as the case may be, or if the Expiry Date or the Early Expiry Date, as the case may be, is not a Business Day (as defined below), the immediately following Business Day.

### 4. Exercise of Certificates

- (a) *Exercise.* Certificates may only be exercised on the Expiry Date or the Early Expiry Date, as the case may be, or if the Expiry Date or the Early Expiry Date, as the case may be, is not a Business Day, the immediately following Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or the Early Expiry Date, as the case may be, or if the Expiry Date or the Early Expiry Date, as the case may be, is not a Business Day, the immediately following Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or the Early Expiry Date, as the case may be, or if the Expiry Date or the Early Expiry Date, as the case may be, is not a Business Day, the immediately following Business Day, and Certificate Holders shall not be entitled to receive any payment (other than the Distribution(s) (if applicable and if any)) from the Issuer in respect of the Certificates.
- (c) *Settlement.* In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than three Business Days following the Expiry Date or two Business Days following the Early Expiry Date, as the case may be (the “**Settlement Date**”) (subject to extension upon the occurrence of a Settlement Disruption Event (as defined below)), by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP.

In respect of Certificates under which there is any Distribution payable, the Issuer will pay to the relevant Certificate Holder the Distribution(s) in the Settlement Currency. The aggregate Distribution shall be despatched on the relevant Distribution Payment Date or the Settlement Date, as the case may be, by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP.

If the Issuer determines, in its sole discretion, that on any Business Day during the period of three Business Days following the Expiry Date or two Business Days following the Early Expiry Date a Settlement Disruption Event has occurred, such Business Day shall be postponed to the next Business Day on which the Issuer determines that the Settlement Disruption Event is no longer subsisting and such period shall be extended accordingly, provided that the Issuer and/or the Guarantor shall make their best endeavours to implement remedies as soon as reasonably practicable to eliminate the impact of the Settlement Disruption Event on its/their payment obligations under the Certificates and/or the Guarantee.

“**Settlement Disruption Event**” means the occurrence or existence of any malicious action or attempt initiated to steal, expose, alter, disable or destroy information through unauthorised access to, or maintenance or use of, the Computer Systems of the Issuer, the Guarantor, their respective affiliates (the

“**SG Group**”), their IT service providers, by (and without limitation) the use of malware, ransomware, phishing, denial or disruption of service or cryptojacking or any unauthorized entry, removal, reproduction, transmission, deletion, disclosure or modification preventing the Issuer and/or the Guarantor to perform their obligations under the Certificates, and notwithstanding the implementation of processes, required, as the case may be, by the laws and regulations applicable to the Issuer, the Guarantor and their affiliates, or their IT service providers to improve their resilience to these actions and attempts.

“**Computer System**” means all the computer resources including, in particular: hardware, software packages, software, databases and peripherals, equipment, networks, electronic installations for storing computer data, including Data. The Computer System shall be understood to be that which (i) belongs to the SG Group and/or (ii) is rented, operated or legally held by the SG Group under a contract with the holder of the rights to the said system and/or (iii) is operated on behalf of the SG Group by a third party within the scope of a contractual relationship and/or (iv) is made available to the SG Group under a contract within the framework of a shared system (in particular cloud computing).

“**Data**” means any digital information, stored or used by the Computer System, including confidential data.

Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder’s address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses and no Distribution is payable, no amount is payable.

- (d) *CDP not liable.* CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a “**Business Day**” shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

## 5. **Warrant Agent**

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

## 6. **Adjustments to the Index**

- (a) *Successor Sponsor Calculates and Reports Index.* If the Index is (i) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “**Successor Index Sponsor**”) acceptable to the Issuer or (ii) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the index so calculated and announced by the Successor Index Sponsor or that successor index, as the case may be.
- (b) *Modification and Cessation of Calculation of Index.* If:-
  - (i) on or prior to the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method

to maintain the Index in the event of changes in constituent stock, contracts or commodities and other routine events); or

- (ii) on the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and publish the Index,

then the Issuer shall determine the Closing Level using, in lieu of a published level for the Index, the level for the Index as at the Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities/commodities that comprised the Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the relevant exchange).

- (c) *FRTB Event*. Where a FRTB Event (as defined below) occurs, if the Certificates are not terminated in accordance with Condition 11, the Issuer may substitute the affected index with an index determined by the Issuer as being similar to the benchmark of the affected index or, in the absence of benchmark for the affected index as having an investment strategy similar to the investment strategy of the affected index.

For the purposes of this Condition:

“**FRTB Event**” means, if the index components of the Index comprise, without limitation, one or more securities that are units of trusts or funds, in respect of such units, from 1 January 2023, the trust or the trust service provider, or the fund or the fund service provider (a) does not make publicly available on a voluntary basis or as the case may be, as required by applicable laws and regulations, the FRTB Information and (b) in breach of a bilateral agreement with the Issuer and/or any of its affiliates, if any, does not provide the Issuer and/or any of its affiliates with the FRTB Information and as a consequence, the Issuer or any of its affiliates would incur materially increased (as compared with circumstances existing on the Issue Date of the Certificates) capital requirements pursuant to the Fundamental Review of the Trading Book as implemented into French law, in holding such units.

“**FRTB Information**” means sufficient information, including relevant sensitivities, in a processable format to enable the Issuer and/or any of its affiliates, as a holder of units of a trust or a fund to calculate its market risk in relation thereto as if it were holding directly the assets of such trust or fund.

- (d) *Notice of Determinations*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any determinations by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

## 7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

## 8. Meetings of Certificate Holders; Modification

- (a) *Meetings of Certificate Holders*. The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days’ notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two

or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders, whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

## 9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.
- (b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least five weeks prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

## 10. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

## 11. Early Termination

- (a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 11(e).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

“**Regulatory Event**” means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the “**Relevant Affiliates**” and each of the Issuer, Société Générale and the Relevant Affiliates, a “**Relevant**

**Entity**) that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

**"Change in law"** means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

- (b) *Early Termination for not being able to find a successor to the Index Sponsor or a successor to the Index.* If (i) the Index Sponsor is not able to calculate and announce the Index and the Issuer is not able to find an acceptable successor to the Index Sponsor or (ii) the Index becomes unavailable and the Issuer is not able to find a successor to the Index, the Issuer may at its sole discretion and without obligation terminate the Certificates in accordance with Condition 11(e).
- (c) *Early Termination for Holding Limit Event and FRTB Event.* The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 11(e) where a Holding Limit Event (as defined below) or FRTB Event occurs.

For the purposes of this Condition:

**"Holding Limit Event"** means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in one or more index components of the Index, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of such index component(s), of such index component(s) in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

- (d) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 11(e) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give

rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.

- (e) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

## **12. Substitution of the Issuer**

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the “**Substituted Obligor**”), it shall give at least 90 days’ notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

## **13. Governing Law**

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

## **14. Prescription**

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date or the Early Expiry Date, as the case may be, and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

## **15. Contracts (Rights of Third Parties) Act 2001 of Singapore**

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

*The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Warrants. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.*

## **TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED PUT WARRANTS**

### **1. Form, Status and Guarantee, Transfer and Title**

- (a) *Form.* The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 11) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 14 June 2024, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
  - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Warrants.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Warrants (the “**Warrantholders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status and Guarantee.* The Warrants constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Warrants provide for cash settlement on exercise.

The due and punctual payment of any amounts due by the Issuer in respect of the Warrants issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;
- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.



In the event of the failure of the Issuer to promptly perform its obligations to any Warrantholder under the terms of the Warrants, such Warrantholder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (c) *Transfer.* The Warrants are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Warrants in definitive form will not be issued. Transfers of Warrants may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Warrants, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) *Title.* Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Warrants shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Warrants, notwithstanding any notice to the contrary. The expression “**Warrantholder**” shall be construed accordingly.
- (e) *Bail-In.* By the acquisition of Warrants, each Warrantholder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Warrants) acknowledges, accepts, consents and agrees:
  - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Warrants, which may include and result in any of the following, or some combination thereof:
    - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
    - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Warrantholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Warrants, in which case the Warrantholder agrees to accept in lieu of its rights under the Warrants any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
    - (C) the cancellation of the Warrants; and/or
    - (D) the amendment or alteration of the expiration of the Warrants or amendment of the amounts payable on the Warrants, or the date on which the amounts become payable, including by suspending payment for a temporary period; andthat terms of the Warrants are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,  
(the “**Statutory Bail-In**”);
  - (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**Code**”):
    - (A) ranking:
      - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the Code;
      - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and
      - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and
    - (B) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and

- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Warrants will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Warrantheolders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Warrantheolders as if, in either case, the Warrants had been directly issued by the Guarantor itself and any Amount Due under the Warrants had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Warrants issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Warrants, the Issuer or the Guarantor will provide a written notice to the Warrantheolders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Warrants described above.

Neither a cancellation of the Warrants, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Warrants will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Warrantheolder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Warrantheolder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Warrantheolder.

For the purposes of this Condition:

**"Amounts Due"** means any amounts due by the Issuer under the Warrants.

**"Bail-In Power"** means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled,

varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

“**MREL**” means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

“**Relevant Resolution Authority**” means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

## 2. **Warrant Rights and Exercise Expenses**

- (a) *Warrant Rights.* Every Exercise Amount of Warrants entitles each Warrantholder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The “**Cash Settlement Amount**”, in respect of each Exercise Amount of Warrants, shall be an amount (if positive) payable in the Settlement Currency equal to the Entitlement (subject to adjustment as provided in Condition 6) for the time being multiplied by (i) the Exercise Price (subject to adjustment as provided in Condition 6) for the time being, LESS (ii) the arithmetic mean of the closing price of one Share (as derived from the daily publications of the Relevant Stock Exchange, subject to any adjustments to such closing price determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date (as defined below).

If the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event (as defined below) has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day (as defined below) on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the two Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date. In that case:-

- (i) that second Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on that second Business Day but for the Market Disruption Event.

If the postponement of a Valuation Date as aforesaid would result in a Valuation Date falling on or after the Expiry Date, then (1) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event and (2) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence on the Valuation Date of (i) any suspension of trading on the Relevant Stock Exchange in the Shares requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Shares if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

“**Valuation Date**” means, with respect to the exercise of Warrants, and subject as provided above in relation to a Market Disruption Event, each of the five Business Days immediately preceding the Expiry Date relating to such exercise.

- (b) *Exercise Expenses.* Warrantholders will be required to pay all charges which are incurred in respect of the exercise of the Warrants (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4.

Notwithstanding the foregoing, the Warrantheolders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Warrantheolders in accordance with Condition 4.

### 3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Warrants shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day.

### 4. Exercise of Warrants

- (a) *Exercise.* Warrants may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Warrantheolders shall not be required to deliver an exercise notice. Exercise of Warrants shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Warrants shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Warrants shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Warrants shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Warrantheolders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.
- (c) *Settlement.* In respect of Warrants which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Warrantheolder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Warrantheolder only (or, in the case of joint Warrantheolders, the first-named Warrantheolder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Warrantheolder and posted to the Warrantheolder's address appearing in the records maintained by CDP (or, in the case of joint Warrantheolders, to the address of the first-named Warrantheolder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.
- (d) *CDP not liable.* CDP shall not be liable to any Warrantheolder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Warrants or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a "**Business Day**" shall be a day on which the Singapore Exchange Securities Trading Limited ("**SGX-ST**") is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

### 5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Warrants are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Warrantheolders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Warrantheolders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Warrantheolders.

## 6. Adjustments

- (a) *Rights Issues.* If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement will be adjusted on the Business Day following the last day on which Shares must be standing to the credit of a securities account with CDP so that the holder of such securities account would qualify for the Rights Offer in accordance with the following formula:-

$$\text{Adjusted Entitlement} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:-

- E : Existing Entitlement immediately prior to the relevant event giving rise to the adjustment
- S : Cum-Rights Share price determined by the closing price on the Relevant Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis
- R : Subscription price per Share specified in the Rights Offer plus an amount equal to any dividends or other benefits forgone to exercise the Right
- M : Number of new shares (whether a whole or a fraction) per Share each holder of Shares is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, all as determined by the Issuer, then no adjustment shall be made to the Entitlement. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

For the purposes of these Conditions, “**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

- (b) *Bonus Issues.* If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement shall be increased on the Business Day following the last day on which Shares must be standing to the credit of a securities account with CDP so that the holder of such securities account would qualify for the Bonus Issue in accordance with the following formula:-

$$\text{Adjusted Entitlement} = (1 + N) \times E$$

Where:-

- E : Existing Entitlement immediately prior to the Bonus Issue
- N : Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue

No adjustment of the Entitlement will be made (i) for a Bonus Issue with an intrinsic value of less than three per cent. of the market value of the Shares on the last Business Day on which Shares are traded on a cum-Bonus basis or (ii) if the adjustment to the Entitlement is less than one per cent. of the Entitlement immediately prior to the adjustment, all as determined by the Issuer. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted

Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

- (c) *Share Splits or Consolidations.* If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), the Entitlement in effect immediately prior thereto shall be increased (in the case of a Subdivision), or the Entitlement decreased (in the case of a Consolidation) accordingly, in each case, on the Business Day following the day on which the relevant Subdivision or Consolidation shall have taken effect. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.
- (d) *Merger or Consolidation.* If it is announced that the Company:-
- (i) is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation); or
- (ii) is to or may sell or transfer all or substantially all of its assets,

then (except where the Company is the surviving corporation in a merger) the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation (as determined by the Issuer) of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) so that the Entitlement may, after such Restructuring Event, be adjusted to reflect the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (together the “**Substituted Securities**”) or cash offered in substitution for Shares (as the case may be) to which a holder of the number of Shares comprising the Entitlement immediately prior to such Restructuring Event would have been entitled upon such Restructuring Event.

Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the Settlement Currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares shall not be affected by this Condition 6(d) and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Conditions to the Shares shall include any such cash.

The Issuer may, without the consent of the Warrantheolders, make such adjustments to the entitlements of Warrantheolders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.

- (e) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer’s sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion and notwithstanding any prior adjustment made pursuant to the above should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Warrantheolders generally (without considering the circumstances of any individual Warrantheolder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (f) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantheolders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

## 7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

## 8. Meetings of Warrantholders; Modification

- (a) *Meetings of Warrantholders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Warrants or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Warrantholders.

Such a meeting may be convened by the Issuer or by Warrantholders holding not less than ten per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Warrants for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Warrantholders whatever the number of Warrants so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Warrantholders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Warrantholders, effect (i) any modification of the provisions of the Warrants or the Master Instrument which is not materially prejudicial to the interests of the Warrantholders or (ii) any modification of the provisions of the Warrants or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Warrantholders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

## 9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Warrantholder or to which a Warrantholder is entitled or which the Issuer shall have agreed to deliver to a Warrantholder may be delivered by hand or sent by post addressed to the Warrantholder at his address appearing in the records maintained by CDP or, in the case of joint Warrantholders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Warrantholder.
- (b) *Notices.* All notices to Warrantholders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Warrant, give notice of the date of expiry of such Warrant in the manner prescribed above.

## 10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or

other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

## **11. Further Issues**

The Issuer shall be at liberty from time to time, without the consent of the Warrantholders, to create and issue further warrants so as to form a single series with the Warrants, subject to the approval of the SGX-ST.

## **12. Delisting**

- (a) *Delisting.* If at any time the Shares cease to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Warrantholders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Warrantholder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Adjustments.* Without prejudice to the generality of Condition 12(a), where the Shares are, or, upon delisting, become, listed on any other stock exchange, these Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Relevant Stock Exchange and the Issuer may, without the consent of the Warrantholders, make such adjustments to the entitlements of Warrantholders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.
- (c) *Issuer's Determination.* The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Warrantholders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Warrantholders in accordance with Condition 9 as soon as practicable after they are determined.

## **13. Early Termination for Illegality and Force Majeure, etc.**

- (a) *Illegality and Force Majeure, etc.* If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Warrants has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Warrants for any reason, the Issuer may at its discretion and without obligation terminate the Warrants early by giving notice to the Warrantholders in accordance with Condition 9 and Condition 13(b).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

- (b) *Termination.* If the Issuer terminates the Warrants early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantholder in respect of each Warrant held by such holder equal to the fair market value of a Warrant notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 9.

## **14. Governing Law**

The Warrants, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each



Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

**15. Prescription**

Claims against the Issuer for payment of any amount in respect of the Warrants will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Warrants shall be forfeited and shall revert to the Issuer.

**16. Contracts (Rights of Third Parties) Act 2001 of Singapore**

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Warrants. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

## TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED BASKET PUT WARRANTS

### 1. Form, Status and Guarantee, Transfer and Title

- (a) *Form.* The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 11) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 14 June 2024, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
  - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Warrants.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Warrants (the “**Warrantholders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

References in these Conditions to “**Company**” shall be a reference to a company comprising one of the Companies and references to “**Shares**” shall be a reference to the shares of the Companies or, as the context requires, to the shares of a particular Company.

- (b) *Status and Guarantee.* The Warrants constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Warrants provide for cash settlement on exercise.

The due and punctual payment of any amounts due by the Issuer in respect of the Warrants issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;
- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and

- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Warrantholder under the terms of the Warrants, such Warrantholder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (c) *Transfer*. The Warrants are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Warrants in definitive form will not be issued. Transfers of Warrants may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Warrants, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Warrants shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Warrants, notwithstanding any notice to the contrary. The expression “**Warrantholder**” shall be construed accordingly.
- (e) *Bail-In*. By the acquisition of Warrants, each Warrantholder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Warrants) acknowledges, accepts, consents and agrees:
  - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Warrants, which may include and result in any of the following, or some combination thereof:
    - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
    - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Warrantholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Warrants, in which case the Warrantholder agrees to accept in lieu of its rights under the Warrants any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
    - (C) the cancellation of the Warrants; and/or
    - (D) the amendment or alteration of the expiration of the Warrants or amendment of the amounts payable on the Warrants, or the date on which the amounts become payable, including by suspending payment for a temporary period; andthat terms of the Warrants are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,  
  
(the “**Statutory Bail-In**”);
  - (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**Code**”):
    - (A) ranking:
      - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the Code;
      - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and

- (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and
- (B) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and
- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Warrants will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Warrantheolders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Warrantheolders as if, in either case, the Warrants had been directly issued by the Guarantor itself and any Amount Due under the Warrants had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Warrants issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Warrants, the Issuer or the Guarantor will provide a written notice to the Warrantheolders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Warrants described above.

Neither a cancellation of the Warrants, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Warrants will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Warrantheolder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Warrantheolder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Warrantheolder.

For the purposes of this Condition:

**"Amounts Due"** means any amounts due by the Issuer under the Warrants.

**"Bail-In Power"** means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a

European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

“**MREL**” means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

“**Relevant Resolution Authority**” means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

## 2. **Warrant Rights and Exercise Expenses**

- (a) *Warrant Rights.* Every Exercise Amount of Warrants entitles each Warrantholder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The “**Cash Settlement Amount**”, in respect of each Exercise Amount of Warrants, shall be an amount (if positive) payable in the Settlement Currency equal to (i) the Exercise Price (subject to adjustment as provided in Condition 6) for the time being, LESS (ii) the aggregate for all the Shares included in the Entitlement (subject to adjustment as provided in Condition 6) for the time being of the amount derived by multiplying (A) the number or fraction of the relevant Shares included in the Entitlement by (B) the arithmetic mean of the respective closing price of such Shares (as derived from the daily publications of the Relevant Stock Exchange, subject to any adjustments to such closing price determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date (as defined below).

If the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event (as defined below) has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day (as defined below) on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the two Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date. In that case:-

- (i) that second Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on that second Business Day but for the Market Disruption Event.

If the postponement of a Valuation Date as aforesaid would result in a Valuation Date falling on or after the Expiry Date, then (aa) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event and (bb) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence on the Valuation Date of (i) any suspension of trading on the Relevant Stock Exchange in the Shares requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Shares if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

“**Valuation Date**” means, with respect to the exercise of Warrants, and subject as provided above in relation to a Market Disruption Event, each of the five Business Days immediately preceding the Expiry Date relating to such exercise.

- (b) *Exercise Expenses.* Warrantholders will be required to pay all charges which are incurred in respect of the exercise of the Warrants (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Warrantholders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Warrantholders in accordance with Condition 4.

### 3. **Expiry Date**

Unless automatically exercised in accordance with Condition 4(b), the Warrants shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day.

### 4. **Exercise of Warrants**

- (a) *Exercise.* Warrants may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Warrantholders shall not be required to deliver an exercise notice. Exercise of Warrants shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Warrants shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Warrants shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Warrants shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Warrantholders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.
- (c) *Settlement.* In respect of Warrants which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Warrantholder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Warrantholder only (or, in the case of joint Warrantholders, the first-named Warrantholder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Warrantholder and posted to the Warrantholder’s address appearing in the records maintained by CDP (or, in the case of joint Warrantholders, to the address of the first-named Warrantholder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.
- (d) *CDP not liable.* CDP shall not be liable to any Warrantholder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Warrants or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a “**Business Day**” shall be a day on which the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

### 5. **Warrant Agent**

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Warrants are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the

specified office of the Warrant Agent will be given to the Warrantholders in accordance with Condition 9.

- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Warrantholders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Warrantholders.

## 6. Adjustments

- (a) *Rights Issues.* If and whenever any of the Companies shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement that relates to the Share(s) of the Company making the Rights Offer will be adjusted to take effect on the Business Day following the last day on which Shares must be standing to the credit of a securities account with CDP so that the holder of such securities account would qualify for the Rights Offer in accordance with the following formula:-

$$\begin{array}{l} \text{Adjusted Entitlement} \\ \text{insofar as it relates to the Share(s)} \\ \text{of the Company making the} \\ \text{Rights Offer} \end{array} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:-

- E : Existing Entitlement insofar as it relates to the Share(s) of the Company making the Rights Offer immediately prior to the relevant event giving rise to the adjustment
- S : Cum-Rights Share price determined by the closing price on the Relevant Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis
- R : Subscription price per Share specified in the Rights Offer plus an amount equal to any dividends or other benefits forgone to exercise the Right
- M : Number of new shares (whether a whole or a fraction) per Share each holder of Shares is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, all as determined by the Issuer, then no adjustment shall be made to the Entitlement. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

For the purposes of these Conditions, “**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

- (b) *Bonus Issues.* If and whenever any of the Companies shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the relevant Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement shall be increased on the Business Day following the last day on which Shares must be standing to the credit of a securities account with CDP so that the holder of such securities account would qualify for the Bonus Issue in accordance with the following formula:-

$$\begin{array}{l} \text{Adjusted Entitlement} \\ \text{insofar as it relates to the Share(s) of} \\ \text{the Company making the Bonus Issue} \end{array} = (1 + N) \times E$$

Where:-

E : Existing Entitlement insofar as it relates to the Share(s) of the Company making the Bonus Issue immediately prior to the Bonus Issue

N : Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue

No adjustment of the Entitlement will be made (i) for a Bonus Issue with an intrinsic value of less than three per cent. of the market value of the Share(s) of the Company making the Bonus Issue on the last Business Day on which such Shares are traded on a cum-Bonus basis or (ii) if the adjustment to the Entitlement is less than one per cent. of the Entitlement immediately prior to the adjustment, all as determined by the Issuer. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

(c) *Share Splits or Consolidations.* If and whenever any of the Companies shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), the Entitlement insofar as it relates to the Share(s) of the Company making the Subdivision in effect immediately prior thereto shall be increased or the Entitlement insofar as it relates to the Share(s) of the Company making the Consolidation decreased accordingly, in each case, on the Business Day following the day on which the relevant Subdivision or Consolidation shall have taken effect. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

(d) *Merger or Consolidation.* If it is announced that any of the Companies:-

(i) is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation) ; or

(ii) is to or may sell or transfer all or substantially all of its assets;

then (except where that Company is the surviving corporation in a merger), the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation (as determined by the Issuer) of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) so that the Entitlement may, after such Restructuring Event, be adjusted to reflect the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (together the “**Substituted Securities**”) or cash offered in substitution for Share(s) (as the case may be) to which a holder of the number of Shares of the Company that has undergone the Restructuring Event which were included in the Entitlement immediately prior to the Restructuring Event would have been entitled upon such Restructuring Event.

Thereafter, in respect of the Shares of the Company that has undergone the Restructuring Event, the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the Settlement Currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares (whether of the Company that has undergone the Restructuring Event or of the other Companies) shall not be affected by this Condition 6(d) and, where cash is offered in substitution for the relevant Shares or is deemed to replace Substituted Securities as described above, references in these Conditions to such Shares shall include any such cash.

The Issuer may, without the consent of the Warrantholders, make such adjustments to the entitlements of Warrantholders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.



- (e) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion and notwithstanding any prior adjustment made pursuant to the above should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Warrantheolders generally (without considering the circumstances of any individual Warrantheolder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (f) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantheolders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

## **7. Purchases**

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

## **8. Meetings of Warrantheolders; Modification**

- (a) *Meetings of Warrantheolders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Warrantheolders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Warrants or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Warrantheolders.

Such a meeting may be convened by the Issuer or by Warrantheolders holding not less than ten per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Warrants for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Warrantheolders whatever the number of Warrants so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Warrantheolders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantheolders shall be binding on all the Warrantheolders, whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Warrantheolders, effect (i) any modification of the provisions of the Warrants or the Master Instrument which is not materially prejudicial to the interests of the Warrantheolders or (ii) any modification of the provisions of the Warrants or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Warrantheolders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

## 9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Warrantholder or to which a Warrantholder is entitled or which the Issuer shall have agreed to deliver to a Warrantholder may be delivered by hand or sent by post addressed to the Warrantholder at his address appearing in the records maintained by CDP or, in the case of joint Warrantholders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Warrantholder.
- (b) *Notices.* All notices to Warrantholders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Warrant, give notice of the date of expiry of such Warrant in the manner prescribed above.

## 10. Liquidation

In the event of a liquidation or dissolution of all of the Companies or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of their undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation of the last Company to be so affected, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution of the last Company to be so affected, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of any of the Companies, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

## 11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Warrantholders, to create and issue further warrants so as to form a single series with the Warrants, subject to the approval of the SGX-ST.

## 12. Delisting

- (a) *Delisting.* If at any time any of the Shares cease to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Warrantholders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Warrantholder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Adjustments.* Without prejudice to the generality of Condition 12(a), where any of the Shares are, or, upon delisting, become, listed on any other stock exchange, these Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Relevant Stock Exchange and the Issuer may, without the consent of the Warrantholders, make such adjustments to the entitlements of Warrantholders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.
- (c) *Issuer's Determination.* The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Warrantholders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Warrantholders in accordance with Condition 9 as soon as practicable after they are determined.

**13. Early Termination for Illegality and Force Majeure, etc.**

- (a) *Illegality and Force Majeure, etc.* If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Warrants has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Warrants for any reason, the Issuer may at its discretion and without obligation terminate the Warrants early by giving notice to the Warrantholders in accordance with Condition 9 and Condition 13(b).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

- (b) *Termination.* If the Issuer terminates the Warrants early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantholder in respect of each Warrant held by such holder equal to the fair market value of a Warrant notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 9.

**14. Governing Law**

The Warrants, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

**15. Prescription**

Claims against the Issuer for payment of any amount in respect of the Warrants will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Warrants shall be forfeited and shall revert to the Issuer.

**16. Contracts (Rights of Third Parties) Act 2001 of Singapore**

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Warrants. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

## TERMS AND CONDITIONS OF THE EUROPEAN STYLE INDEX PUT WARRANTS

### 1. Form, Status and Guarantee, Transfer and Title

- (a) *Form.* The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 10) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 14 June 2024, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
  - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Warrants.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Warrants (the “**Warrantholders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status and Guarantee.* The Warrants constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Warrants provide for cash settlement on exercise.

The due and punctual payment of any amounts due by the Issuer in respect of the Warrants issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;
- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Warrantholder under the terms of the Warrants, such Warrantholder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (c) *Transfer.* The Warrants are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Warrants in definitive form will not be issued. Transfers of Warrants may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Warrants, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) *Title.* Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Warrants shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Warrants, notwithstanding any notice to the contrary. The expression “**Warrantholder**” shall be construed accordingly.
- (e) *Bail-In.* By the acquisition of Warrants, each Warrantholder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Warrants) acknowledges, accepts, consents and agrees:
  - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Warrants, which may include and result in any of the following, or some combination thereof:
    - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
    - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Warrantholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Warrants, in which case the Warrantholder agrees to accept in lieu of its rights under the Warrants any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
    - (C) the cancellation of the Warrants; and/or
    - (D) the amendment or alteration of the expiration of the Warrants or amendment of the amounts payable on the Warrants, or the date on which the amounts become payable, including by suspending payment for a temporary period; andthat terms of the Warrants are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,  
(the “**Statutory Bail-In**”);
  - (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**Code**”):
    - (A) ranking:
      - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the Code;
      - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and
      - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and
    - (B) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and

- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Warrants will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Warrantheolders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Warrantheolders as if, in either case, the Warrants had been directly issued by the Guarantor itself and any Amount Due under the Warrants had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Warrants issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Warrants, the Issuer or the Guarantor will provide a written notice to the Warrantheolders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Warrants described above.

Neither a cancellation of the Warrants, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Warrants will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Warrantheolder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Warrantheolder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Warrantheolder.

For the purposes of this Condition:

**"Amounts Due"** means any amounts due by the Issuer under the Warrants.

**"Bail-In Power"** means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled,

varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

“**MREL**” means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

“**Relevant Resolution Authority**” means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

## 2. Warrant Rights and Exercise Expenses

- (a) *Warrant Rights.* Every Exercise Amount of Warrants entitles each Warrantholder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (if any) in the manner set out in Condition 4.
- (b) *Exercise Expenses.* Warrantholders will be required to pay all charges which are incurred in respect of the exercise of the Warrants (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Warrantholders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Warrantholders in accordance with Condition 4.

## 3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Warrants shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

## 4. Exercise of Warrants

- (a) *Exercise.* Warrants may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Warrantholders shall not be required to deliver an exercise notice. Exercise of Warrants shall be determined by the Closing Level of the Index. If the Strike Level is greater than the Closing Level of the Index and the Cash Settlement Amount (less any Exercise Expenses) is positive, all Warrants shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Warrants shall be paid in the manner set out in Condition 4(c) below. In the event the Strike Level is less than or equal to the Closing Level of the Index and the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Warrants shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Warrantholders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.
- (c) *Settlement.* In respect of Warrants which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Warrantholder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date (subject to extension upon the occurrence of a Market Disruption Event (as defined below)) by way of crossed cheque or other payment in immediately available funds drawn in favour of the Warrantholder only (or, in the case of joint Warrantholders, the first-named Warrantholder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Warrantholder and posted to the Warrantholder’s address appearing in the records maintained by CDP (or, in the case of joint Warrantholders, to the address of the first-named Warrantholder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

If the Issuer determines, in its sole discretion, that on the Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Index Business Day (as defined below) on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Index Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date. In that case:-

- (i) that fifth Index Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that fifth Index Business Day but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence, on a Valuation Date, of any of:-

- (A) the suspension or limitation of the trading of a material number of securities/commodities from time to time comprising the Index; or
- (B) the suspension or limitation of the trading of securities/commodities (1) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) or the Relevant Stock Exchange or (2) generally; or
- (C) the suspension or limitation of the trading of (1) options or futures relating to the Index on any options or futures exchanges or (2) options or futures generally on any options and/or futures exchanges on which options relating to the Index are traded; or
- (D) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.

For the purposes of this definition, (aa) the limitation on the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any exchange, and (bb) a limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of the movements in price exceeding the levels permitted by any relevant exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the relevant exchange will constitute a Market Disruption Event.

- (d) *CDP not liable.* CDP shall not be liable to any Warrantholder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Warrants or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a “**Business Day**” shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore and an “**Index Business Day**” shall be a day on which the Index is published by the Index Sponsor or, as the case may be, the Successor Index Sponsor and where the Index closes at the normal trading hours.

## 5. **Warrant Agent**

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Warrants are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Warrantholders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Warrantholders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Warrantholders.



## 6. Adjustments to the Index

- (a) *Successor Sponsor Calculates and Reports Index.* If the Index is (i) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “**Successor Index Sponsor**”) acceptable to the Issuer or (ii) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the index so calculated and announced by the Successor Index Sponsor or that successor index, as the case may be.
- (b) *Modification and Cessation of Calculation of Index.* If:-
- (i) on or prior to the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock, contracts or commodities and other routine events); or
  - (ii) on the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and publish the Index,

then the Issuer shall determine the Closing Level using, in lieu of a published level for the Index, the level for the Index as at the Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure but using only those securities/commodities that comprised the Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the relevant exchange).

- (c) *Notice of Determinations.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholders. The Issuer will give, or procure that there is given, notice as soon as practicable of any determinations by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

## 7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

## 8. Meetings of Warrantholders; Modification

- (a) *Meetings of Warrantholders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Warrants or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days’ notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Warrantholders.

Such a meeting may be convened by the Issuer or by Warrantholders holding not less than ten per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Warrants for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Warrantholders whatever the number of Warrants so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Warrantholders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Warrantholders, effect (i) any modification of the provisions of the Warrants or the Master Instrument which is not materially prejudicial to the interests of the Warrantholders or (ii) any modification of the provisions of the Warrants or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Warrantholders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

## 9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Warrantholder or to which a Warrantholder is entitled or which the Issuer shall have agreed to deliver to a Warrantholder may be delivered by hand or sent by post addressed to the Warrantholder at his address appearing in the records maintained by CDP or, in the case of joint Warrantholders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Warrantholder.
- (b) *Notices.* All notices to Warrantholders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Warrant, give notice of the date of expiry of such Warrant in the manner prescribed above.

## 10. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Warrantholders, to create and issue further warrants so as to form a single series with the Warrants, subject to the approval of the SGX-ST.

## 11. Early Termination for Illegality and Force Majeure, etc.

- (a) *Illegality and Force Majeure, etc.* If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Warrants has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Warrants for any reason, the Issuer may at its discretion and without obligation terminate the Warrants early by giving notice to the Warrantholders in accordance with Condition 9 and Condition 11(b).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

- (b) *Termination.* If the Issuer terminates the Warrants early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantholder in respect of each Warrant held by such holder equal to the fair market value of a Warrant notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 9.

## 12. Governing Law

The Warrants, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

**13. Prescription**

Claims against the Issuer for payment of any amount in respect of the Warrants will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Warrants shall be forfeited and shall revert to the Issuer.

**14. Contracts (Rights of Third Parties) Act 2001 of Singapore**

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

## **TERMS AND CONDITIONS OF THE OTHER WARRANTS**

The terms and conditions of any other Warrants issued by the Issuer pursuant to this Base Listing Document will be set out in the relevant Supplemental Listing Document in relation to such series of Warrants issued by the Issuer.

## **DESCRIPTION OF THE DESIGNATED MARKET-MAKER**

Information on the Designated Market-Maker in relation to the Warrants will be set out in the relevant Supplemental Listing Document.

## TAXATION

*The comments below are of a general nature and are only a summary of the law and practice currently applicable in Singapore and the United States of America as at the date of this document and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retrospective basis. The comments relate to the position of persons who are the absolute beneficial owners of the Warrants and may not apply equally to all persons. Neither these statements nor any other statements in this document are to be regarded as advice on the tax position of any holder of the Warrants or of any person acquiring, selling or otherwise dealing with the Warrants or on any tax implications arising from the acquisition, sale or other dealings in respect of the Warrants. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Warrants and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective holders of the Warrants are advised to consult their own tax advisors as to the Singapore, the United States of America or other tax consequences of the acquisition, ownership of or disposal of the Warrants, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. In particular, this general summary does not consider any specific facts or circumstances that may apply to any particular purchaser. It is emphasised that neither the Issuer nor any other persons involved in the preparation of this document accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Warrants.*

### GENERAL

Purchasers and sellers of the Warrants may be required to pay stamp duties, taxes or other charges in accordance with the laws and practice of the country of purchase or sale in addition to the issue price of each Warrant.

### TAXATION IN SINGAPORE

The comments below are of a general nature based on the Issuer's understanding of current Singapore law and practice. They summarise certain aspects of Singapore taxation only which may be applicable to the Warrants but do not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase, hold, transfer or redeem the Warrants. In particular, this general summary may not apply to all types of Warrants issued from time to time by the Issuer pursuant to this document. In addition, this general summary is based on the assumption that all types of Warrants issued from time to time by the Issuer pursuant to this document will be cash settled and thus does not cover the tax implications relating to a physical settlement of such Warrants.

#### General

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accrued in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore from outside Singapore. However, foreign-sourced income in the form of, amongst certain other things, dividends received or deemed to be received in Singapore by Singapore tax residents on or after 1 June 2003 will be exempt from income tax if certain prescribed conditions are met. The conditions for the exemption include that the recipient must receive the foreign-sourced income directly from a jurisdiction with a headline (or highest published) corporate rate of income tax on gains or profits from a trade or business of at least 15 per cent. and the foreign dividend (or the underlying income out of which the dividend was paid) must have been subject to tax in the foreign jurisdiction or been granted a tax holiday for substantive business activities carried out in that foreign jurisdiction.

Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore (“IRAS”) with respect to the above conditions.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accrued in or derived from Singapore. All foreign-sourced income received (except for income received through a partnership in Singapore) in Singapore on or after 1 January 2004 by Singapore tax resident individuals will be exempt from income tax.

Non-resident corporate taxpayers are subject to income tax on income accrued in or derived from Singapore, and on foreign-sourced income received in Singapore, subject to certain exceptions. Non-resident individuals, subject to certain exceptions, are subject to income tax on income accrued in or derived from Singapore.

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore. An individual is tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

### **Distributions**

As the Issuer is incorporated in Luxembourg and is not tax resident in Singapore for Singapore tax purposes, distributions paid by the Issuer on the Warrants may generally be considered as sourced outside Singapore (unless the Warrants are held as part of a trade or business carried out in Singapore in which event the holders of such Warrants may be taxed on the distributions as they are derived, subject to any applicable tax exemption or incentive).

Foreign-sourced income received or deemed received in Singapore by an individual not resident in Singapore are exempt from Singapore income tax. This exemption will also apply in the case of a Singapore tax resident individual who receives foreign-sourced income in Singapore (except where such income is received through a partnership in Singapore).

Foreign-sourced income received or deemed received by corporate investors in Singapore may be subject to Singapore income tax, unless reliance can be placed on any applicable tax exemption or incentive available to such investors.

### **Capital Gains**

Singapore imposes a tax on income but does not generally impose tax on gains which are considered non-income (i.e., gains which are considered to be capital in nature). There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital. In the case of a trader, gains from transactions in the Warrants, including any gain upon the closing out of cash-settled Warrants, would generally be subject to tax. On the other hand, where a Warrant is acquired otherwise than as part of a trade or business carried on by the holder of the Warrants, any gains made from the acquisition and disposal, exercise or expiry of the Warrant are more likely to be viewed as non-income in nature, and accordingly, such gains from transactions in the Warrants should generally not be subject to Singapore tax. However, the question of whether a gain is income or capital ultimately remains a matter of fact based on the personal circumstances of the holder of the Warrants. Holders of the Warrants should therefore consult their own tax advisers if they are in any doubt as to the treatment that would be applicable to them.

Pursuant to Section 10L of the Income Tax Act 1947 of Singapore (“ITA”), gains received or deemed to be received in Singapore by an entity of a relevant group from the sale or disposal of any movable or immovable property outside Singapore will be treated as income chargeable to Singapore income tax, subject to certain exclusions. Holders of the Warrants who may be subject to the tax treatment under Section 10L of the ITA should consult their own professional tax advisers regarding the Singapore income tax consequences of their sale or disposal of the Warrants.

### **Income Tax Implications Arising from the Adoption of Financial Reporting Standard (“FRS”) 39, FRS 109 and Singapore Financial Reporting Standard (International) 9 (“SFRS(I) 9”)**

Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Warrants in Singapore who apply, or who are required to apply, FRS 109 or SFRS(I) 9 (as the case may be) may be required to recognize gains or losses (not being gains or losses in the nature of capital) for the purposes of Singapore income tax in accordance with the provisions of FRS 109 or SFRS(I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law) even though no sale, exercise or disposal of the Warrants is made.

Purchasers and holders of the Warrants who may be subject to the tax treatment under Section 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding, disposal, exercise, non-exercise or redemption of the Warrants.

## Goods and Services Tax

Under the Goods and Services Tax Act 1993 of Singapore (“**GST Act**”), the issue, allotment or transfer of ownership of an equity security (i.e., any interest in or right to a share in the capital of a body corporate or any option to acquire any such interest or right) and the renewal or variation of an equity security are exempt supplies not subject to Goods and Services Tax (“**GST**”) under the GST Act. The GST Act does not, however, contain any specific provision relating to the GST treatment of all kinds of warrants (e.g., warrants relating to a basket of securities or an index rather than a particular security or cash-settled warrants). The Issuer is nevertheless of the view that the issue, allotment, transfer of ownership, renewal or variation of such Warrants should in practice not be subject to GST. Notwithstanding the above, holders of the Warrants should consult their own tax advisers if they are in any doubt of the treatment that would be applicable.

## Stamp Duty

Singapore stamp duty is not chargeable upon the transfer of any Warrant through the book-entry settlement system of The Central Depository (Pte) Limited.

The above does not purport to be a comprehensive description of all of the tax considerations that may be relevant to the ownership and disposal of the Warrants and the underlying shares, securities or index, and does not consider any specific facts or circumstances that may apply to a particular investor. Investors are therefore urged to consult their tax advisers regarding income and other tax consequences of owning and disposing of the Warrants and the underlying shares, securities or index under Singapore law and under the laws of any other country to which they may be subject.

## TAXATION IN THE UNITED STATES OF AMERICA

### Foreign Account Tax Compliance Withholding

Pursuant to certain provisions of the Code, commonly known as FATCA, a “**foreign financial institution**” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including France) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Warrants, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Warrants, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to foreign passthru payments on instruments such as the Warrants, such withholding would not apply prior to the date that is two years after the date on which the final U.S. Treasury Regulations defining “foreign passthru payments” are published in the Federal Register. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Warrants. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Warrants, no person will be required to pay additional amounts as a result of the withholding.

### Section 871(m) of the U.S. Internal Revenue Code of 1986

U.S. Treasury regulations issued under Section 871(m) of the U.S. Internal Revenue Code of 1986 (“**Section 871(m) Regulations**”) generally impose a 30% withholding tax on dividend equivalents paid or deemed paid to a non-United States holder as defined pursuant to the Section 871(m) Regulations (a “**Non-U.S. Holder**”) with respect to certain financial instruments linked to U.S. equities (or other securities that can pay U.S.-source dividend income) or indices that include U.S. equities (or such securities) (“**U.S. Underlying Equities**”). The 30% withholding tax on dividend equivalents paid or deemed paid to Non-U.S. Holders may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner claims a credit or refund from the United States Internal Revenue Service (“**IRS**”) in a timely manner, but the Issuer makes no assessment as to whether any such tax credits will be available to Non-U.S. Holders.



Specifically, the Section 871(m) Regulations will generally apply to Warrants the pricing date of which occurs from 1 January 2017 and that substantially replicate the economic performance of one or more U.S. Underlying Equity(ies) as determined by the Issuer on the date for such Warrants as of which the expected delta of the product is determined by the Issuer (such date being the “pricing date”) based on tests in accordance with the applicable Section 871(m) Regulations (for the purposes of the relevant notices describing these rules, such Warrants are deemed “delta-one” instruments) (“**Specified Securities**”). If one or more of the U.S. Underlying Equities are expected to pay dividends during the term of the Specified Securities, withholding generally will still be required even if the Specified Security does not provide for payments explicitly linked to dividends. The Section 871(m) Regulations are scheduled to apply to a broader range of derivative instruments referencing U.S. Underlying Equity(ies) as of 1 January 2027.

Warrants that track certain broad-based indices that meet the requirements of a “Qualified Index” as set forth in the applicable rules under the Section 871(m) Regulations are not subject to withholding under the Section 871(m) Regulations and will not be treated as Specified Securities. Investors are advised that the Issuer’s determination is binding on all Non-U.S. Holders of such Warrants, but it is not binding on the IRS and the IRS may therefore disagree with the Issuer’s determination.

Even where a Warrant is a Specified Security, no tax should be imposed under the Section 871(m) Regulations as long as either (1) no dividend is paid with respect to any U.S. Underlying Equity during the term of the Warrants or (2) both (x) no additional amount is paid to the holder of a Warrant in respect of any such dividend and (y) as reasonably estimated by the Issuer (with the meaning of Treas. Reg. § 1.871-15(i)(2)(iii)) at the time of issuance the amount of all such dividends will be zero (Zero Estimated Dividends Securities). In such case, the Issuer will estimate the amount of dividends to be paid with respect to U.S. Underlying Equities for all periods during the term of the Warrants to be zero and will not make any adjustments for dividends, including extraordinary dividends, that are taxable as dividend for U.S. federal income tax purposes, and thus there should be no tax imposed under the Section 871(m) Regulations on the Warrants even if one or more dividends are paid with respect to a U.S. Underlying Equity.

In withholding this tax, the Issuer will regularly apply the general tax rate of 30% to the payments subject to U.S. provisions (or amounts deemed payments) without regard to any applicable treaty rate. Therefore, in such cases, an investor’s individual tax situation will not be taken into account. Warrants linked to U.S. Underlying Equities which the Issuer has determined not to be a Specified Security will not be subject to withholding tax under the Section 871(m) Regulations.

The Issuer has determined that generally Warrants should not be “delta-one” transactions within the meaning of the relevant notices or should be delta-one transactions that track Qualified Indices and, therefore, should not be Specified Securities subject to withholding tax under the Section 871(m) Regulations, though products issued after 1 January 2027 linked to U.S. Underlying Equities may be subject to the Section 871(m) Regulations even if they are not “delta-one.” The Issuer will indicate if a particular issuance is subject to the Section 871(m) Regulations in the applicable Supplemental Listing Documents. Investors are advised that the Issuer’s determination is binding on all Non-U.S. Holders of the Warrants, but it is not binding on the IRS and the IRS may therefore disagree with the Issuer’s determination. In the case of Warrants tracking Qualified Indices, the Issuer may be restricted in its ability to issue or sell additional Warrants if the status of an underlying index becomes non-qualified in a future year while the Warrant is outstanding.

The rules of the Section 871(m) Regulations require complex calculations in respect of the instruments that include U.S. Underlying Equities and application of these rules to a specific issue of Warrants may be uncertain. **Consequently the IRS may determine they are to be applied even if the Issuer initially assumed the rules would not apply. There is a risk in such case that holders of the Warrants are subject to withholding tax ex post.**

As neither the Issuer nor the withholding agent will be required to gross up any amounts withheld in connection with a Specified Security (including any amounts withheld on income with respect to the Issuer’s hedge of a Specified Security), holders will receive smaller payments in such case than they would have received without withholding tax being imposed.

**Investors should consult their tax adviser regarding the potential application of the Section 871(m) Regulations to their investment in the Warrants.**

## SALES RESTRICTIONS

### General

No action has been or will be taken by the Issuer that would permit a public offering of the Warrants or possession or distribution of any offering material in relation to the Warrants in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Warrants, or distribution of any offering material relating to the Warrants may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to places.

Each holder of the Warrants undertakes that it will inform any subsequent purchaser of the terms and conditions of the Warrants and all such subsequent purchasers as may purchase such securities from time to time shall be deemed to be a holder of the Warrants for the purposes of the Warrants and shall be bound by the terms and conditions of the Warrants.

### Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Warrants may not be circulated or distributed, nor may Warrants be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act 2001 of Singapore.

### Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Warrants and each other purchaser will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Warrants (except for Warrants which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("SFO")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong ("CWUMPO") or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Warrants, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Warrants which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

### European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the Warrants will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell, or otherwise make available any Warrants which are the subject of the offering as contemplated by this Base Listing Document to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

- (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe for the Warrants.

## United Kingdom

Each dealer represents and agrees, and each further dealer appointed in respect of the Warrants will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Warrants which are the subject of the offering as contemplated by this Base Listing Document to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or
  - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, as amended (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe for the Warrants.

Each dealer further represents and agrees, and each further dealer appointed in respect of the Warrants will be required to further represent and agree, that:

- (a) in respect to Warrants having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Warrants other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Warrants would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Warrants in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Warrants in, from or otherwise involving the United Kingdom.

## United States

The Warrants and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any state securities law, and trading in the Warrants has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act of 1936, as amended (the “**Commodity Exchange Act**”) and the Issuer has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the

Warrants or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Warrants, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Warrants or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Warrants, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Warrants in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Warrants of any tranches must agree with the relevant dealer or the seller of such Warrants that (i) it is not a U.S. Person, (ii) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Warrants in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (iii) it is not purchasing any Warrants, directly or indirectly, in the United States or for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Warrants will be conditional upon certification that each person exercising or otherwise redeeming a Warrant is not a U.S. person or in the United States and that the Warrant is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Warrants located in the United States.

As used in the preceding paragraphs, the term “**United States**” includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term “**U.S. person**” means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the “**CEA**”) or any rules thereunder of the CFTC (the “**CFTC Rules**”), guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a “Non-United States person” defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not “Non-United States persons”, shall be considered a U.S. person), or (iv) a U.S. Person for purposes of the final rules implementing the credit risk retention requirements of Section 15G of the U.S. Securities Exchange Act of 1934, as amended.

## GENERAL INFORMATION

1. Settlement of trades done on a normal “ready basis” on the SGX-ST generally takes place on the second market day following the transaction date.
2. The reports of the Auditors of the Issuer and the Guarantor were not prepared exclusively for incorporation into this document.

The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.

3. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the office of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:-
  - (a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;
  - (b) the updated audited financial statements, interim reports (if any) and quarterly reports (if any) of the Issuer;
  - (c) the updated audited financial statements, unaudited interim reports (if any) and unaudited quarterly reports (if any) of the Guarantor; and
  - (d) the Guarantee.
4. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale, Singapore Branch at the above address for the attention of Société Générale Legal Department.
5. Save as disclosed in this document and its Appendices, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of this document and the issuance of warrants hereunder.
6. Save as disclosed in this document including its Appendices, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2023 or the Guarantor since 31 March 2024, in each case in the context of the document and the issuance of warrants hereunder.

**APPENDIX 1**

**FORM OF THE GUARANTEE**

## GUARANTEE OF SOCIÉTÉ GÉNÉRALE

This guarantee (the “**Guarantee**”) is made by way of deed poll by Société Générale, a *société anonyme* registered under No. 552 120 222 R.C.S. Paris, duly organized and existing under the laws of the Republic of France, with its principal office at 29 boulevard Haussmann, 75009 Paris, France (the “**Guarantor**”).

1. In this Guarantee, unless the context otherwise requires:

“**Exchange**” means Singapore Exchange Securities Trading Limited.

“**Creditor**” means any person to whom an Obligation is from time to time owed.

“**Obligation**” means any obligation or liability of SG Issuer, 15, avenue Emile Reuter, L-2420, Luxembourg (the “**Company**”) in respect of any warrants (the “**Warrants**”) permitted by the rules governing the listing of securities on the Exchange issued by the Company between 14 June 2024 and 13 June 2025 (the “**Issue Period**”) and any further Warrants issued by the Company after the Issue Period but forming part of the same series as the Warrants issued during the Issue Period listed on the Exchange together with all reasonable costs, commissions and other expenses incurred by any person in connection with the enforcement of this Guarantee and, for the avoidance of doubt, “**Obligations**” shall include any such obligation or liability assumed under or incurred pursuant to any novation, transfer, assignment or other similar agreement between the Company and any other company within the same group of companies as the Guarantor.

“**person**” means any person, firm, trust estate, corporation, association, cooperative, government or government agency, or other entity.

2. (a) The Guarantor hereby unconditionally and irrevocably guarantees, for the benefit of each Creditor, in accordance with the terms and conditions of this Guarantee, the full performance by the Company when due (whether at stated maturity, upon acceleration or otherwise) of each and every Obligation and in the event that the Company shall default in the due and punctual performance of any Obligation, undertakes to perform or procure the performance of such Obligation including the payment of all amounts payable by the Company in respect of such Obligation (in the case of any payment Obligation, in the currency in which the particular Obligation is expressed to be payable).

All references in this Guarantee to amounts payable by the Company shall (if applicable) be to such amounts as directly reduced, and/or in the case of conversion into equity, as reduced by the amount of such conversion, and/or otherwise modified from time to time resulting from the exercise of a Bail-In Power (as defined below) by any relevant authority.

As a separate and independent stipulation, the Guarantor agrees that each and every Obligation which is not binding on, or is not performed by, the Company for whatever reason and in whatever circumstance, shall nevertheless be performed by the Guarantor in accordance with its terms as though the Warrants had been issued by the Guarantor and as though the Guarantor were the sole or principal obligor in respect of such Obligation.

- (b) The Guarantor waives any right it may have of first requiring any Creditor to make demand, proceed or enforce any rights or security against the Company or any other person before making a claim against the Guarantor under this Guarantee.
3. The Creditor shall only be entitled to take or obtain the benefit of this Guarantee upon the condition that the Guarantor shall be entitled to deal with the Creditor, and the Creditor shall be obliged to deal with the Guarantor



with respect to the Obligation due to the Creditor and this Guarantee without the necessity or duty to rely on, act through or otherwise involve or deal with one another as principals in relation to the same provided that the rights, powers, privileges and remedies of the Creditor under this Guarantee shall not thereby be in any way limited or otherwise affected.

4. Each Creditor acknowledges, accepts, consents and agrees by its acquisition of the Obligations:
- (a) to be bound by the effect of the exercise of the Bail-In Power by the Relevant Resolution Authority (as defined below) or the regulator, which may include and result in any of the following, or some combination thereof:
    - (i) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
    - (ii) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Guarantor or another person (and the issue to the Creditor of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of this Guarantee, in which case the Creditor agrees to accept in lieu of its rights under this Guarantee any such shares, other securities or other obligations of the Guarantor or another person;
    - (iii) the cancellation of this Guarantee; and/or
    - (iv) the amendment or alteration of the expiration of this Guarantee or amendment of the amounts payable on this Guarantee, or the date on which the amounts become payable, including by suspending payment for a temporary period; and
  - (b) that the terms of this Guarantee are subject to, and may be varied, if necessary, to give effect to, the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator.

For these purposes:

**“Amounts Due”** means any amounts due by the Guarantor under this Guarantee.

**“Bail-In Power”** means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

**“Relevant Resolution Authority”** means any authority with the ability to exercise the Bail-In Power on the Guarantor.

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Bail-in Power by the Relevant Resolution Authority or the regulator with respect to the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Guarantor under the laws and regulations in effect in France and the European Union applicable to the Guarantor or other members of its group.

Upon the exercise of any Bail-in Power by the Relevant Resolution Authority or the regulator with respect to the Guarantor, the Guarantor will provide a written notice to the Creditor as soon as practicable regarding such exercise of the Bail-in Power. Any delay or failure by the Guarantor to give notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the Obligations described above.

Neither a cancellation of this Guarantee, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Guarantor or another person, as a result of the exercise of the Bail-in Power by the Relevant Resolution Authority or the regulator with respect to the Guarantor, nor the exercise of any Bail-in Power by the Relevant Resolution Authority or the regulator with respect to the Guarantor will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Creditor to any remedies (including equitable remedies) which are hereby expressly waived.

If the Relevant Resolution Authority or the regulator exercises the Bail-in Power with respect to less than the total Amounts Due, unless otherwise instructed by the Guarantor or the Relevant Resolution Authority or the regulator, any cancellation, write-off or conversion made in respect of the Amounts Due pursuant to the Bail-in Power will be made on a pro-rata basis.

The matters set forth in this Clause 4 shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Guarantor and each Creditor. No expenses necessary for the procedures under this Clause 4, including, but not limited to, those incurred by the Guarantor, shall be borne by any Creditor.

5. No delay or omission on the part of the Creditor in exercising any right, power, privilege or remedy (hereinafter together called "**Rights**") in respect of this Guarantee shall impair any such Rights or be construed as a waiver of any thereof nor shall any single or partial exercise of any such Rights preclude any further exercise thereof or the exercise of any other Rights. The Rights herein provided are cumulative and not exclusive of any rights, powers, privileges or remedies provided by law. Nothing in this Guarantee shall be construed as voiding, negating or restricting any right of set-off or any other right whatsoever existing in favour of the Creditor or arising at common law, by statute or otherwise howsoever.
6. This Guarantee is a continuing guarantee and shall not be satisfied, discharged or affected by any intermediate payment, performance or settlement of account. The provisions of this Guarantee shall continue in full force and effect until each and every Obligation shall have been performed in full.
7. The Guarantor shall be subrogated to all rights of the Creditors against the Company in respect of any amounts paid under this Guarantee, provided however that the Guarantor will not exercise any rights of subrogation or any other rights or remedies (including, without limiting the generality of the foregoing, the benefit of any security or right of set-off) which it may acquire due to its performance of any Obligation pursuant to the terms of this Guarantee and will not prove in the liquidation of the Company in competition with the Creditor unless and until each and every Obligation due to the Creditor hereby guaranteed have been satisfied in full by the Guarantor, and/or the Company. In the event that the Guarantor shall receive any payment or distribution on account of such rights while any Obligation remains outstanding, the Guarantor shall account for all amounts so received to the Creditor.
8. If the Guarantor makes a payment of any additional amount hereunder by reason of any requirement to deduct or withhold amounts from any payment hereunder and the Creditor determines that it has received or been granted a credit against or relief or payment of any tax paid or payable by it in respect thereof the Creditor shall to the extent that it can do so without prejudice to the retention of the amount of such credit relief or repayment pay to the Guarantor such amount as shall be attributable to such deduction provided that nothing contained in this clause

shall interfere with the right of any Creditor to arrange its tax affairs in whatsoever manner it thinks fit and, in particular, no Creditor shall be under any obligation to claim relief in respect of any such deduction in priority to any other claims for relief available to it.

9. Any notice in respect of this Guarantee will be sufficiently given to a party if in writing and delivered in person, sent by certified or registered mail (airmail, if overseas) or their equivalent (with return receipt requested or by overnight courier or given by telex) (with answerback received). A notice will be effective:
  - (a) if delivered by hand or sent by overnight courier, on the day it is delivered (or if that day is not a day on which commercial banks are open for business in Paris and Singapore (a “**Banking Day**”), or if delivered after the close of business on a Banking Day, on the first following day that is a Banking Day);
  - (b) if sent by telex, on the day of the recipient’s answerback is received (or if that day is not a Banking Day, or if after the close of business on a Banking Day, on the first following day that is a Banking Day); or
  - (c) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), three Banking Days after despatch if the recipient’s address for notice is in the same country as the place of despatch and otherwise seven Banking Days after despatch.
10. The liability of the Guarantor under this Guarantee shall not be affected by the liquidation, winding up or other incapacity of the Company. In the event that performance of any Obligation is avoided or reduced by virtue of any enactments for the time being in force relating to liquidation or insolvency the Creditor shall be entitled, subject to Clause 4, to recover the value or amount so avoided or reduced from the Guarantor as if such Obligation had not been performed by the Company.
11. This Guarantee shall remain in full force and effect irrespective of the validity, regularity, legality or enforceability against the Company of, or of any defence or counterclaim whatsoever available in relation to, any Obligation whether or not any action has been taken to enforce the same or any judgment obtained against the Company or any other person, whether or not any time, indulgence, waiver or consent has been granted to the Company or any other person by or on behalf of the Creditor; whether or not there have been any dealings or transactions between the Company or any other person and any of the Creditors; whether or not the Company or any other person has been dissolved, liquidated, merged, consolidated, become bankrupt, has changed its status, functions, control or ownership or conveyed or transferred its asset; whether or not the Company or any other person has been prevented from performing any Obligation by foreign exchange or any other provision applicable at its place of registration or incorporation, and whether or not any circumstances have occurred which might otherwise constitute a legal or equitable discharge of or a defence to a guarantor.
12. The Guarantor represents and warrants to the Creditor that it has the full power and authority, and has taken all necessary steps, to execute and deliver this Guarantee and to perform its obligations hereunder and this Guarantee constitutes the valid and binding obligations of the Guarantor and is enforceable in accordance with its terms.
13. Without prejudice to the guarantee provided by the Guarantor hereby, no rights are conferred on any person under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any term of this Guarantee, but this does not affect any right or remedy of any person which exists or is available apart from that Act.
14. This Guarantee, and any non-contractual obligations arising out of or in connection with it, are governed by and shall be construed in accordance with Singapore law. The Guarantor irrevocably agrees for the benefit of each holder of the Warrants that the courts of Singapore shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Guarantee (including any dispute relating to any non-contractual obligations arising out of or in connection with this Guarantee) and that accordingly any suit, action or proceedings

(together referred to as “**Proceedings**”) arising out of or in connection with this Guarantee (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Guarantee) may be brought in the courts of Singapore.

15. The Guarantor irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any Proceedings in the courts of Singapore and irrevocably agrees that a final judgment in any Proceedings brought in the courts of Singapore shall be conclusive and binding upon the Guarantor and may be enforced in the courts of any other jurisdiction. Nothing contained in Clause 14 or Clause 15 shall limit any right to take Proceedings against the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdictions, whether concurrently or not.
16. The Guarantor hereby appoints Société Générale, Singapore Branch (“**SGSB**”), currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981 as its agent for service of process in Singapore in respect of any Proceedings and undertakes that in the event of SGSB ceasing so to act, it will appoint another person as its agent for that purpose.
17. In the event that any of the terms or provisions of this Guarantee are or shall become invalid, illegal or unenforceable, the remaining terms and provisions hereof shall survive unaffected.

## **APPENDIX 2**

### **DESCRIPTION OF THE ISSUER**

## SG Issuer

### 1. Incorporation, Duration, Seat and Purpose

SG Issuer was incorporated on 16 November 2006 for an unlimited duration as a limited liability company under the laws of Luxembourg. SG Issuer's capital is mainly owned by Société Générale Luxembourg S.A. and has a minority ownership by Société Générale S.A. since 30 November 2020. SG Issuer's accounts are included in the consolidated accounts of Société Générale S.A., which is the largest body of undertakings of which SG Issuer forms a part as a subsidiary undertaking, and whose head-office is located at 29, boulevard Haussmann, 75009 Paris, France.

SG Issuer's registered address is located at 15, avenue Emile Reuter, L-2420, Luxembourg. SG Issuer is registered in the Luxembourg trade and companies register under No. B 121.363. SG Issuer has not established a place of business in Singapore.

SG Issuer's purpose and object pursuant to SG Issuer's Articles of Association, is to invest in particular financial instruments, or any other debt securities, acknowledgements of debts or capital securities and to issue debt securities, bonds, certificates, warrants and other debt securities or acknowledgements of debt or financial securities.

### 2. Share Capital

SG Issuer's issued capital as at 15 January 2024 is EUR 2,000,440 divided into 50,011 ordinary shares of EUR 40.00 each, all issued and fully paid up.

### 3. Indebtedness

As at 31 December 2023 SG Issuer has no hire purchase commitments, guarantees or other material contingent liabilities.

Under a debt instruments issuance programme, SG Issuer together with the Guarantor may issue medium term notes. As at 31 December 2023, debt instruments amounting to EUR 78,498.043 million (non-audited) were issued under the aforementioned programme. The medium term notes issued by SG Issuer under the Debt Instruments Issuance Programme are unconditionally and irrevocably guaranteed by the Guarantor.

### 4. Management and Supervision

Pursuant to SG Issuer's Articles of Association, SG Issuer is managed by a board of directors under the supervision of a supervisory board. The members of the board of directors as at 19 January 2024 are Laurent Simonet, Thierry Bodson, Yves Cacclin, Julien Bouchat, Youenn Le Bris, Estelle Stephan Jaspard and François Caralp (each individually a "**Director**" and collectively the "**Board of Directors**"). The members of the supervisory board as at 19 January 2024 are Peggy Veniant Cottin, Laurent Weil, Emanuele Maiocchi and Gregory Claudy. Save for Gregory Claudy who is an independent director, all members of the Board of Directors and the Supervisory Board hold full-time positions within the Société Générale Group.

The business address of Laurent Simonet, Estelle Stephen Jaspard and François Caralp as at 19 January 2024 is Tour Société Générale, 17, Cours Valmy, F-92897 Paris-La Défense 7, France. The business address of Thierry Bodson, Yves Cacclin, Julien Bouchat and Youenn Le Bris is 11, avenue Emile Reuter, L-2420 Luxembourg. The business address of Peggy Veniant Cottin and Emanuele Maiocchi as at 19 January 2024 is 11, avenue Emile Reuter, L-2420 Luxembourg. The business address of Laurent Weil as at 19 January 2024 is Tour Société Générale, 17, Cours Valmy, F-92897 Paris-La Défense 7, France. The business address of Gregory Claudy as at 19 January 2024 is 225a, rue du Burgknapp, B-6717 Heinstert.

### 5. General Meetings of Shareholders

The annual general meeting of shareholders is held on the penultimate Thursday of March or, if it is not a bank working day in Luxembourg, the following day.

Shareholders are entitled to one vote per share. Resolutions proposed at ordinary annual general meetings of shareholders require a simple majority of the votes cast. Resolutions proposed at extraordinary meetings of

shareholders require a two third of the votes cast when the resolution deals with either a modification of the Issuer's Articles of Association or the Issuer's dissolution.

Each time all of the shareholders are present or represented and if they declare being informed of the agenda of the shareholders meeting, the shareholders meeting can be held without notification.

## **6. Financial Information**

SG Issuer publishes both audited condensed interim financial information and report and audited annual financial statements following the end of each financial year. SG Issuer's financial year runs from 1 January to 31 December. SG Issuer does not publish consolidated statement.

For the six-month period ended 30 June 2023, the condensed interim financial information was published in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and reviewed, without qualification. For the financial year ended on 31 December 2022, the accounts were published in accordance with international financial reporting standards as adopted by the European Union (IFRS) and audited, without qualification.

SG Issuer's financial liabilities at fair value through profit or loss increased from EUR 39,779.233 million on 31 December 2022 to EUR 51,169.214 million on 31 December 2023 (audited). The EUR 11,389.981 million (audited) increase can be detailed as follows:

- Increase of EUR 12,357.938 million (audited) for notes issued under the euro medium term note programme activity; and
- Decrease of EUR 967.957 million (audited) for the warrants.

The nominal of warrants activity in the related off-balance sheet is approximately EUR 38,074.464 million as of 31 December 2023 (audited).

Save as disclosed in this document, no person has, or is entitled to be given, an option to subscribe for SG Issuer's shares or debentures.

SG Issuer's Deed of Incorporation provides that SG Issuer's directors may exercise all SG Issuer's powers to borrow money for the purposes of the company without limit and upon such terms as they think fit.

## **APPENDIX 3**

### **DESCRIPTION OF THE GUARANTOR**



## Société Générale

### 1. Incorporation, Duration, Seat, Purpose and Financial Year

Société Générale was founded in France in 1864. It was then nationalized in 1945, but returned to the private sector in July 1987 as a *Société Anonyme* under the laws of the Republic of France. Its existence has been extended to 31 December 2047.

Société Générale, which is registered under n° 552 120 222 R.C.S. Paris, has its registered office at 29, boulevard Haussmann, 75009 Paris.

The purpose of Société Générale is to engage in banking, finance, insurance brokerage and credit operations in France and outside France with all persons, corporate entities, public and local authorities in accordance with the regulations applicable to *établissements de crédit* (credit institutions).

Société Générale may also engage on a regular basis in all transactions other than those listed above, including in particular insurance brokerage, under the conditions set by the *Comité de la réglementation bancaire et financière* (French Banking and Financial Regulations Committee).

Generally, Société Générale may also carry out, on its own account, on behalf of third parties or in a joint venture, all financial, commercial, industrial or agricultural personalty and realty transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate the accomplishment of such activities.

The financial year of Société Générale runs from 1 January to 31 December.

### 2. Organisational Structure

Société Générale's subsidiaries included in its consolidated group as at 31 December 2023 are set out on pages 30 and 31 of the section headed "Group Management Report" in Appendix 5 of this document.

### 3. Business Overview

#### FRENCH RETAIL, PRIVATE BANKING AND INSURANCE

In May 2023, French Retail Banking activities (SG Network and BoursoBank) were housed together with those of Private Banking and Insurance under the one banner in a bid to optimise synergies between businesses and offer a large suite of products and services adapted to the needs of a diversified client base — retail, professional and corporate clients, as well as non-profits and municipalities — seeking varied expertise.

2023 was marked by:

- **the creation of the new bank SG resulting from the successful merger between the Societe Generale network and Crédit du Nord.** After a large-scale IT migration process in the spring of 2023, the new relational model is being rolled out by strengthening the regional foothold, expertise and responsiveness. It is also capitalising on a strengthened CSR commitment;
- **the number of Boursorama (now BoursoBank) clients reaching the 5 million mark;**
- **solid commercial and financial performances from the Private Banking and Insurance businesses** that give further value to the suite of products and services with clients of the Retail Banking networks.

The networks continue to support the economy and assist the clients with their financing projects despite a decrease in average loan outstandings in the networks from EUR 247 billion in 2022 to EUR 234 billion in 2023 in a context of climbing interest rates. At the same time and amid intense competition particularly in the corporate segment, deposit outstandings decreased by -3% to EUR 295 billion at the end of December 2023.

### SG Network in France

The SG Network France offers **solutions tailored to the needs of nearly 9 million individual, professional, non-profit and corporate clients**, representing EUR 217 billion in annual average outstanding deposits and EUR 201 billion in outstanding loans in 2023.

SG Network offers clients:

- around 1,700 main branches located predominantly in urban areas where a large proportion of national wealth is concentrated;
- an exhaustive and diversified range of products and services, ranging from savings vehicles and asset management solutions to corporate finance and payment means;
- a comprehensive and innovative omnichannel system offering Internet, mobile, phone and service platforms.

The system is the result of the legal merger of the French Retail Banking networks of Societe Generale and Crédit du Nord on 1 January 2023.

The migrations of Crédit du Nord's IT system towards Societe Generale's information system were successfully carried out in a two-stage process during the first quarter of 2023 and on schedule.

**The strategic objectives set out in the programme to bring the networks closer together focus on four major areas:**

- **a bank with a local foothold across 11 regions:** decisions will be predominantly taken at regional level and on an increasing basis directly in agencies and business centres;
- **a more responsive, accessible and efficient bank with the launch of programmes to simplify internal procedures and optimise customer pathways;**
- **a bank that gears itself more to the specific needs of each client category:** a bank that offers expertise, with resources increasingly focused on the specific requirements of the various client categories, notably with the creation of a wealth management bank, across-the-board presence of a dedicated advisor for professional clients — covering both their personal and professional banking needs — and more experts throughout France to deal with the full scope of their savings, insurance and advisory concerns.

In 2023, Societe Generale continued to expand its network and increase its service offering in response to clients' requirements. These efforts have focused in particular on increasing the use of electronic signatures and the continued development of digital applications for retail, private banking, professional and corporate markets;

- **a responsible bank:** the Societe Generale network makes sustainable development the linchpin of its strategy. It offers to support all clients in their energy transition: in each region, a regional CSR manager provides expertise to SMEs, non-profit organisations and local authorities, offering a comprehensive range of advice and financing solutions designed with benchmark partners.

Retail clients could also avail themselves in 2023 of an energy renovation programme that includes diagnosis, building work and financing, on top of a dedicated range of savings products. Irrespective of their profile, the Bank also offers to measure clients' greenhouse gas emissions, in partnership with Carbo.

## **BoursoBank**

Boursorama is a subsidiary of Societe Generale, and a pioneer and leader in France for its three main businesses: online banking, brokerage and online financial information at boursorama.com, ranked No. 1 for economic and stock market news. An online bank accessible to all, without any revenue or financial wealth prerequisites, **BoursoBank's promise is the same as it was when it was first created, which is to simplify clients' lives at the most competitive price and furnish the best service possible to boost their purchasing power.**

At end-2023, BoursoBank served **5.9 million clients, which is a +26% increase in the space of a year, after a 41% rise in 2022**. This growth has been matched by an increase in the bank's total outstandings of EUR 6 billion over the period, for a total of around EUR 71 billion at end-December 2023, including approximately EUR 15 billion in loans, around EUR 34 billion in current accounts, around EUR 13 billion in off-balance sheet savings (life insurance) and around EUR 9 billion in share securities).

2023 was dominated by:

- **the number of BoursoBank clients passing the 5 million mark midway through the year**. Most of the targets of the prior strategic plan were met two and half years ahead of schedule;
- **rebranding in October**, making the bank's name simpler. Boursorama Banque is now known as BoursoBank, but the portal name will remain *boursorama.com*;
- profitability of almost EUR 50 million in the second quarter, lending weight to the **underlying economic model**;
- **B Corp certification**, an international standard attesting to the fact that Societe Generale meets social and environmental performance, transparency, and accountability standards towards the public.

Over and above its successful mainstream banking offer, BoursoBank provides an increasingly wide range of products and services that in 2023 included the launch of:

- Banque au Quotidien: the launch of a BoursoPrime service which enables clients who subscribe to the offer to make use of the multiple advantages on all aspects of the offer, notably a cashback offer on all bankcard (CB) expenditure;
- savings: against the backdrop of increasing interest rates, a term account and a second savings account were launched (Bourso+). Cumulative net inflows on these two products totalled around EUR 6 billion in 2023;
- loans: an "ecoresponsible" mortgage loan offer was launched;
- a more comprehensive Beyond the Bank offer was introduced that generates larger business volumes *via* The Corner platform that again doubled in 2023 to reach EUR 300 million.

Boursorama was voted the least expensive bank for the 16th consecutive year (source: *Le Monde*/Panorabanque 2023) and France's preferred bank for digital banking (source: Opinionway 2023). The online bank was ranked No. 1 on app stores, with a rating of 4.9/5 on iOS and 4.8/5 on Android. It boasts a Net Promoter Score of +36 for the sector (source: Bain and Company — January 2023).

Its online portal, *www.boursorama.com*, is consistently ranked the No. 1 website for online financial and economic information, and receives around 50 million visits a month for almost 300 million page views (Source ACPM — September 2023).

BoursoBank generally attracts young clients — the average age is 35 — who are city dwellers, who work and are financially stable. The average client outstanding is around EUR 13,000 (savings and loans). Against an overall backdrop of accelerated growth, the acquisition of private banking clients also continues to rise amid a rapid acceleration in growth. BoursoBank also continues to push ahead with optimisation and rationalisation efforts. It notably registered an annual decrease in IT costs per client of around 20%, whereas its headcount has increased by a mere 6% per year since 2017, in contrast to the number of clients by employee which has increased on average by almost 30% per year.

### **Societe Generale Private Banking**

Societe Generale Private Banking has an extensive foothold in Europe and offers global financial engineering and wealth management solutions, in addition to global expertise in structured products, hedge funds, mutual funds, private equity funds and real estate investment solutions. It also offers clients access to capital markets.

Since January 2014 and in conjunction with the French Retail, Private Banking and Insurance core business, **Societe Generale Private Banking has extensively modified its relationship banking model in France by extending its services to all individual clients with more than EUR 500,000 in their accounts.**

Societe Generale Private Banking also created a **Wealth Investment Services centre of expertise** in 2022, thereby becoming a **genuine one-stop shop** that houses unique expertise within the Group to design investment and open-architecture solutions. It consolidates the management and structuring skills offered by Investment Management Services, the Market Solutions teams in charge of market solutions and the management entities of SG 29 Haussmann<sup>1</sup> in France and SGPWM<sup>2</sup> in Luxembourg that have been housed in Societe Generale Private Banking following the Lyxor disposal at the end of 2021.

2023 was dominated by the legal and IT merger of the Societe Generale retail bank and Crédit du Nord. **As a result, Societe Generale Private Banking welcomed new clients from Crédit du Nord in France and in Monaco in its network.** The project enabled Private Banking to **strengthen its local foothold and also capitalise on its national reputation.**

Societe Generale Private Banking's offering is available from three main centres: SGPB France, SGPB Europe (Luxembourg, Monaco and Switzerland) and Kleinwort Hambros (London, Jersey, Guernsey and Gibraltar). At the end of 2023, Private Banking held EUR 143 billion in assets under management.

Societe Generale was the recipient of around 30 awards in 2023 acclaiming the quality of its service and the depth of its high-value offering (Euromoney, Private Banker International, WealthBriefing, etc.).

### **Societe Generale Assurances**

Societe Generale Assurances lies **at the core of Societe Generale Group's development strategy, in synergy with its retail banking, private banking and financial services businesses.** Societe Generale Assurances also pursues the **expansion of its distribution model** through the development of external partnerships.

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<sup>1</sup> SG 29 Haussmann is a management company approved and regulated by the AMF (Autorité des Marchés Financiers — the French financial services authority). Its remit is to provide portfolio management services as funds or by way of discretionary asset management, mainly for the benefit of Private Banking clients and of clients of the Societe Generale network. It has multi-management expertise in structured management, equities, fixed income and alternative management. Since 1 November 2021, SG 29 has also integrated structured Global Markets' structured fund management business (SIS).

<sup>2</sup> SGPWM is a Luxembourg-based management company in charge of (i) managing asset management mandates for the portfolios of SG Private Banking clients in Luxembourg, and (ii) managing the UCITS MOOREA sub-funds.

Societe Generale Assurances offers a full range of products and services to meet the needs of individual, professional and corporate clients in Life Insurance Savings, Retirement Savings and Personal Protection businesses.

Leveraging the expertise of its 3,000 employees (FTE), **Societe Generale Assurances combines financial strength with dynamic innovation and a sustainable development strategy to be a trusted partner for its clients**. Gross premiums stood at EUR 13 billion in 2023, with the share of unit-linked (UL) funds totalling 38%. Outstandings in life insurance investment solutions reached EUR 136.2 billion at end-2023, up by 3.5%, of which UL funds accounted for 38%. Business is increasing in the personal protection and property and casualty lines, with growth accelerating by 3.6% compared to 2022.

In 2023, Societe Generale Assurances pushed ahead with its bid to assist and protect the clients of Group networks by stepping up the development of **digital sales tools** and its phygital dimension. It also accelerated the pace of digital client journeys by optimising data and client behaviour knowledge.

Societe Generale Assurances also continued **diversifying its business model**, which is a proven high-potential growth driver in both the life insurance and personal protection areas, in synergy with the Group's other businesses, such as Ayvens, BoursoBank and with external partners.

As one of the **dominant players in the retirement savings market in France**, Societe Generale Assurances offers cross-business products to meet the needs of individual clients, corporate clients and their employees through customised solutions, simple and easy-to-use digital pathways, innovative and tailor-made services and bespoke assistance.

The **financial strength** of Societe Generale Assurances was confirmed by S&P Global Ratings which upgraded Sogécap's long-term credit rating from BBB+ to A-, and the hybrid debt issue rating from BBB to BBB+.

Societe Generale Assurances actively endorses a policy to strengthen its CSR commitments, vowing to make Corporate Social Responsibility (CSR) a differentiating factor in its strategy. It has divided its policy into three areas: Being a Responsible Insurer, Being a Responsible Investor and Being a Responsible Employer. A host of actions have been rolled out both in relation to the Group's investment policy — signing the Finance for Biodiversity Pledge, limiting non-conventional oil and gas funding, developing green investments and creating an energy efficiency plan — and to the products on offer, such as a responsible UL offering, giving the “Positive Insurance” certification to ten of its protection products. In addition, the Group has embedded the ESG dimension into all its activities making it the bedrock underpinning all its activities and processes (“ESG by design”).

## GLOBAL BANKING AND INVESTOR SOLUTIONS

Global Banking and Investor Solutions (GBIS) is tasked with furnishing its Global Markets and Investor Services, and Financing and Advisory offering to a global client base of businesses, financial institutions, investors and sovereigns.

GBIS employs almost 16,000 people located in 35 countries and fields operations in around 50 countries<sup>3</sup>. It boasts extensive European coverage and representative offices in Europe, the Middle East, Africa, the Americas and the Asia-Pacific regions.

The linchpin of economic flows between issuers and investors, GBIS supports its clients over the long term, offering them a variety of services and integrated solutions tailored to their specific needs. The Group has forged strong and long-lasting ties with a large base of loyal clients thanks to the value-added of its franchises and the globally recognised extensive expertise of its businesses.

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<sup>3</sup> In-country operations through partnerships in the Societe Generale Group.

GBIS' experts provide their issuer clients - large corporates, financial institutions, sovereigns and the public sector - with strategic advisory on their development, as well as access to capital markets to address their funding requirements and hedge their risks. They also furnish services to investors who manage savings according to defined risk/return targets.

A pioneer in sustainable and positive-impact finance, the Group furnishes advisory to its clients and offers concrete financing and investment solutions aimed at transitioning towards a more sustainable economy. The Group places social and environmental responsibility at the core of GBIS businesses.

The Group confirmed in September 2023 the medium-term strategy it unveiled in May 2021 for its Global Banking and Investor Solutions core business and underscored the key feature of these activities in its diversified banking model. Societe Generale's goal is to consolidate its position as a top-tier European corporate and investment bank. It is ideally positioned to tap the major trends for the coming years, such as sharp growth in infrastructure and energy transition financing.

The strategy has five priorities:

- continue the improvement in operational efficiency;
- reduce RWA intensity by developing an advisory-oriented, less capital-intensive model;
- unlock more value from leading integrated franchises;
- remain the most innovative bank for ESG solutions;
- be at the cutting-edge for digital innovation (digital assets and AI).

While leveraging its position as a leading European corporate bank and trusted partner for its clients, the recent partnerships AllianceBernstein and Brookfield illustrates the bank's capacity to develop innovative resources to broaden the client offering and grow alternative sources of revenue.

### **Global Markets and Investor Services**

The Global Markets and Investor Services (GMIS) Division includes Global Markets' activities formed by the Fixed Income and Currencies, Equities and Securities Services arms. As such, the division combines the strength of a leading financial institution offering global access to markets with the customer-oriented approach of a broker positioned as a market leader in its activities, delivering value-added services and innovative solutions.

The teams – financial engineers, salespeople, traders and specialist advisors – use SG Markets, a unique integrated digital platform, to furnish tailored solutions designed to address each client's needs and specific risks, and to assist them to navigate increasingly interconnected financial markets. By way of example, Societe Generale last year issued its first green digital bond as a Security Token directly registered by SG-FORGE on the Ethereum blockchain, with transparent and traceable ESG data. The transaction completes a new step in Societe Generale's growth. The objective behind the creation of SG-FORGE, which is a regulated subsidiary of Societe Generale Group, is to offer crypto asset structuring, issuance, exchange and custody services to the Group's professional clients. Innovation is key to GBIS' strategy and this operation illustrates the Group's willingness to use the most innovative technologies and create cutting-edge business models to better serve its clients.

In addition, work performed by Societe Generale's Cross Asset Research Department provides insight into the impact of major events on the various asset categories and analyses the relationships between asset categories. This key information is drafted into strategic fact sheets. Since January 2020, the Bank has systematically included Environmental, Social and Governance (ESG) analyses in its equities publications, alongside its fundamental financial analysis. The Institutional Investor 2023 Europe Research Survey singled out Societe Generale for the Best Multi-Asset Research prize and, for the

first time, awarded the Bank the Best Quantitative Research prize, thereby confirming the quality of its Equity and Cross-Asset Quant research. Societe Generale equity analysts also rank among the leaders of their field in Europe.

SRP named Societe Generale Best House ESG for Global and Europe in 2023.

At the end of 2022, Societe Generale and AllianceBernstein, a leading asset management and research group, signed a letter of intention to combine their equity research and cash equities businesses in a joint venture that is expected to be finalised in the first half of 2024. The partnership would enable the corporate, financial institution and institutional investor clients of Societe Generale and Bernstein Research Services to gain access to a global and comprehensive suite of top-tier cash equity and research services, on top of the current Societe Generale offering from the equity capital markets, equity derivatives and prime services businesses.

## **FIXED INCOME AND CURRENCIES**

Fixed Income and Currencies (FIC) activities cover a comprehensive range of products and services ensuring the liquidity, pricing and hedging of risks related to the fixed income, credit, forex and emerging market activities of Societe Generale clients.

Teams operate in London, Paris, Madrid and Milan, as well as in the US and the Asia-Pacific region, and offer a wide range of flow and derivative products. Underpinned by in-depth research, engineering, trading and e-commerce expertise, they furnish strategic advisory, flow data and competitive prices.

The teams assist corporate clients and financial institutions with their investments and risk management, providing advisory on the most appropriate opportunities depending on each client's protection and return of capital objectives. Leveraging 15 years' experience in structured finance hedging, FIC teams are able to furnish customised solutions for each financing transaction, including risk hedging where required. Drawing on solid expertise underpinned by cutting-edge technology and algorithmic trading, clients also have access to a wide array of instruments, technologies and liquidities in fixed-income and credit markets via single broker platforms to execute spot trading and derivatives transactions.

On the global stage, Societe Generale was acclaimed Best FX Bank by Global Capital and Best FX Execution Algorithms at the FXTech awards.

For fixed-interest products, the Bank also collected the Best Europe and Asia Inflation House of the Year award from Global Capital.

## **EQUITIES**

Boasting its historic presence in the world's major primary and secondary equity markets and its long-standing tradition of calculated innovation, Societe Generale is a leader in a comprehensive suite of varied solutions covering the full spectrum of cash equity, equity finance, derivative-based services, equity structured products, strategic equity transactions and Prime Services activities.

Drawing on more than 30 years' experience in this field, the Group has a leading position in derivatives and investment solution products, and continues to constantly innovate by offering tailored advisory and innovative solutions that are adapted to its clients' needs. The Group has succeeded in maintaining this global top position, including the strategic post-review since 2020 of the most complex products, while developing the next generation of investment solution products and by remaining a pioneer in innovation, notably for CSR.

This innovative approach is applied to the full array of equities-related activities, spanning equity research, trading, equity financing and listed products.

The Bank was also acclaimed in the Prime Services domains as Best Capital Introduction House at the HFM US Services Awards and the Hedgeweek European Awards 2023. The department rounded off the string of accolades by winning Best Equity House in Asia at the SRP awards.

## SECURITIES SERVICES

The Societe Generale Security Services (SGSS) business offers a comprehensive range of solid and effective securities services, including:

- market-leading clearing services;
- custody and depository bank activities, covering all asset classes;
- fund administration services for managers of complex financial products;
- issuer services, including administration of stock option plans and employee shareholdings;
- liquidity management services (cash and securities);
- transfer agent activities, providing a comprehensive suite of services ranging from support to fund distribution.

With EUR 4,931 billion in assets under custody at end-December 2023 (versus EUR 4,257 billion at end-December 2022), SGSS ranks second among European custodians. It offers custodian services to more than 3,445 mutual funds and provides valuation services to more than 2,604 mutual funds, for a total of EUR 579 billion in total assets under management.

## Financing and Advisory

Financing and Advisory is responsible for covering and developing global relationships with the Bank's strategic clients. The Department houses:

- the **Global Banking and Advisory platform (GLBA)** which now combines in one business unit the Coverage teams dedicated to Global Banking clients and the business teams: mergers and acquisitions, advisory and other corporate finance advisory, corporate banking and investment banking, namely capital raising solutions for debt or equity, financial engineering and hedging for issuers; and
- the services of **Global Transaction and Payment Services**.

The GLBA platform operates on a worldwide scale with expert teams located in France and Europe, the CEEMEA region, the Americas and in Asia. The teams' knowledge of clients and local regulations are key to conducting domestic, international and cross-border activities due to the international dimension of their business. Leveraging this global expertise and sectoral knowledge, the Group was singled out for the Outstanding Leadership in Sustainable Finance prize and is ranked in the Top 6 worldwide for project finance (source: IJ Global in 2023) and in the Top 3 for acquisition finance as MLA in EMEA (source: Dealogic in 2023).

Global Banking and Advisory teams provide issuer clients with a comprehensive suite of products and integrated solutions, products and advisory. Teams are housed in four core businesses:

- the **Asset Finance Division** consists of five businesses - development and structured export finance, aircraft finance, shipping industries, real estate finance, structured solutions and mobility finance - employing over 200



specialists. Offering a wide range of products, experienced professionals design tailor-made solutions for clients, financial companies and public institutions by combining financial know-how and industry expertise. The Group is positioned as a leader in syndicated loans in EMEA (No. 4 MLA; source: Dealogic in 2023);

- the **Natural Resources and Infrastructures Division** is tasked with developing a global activity in the natural resources, energy and infrastructure sectors. by providing clients with financing solutions as well as advisory services, in addition to assistance in their ESG and energy transition needs. Increasing focus is placed on green energy, electromobility and digitalisation. Clients of this division are producers, operators, refinery groups, traders, commodity service providers, commodity and distributor logistics companies, as well as upstream transformers. The infrastructure sector concentrates on construction companies, motorway toll concession groups, public services, public municipalities (or concessions), infrastructure funds and operators dealing with digital and electromobility infrastructure. The Group took home Energy & Commodity Finance House of the Year (Energy Risk Awards 2023), Global Advisor of the Year (Project Finance International 2023), Investment Bank of the Year for Infrastructure & Project Finance (The Banker), Best Investment Bank for Sustainable Financing (Global Finance) for the second consecutive year and World's Best Bank Transition Strategy (Euromoney) in another back-to-back award;
- the **Asset Backed Products Division** combines GLBA's primary markets expertise, blends sectoral skills, securitisation and structuring with know-how in secondary market trading, distribution channels and debt security refinancing. This makes it possible to capitalise on credit capacities and act as the single entry point for ABS-type products and structured loans, and assist the development of our issuer clients and investors. The Group ranks No. 2 for securitisation in euro (source: Dealogic 2023).
- the **Investment Banking** teams furnish clients, businesses, financial institutions and the public sector an integrated, comprehensive and tailored approach, leveraging its in-depth sectoral knowledge and execution capacity recognised both locally and internationally. The offer relies on a full array of investment banking services to cover their clients' investment banking needs — strategic advisory, mergers and acquisitions, capital and debt markets, and acquisition and leveraged finance. Societe Generale holds a leading position in the equity capital markets and in euro-denominated issues for corporate and financial institutions, as well as in acquisition finance in Europe. The equity capital markets franchise and acquisition finance franchise are respectively ranked No. 4 and No. 2 (Bookrunner) in France. The debt capital markets franchise is ranked No. 2 in EMEA for euro issues for large groups and No. 1 for euro issues for financial institutions. Last, the mergers and acquisition franchise is ranked No. 9 in France (source: Dealogic 2023).

The **Global Transaction & Payment Services** (GTPS) teams focus on economic and financial operators and domestic and international financial institutions, medium and large companies with international and multinational activities that require flow management assistance for their banking, commercial, corporate flows and/or payment flow assistance.

They also provide expert assistance to retail Business Units operating these business lines and manage the Group's euro payment platform.

Operating in more than 40 countries, the business delivers a comprehensive and integrated range of solutions and services, leveraging the expertise of the Transaction Banking businesses. It houses five transactional banking activities:

- cash management;
- trade finance;
- cash clearing and correspondent banking;
- receivables and supply chain finance;

- foreign exchange services associated with the payments of our activities, in partnership with Global Markets.

Global Transaction Banking teams are regular recipients of industry awards. The business has been acclaimed Best Bank for Transaction Services in Western Europe (Euromoney) and Africa (Euromoney, The Banker), Most Innovative Bank in Western Europe (Global Finance, The Innovators), Best Trade Finance Provider in Western Europe and France, Romania, Senegal, Algeria (Global Finance), Global Best Bank for Financial Institutions and for Liquidity Management (Global Finance), Best Overall Bank for Cash Management in Western Europe and France (Global Finance), Best Cash Management Services in EMEA & Africa, Best Treasury Services in EMEA, Best Trade Finance Services in EMEA & Europe, Best Factoring Services in EMEA, Europe, CEE & Africa, and Best Transactional Bank for Financial Institutions in Europe & CEE (EMEA Finance).

## **INTERNATIONAL RETAIL, MOBILITY AND LEASING SERVICES**

International Retail, Mobility and Leasing Services (IRMLS) combines:

- International Retail Banking activities spanning our banking networks in Europe, Africa and abroad;
- Mobility and Leasing Services which houses the specialised consumer lending, operational vehicle leasing and fleet management, and equipment and vendor finance activities.

Leveraging this pillar, the Group's ambition is to better serve the full array of its individual and corporate clients by adapting to changes in the economic and social environments, in addition to supporting the international growth of Group clients by drawing on the strength of its network in fast-growing regions where the Group has leading market franchises. International Retail, Mobility and Leasing Services bases its strategy on the relationship-focused diversified banking model, growth of its client base through an extended range of products, and the distribution and pooling of expertise aimed at improving revenues with a constant focus on developing intra-group synergies, while continually seeking to optimise the allocation of scarce resources and manage risks. With around 51,000 employees<sup>4</sup> and commercial operations in 59 countries, International Retail, Mobility and Leasing Services is dedicated to offering a wide range of products and services to its clients (individuals, professionals and corporates). Boasting a complementary range of expertise, IRMLS enjoys solid and recognised positions in its different markets.

### **International Retail Banking**

International Retail Banking activities currently hold leading positions in the various regions where they operate, such as Europe, the Mediterranean Basin and sub-Saharan Africa.

### **EUROPE**

**Komerční banka** (KB) is the Czech Republic's third-ranked bank in terms of balance sheet size, with outstanding loans of EUR 33.4 billion, 209 branches and 7,227 full-time employees (FTE) at end-December 2023. KB, which was founded in 1990 and became a subsidiary of Societe Generale in 2001, has developed its universal banking activities for individual and professional clients and expanded its traditionally significant presence among corporate clients and municipalities.

Since 2020, KB has embarked on major organisational transformation projects, with the introduction of agile working methods at scale, and on a technical level, by stepping up investment in the digitisation of its services and its client pathways. 2024 should therefore culminate in the finalisation of a new platform destined for the bank's retail and professional clients and the launch of IT developments for its corporate clients. The KB Group also offers a suite of products intended for individual clients with ESSOX (consumer loans and car financing), Modra Pyramida (mortgage

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<sup>4</sup> Headcount at end-2023 excluding temporary staff.

facilities), as well as a range developed in collaboration with Insurance and Private Banking. KB is also present in Slovakia under KB Slovakia, which is exclusively devoted to corporate clients.

KB was singled out by Mastercard as Bank of the Year in 2023. KB retained its Top Corporate Bank of the Year award. The bank was runner-up in the Private Bank of the Year and Sustainable Bank of the Year categories. KB was also acclaimed in 2023 by industry magazine as Banker for the Czech Republic Bank of the Year.

In Romania, **BRD** is the No. 3 bank in terms of balance sheet size, and had market share of approximately 10% in loans and 10.5% in deposits at end-November 2023. Societe Generale Group became BRD's main shareholder in 1999. The BRD Group's activity is divided into two major business lines: French Retail (individual and professional clients, and SMEs) and Corporate and Investment Banking. Outstanding loans and deposits respectively totalled EUR 8.5 billion and EUR 12.6 billion at the end of December 2023.

BRD won the Romania Bank of the Year award in 2023 from industry magazine The Banker.

## **AFRICA, MEDITERRANEAN BASIN AND OVERSEAS FRANCE**

Societe Generale holds strong positions in these regions through the deployment of services for individuals and businesses alike.

In the **Mediterranean Basin**, the Group has been present in Morocco since 1913, in Algeria since 1999, and in Tunisia since 2002. In all, this business unit covers 588 branches and has more than 2.4 million clients. At 31 December 2023, outstanding deposits totalled EUR 11.7 billion and outstanding loans stood at EUR 12.1 billion.

In **sub-Saharan Africa**, the Group has an historic presence in 13 countries, with solid local positions, notably in Côte d'Ivoire and Senegal (both No. 1 for loans and deposits), in Cameroon (No. 2 for loans and deposits). In 2023, the region registered outstanding loans of EUR 8.7 billion and deposits of EUR 11.1 billion. Societe Generale is Western Africa's leading international bank.

In 2023 Societe Generale announced the disposal of its stakes in the Congo, Chad, Equatorial Guinea, Mauritania, Burkina Faso and Mozambique subsidiaries. The Group remains fully committed to accompanying its large clients in Africa, notably through its worldwide Corporate and Investment Banking franchises, and its leading subsidiaries operating across the continent.

Societe Generale was singled out in 2023 for numerous awards for the continent. It was acclaimed Best Bank for Sustainability, Best Bank for Financial Inclusion, Best Foreign Investment Bank, Best Factoring Services and Best Cash Management Services by industry magazine EMEA Finance. Meanwhile, Euromoney named Societe Generale Best Bank for Transaction Services. Societe Generale also received the Outstanding Leadership in Sustainable Finance in Africa, and Financial Leadership in Sustaining Communities in Africa awards from Global Finance. The Bank was also acclaimed Best Bank in Cameroon, Côte d'Ivoire, Guinea and Madagascar by EMEA Finance, while Global Finance named Societe Generale Best Bank in Cameroon, Madagascar and Senegal. Meanwhile, in a back-to-back win, Côte d'Ivoire took home Euromoney's Best Bank award. Rounding off the awards tally, The Banker acclaimed Societe Generale Bank of the Year in Senegal, Madagascar, Algeria, Equatorial Guinea and Morocco.

In **Overseas France**, the Group operates in Reunion and Mayotte, French Polynesia and New Caledonia. Societe Generale furnishes the same services to individual and corporate clients in these regions as in mainland France.

## **Mobility and Leasing Services**

### **SPECIALISED CONSUMER FINANCE ACTIVITIES**

Societe Generale Group operates in Europe and Africa via (i) specialised retail financial services subsidiaries in France (CGI), Germany (BDK and Hanseatic Bank) and Italy (Fiditalia) and (ii) subsidiaries attached to the Group's distribution networks in the Czech Republic (ESSOX via KB) and in Morocco (EQDOM, through Societe Generale Maroc).

Through CGI, BDK and Fiditalia, Societe Generale Group generated total outstandings of EUR 24.1 billion at 31 December 2023, giving it strong positions in Western Europe (it ranks in the Top 3 for vehicle finance in Europe) and leading positions locally (market leader in France and Germany, and in the Top 4 in Italy). These subsidiaries furnish financing solutions to retail clients (chiefly loans that have been granted) through a B2B2C model (over 80% of outstandings were generated through 22,000 partners), with a strategy focused primarily on automotive financing (63% of outstandings).

These franchises have significant competitive advantages, with a quality offering and services recognised by clients, underpinning strong growth in recent years, which was three times higher than the market's over the 2015-2023 period, at 7.7% CAGR vs. 2.8%.

### **OPERATIONAL VEHICLE LEASING AND FLEET MANAGEMENT (AYVENS)**

Ayvens offers mobility solutions centred on operational vehicle leasing and fleet management for businesses of all sizes in both local and international markets. It also serves individual clients. The business combines the financial benefits of operational leasing and those of a complete range of upscale services, including maintenance, tyre management, fuel consumption, insurance and vehicle replacement.

Following the finalisation of the acquisition of LeasePlan by ALD Automotive in 2023, Ayvens has become the global leader for operational vehicle leasing and fleet management solutions and for businesses and a leading global player in sustainable mobility that is around twice the size of the second-largest player in this market.

Spanning 43 countries, Ayvens boasts the largest geographic coverage in the sector, managing a combined fleet of around 3.4 million vehicles and employing over 15,000 full-time employees.

A pioneer in the field of mobility solutions, Ayvens is constantly innovating to provide unparalleled support to its clients, fleet managers and drivers, and to furnish customised services that are tailored to their needs.

Ayvens has been listed on the Euronext Paris stock exchange since June 2017. Societe Generale is Ayvens' controlling shareholder and, as such, Ayvens benefits from the Group's financing capacity, and from the Group's expertise in synergy-centric businesses with those of Ayvens (insurance, retail banking, vehicle leasing, specialised consumer credit for auto financing).

### **VENDOR AND EQUIPMENT FINANCE (SGEF)**

Societe Generale Equipment Finance specialises in vendor and professional equipment finance. The business is conducted through partnership agreements with international vendors (professional equipment manufacturers and distributors) or directly with end clients. SGEF has developed its expertise in four major sectors: Transport, Industrial Equipment, Technology and the Medical and Environmental sector.

Societe Generale Group is one of leaders in the equipment finance business. Leveraging on SGEF and the Group's networks, it operates in over 35 countries (partnerships included) and manages a portfolio of EUR 25 billion<sup>5</sup> in outstandings. It has a broadly diverse client base, ranging from large international companies to SMEs, to which it offers an extensive array of products, such as financial leasing, loans, rentals, purchase of receivables, as well as insurance and marketing services.

Societe Generale Equipment Finance has a headcount of over 1,500 full-time employees (FTEs) and is a regular recipient of leasing industry honours. It has made sustainable development a linchpin of its strategy. SGEF was acclaimed European Lessor of the Year by Leasing Life and has to date deployed the ESR EcoVadis certification process throughout six entities.

#### **4. Board of Directors and Management**

The members of the Board of Directors of Société Générale as at 1 January 2024 are as follows:

##### **Lorenzo BINI SMAGHI**

(Date of birth: 29 November 1956)

- Chairman of the Board of Directors
- Independent Director

##### **Slawomir KRUPA**

(Date of birth: 18 June 1974)

- Chief Executive Officer

##### **William CONNELLY**

(Date of birth: 3 February 1958)

- Company Director
- Independent Director
- Chairman of the Risk Committee and Member of the Nomination and Corporate Governance Committee

##### **Jérôme CONTAMINE**

(Date of birth: 23 November 1957)

- Company Director
- Independent Director
- Chairman of the Compensation Committee and Member of the Audit and Internal Control Committee

##### **Béatrice COSSA-DUMURGIER**

(Date of birth : 14 November 1973)

- Chief Operating Officer of Believe
- Company Director
- Independent Director

##### **Diane CÔTÉ**

(Date of birth: 28 December 1963)

- Independent Director
- Member of the Audit and Internal Control Committee and of the Risk Committee

---

<sup>5</sup> At 31 December 2023, including Franfinance, Sogelease and Starlease, and Leasing activities of the Africa, Mediterranean Basin and Overseas France network.

**Ulrika EKMAN**

(Date of birth: 6 October 1962)

- Company Director
- Independent Director
- Member of the Audit and Internal Control Committee and of the Risk Committee

**France HOUSSAYE**

(Date of birth: 27 July 1967)

- Director Elected by Employees
- Head of External Business Opportunities, Regional Commercial Department, Rouen (Normandy)
- Member of the Compensation Committee

**Annette MESSEMER**

(Date of birth: 14 August 1964)

- Independent Director
- Member of the Risk Committee and of the Compensation Committee

**Henri POUPART-LAFARGE**

(Date of birth: 10 April 1969)

- Chairman and Chief Executive Officer of Alstom
- Independent Director
- Chairman of the Nomination and Corporate Governance Committee

**Johan PRAUD**

(Date of birth: 9 November 1985)

- Director Elected by Employees
- Facilities Manager

**Lubomira ROCHET**

(Date of birth: 8 May 1977)

- Partner at JAB Holding Company
- Independent Director
- Member of the Nomination and Corporate Governance Committee

**Benoît de RUFFRAY**

(Date of birth: 4 June 1966)

- Chairman and Chief Executive Officer of Eiffage
- Independent Director
- Member of the Nomination and Corporate Governance Committee and of the Compensation Committee

**Alexandra SCHAAPVELD**

(Date of birth: 5 September 1958)

- Company Director
- Independent Director
- Chairwoman of the Audit and Internal Control Committee and Member of the Risk Committee

## **Sébastien WETTER**

(Date of birth: 10 July 1971)

- Director Elected by Employee Shareholders
- Global Chief Operating Officer for the Financial Institutions coverage teams
- Member of the Audit and Internal Control Committee

## **Jean-Bernard LÉVY (Non-voting Director)**

(Date of birth: 18 March 1955)

- Non-voting Director

### **5. Auditors**

In accordance with French law, Société Générale is required to have two statutory auditors (*commissaires aux comptes*).

As at the date of this document, the statutory auditors are:

- KPMG S.A of Tour Egho - 2 avenue Gambetta, 92400 Courbevoie, France; and
- PriceWaterhouseCoopers Audit of 63 rue de Villiers, 92200 Neuilly-sur-Seine, France.

### **6. General Meetings of Shareholders**

The annual general meeting of shareholders is convened and held as provided by legal provisions in force.

Being a credit institution, Société Générale is obliged by virtue of Article 8 of French *décret* n° 84-708 of 24 July 1984 to submit its annual financial statements at the general meeting of shareholders before 31 May of each year, unless otherwise authorised by the *Autorité de Contrôle Prudentiel et de Résolution* (French Prudential Supervisory Authority).

### **7. Share capital**

At 1 January 2024, the registered and fully-paid capital of Société Générale are EUR 1,003,724,927.50 divided into 802,979,942 ordinary shares with a nominal value of EUR 1.25 each.

### **8. Risk Management Policies**

Appendix 5 to this document contains a reproduction of the description of Société Générale's risk management policies.

### **9. Financial Information of Société Générale**

Société Générale's consolidated financial statements as at and for the year ended 31 December 2023 prepared in accordance with IFRS as endorsed by the European Union as of 31 December 2023 are included in Appendix 5 and have been audited in accordance with French auditing professional standards by Ernst & Young et Autres and Deloitte & Associés as stated in their auditors' report dated 11 March 2024 included therein.

Any interim and/or quarterly unaudited reports will be reproduced in the relevant supplemental listing document(s) or in an addendum to this document. All these reports are available for inspection at the address specified in "General Information" on page 137 of this document.

### ***Capitalisation of Société Générale***

The following table sets out Société Générale's audited capitalisation as at 31 December 2022 and 31 December 2023, as adjusted to give effect to the issuance of additional debt by Société Générale since such dates.

|   | <b>31 December<br/>2022</b> | <b>31 December<br/>2023</b> |
|---|-----------------------------|-----------------------------|
|   | <b>(EUR millions)</b>       | <b>(EUR millions)</b>       |
| Medium and long-term debt <sup>(2)(3)</sup>                           |                             |                             |
| — denominated in Euros  | 0                           | 0                           |
| — denominated in other currencies <sup>(4)</sup>                      | 0                           | 0                           |
| <b>SUB TOTAL</b>  | <b>0</b>                    | <b>0</b>                    |
| Long-term subordinated debt   |                             |                             |
| — denominated in Euros  | 7,387                       | 5,191                       |
| — denominated in other currencies <sup>(4)</sup>                      | 10,541                      | 10,642                      |
| <b>SUB TOTAL</b>  | <b>17,928</b>               | <b>15,833</b>               |
| <b>TOTAL</b>  | <b>17,928</b>               | <b>15,833</b>               |
| Shareholders' equity and undated subordinated loans and capital notes |                             |                             |
| — Undated subordinated capital notes <sup>(5)</sup>                   | 10,017                      | 9,095                       |
| — Undated subordinated loans <sup>(6)</sup>                           | 0                           | 0                           |
| — Capital stock   | 1,062                       | 1,004                       |
| — Reserves and unappropriated earnings                                | 35,290                      | 32,591                      |
| <b>TOTAL</b>  | <b>46,370</b>               | <b>42,690</b>               |
| <b>TOTAL CAPITALISATION</b>   | <b>64,297</b>               | <b>58,523</b>               |

- (1) At 31 December 2023, the Guarantor's fully paid-up capital amounted to EUR 1,003,724,927.5 and comprised 802,979,942 ordinary shares with a nominal value of EUR 1.25 each.
- (2) In accordance with French bank regulatory practice, the Bank debt is classified depending on its initial term to maturity as short-term (less than one year), medium-term (one to seven years) and long-term (more than seven years). Medium- and long-term debt of the bank, other than its long-term subordinated debt and undated subordinated capital notes, ranks equally with deposits.
- (3) Includes only debt in the form of debt securities (obligations). In addition to debt securities, Société Générale regularly sells to its customers term savings certificates (bons de caisse), most of which mature in five years, and certificates of deposit in varying maturities. These instruments have maturities similar to medium- and long-term unsubordinated debt and rank equally with such debt and deposits.
- (4) Principal amounts of debt denominated in foreign currencies have been translated to Euros at the indicative exchange rates for such currencies released by the Banque de France on 31 December 2022 (first column) and on 31 December 2023 (second column).

| <b>Rate of conversion:<br/>(Exchange rates against EUR)</b> | <b>31 December 2022</b> | <b>31 December 2023</b> |
|---|-------------------------|-------------------------|
| Exchange Rate USD:  | 1.0666                  | 1.1050                  |
| Exchange Rate JPY:  | 140.6600                | 156.3300                |
| Exchange Rate GBP:  | 0.8869                  | 0.8691                  |
| Exchange Rate AUD:  | 1.5693                  | 1.6263                  |
| Exchange Rate CNH:  | 7.3722                  | 7.8738                  |
| Exchange Rate SGD:  | 1.4300                  | 1.4591                  |



(5) Since 1 January 2024, SG Group has issued USD 1,250,000,000 Tier 2 capital subordinated notes.

Except as set forth in this section, there has been no material change in the capitalisation of Société Générale group since 1 January 2024.

### **Further Information**

As a company whose shares are quoted on the Paris Stock Exchange, Société Générale is required to make periodic and/or continuous disclosure obligations under the relevant listing rules of the Paris Stock Exchange.

Financial information and/or any major developments of Société Générale including filings requested by the Paris Stock Exchange may be viewed from [investors.societegenerale.com/en](https://investors.societegenerale.com/en).

**APPENDIX 4**

**ANNUAL FINANCIAL STATEMENTS OF THE ISSUER  
FOR THE YEAR ENDED 31 DECEMBER 2023  
AND ITS AUDITOR'S REPORT**

**SG Issuer**  
**Société Anonyme**

Financial statements,  
Report of the Executive Board and Corporate Governance Statement and  
Report of the Réviseur d'entreprises agréé

**As at and for the year ended 31 December 2023**

**15, Avenue Emile Reuter**  
**L-2420 Luxembourg**  
**R.C.S. Luxembourg : B121.363**

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**Executive Board Members**

As at 31 December 2023

**EXECUTIVE BOARD MEMBERS**

**Chairman:**

**Mr Yves CACCLIN**

Employee of Société Générale Luxembourg  
11, avenue Emile Reuter, L-2420 Luxembourg

**Members:**

**Mr Thierry BODSON**

Employee of Société Générale Luxembourg  
11, avenue Emile Reuter, L-2420 Luxembourg

**Mr François CARALP**

Employee of Société Générale  
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

**Mr Alexandre GALLICHE (until 13 January 2023)**

Employee of Société Générale Luxembourg  
11, avenue Emile Reuter, L-2420 Luxembourg

**Mr Julien BOUCHAT (since 13 January 2023)**

Employee of Société Générale Luxembourg  
11, avenue Emile Reuter, L-2420 Luxembourg

**Mr Pascal JACOB (until 28 April 2023)**

Employee of Société Générale Luxembourg  
11, avenue Emile Reuter, L-2420 Luxembourg

**Mr Youenn LE BRIS (since 28 April 2023)**

Employee of Société Générale Luxembourg  
11, avenue Emile Reuter, L-2420 Luxembourg

**Mr Laurent SIMONET**

Employee of Société Générale  
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

**Mrs Estelle STEPHAN JASPARD**

Employee of Société Générale  
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

**Supervisory Board Members**

As at 31 December 2023

**SUPERVISORY BOARD MEMBERS**

**Chairman:**

**Mr Laurent WEIL**

Employee of Société Générale

Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

**Vice-president:**

**Mr Olivier BLANC (until 28 April 2023)**

Employee of Société Générale Luxembourg

11, avenue Emile Reuter, L-2420 Luxembourg

**Mrs Peggy VENIANT COTTIN (since 20 June 2023)**

Employee of Société Générale Luxembourg

11, avenue Emile Reuter, L-2420 Luxembourg

**Members:**

**Mr Angelo BONETTI**

Employee of Société Générale

Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

**Mr Gregory CLAUDY**

Independent Director

225A, rue du Burgknapp, B-6717 Heinstert, Belgium

**Mr Emanuele Maiocchi**

Employee of Société Générale Luxembourg

11, avenue Emile Reuter, L-2420 Luxembourg

**Audit Committee Members**

As at 31 December 2023

**AUDIT COMMITTEE MEMBERS**

**Chairman:**

**Mr Gregory CLAUDY**

Independent Director

225A, rue du Burgknapp, B-6717 Heinstert, Belgium

**Members:**

**Mr Olivier BLANC (until 28 April 2023)**

Employee of Société Générale Luxembourg

11, avenue Emile Reuter, L-2420 Luxembourg

**Mr Emanuele MAIOCCHI**

Employee of Société Générale Luxembourg

11, avenue Emile Reuter, L-2420 Luxembourg

**Mrs Peggy VENIANT COTTIN (since 20 June 2023)**

Employee of Société Générale Luxembourg

11, avenue Emile Reuter, L-2420 Luxembourg

**Management and Administration**

As at 31 December 2023

**MANAGEMENT AND ADMINISTRATION**

**Issuer**

SG Issuer  
15, Avenue Emile Reuter, L-2420 Luxembourg, Luxembourg

**Guarantor (if applicable, as specified in the Final Terms)**

Société Générale  
29, boulevard Haussmann, F-75009 Paris, France

**Arranger and Dealer**

Société Générale  
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

**Security Trustee and Security Agent Trustee**

The Bank of New York Mellon Corporate Trustee Services Limited  
One Canada Square, London E14 5AL, United Kingdom

**Collateral Custodian**

The Bank of New York Mellon S.A., Luxembourg Branch  
Vertigo Building, Polaris, 2-4, rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg

**Collateral Monitoring Agent**

The Bank of New York Mellon London Branch  
One Canada Square, London E14 5AL, United Kingdom

**Custodian Agent, Issuing and Paying Agent, Registrar, Exchange Agent and Transfer Agent**

Société Générale Luxembourg  
11, avenue Emile Reuter, L-2420 Luxembourg, Luxembourg

**Paying Agents**

Société Générale  
29, boulevard Haussmann, F-75009 Paris, France  
&  
Société Générale, New York Branch  
1221, avenue of the Americas, New York NY 10020, United States of America

**Warrant Agent**

Société Générale Luxembourg  
11, avenue Emile Reuter, L-2420 Luxembourg, Luxembourg



SG Issuer S.A.

**Legal advisers and Réviseur d'entreprises agréé**

As at 31 December 2023

**LEGAL ADVISERS AND RÉVISEUR D'ENTREPRISES AGRÉÉ**

**Legal advisers**

To the Arranger as to English, French and U.S. laws

Allen & Overy LLP

52, avenue Hoche, CS 90005, 75379 Paris Cedex 08, France

To the Trustee as to English Law

Allen & Overy LLP

1 Bishops Square, London E1 6AD, United Kingdom

To the Arranger as to Luxembourg Law

Allen & Overy Luxembourg

5, avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg

**Independent Auditor (Réviseur d'entreprises agréé)**

Ernst & Young S.A.

35E, Avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg

**Report of the Executive Board and Corporate Governance Statement (continued)**

As at 31 December 2023

**REPORT OF THE EXECUTIVE BOARD AND CORPORATE GOVERNANCE STATEMENT**

The Directors of SG Issuer (the "Company" or "SGIS") (each a « Director », collectively the « Executive Board ») present the financial statements and the Report of the Executive Board and Corporate Governance Statement of the Company for the year ended 31 December 2023.

**1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS**

The purpose of SG Issuer is to issue Notes and Warrants with all types of underlyings including, without restriction, Shares, Index, Interest Rate, Dividend, Credit Risk, Foreign Exchange, Commodities, Funds, Warrants, allowing investors to access to the full pricing capabilities of Société Générale, which proposes an extensive range of investment strategies linked to these various asset classes.

Notes and Warrants issued by the Company can be sold in either Private Placements or Public Offerings. Notes are mainly Debt Securities, Bonds, Certificates. Issuing Proceeds raised by the sale of the Notes are transferred to Société Générale Paris S.A. ("Société Générale") through a Fully Funded Swap ("FFS"), which perfectly hedges SGIS for the full issue size.

Warrants are financial products like Turbos, inline Warrants, daily Leverage Certificates, which aim to replicate the same financial exposure as buying (Call) or selling (Put) an asset such as a share or an index, at a predetermined price (strike price) on a predetermined date (expiry) and to offer different pay-off or exposures to investors.

Payments in respect of the Notes and Warrants issued by the Company are unconditionally and irrevocably guaranteed by Société Générale.

On request of investors, the Company can issue Collateralised Notes or Warrants (respectively "secured Notes" or "secured Warrants") in order to propose an additional layer of protection to investors in case of default of Société Générale.

Notes and Warrants issuances are governed by the programs prepared by Société Générale.

The main programs for Notes are (i) the Debt Instruments Issuance Program, the Base Prospectus of which has been updated and approved by the CSSF on 31 May 2023 and (ii) the "Programme d'Emission de Titres de Créance", the Base Prospectus of which has been updated and approved by the CSSF on 12 June 2023. Similarly, the main program for Warrants is the Warrants Issuance Program, for which the last updates have been approved by the CSSF on 26 June 2023.

In addition, (i) the German law Dual Language Debt Instruments Issuance Program has been updated and approved by the CSSF on 12 June 2023 and (ii) the Dual Language Leveraged and Tracking Products Issuance Program has been updated and approved by the CSSF on 3 July 2023.

The UK Securities Issuance Program has been approved by the CSSF on 31 May 2023 and the Swiss Securities Issuance Program on 3 July 2023 by the SIX Exchange Regulation Ltd.

The newly created German Debt Instruments Issuance Program was approved by the CSSF on 9 November 2022.

The state of business of the Company at the closing of the financial year is adequately presented in the financial statements published hereby.

During 2023, 16 749 new Notes were issued (among which 70 new secured Notes) and 3 226 new Warrants were issued. The net profit for the period from 1 January 2023 to 31 December 2023 amounts to KEUR 15.

The Company did not exercise any research and development activity, does not have any branch, and did not

**Report of the Executive Board and Corporate Governance Statement (continued)**

As at 31 December 2023

acquire any own shares.

**2. RISKS AND UNCERTAINTIES**

The risks associated with the investment in the Notes or Warrants depend on several factors. Such factors will vary depending on the characteristics of the Notes or Warrants issued, in particular depending on the underlying type, the maturity, the secured / unsecured status of the Notes or Warrants, the interest rates incurred, the volatility of the underlying.

For each Note, the Company systematically hedges its position by contracting a FFS with Société Générale, with strictly identical characteristics. Also, for each Warrant, the Company systematically hedges its position by contracting an option with Société Générale, with strictly identical characteristics.

The legal documentation and the derivative instruments have been put in place in order to make sure that the assets match the liabilities at any time. Therefore, no market risk is supported by the Company. The risk management in relation to the Notes and Warrants is also described in Note 10 hereafter.

**3. FUTURE DEVELOPMENTS AND PERSPECTIVES**

Following the acquisition by the Société Générale Group (SG Group) of the listed warrants activities from CommerzBank, Société Générale decided to centralize the new warrants issuances into another vehicle of the SG Group. So, as expected by the Executive Board, the 2023 commission income of the Company related to Warrants issuance decreased by more than half compared to previous year. The Company however pursue specific warrants issuance activity on the Asian markets

**4. INFORMATION ON LITIGATIONS**

During the year ended 31 December 2020, SG Issuer, as the Issuer of Notes linked to the credit risk of a French corporate, and Société Générale, as the Guarantor, were brought before the Courts of Paris (alongside other French financial institutions) by end investors to obtain compensation for the financial loss they suffered on their investment in these securities. The French corporate was the subject of a “safeguard procedure”, which constitutes a credit event under the terms of the Notes which had a strong impact on the value of the Notes. These investors rely on unfounded allegations according to which SG Issuer and Société Générale were aware of the difficulties of the French corporate when setting up and marketing these Notes and that in doing so, they failed to meet their regulatory obligations (to act in an honest, fair and professional manner, to provide information on the product risks and to determine the suitability of the Notes for retail investors).

For this litigation, along with any other litigation relating to securities issued by SG Issuer, SG Issuer is entitled to an indemnification by Société Générale in respect of any sum due by SG Issuer regarding potential damages or attorneys' fees.

**5. CORPORATE GOVERNANCE STATEMENT**

The Executive Board of the Company is committed to maintaining the standards of corporate governance enforced at the level of the European Union and at level of the Société Générale Group. This statement describes the Company's governance principles and practices.

In compliance with its status, the Company is governed by an Executive Board and supervised by a dedicated Supervisory Board.

**5.1 Executive Board**

## **Report of the Executive Board and Corporate Governance Statement (continued)**

As at 31 December 2023

The Executive Board supervises and controls the Management and operations of the Company and is responsible for the Company system of risk management and internal control.

The Executive Board meetings are held on demand several times during the year.

The Board has quorum when more than half of its members are present. An opinion supported by more than half of the members present becomes a decision.

Key tasks of the Executive Board:

- Ensures that the supervision of accounting is organized and monitored appropriately;
- Reviews and approves the Company's financial statements and condensed interim financial information;
- Supervises and controls operative management.

### **5.2 Supervisory Board**

The Supervisory Board ensures permanently and by all means suited the control of the Management of the Company carried out by the Executive Board. However, this supervision has to be translated in no way by an intervention in the Management of the Company. The Supervisory Board can mandate advisory committees comprised of members of the Supervisory Board and/or of other non-members to lead different missions. The Supervisory Board can confer these advisory committees of the power or mandates permanently or temporary. These advisory committees cannot have the effect of restricting the powers of the Executive Board.

### **5.3 Audit Committee**

The mission of the Audit Committee is to monitor the issues related to the preparation and control of accounting and financial information, to monitor the independence of the statutory auditors, as well as to monitor the efficiency of the internal control, measurement, supervision, and risk control systems related to the accounting and financial processes. If needed, it gives recommendations and its opinion to the Supervisory Board.

An Audit Committee of the Company took place on 24 April 2024, during which the financial statements for the year ended 31 December 2023 and the external audit results were presented. At least one member of the committee must be independent, which is the case of the Chairman of the Company's Audit Committee.

**Report of the Executive Board and Corporate Governance Statement (continued)**

As at 31 December 2023

**5.4 Internal Audit**

The Internal Audit of both Société Générale Luxembourg and Société Générale support the Company's Executive Board in overseeing the Company's activities and securing its operations by carrying out internal audits and providing consultative assistance. The objective of Internal Audit is to add value by making recommendations designed to improve the Company's functioning. Internal Audit is an independent function, and its activities are based on international professional internal audit standards and rules of ethics.

The central task of Internal Audit is to audit the functioning of SG Issuer on a regular basis and evaluate its internal controls, risk management, and administrative function. The areas to be audited are determined by the projected financial and operational risks concerned. Internal Audit can also carry out special assignments at the request of management.

Internal Audit does not have any direct authority over the activities it reviews.

**5.5 Controls framework**

First level of controls is related to the execution of the procedures, guidelines and instructions established to ensure the proper and efficient functioning of the Company. They are executed by the involved teams in charge of the production.

A second level of control is ensured by Société Générale Luxembourg: Outsourced Essential Services ("OES") supervision (ensured by the Corporate department), Market Risk and Operational Risk (ensured by the Risk department), "Level 2 permanent control" activity (monitoring and assessment of the level 1 permanent control system)."

The Chief Financial Officer of the Company ensures the completeness of the procedural framework.

**5.6 New Products Committee**

All the new activities and business of the Company are analysed and authorized by a dedicated New Products Committee (NPC). All involved departments within Société Générale are represented (operations, finance, risk, accounting standards, etc...) to assess the impact for the Company.

**Report of the Executive Board and Corporate Governance Statement (continued)**

As at 31 December 2023

**5.7 Service level agreements**


The Company and several of its service providers are subsidiaries of the Société Générale Group.

Service Level Agreements (“SLAs”) were signed by the Company with Société Générale Luxembourg and with Société Générale. The SLAs govern the relations between the entities as well as their respective obligations. The services supplied by Société Générale Luxembourg and Société Générale are listed in the appendices of the agreements (mainly General services, legal services, business continuity management services and financial services from Société Générale Luxembourg and operational services – Middle Office and Back Office – from Société Générale). In particular, the calculation of the remuneration related to the issuance of the Notes is delegated to Société Générale Paris Middle Office within the framework of the SLA.


Luxembourg, 26 April 2024

For the Executive Board

Yves CACCLIN  
Chairman of the Executive Board

DocuSigned by:  
  
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Thierry BODSON  
Member of the Executive Board

DocuSigned by:  
  
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**Global Statement for the financial statements**

As at 31 December 2023

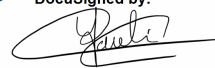
**GLOBAL STATEMENT FOR THE FINANCIAL STATEMENTS**

To the best of our knowledge, the financial statements gives a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, and the Report of the Executive Board (management report) includes a fair presentation of the development and performance of the business and the position of the Company, together with a description of the main risks and uncertainties that it faces.


Luxembourg, 26 April 2024

Executive Board Member  
For the Executive Board

Yves CACCLIN  
Chairman of the Executive Board

DocuSigned by:  
  
7831052D58254D9...

Thierry BODSON  
Member of the Executive Board

DocuSigned by:  
  
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## Independent auditor's report

To the sole Shareholder of  
SG Issuer  
15, Avenue Emile Reuter  
L-2420 Luxembourg

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of SG Issuer S.A. (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

#### Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



### **Hedging of financial instruments issued**

#### Description

The activity of the Company consists in issuing Notes and Warrants, which are subscribed by investors. These financial instruments are fully hedged with mirror transactions concluded with Société Générale S.A. replicating the financial instruments issued by the Company (see Note 4).

We have considered the hedging of financial instruments issued to be a key audit matter considering the financial risk which would result from inadequate hedging of the financial instruments issued by the Company.

#### How the matter was addressed in our audit

We tested the key controls implemented by the Company in relation with the issuance of financial instruments and the conclusion of mirror transactions with Société Générale S.A., as well as the key controls on the stock of financial instruments to ensure the effectiveness of the hedging.

We verified the intercompany reconciliation process between the Company and Société Générale S.A., and the intercompany reconciliations performed as at 31 December 2023.

For a sample of financial instruments issued by the Company as at 31 December 2023, we verified that the Company has contracted the mirror financial instruments with Société Générale S.A..

Also, we inquired about the existence of operational errors during the year and, if applicable, the related financial impact.

### **Other information**

The Executive Board is responsible for the other information. The other information comprises the information included in the report of the Executive Board and Corporate Governance Statement but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### **Responsibilities of the Executive Board for the financial statements**

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Executive Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Executive Board is also responsible for presenting the financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended ("ESEF Regulation").

In preparing the financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Conclude on the appropriateness of Executive Board use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.





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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Assess whether the financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

#### **Report on other legal and regulatory requirements**

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 28 April 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

The report of the Executive Board is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the report of the Executive Board, is the responsibility of the Executive Board. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the financial statements of the Company as at 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Company, it relates to:

- Financial statements prepared in valid xHTML format;

In our opinion, the financial statements of the Company as at 31 December 2023, identified as "SG Issuer S.A. financial statements 12312023 ESEF", have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé



Dorian Rigaud

Luxembourg, 26 April 2024

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**Statement of Financial Position**  
As at 31 December 2023

|  | Notes   | ('000 EUR)<br>2023 | ('000 EUR)<br>2022 |
|--|---------|--------------------|--------------------|
| Cash and cash equivalents  | 3       | 42 010             | 36 176             |
| Financial assets at fair value through profit or loss              |         |                    |                    |
| - <i>Mandatorily measured at fair value through profit or loss</i> | 4.1     | 51 118 092         | 38 757 924         |
| - <i>Trading derivatives</i>                                       | 4.1     | 57 316             | 1 025 209          |
| Loans and receivables  | 5       | 50 035             | 50 023             |
| Other assets   | 6       | 2 182 233          | 343 495            |
| <b>Total assets</b>  |         | <b>53 449 686</b>  | <b>40 212 827</b>  |
| Financial liabilities at amortized cost                            | 4.3     | 82 741             | 70 585             |
| Financial liabilities at fair value through profit or loss         |         |                    |                    |
| - <i>Designated at fair value through profit or loss</i>           | 4.2     | 51 112 066         | 38 754 129         |
| - <i>Trading derivatives</i>                                       | 4.2, 13 | 57 148             | 1 025 105          |
| Other liabilities  | 6       | 2 195 502          | 360 231            |
| Tax liabilities  | 7       | 13                 | 201                |
| <b>Total liabilities</b>   |         | <b>53 447 470</b>  | <b>40 210 251</b>  |
| Share capital  | 8.1     | 2 000              | 2 000              |
| Share premium  |         | -                  | -                  |
| Legal reserve  | 8.2     | 200                | 200                |
| Other reserves   | 8.2     | -                  | (214)              |
| Profit for the financial year                                      |         | 15                 | 590                |
| <b>Total equity</b>  |         | <b>2 216</b>       | <b>2 576</b>       |
| <b>Total liabilities and equity</b>                                |         | <b>53 449 686</b>  | <b>40 212 827</b>  |

The accompanying Notes are an integral part of these financial statements.

**Statement of Profit and Loss and Other Comprehensive Income**  
For the year ended 31 December 2023

|  | Notes | ('000 EUR)<br>2023 | ('000 EUR)<br>2022 |
|--|-------|--------------------|--------------------|
| Interest income  | 9     | 2 685              | 248                |
| Commission income  | 10    | 47 931             | 34 515             |
| <b>Total revenues</b>  |       | <b>50 616</b>      | <b>34 763</b>      |
| Interest expenses  | 9     | (36 384)           | (22 618)           |
| Net gain from financial instruments at fair value through profit or loss |       | (335)              | 541                |
| Personnel expenses   | 11    | (303)              | (279)              |
| Other operating expenses   | 12    | (13 563)           | (11 617)           |
| Cost of risk   | 5     | -                  | 1                  |
| <b>Total expenses</b>  |       | <b>(50 585)</b>    | <b>(33 972)</b>    |
| <b>Profit before tax</b>   |       | <b>31</b>          | <b>791</b>         |
| Income tax   | 7     | (16)               | (201)              |
| <b>Profit for the financial year</b>                                     |       | <b>15</b>          | <b>590</b>         |
| <b>Total comprehensive income for the financial year</b>                 |       | <b>15</b>          | <b>590</b>         |

The accompanying Notes are an integral part of these financial statements.

**Statement of Changes in Equity**

For the year ended 31 December 2023

|  | ('000 EUR)    | ('000 EUR)    | ('000 EUR)    | ('000 EUR)               | ('000 EUR)               | ('000 EUR)     | ('000 EUR)                    | ('000 EUR)   | Total equity |
|--|---------------|---------------|---------------|--------------------------|--------------------------|----------------|-------------------------------|--------------|--------------|
|  | Share capital | Share premium | Legal reserve | Other available reserves | Other available reserves | Total reserves | Profit for the financial year |              |              |
|  | 2 000         | -             | 200           | -                        | 1*                       | 201            | (215)                         |              | 1 986        |
| <b>As at 31 December 2021</b>  | <b>2 000</b>  | <b>-</b>      | <b>200</b>    | <b>-</b>                 | <b>1*</b>                | <b>201</b>     | <b>(215)</b>                  | <b>(215)</b> | <b>1 986</b> |
| Allocation of the result of the previous year before dividend distribution | -             | -             | -             | -                        | (215)                    | (215)          | 215                           | -            | -            |
| Dividend to the sole shareholder   | -             | -             | -             | -                        | -                        | -              | -                             | -            | -            |
| Capital increase/Allocation to the share premium account (Note 8.1)        | -             | 28 244        | -             | -                        | -                        | -              | -                             | -            | 28 244       |
| Reimbursement of the share premium (Note 8.1)                              | -             | (28 244)      | -             | -                        | -                        | -              | -                             | -            | (28 244)     |
| Profit for the financial year 2022   | -             | -             | -             | -                        | -                        | -              | 590                           | 590          | 590          |
| <b>As at 31 December 2022</b>  | <b>2 000</b>  | <b>-</b>      | <b>200</b>    | <b>-</b>                 | <b>(214)</b>             | <b>(14)</b>    | <b>590</b>                    | <b>590</b>   | <b>2 576</b> |
| Allocation of the result of the previous year before dividend distribution | -             | -             | -             | -                        | 590                      | 590            | (590)                         | -            | -            |
| Dividend to the sole shareholder   | -             | -             | -             | -                        | (375)                    | (375)          | -                             | -            | (375)        |
| Capital increase/Allocation to the share premium account (Note 8.1)        | -             | 22 050        | -             | -                        | -                        | -              | -                             | -            | 22 050       |
| Reimbursement of the share premium (Note 8.1)                              | -             | (22 050)      | -             | -                        | -                        | -              | -                             | -            | (22 050)     |
| Profit for the financial year 2023   | -             | -             | -             | -                        | -                        | -              | 15                            | 15           | 15           |
| <b>As at 31 December 2023</b>  | <b>2 000</b>  | <b>-</b>      | <b>200</b>    | <b>-</b>                 | <b>1</b>                 | <b>201</b>     | <b>15</b>                     | <b>15</b>    | <b>2 216</b> |

\* Other reserves as at 31.12.2021 amount to KEUR 1 and relate to the retained earnings which the Company was not able to distribute as a dividend as they were indivisible by the number of shares. Due to rounding in KEUR, the KEUR 1 difference between the 2020 and the dividend distribution does not appear in the above table.

The accompanying Notes are an integral part of these financial statements.

**Statement of Cash Flows**  
For the year ended 31 December 2023

|   | Notes    | ('000 EUR)<br>2023 | ('000 EUR)<br>2022 |
|---|----------|--------------------|--------------------|
| <b>OPERATING ACTIVITIES</b>   |          |                    |                    |
| Profit for the financial year   |          | 15                 | 590                |
| Net(increase)/decrease in financial assets  | 4.1      | (6 280 576)        | 3 484 563          |
| Net increase/(decrease) in financial liabilities                                    | 4.2      | 6 740 308          | (3 880 733)        |
| (Increase)/decrease in other assets   | 6        | (1 838 738)        | 153 772            |
| Increase/(decrease) in tax liabilities and other liabilities                        | 6, 7     | 1 834 880          | (143 376)          |
| Taxes paid  | 7        | 201                | -                  |
| <i>Non cash adjustments :</i>   |          |                    |                    |
| Net change in fair value and foreign exchange difference                            | 4.1, 4.2 | (427 831)          | 413 221            |
| Change in cost of risk  | 5        | 0                  | (1)                |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |          | <b>28 259</b>      | <b>28 036</b>      |
| <b>FINANCING ACTIVITIES</b>   |          |                    |                    |
| Payment of capital surplus*   | 8.1      | (22 050)           | (28 244)           |
| Dividend paid   |          | (375)              | -                  |
| <b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>                           |          | <b>(22 425)</b>    | <b>(28 244)</b>    |
| Cash and cash equivalents as at January 1 <sup>st</sup>                             | 3        | 36 176             | 36 384             |
| Net increase/(decrease) in cash and cash equivalents                                |          | 5 834              | (208)              |
| <b>Cash and cash equivalents as at December 31<sup>st</sup></b>                     |          | <b>42 010</b>      | <b>36 176</b>      |
| <b>Additional information on operational cash flows from interest and dividends</b> |          |                    |                    |
| Interest paid   |          | 24 735             | 28 492             |
| Interest received   | 9        | 2 685              | 248                |
| Dividend received   |          | -                  | -                  |

\* KEUR 22 050 for the year ended 31 December 2023 (and KEUR 28 244 for the year ended 31 December 2022) represent the share premium reimbursed by the Company to the shareholder (refer to Note 8.1).



## Notes to the financial statements

As at 31 December 2023

### NOTE 1 – CORPORATE INFORMATION

SG Issuer (hereafter the "Company" or "SGIS") is a Luxembourg company incorporated on 16 November 2006 as a public limited company ("Société Anonyme") for an unlimited period.

Since April 2013, the Company's corporate objects are to issue debt securities, bonds, certificates, warrants and any other debt securities or acknowledgements of debts or financial securities, whether or not accompanied by guarantees, with any type of underlying security, including, without limitation, company stock, any other capital security or security other than capital, index, currency, exchange rate, interest rate, dividend, credit risk, fund unit, investment company stock, term deposit, life assurance contract, loan, merchandise, term contract, option, Warrant or option coupons, allocated or unallocated precious metals, unit of account, basket or any other factor or any other type of underlying securities and any combination of the latter.

To that effect, the Company may purchase, hold, dispose of, lend, loan or resell, by any means, including in particular the use of trusts, in trust or repurchase, any type of assets whatever their names and forms and whether or not accompanied by guarantees, in particular financial instruments (financial securities - stocks, fund units, bonds, certificates, Warrants - or financial contracts - swaps, options or other) or any other debt securities, acknowledgements of debts or capital securities, receive or issue monetary loans (including loans convertible into shares of the Company) - within the group of companies to which the Company belongs - and to supply guarantees in any form (actual guarantees such as pledges, securities, mortgages or other - personal guarantees or any other form of guarantee) for their own account, for the account of the group of companies to which the Company belongs or on behalf of third parties.

The Company's financial year begins on 1 January and ends on 31 December each year.

The Company's capital is divided into 50 010 shares, of which 49 910 are held by SG Luxembourg and 100 are held by Société Générale.

The accounts of the Company are included in the consolidated accounts of Société Générale S.A. (hereafter "Société Générale" or the "parent Company"), which is the largest body of undertakings of which the Company forms a part as a subsidiary undertaking, and whose head-office is located at 29, boulevard Haussmann, 75009 Paris, France.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

##### 2.1.1 Statement of compliance

The financial statements of the Company as at and for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements as at and for the year ended 31 December 2023 were authorised for issue by the Supervisory Board on 25 April 2024.

##### 2.1.2 Functional and presentation currency

The financial statements are prepared in Euro ("EUR"), which is the Company's functional currency and the currency of its share capital. Unless stated otherwise, the amounts in the financial statements are expressed in thousands of EUR (KEUR). The value "0" indicates the presence of a number, which is rounded to zero, while "-" represents the value nil.

The accompanying Notes are an integral part of these financial statements.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.1.3 Use of estimates and judgments**

The preparation of the Company's financial statements requires Executive Board to make judgments, estimates and assumptions that affect the reported amount of figures recorded in the statement of profit and loss, on the unrealised or deferred gains and losses, on the valuation of assets and liabilities in the statement of financial position, and on information disclosed in the notes to the financial statements.

In order to make these assumptions and estimates, the Executive Board uses information available at the date of preparation of the financial statements and can exercise its judgment. By nature, valuations based on estimates include risks and uncertainties relating to their occurrence in the future. Consequently, actual future results may differ from these estimates and may then have a significant impact on the financial statements.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, Executive Board has made the following judgments and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond Company's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognized in the financial statements with substantial Executive Board judgment and/or estimates are listed below with respect to judgments/estimates involved.

The use of significant estimates and judgment mainly concerns the following topics:

- Fair value in the statement of financial position of financial instruments not quoted in an active market which are classified as financial assets and liabilities at fair value through profit or loss (see Notes 4.1 and 4.2);
- The analysis of the contractual cash flow characteristics of financial assets (see Note 2.3.3.1).

**2.1.4 Segment reporting**

No dedicated management reporting information is presented for SGIS to a chief decision maker; only the annual financial statements are presented to the Executive Board of SGIS in analysing the performance of the Company. The company has mainly one geographical area related to its revenue, which is France.

**2.2 New accounting standards**

**2.2.1 New accounting standards applicable as at 1 January 2023**

**AMENDMENTS TO IAS 1 "DISCLOSURE OF ACCOUNTING POLICIES"**

The aim of these amendments is to help companies to clarify the concept of materiality of the information on accounting policies disclosed in the notes to the financial statements and the usefulness of that information to investors and financial statement users.

The Company takes into account these amendments for the preparation of its financial statements.

The accompanying Notes are an integral part of these financial statements.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**AMENDMENTS TO IAS 8 “DEFINITION OF ACCOUNTING ESTIMATES”**

These amendments aim to facilitate the distinction between changes in accounting policies and changes in accounting estimates.

The Company takes into account these amendments for the preparation of its financial statements.

**AMENDMENTS TO IAS 12 “INCOME TAX – DEFERRED TAX FOR ASSETS AND LIABILITIES RELATED TO THE SAME TRANSACTION”**

These amendments clarify and narrow the scope of the exemption provided by the IAS 12 standard allowing institutions to not recognise any deferred tax during the initial recognition of an asset and a liability. All leases and decommissioning obligations for which companies recognize both an asset and a liability and will now have to recognize deferred taxes are excluded from the scope of these amendments.

The aim of these amendments is to reduce heterogeneity in the recognition of the deferred tax related to leases and decommissioning obligations.

The Company does not apply IFRS 16 on its financial statements, as such, this amendment has no effect on the Company's financial statements..

**AMENDEMENTS TO IAS 12 INTERNATIONAL TAX REFORM - MODEL PILLAR RULES**

These amendments introduce a mandatory temporary exception to the recognition of deferred tax assets and liabilities relating to income taxes arising from OECD Pillar 2 rules, and apply retrospectively to fiscal years beginning on or after January 1, 2023.

The Société Générale Group has set up a project structure to identify the impact of these amendments and to comply with the new accounting requirements in line with the OECD's Pillar 2 international tax reform.

The impact of those amendments on SGIS has been considered at Société Générale Luxembourg level. To date, SGL Group does not anticipate any material impact of this reform in respect of its current tax . Because of the calculation complexity resulting from these rules, the effects of this reform are still being examined for a first application in SGL Group’s consolidated accounts as at 30 June 2024.

**IFRS 17 “Insurance contracts” – Amendments to IFRS 17 published as at 25 June 2020 and Amendments to IFRS 17 and IFRS9 published as at 9 December 2021**

This new standard will replace IFRS 4 “Insurance Contracts” that was issued in 2004 and which currently allows entities to use national requirements for the accounting of insurance contracts.

IFRS 17 provides new rules for the recognition, measurement, presentation and disclosure of insurance contracts that belong to its application scope (insurance contracts issued, reinsurance contracts held and investment contracts issued with discretionary participation features). The underwriting reserves currently recognised among liabilities in the statement of financial position will be replaced by a current value measurement of insurance contracts.

This amendment has no impact on the Company financial statements as the Company does not have any insurance contracts.

The accompanying Notes are an integral part of these financial statements.

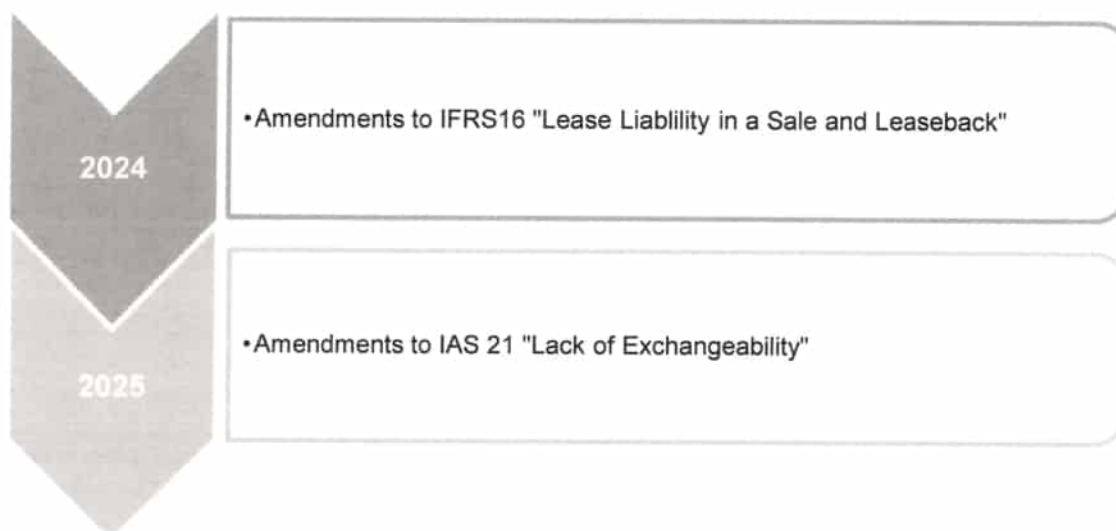
**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.2.2 Accounting standards, amendments or interpretations to be applied by the Company in the future**

The IASB published accounting standards and amendments, some of which have not been adopted by the European Union as at 31 December 2023. Their application is required for the financial years beginning on or after 1 January 2024 at the earliest or on the date of their adoption by the European Union. They have thus not been applied to the Company as at 31 December 2023. These standards are expected to be applied according to the following schedule:



**AMENDMENTS TO IFRS 16 "Lease liability in a sale and leaseback"**

*Published on 22 September 2022.*

These amendments clarify the subsequent assessment of sale and leaseback transactions when the initial transfer of the property, plant or equipment meets the criteria of IFRS 15 for recognition as a sale. These amendments specify in particular how to subsequently assess the lease liability resulting from this sale and leaseback transactions, made of payments of variable leases that do not depend on an index or a rate.

This amendment has no impact on the Company financial statements as the Company does not have property, plant or equipment.

**Amendments to IFRS 21 "Lack of exchangeability"**

*Published on 15 August 2023*

These amendments specify the situations in which a currency is considered convertible, and the procedure for assessing the exchange rate of a non-convertible currency. They also detail the supplementary information to provide in the Notes to the financial statements for non-convertible currencies.

The accompanying Notes are an integral part of these financial statements.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

These amendments will be consolidated in “IAS 21 — The Effects of Changes in Foreign Exchange Rates” and “IFRS 1 - First-time Adoption of International Financial Reporting Standards” in March 2024.

The impact of these amendments for the Company is currently being analysed.

**2.3 Summary of significant accounting policies****2.3.1 Foreign currency transactions**

The Company maintains its books in EUR, which is the currency of the capital.

Assets and liabilities denominated in foreign currencies are translated into EUR at the exchange rates ruling at the reporting date. Foreign exchange differences arising on translation and realized exchange gains and losses are recognised in the statement of profit and loss and other comprehensive income in the caption “*Net gains from financial instruments at fair value through profit or loss*” and “*Interest Expenses*”.

Revenues and expenses in foreign currencies are translated into EUR at the exchange rates prevailing at the date of the transactions.

The most important foreign currency positions for the Company are USD, JPY, GBP, HKD and CHF. The following foreign exchange rates were used:

|            | USD    | JPY      | GBP     | HKD    | CHF    |
|------------|--------|----------|---------|--------|--------|
| 31.12.2023 | 1.1050 | 156.3300 | 0.86905 | 8.6314 | 0.9260 |
| 31.12.2022 | 1.0666 | 140.6600 | 0.88693 | 8.3163 | 0.9847 |

**2.3.2 Cash and cash equivalents**

Cash and cash equivalents comprise only cash repayable on demand.

Cash and cash equivalents in the Company are subject to impairment under IFRS 9 and are presented net of impairment (cf. Note 2.3.3.3).

**2.3.3 Financial instruments****2.3.3.1 Classification of financial instruments***Classification of financial assets*

Financial assets are classified under IFRS 9 based on the characteristics of their contractual cash flows and on how they are managed (business models).

For the debt instruments held, SGIS has defined its business model as “hold to collect” for the Fully Funded Swaps, for Cash and cash equivalents and for Loans and receivables. These assets are acquired in order to collect the contractual cash-flows attached to the assets. No sale has been made in the past years and no sale is anticipated in the future.

The Fully Funded Swaps (hereafter “FFS”) are economically assimilated to loans with embedded derivatives (the swap embedded in the FFS). This type of financial assets complies with the IFRS definition of debt instruments (fixed maturity, coupon calculated as a rate, no right nor interest/control in an entity). As these financial assets of SGIS contain embedded derivatives that modify the cash flows of the entire contract, the contract does not pass the Solely Payments of Principles and Interest (or “SPPI”) test and consequently these financial assets are mandatorily measured at Fair Value through Profit and Loss (“FVTPL”).

The accompanying Notes are an integral part of these financial statements.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and cash equivalents and Loans and receivables are SPPI compliant and are thus measured at amortised cost. Cash and cash equivalents and Loans and receivables are subject to impairment under IFRS 9 and are presented net of impairment.

The Options held, covering the Warrants issued, are Trading derivatives and thus measured at FVTPL.

Purchases and sales of financial assets recorded under financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income are recognised in the statement of financial position at the delivery-settlement date. Changes in fair value between the trade and settlement dates are recorded in the income statement or booked to shareholders' equity depending on the accounting category of the relevant financial assets. Loans and receivables are recorded in statement of financial position on the date they are paid or at the maturity date for invoiced services. The trade date is the date on which the contractual commitment becomes binding and irrevocable for the Company.

Classification of financial liabilities

Financial liabilities are classified into one of the following two categories:

- Financial liabilities at fair value through profit or loss:

These are financial liabilities held for trading purposes, which by default include derivative financial liabilities not qualifying as hedging instruments and non-derivative financial liabilities designated by the Company upon initial recognition to be carried at fair value through profit or loss in accordance with the fair value option.

The Company has designated at fair value through profit or loss the notes issued because mirror transactions (Fully Funded Swaps or "FFS") that are used to hedge those notes are measured mandatorily at fair value through profit and loss and thus reduce the accounting mismatch.

- Financial liabilities at amortised cost:

These include the other non-derivative financial liabilities and are measured at amortized cost.

**2.3.3.2 Valuation of financial instruments**

Definition of fair value

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

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

Fair value hierarchy

The fair values of financial instruments include accrued interest as applicable.

For information purposes, in the notes to the financial statements, the fair value of financial instruments is classified using a fair value hierarchy that reflects the significance of the inputs used according to the following levels:

**Level 1 (L1): instruments valued on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities**

The accompanying Notes are an integral part of these financial statements.



**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

Where a financial instrument is traded in several markets to which the Company has immediate access, its fair value is represented by the market price at which volumes and activity levels are highest for the instrument in question.

Transactions resulting from involuntary liquidations or distressed sales are usually not taken into account to determine the market price.

**Level 2 (L2): instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)**

These are instruments measured using a financial model based on observable market inputs. Prices published by an external source derived from the valuation of similar instruments are considered as data derived from prices.

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

**Level 3 (L3): instruments valued using inputs that are not based on observable market data (referred to as unobservable inputs)**

Level 3 instruments carried at fair value on the statement of financial position are predominantly instruments for which the sales margin is not immediately recognized in profit or loss.

In the context of SGIS, this sales margin is not applicable and hence not recognised because there is a corresponding offsetting margin on the funded swap.

Accordingly, Level 3 financial instruments include derivatives with longer maturities than those usually traded and/or with specifically tailored return profiles. Similarly, debt measured at fair value is classified as Level 3 where the valuation of the associated embedded derivatives is also based on unobservable inputs.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

The main L3 complex derivatives are:

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

At the level of SG Group, valuation models are determined in order to fully embed the impact of IFRS 13 as described above and use appropriate parameters and methodologies in order to determine L3 instruments valuation. Counterparty credit risk estimates relies on Credit Value Adjustments (CVA) and Debit Value Adjustments (DVA) calculations.

Different calculation methods can exist regarding the CVA-DVA / OCA (Own Credit Adjustment) impact calculation: derived from the yield discounting methodology, other from the Monte-Carlo EPE/ENE (Expected Positive / Negative Exposure). The methodology for calculation of CVA-DVA (OCA not applicable to the Company) applied to SGIS (the same as the SG Group) is the yield discounting methodology.

The valuation methods used by the Company to establish the fair value of financial instruments are detailed below.

The fair values of financial instruments include accrued interest as applicable.

- For Unsecured Notes and Fully Funded Swaps

The fair value for both the unsecured Notes (liabilities) and the Fully Funded Swap (FFS) (assets) is calculated by discounting the expected future cash flows with the risk-free curve. To take the credit adjustment into account, the risk-free curve is adjusted with Société Générale Group’s credit spread curve. A dedicated process has been implemented using Société Générale Group and SGIS operational teams’ input. This process is fully functional, constantly monitored as of today.

- For Secured and Repack Notes

Secured Notes are Notes which are collateralized with assets deposited on segregated or pooled accounts with external custodian (The Bank of New York Mellon S.A., Luxembourg Branch, hereafter “BNY Mellon Luxembourg”) and pledged in favor of the Note holders.

The accompanying Notes are an integral part of these financial statements.



**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

Repack Notes are Notes which allow investors to calibrate the funding yield of their structure by selecting a bond (the “Reference Bond”) issued by a third-party issuer (the “Reference Bond Issuer”).

The collateral assets are composed of eligible securities.

Should Société Générale defaults, the pledge on the assets is to be enforced; the Notes holders are exposed to credit risk of the collateral (external securities). Therefore, as Société Générale and SGIS are mere risk pass-through, the credit risk premium (external bonds issuers) shall not be adjusted with Société Générale credit spread. Thus, no additional credit adjustment is needed for the secured Notes.

The fair value of the Secured Notes and the Repack Notes and the associated FFS is computed, for each accounting period, by discounting the expected future cash flows by a composite Repo rate curve.

- For Warrants and Options

For financial instruments recognised at fair value in the statement of financial position, fair value is determined primarily on the basis of the prices quoted in an active market. These prices can be adjusted if none are available on the statement of financial position date or if the clearing value does not reflect transaction prices.

However, due especially to the varied characteristics of financial instruments traded over the counter on the financial markets, a large number of financial products traded by the Company does not have quoted prices in the markets.

The base models may not fully capture all factors relevant to the valuation of SGIS on these financial instruments such as credit risk (CVA), own credit (DVA) and/or funding costs (FVA). Therefore, SGIS applies various techniques (from the Group) to estimate the credit risk associated with its financial instruments measured at fair value.

The revaluation differences attributable to the Company’s credit risk are thus determined using valuation models which take into account the most recent financing terms and conditions on the markets along with the residual maturity of the related liabilities.

- For secured notes issued by the Company, as investors are not exposed to the Company’s risk, no own credit risk should impact the fair value of the instruments and as such, no adjustment has to be calculated.
- For unsecured notes, investors are not contractually exposed to the Company’s credit risk but to Société Générale Group’s own credit risk.

SGIS valuation models therefore reflects the absence of credit risk, and structured bonds are not impacted by Own Credit Adjustments within the entity.

**Deferred margin related to main unobservable inputs**

The Company does not apply deferred margin related to its main unobservable inputs as margin on Notes and Warrants issued are offset by a similar margin on Fully Funded Swaps and Options purchased.

**2.3.3.3 Impairments and provisions**

Some financial assets involve credit risk which exposes the Company to a potential loss if the counterparties were to be unable to respect their financial commitments. The Company is remunerated for bearing this risk by a portion of the contractual interest that it receives on those assets; this is known as the credit margin.

This potential loss, or expected credit loss, is recognised in profit or loss without waiting for the occurrence of a default event on a specific counterparty.

The accompanying Notes are an integral part of these financial statements.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

For loans and receivables measured at amortised cost or fair value through other comprehensive income, the expected credit loss, as assessed by the Company, is recognised in profit or loss. On the statement of financial position, this potential loss is recognised as an impairment that reduces the carrying amount of assets measured at amortised cost. Impairments are written-back in case of a subsequent decrease of credit risk. No impairment is recognised on cash and cash equivalents, as the credit risk is immaterial. The Company does not have loan commitments or financial guarantees contracts.

**Impairment and provisions for credit risk**

To determine the amount of impairment or loss allowances to be recorded at each reporting date, these exposures are classified into one of three categories based on the increase in credit risk observed since initial recognition. An impairment or loss allowance shall be recognised for the exposures in each category as follows:

- Exposures classified in Stage 1: At the initial recognition date, the exposures are systematically classified in Stage 1, unless they are underperforming/credit-impaired on acquisition and during the lifetime of the credit. Stage 1 exposures are impaired for the amount of credit losses that the Company expects to incur within 12 months (12-month expected credit losses), based on past data and the current situation;
- Exposures classified in Stage 2: To identify Stage 2 exposures, the significant increase in credit risk is assessed by the Company, taking into account the counterparty's credit risk rating, the magnitude of the change in the counterparty's credit rating and the existence of payments delays of more than 30 days;
- Exposures classified in Stage 3 (doubtful outstanding): The Company determines whether or not there is objective evidence of impairment (default event).

Stage 2 and 3 exposures are impaired for the amount of credit losses that the Company expects to incur over the life of the exposures (lifetime expected credit losses), taking into consideration past data, the present situation and reasonable forecast changes in economic conditions, and relevant macroeconomic factors through to maturity.

**Impairments / Reversal of impairments**

Impairments / Reversal of impairments includes net reversals of impairment and loss allowances for credit risk, losses on irrecoverable loans and amounts recovered on amortised receivables.

**2.3.3.4 Offsetting financial assets and financial liabilities**

A financial asset and a financial liability are offset and the net amount presented on the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The legal right to set off the recognised amounts must be enforceable in all circumstances, in both the normal course of business and in the event of default of one of the counterparties.

The financial instruments issued by the Company are subscribed by the investors through Société Générale as a lead manager during the issuance period and as a market maker for a secondary market. The instruments which are unsold are held by SG.

The treatment is applied based on IAS 32 paragraph 42: "A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- Currently has a legally enforceable right to set off the recognized amounts; and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously."

The accompanying Notes are an integral part of these financial statements.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

In December 2014, a cash netting clause was added in the legal framework with Société Générale Personne Morale and the Company consequently acquired a legally enforceable right to offset the recognized amount with the same counterparty (Société Générale). The assets (the Fully Funded Swaps) and the liabilities (the Notes) are settled (and intended to be settled) simultaneously.

In June 2017, the Company added a new cash netting clause in the legal framework with Société Générale Personne Morale and the Company consequently acquired a legally enforceable right to offset the recognized amount with the same counterparty (Société Générale). The assets (OTC Options) and the liabilities (the Warrants) are settled (and intended to be settled) simultaneously.

In application of IAS 32 - Offsetting a financial asset and a financial liability, the Company proceeds to the accounting netting of the non-sold amounts. The impact of the off-setting for the non-sold Notes and the corresponding Fully Funded Swaps and impact of the off-setting for the non-sold Warrants and the corresponding options are described in Note 4.1 and Note 4.2.

**2.3.4 Other assets and other liabilities**

Settlement accounts for trades are included in other assets or other liabilities and are presented separately in distinctive captions on assets or liabilities side (cf. Note 6).

**2.3.5 Shareholders' equity**

Equity are the resources contributed to the Company by external shareholders as capital, as well as the cumulative and undistributed results (retained earnings).

The statement "Changes in Shareholders' Equity" presents the various changes that affect the components of equity over the reporting period.

**2.3.6 Interest income and expense**

Interest is recognized as expense or income over the life of the financing service granted or received, proportionally to the principal amount outstanding.

Interest income and expense are recorded in the statement of profit and loss under Interest and similar income and Interest and similar expense for all financial instruments measured using the effective interest method (instruments at amortised cost and debt instruments at fair value through other comprehensive income).

The effective interest rate is taken to be the rate used to net discount future cash inflows and outflows over the expected life of the instrument in order to establish the net book value of the financial asset or liability.

The calculation of this rate considers the future cash flows estimated on the basis of the contractual provisions of the financial instrument without taking account of possible future credit losses and also includes commissions paid or received between the parties where these may be assimilated to interest, directly linked transaction costs, and all types of premiums and discounts.

Where a financial asset is classified in Stage 3 for impairment, subsequent interest income is measured at the effective interest rate applied to the net carrying amount of the financial asset with an offsetting entry equal to the outstanding financial asset before impairment.

The accompanying Notes are an integral part of these financial statements.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.3.7 Fee income and expense**

Fee income and Fee expense combine fees on services rendered and received, as well as fees on pledge security granted that cannot be assimilated to interest. Fees that can be assimilated to interest are integrated into the effective interest rate on the associated financial instrument and are recorded under Interest income and Interest expenses.

The Company recognizes fee income or expense for an amount equivalent to the remuneration for the service provided and depending on the progress transferring control of these services:

- Fees for ongoing services, such as custody fees and administration costs are recognized as income over the life of the service;
- Fees for one-off services, such as issuance and listing fees are recognized as income when the service is provided.

The possible mismatch between the payment date of the service provided and the date of execution of the service gives assets and liabilities depending on the type of contract and mismatch which are recognized under Other Assets and Other Liabilities. For example: supplier contracts generate trade payables, accrued expenses or prepaid expenses.

Income related to the issuance of Notes and Warrants falls under the scope of IFRS 15 and as such, is considered separately as income generated by 2 services when the Company performs its activities:

- The issuing fee recognized upfront for the initiation and the structuration of the issuance;
- Account and security servicing during the lifecycle of the security.

**2.3.8 Other operating expenses**

The Company records operating expenses according to the type of services to which they refer.

Other operating expenses mainly include lease payments, building maintenance and other costs, travel and business expenses, outsourcing and advisory fees and marketing and advertising expenses. Detail is provided in Note 12.

**2.3.9 Income tax**

Income tax includes current taxes and deferred taxes:

- Current taxes correspond to the amount of taxes due (or refundable) as calculated according to the taxable profit base for the reporting period;
- Deferred taxes correspond to the amount of taxes resulting from past transactions and that will be payable (or refundable) in a future reporting period.

**2.3.9.1 Current tax**

Current tax is based on the taxable profit and determined in accordance with the rules established by the local taxation authorities, upon which income taxes are payable. This tax expense also includes net allowances for tax adjustments pertaining to income tax.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under Income tax in the statement of profit and loss.

The accompanying Notes are an integral part of these financial statements.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.3.9.2 Deferred tax**

Deferred taxes are recognized whenever the Company identifies a temporary difference between the accounting base and tax base for assets and liabilities that will affect future tax payments or from tax loss carried forward.

The amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realized, or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value. The Company off-sets its deferred tax assets against liabilities as there is both legal rights to offset its current tax assets and liabilities and it is the Company's intention to settle on a net basis.

**2.3.10 Other commitments linked to secured notes**

In relation to each Serie of Secured Notes, in order to secure its obligations in respect of such Notes, the Company enters into a pledge agreement which is governed by the Luxembourg act dated 5 August 2005 on financial collateral arrangements, as amended. Under each pledge agreement, the Company grants first ranking security over the Collateral Assets contained in one or more accounts held by the Company with BNY Mellon Luxembourg (or such other custodian or account bank as is specified in the applicable Final Terms, pursuant to the terms of a custodian agreement between, inter alia, the Company and the collateral custodian).

The security granted under each pledge agreement is granted either in favour of:

- (i) in the case of English Law Notes, The Bank of New York Mellon Corporate Trustee Services Limited or such other security trustee as is specified in the applicable Final Terms as security trustee on behalf of itself and the relevant Noteholders and the other relevant Secured Parties (as defined in the Additional Terms and Conditions for Secured Notes) or,
- (ii) in the case of French Law Notes, directly in favour of the relevant Noteholders and the other relevant Secured Parties as represented by The Bank of New York Mellon Corporate Trustee Services Limited or such other security agent as is specified in the applicable Final Terms as security agent.

Following the occurrence of a Secured Note Acceleration Event (as defined in the Additional Terms and Conditions for Secured Notes), all Noteholders whose Notes have become immediately due and payable is first entitled to claim for any outstanding amounts due to them under the terms of the Guarantee. If neither the Issuer nor the Guarantor (pursuant to the terms of the Guarantee) has paid all amounts due to Noteholders within a period of 3 Collateral Business Days following the occurrence of a Secured Note Acceleration Event, Noteholders may send a notice in writing to the Security Trustee (in the case of English Law Notes) or the Security Agent (in the case of French Law Notes) requesting that the relevant Pledge Agreement be enforced in accordance with the terms of the Base Prospectus.

The Company borrows the securities to be pledged from Société Générale Group. In accordance with IFRS 9, the borrowing of the securities to be pledged by the Company is not assimilated to the transfer of assets and thus does not result in recognition in the interim statement of financial position. The risks and rewards associated to the securities remain in Société Générale Group and as such are not presented in the Company's interim statement of financial position.

The pledged securities are accounted as an off balance-sheet commitment "Securities pledged". The committed amount is re-measured at each closing to reflect the value of the securities pledged.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)****2.4 Geopolitical Crises and Macroeconomic Context**

2023 was a year of cumulative uncertainties, with the war in Ukraine, the situation in the Middle-East at the very end of the year and also earlier, tensions in the banking sector in the United States of America and Europe. Monetary policies were clearly restrictive. Focusing on inflation control, central banks increased interest rates rapidly and significantly.

In the euro area:

- the slowdown in economic activity observed during the first half of 2023 continued and was accentuated during the second half of the year;
- inflation remained high in 2023; it is expected to drop down to around 3% in 2024 and fall back to the target in the mid-term.

In the U.S.A., the economy performed better than expected by most forecasters.

Warning signs point to a sharper slowdown already apparent towards the end of the year.

In this context, the Group Société Générale updated the macroeconomic scenarios chosen for the preparation of the consolidated financial statements and maintained some adjustments applied to its models.

These macroeconomic scenarios are taken into account in the credit loss measurement models including forward-looking data and are also used in tests of the recoverability of deferred tax assets.

The methodological framework defined by the Group Société Générale is applied at the level of the Company.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents amount to KEUR 42 010 as at 31 December 2023 (31 December 2022: KEUR 36 176) and are mainly composed of cash held with Société Générale Luxembourg and Société Générale.

As of 31 December 2023, and 2022, this caption only contained cash that was repayable on demand.

**NOTE 4 – FINANCIAL INSTRUMENTS****4.1 Financial assets measured at fair value through profit or loss**

|   | <b>31.12.2023</b> | <b>31.12.2022</b> |
|---|-------------------|-------------------|
|   | <b>('000 EUR)</b> | <b>('000 EUR)</b> |
| <b>Financial assets at fair value through profit or loss</b>            |                   |                   |
| - Mandatorily at fair value through profit or loss (Fully Funded Swaps) | 51 118 092        | 38 757 924        |
| - Trading derivatives (Options)   | 57 316            | 1 025 209         |
| <b>Total</b>  | <b>51 175 408</b> | <b>39 783 133</b> |

The accompanying Notes are an integral part of these financial statements.



**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 4 – FINANCIAL INSTRUMENTS (continued)**

As at 31 December 2023, financial assets mandatorily at fair value through profit or loss (Fully Funded Swaps) amount to KEUR 51 118 092 (31 December 2022: KEUR 38 757 924) and replicate all the Notes issued by the Company (see Note 4.2). Differences between the fair value of Fully Funded Swaps and Notes arise due to late settlements.

As at 31 December 2023, Trading derivatives (Options) amount to KEUR 57 316 (31 December 2022: KEUR 1 025 209) and replicate all the Warrants issued by the Company (see Note 4.2). Differences between the fair value of Options and Warrants arise due to late settlements.

As at 31 December 2023, the impact of the offsetting of financial assets and financial liabilities (decrease in the balance sheet) is KEUR 27 385 976 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2022: KEUR 28 592 180) and KEUR 4 020 277 for the non-sold Warrants and the corresponding Options (31 December 2022: KEUR 4 462 437) (see Note 4.2).

The movements in financial assets at fair value through profit or loss were as follows:

|  | ('000 EUR)<br>Mandatorily at<br>fair value through<br>profit or loss | ('000 EUR)<br>Trading<br>derivatives | ('000 EUR)<br>Total |
|--|--|--------------------------------------|---------------------|
| <b>As at 1 January 2023</b>                          | <b>38 757 924</b>  | <b>1 025 209</b>                     | <b>39 783 133</b>   |
| Acquisition  | 43 969 898   | 2 868 449                            | 46 838 347          |
| Maturity/Disposal/Liquidation/Cancellation           | (38 218 082)   | (3 987 700)                          | (42 205 782)        |
| Change in fair value and foreign exchange difference | 5 402 148  | (290 436)                            | 5 111 712           |
| Offsetting of Assets and Liabilities (Change)        | 1 206 204  | 441 794                              | 1 647 998           |
| <b>As at 31 December 2023</b>                        | <b>51 118 092</b>  | <b>57 316</b>                        | <b>51 175 408</b>   |
|  | ('000 EUR)<br>Mandatorily at<br>fair value through<br>profit or loss | ('000 EUR)<br>Trading<br>derivatives | ('000 EUR)<br>Total |
| <b>As at 1 January 2022</b>                          | <b>40 322 401</b>  | <b>714 838</b>                       | <b>41 037 239</b>   |
| Acquisition  | 40 385 254   | 35 456 241                           | 75 841 495          |
| Maturity/Disposal/Liquidation/Cancellation           | (42 593 531)   | (36 732 528)                         | (79 326 059)        |
| Change in fair value and foreign exchange difference | (5 675 247)  | 1 475 158                            | (4 200 089)         |
| Offsetting of Assets and Liabilities (Change)        | 6 319 047  | 111 500                              | 6 430 547           |
| <b>As at 31 December 2022</b>                        | <b>38 757 924</b>  | <b>1 025 209</b>                     | <b>39 783 133</b>   |

**4.2 Financial liabilities measured at fair value through profit or loss**

|   | 31.12.2023<br>('000 EUR) | 31.12.2022<br>('000 EUR) |
|---|--------------------------|--------------------------|
| <b>Financial liabilities at fair value through profit or loss</b>       |                          |                          |
| - Mandatorily at fair value through profit or loss (Fully Funded Swaps) | 51 112 066               | 38 754 129               |
| - Trading derivatives (Options)   | 57 148                   | 1 025 105                |
| <b>Total</b>  | <b>51 169 214</b>        | <b>39 779 234</b>        |

The accompanying Notes are an integral part of these financial statements.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 4 – FINANCIAL INSTRUMENTS (continued)**

As at 31 December 2023, the Company has issued secured and unsecured Notes for a total amount of KEUR 51 112 066 (31 December 2022: KEUR 38 754 129):

- 22 973 unsecured Notes were issued (stock) for a total amount of KEUR 51 112 066 (31 December 2022: 21 324 unsecured Notes were issued (stock) for a total amount of KEUR 34 578 193);
- 426 secured Notes were issued (stock) for a total amount of KEUR 5 865 142 (31 December 2022: 514 secured Notes were issued (stock) for a total amount of KEUR 4 171 467).

In addition to the guarantee on first demand granted by Société Générale on unsecured and secured Notes, subscribers of the secured Notes issued by the Company benefit from additional collateral assets securing the payment due under the Notes terms, structured in form of a pledge governed by Luxembourg Law. This pledge may only be enforced following a default of the Company or Société Générale in its role of Guarantor.

Pledged collateral assets are deposited on an account held in the name of the Company with an authorised custodian not belonging to the Société Générale Group and are pledged in favour of the Notes holders.

As at 31 December 2023, securities deposited at BNY Mellon Luxembourg as collateral for secured issuances amount to KEUR 5 865 142 (31 December 2022: KEUR 5 280 150).

As at 31 December 2023, the Company also issued Warrants for a total amount of KEUR 57 148 (31 December 2022: KEUR 1 025 105). Refer to Note 13 for further details on Off-balance sheet items related to the Warrants activity.

As at 31 December 2023, the impact of the offsetting of financial assets and financial liabilities (decrease in the balance sheet) is KEUR 27 385 976 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2022: KEUR 28 592 180) and KEUR 4 020 587 for the non-sold Warrants and the corresponding Options (31 December 2022: KEUR 4 462 437) (see Note 4.1).

The movements in financial liabilities at fair value through profit or loss were as follows:

|  | ('000 EUR)<br>Designated at fair<br>value through<br>profit or loss | ('000 EUR)<br>Trading<br>derivatives | ('000 EUR)<br>Total |
|--|---|--------------------------------------|---------------------|
| <b>As at 1 January 2023</b>                          | <b>38 754 129</b>   | <b>1 025 105</b>                     | <b>39 779 234</b>   |
| Acquisition  | 43 969 897  | 2 868 449                            | 46 838 346          |
| Cancelled/Liquidation/Maturity Disposal              | (37 792 481)  | (3 987 700)                          | (41 780 181)        |
| Change in fair value and foreign exchange difference | 4 974 318   | (290 437)                            | 4 683 881           |
| Offsetting of Assets and Liabilities (Change)        | 1 206 203   | 441 731                              | 1 647 934           |
| <b>As at 31 December 2023</b>                        | <b>51 112 066</b>   | <b>57 148</b>                        | <b>51 169 214</b>   |

The accompanying Notes are an integral part of these financial statements.



**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 4 – FINANCIAL INSTRUMENTS (continued)**

|  | ('000 EUR)  | ('000 EUR)             | ('000 EUR)        |
|--|---|------------------------|-------------------|
|  | Designated at fair<br>value through<br>profit or loss | Trading<br>derivatives | Total             |
| <b>As at 1 January 2022</b>                          | <b>40 323 850</b>                                     | <b>714 854</b>         | <b>41 038 704</b> |
| Acquisition  | 40 391 104  | 35 350 594             | 75 741 697        |
| Cancelled/Liquidation/Maturity Disposal              | (42 594 180)  | (37 050 667)           | (79 644 846)      |
| Change in fair value and foreign exchange difference | (5 685 692)   | 1 898 824              | (3 786 868)       |
| Offsetting of Assets and Liabilities (Change)        | 6 319 047   | 111 500                | 6 430 547         |
| <b>As at 31 December 2022</b>                        | <b>38 754 129</b>                                     | <b>1 025 105</b>       | <b>39 779 234</b> |

**4.3 Financial liabilities measured at amortised cost**

As at 31 December 2023 and 2022, financial liabilities at amortised cost are mainly composed of a convertible bond of KEUR 48 000, issued by the Company and fully subscribed by Société Générale Luxembourg, with maturity in 2024. Conversion may occur each year.

On this convertible bond, the Company pays to Société Générale Luxembourg both variable interests calculated on Euribor 3M plus a margin of 0.34% (total rate of 4.304% as at 31 December 2023) and activity related interests. Activity related interests means an amount equal to 100% of the activity related profit generated by the Company.

The convertible bond maturity shall be automatically extended by successive periods of one year, unless either the Issuer or the Holder has exercised its right to terminate the bond on the scheduled maturity date. The conversion option belongs to the Holder.

As at 31 December 2023, the Company also has amounts due to banks related to the Company's overdrafts current accounts for KEUR 7 (31 December 2022: KEUR 517).

**NOTE 5 – LOANS AND RECEIVABLES**

As at 31 December 2023 and 2022, loans and receivables only consist in deposits with Société Générale Luxembourg, which represent the reinvestment of the Company's share capital, reserves and other available funds.

As at 31 December 2022, expected credit losses calculated on loans and receivables in accordance with IFRS 9 amounted to KEUR 1. As at 31 December 2023, the diminution of the expected credit losses resulted in a reversal of the IFRS9 impairment amounting to KEUR 0, as presented in the Caption reversal of Cost of Risk in the Statements of Profit and Loss.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 6 – OTHER ASSETS AND OTHER LIABILITIES**

As at 31 December 2023 and 2022, other assets and other liabilities are composed of settlement accounts, as presented below:

|  | ('000 EUR)<br>31.12.2023 | ('000 EUR)<br>31.12.2022 |
|--|--------------------------|--------------------------|
| Settlement accounts on securities transactions | 1 926 198                | 159 410                  |
| Miscellaneous receivables                      | 256 035                  | 184 085                  |
| <b>Total other assets</b>                      | <b>2 182 233</b>         | <b>343 495</b>           |
|  | ('000 EUR)<br>31.12.2023 | ('000 EUR)<br>31.12.2022 |
| Settlement accounts on securities transactions | 1 931 936                | 164 000                  |
| Deferred income                                | 5 218                    | 2 950                    |
| Miscellaneous payables                         | 258 347                  | 193 281                  |
| <b>Total other liabilities</b>                 | <b>2 195 502</b>         | <b>360 231</b>           |

Miscellaneous payables and receivables mainly consist of premium payables on Warrants and receivables on financial instruments replicating the Warrants issued.

**NOTE 7 – TAXATION**

The Company is liable for all taxes applicable to Luxembourg commercial companies.

Since 2007, the Company has been part of a tax integration group led by SG Luxembourg, as authorised by the article 164 bis LIR and has concluded a Tax Sharing Agreement (the "Agreement") with SG Luxembourg. Under the Agreement, the Company pays to SG Luxembourg, with respect to each financial year, an amount equal to the tax which would be levied on the profits of the Company in the absence of any tax consolidation with the Parent.

The rate of current tax applied as of 31 December 2023 is 22.95 % (31 December 2022: 24.94%). The current tax rate includes the corporate tax and the municipal tax.

For the year ended 31 December 2023, tax expenses amount to KEUR 16 (31 December 2022: KEUR 201).

**NOTE 8 – SHAREHOLDERS' EQUITY****8.1 Share capital and share premium**

On 30 November 2020, 100 shares were sold by SG Luxembourg to Société Générale for a total amount of EUR 4 000. SG Luxembourg still held 49 907 shares amounting to EUR 1 996 280 for which it waived its entire voting rights. As at 31 December 2021, the subscribed and fully paid share capital amounted to EUR 2 000 320, divided into 50 008 shares with nominal value of EUR 40 each.

By resolution adopted on 14 January 2022, the Executive Board decided to increase the capital of the Company from EUR 2 000 320 to EUR 2 000 360 by the issue of a new share with a nominal value of EUR 40, subscribed by SG Luxembourg. In the context of the capital increase, the 2021 activity related interests amounting to KEUR 28 244 have been allocated to the Share premium. It was then paid to the shareholders in June 2022.

The accompanying Notes are an integral part of these financial statements.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 8 – SHAREHOLDERS' EQUITY (continued)**

As at 31 December 2023, the subscribed and fully paid share capital is EUR 2 000 400, divided into 50 010 shares with nominal value of EUR 40 each.

The Company manages its capital to ensure it will be able to continue as a going concern. The capital amount may be increased, subject to the approval of the Shareholders, if the Company's activity evolves, incurring specific additional risks.

**8.2 Reserves****8.2.1 Legal reserve**

In accordance with the Luxembourg law, the Company is required to allocate a minimum of 5% of its annual net profit to a Legal reserve until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

As at 31 December 2023 and 2022, the legal reserve amounts to KEUR 200.

**8.2.2 Other reserves**

Since 2013, the Company is fiscally integrated in its parent company Société Générale Luxembourg. Société Générale Luxembourg constitutes the Net Wealth Tax reserve for the Company. As a consequence, no additional Net Wealth Tax reserve has been constituted by the Company since 2013.

As at 31 December 2023, the amount of other reserves amounts is KEUR 0 (31 December 2022: KEUR (214) ) and is mainly composed of the profit brought forward of KEUR 590 generated during the year ending as at 31 December 2022.

**NOTE 9 – INTEREST INCOME AND EXPENSES**

|   | ('000 EUR)<br>31.12.2023 | ('000 EUR)<br>31.12.2022 |
|---|--------------------------|--------------------------|
| Interest income on cash and cash equivalents                            | 940                      | 203                      |
| Interest income on loans and receivables                                | 1 745                    | 45                       |
| <b>Total interest income</b>  | <b>2 685</b>             | <b>248</b>               |
| Interest expenses on financial liabilities at amortized cost (note 4.3) | (36 063)                 | (22 235)                 |
| Interest expenses on financial liabilities at fair value                | (321)                    | (383)                    |
| <b>Total interest expenses</b>  | <b>(36 384)</b>          | <b>(22 618)</b>          |
| <b>Net interest margin</b>  | <b>(33 699)</b>          | <b>(22 370)</b>          |

The accompanying Notes are an integral part of these financial statements.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 10 – COMMISSION INCOME**

Commission income can be broken down as follows:

|                               | ('000 EUR)<br>31.12.2023 | ('000 EUR)<br>31.12.2022 |
|-------------------------------|--------------------------|--------------------------|
| Issuing upfront fees on Notes | 42 133                   | 27 048                   |
| Servicing fees on Notes       | 5 089                    | 6 728                    |
| Commission on Warrants        | 709                      | 739                      |
| <b>Commission income</b>      | <b>47 931</b>            | <b>34 515</b>            |

As at 31 December 2023, KEUR 5 218 are retained as deferred income under the caption "other liabilities" (2022: KEUR 2 950) (cf. Note 6).

**NOTE 11 – PERSONNEL EXPENSES**

|                                     | ('000 EUR)<br>31.12.2023 | ('000 EUR)<br>31.12.2022 |
|-------------------------------------|--------------------------|--------------------------|
| Wages and salaries                  | (252)                    | (234)                    |
| Social charges and associated costs | (26)                     | (29)                     |
| Pension related costs               | (25)                     | (16)                     |
| <b>Total</b>                        | <b>(303)</b>             | <b>(279)</b>             |

The Company had 3 full-time equivalents during the year ended 31 December 2023 (2022: 3).

The annual cost of pension is calculated and invoiced by Société Générale Luxembourg, based on SG Luxembourg's group total cost of pensions and according to the number of the Company's full time equivalent employees.

**NOTE 12 – OTHER OPERATING EXPENSES**

|                         | ('000 EUR)<br>31.12.2023 | ('000 EUR)<br>31.12.2022 |
|-------------------------|--------------------------|--------------------------|
| Issuance fees           | (11 109)                 | (9 536)                  |
| Other operating charges | (2 454)                  | (2 081)                  |
| <b>Total</b>            | <b>(13 563)</b>          | <b>(11 617)</b>          |

Issues fees mainly consist of listing fees, collateral monitoring agent fees, maintenance of registers fees and trading fees.

Other operating charges are mainly composed of operating costs related to the Company (including audit fees) as well as activities outsourced to Société Générale S.A. and Société Générale Luxembourg.

Remuneration of the Réviseur d'entreprises agréé

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 12 – OTHER OPERATING EXPENSES (continued)**

The fees paid by the Company to its Réviseur d'entreprises agréé were as follows:

|   | ('000 EUR)<br>31.12.2023 | ('000 EUR)<br>31.12.2022 |
|---|--------------------------|--------------------------|
| Statutory audit of the financial statements | 194                      | 210                      |
| Other assurance services                    | 39                       | 42                       |
| <b>Total</b>                                | <b>233</b>               | <b>252</b>               |

**NOTE 13 – OFF-BALANCE SHEET**

As at 31 December 2023, financial instruments to be issued (engagement taken before 31 December 2023 with value date after 31 December 2023) amount to KEUR 4 721 740 (31 December 2022: KEUR 3 383 129).

All the Warrants issued are fully hedged by concluding identically equipped OTC options with Société Générale.

## Notes to the financial statements (continued)

As at 31 December 2023

## NOTE 13 – OFF-BALANCE SHEET (continued)

## Warrants issuance summary

The Warrants issued as at 31 December 2023 and 2022 break down as follows:

| Warrant Type             | Category of Underlying | Type of Underlying | Option Type | 31 December 2023 |                     | 31 December 2022 |                     |                       |
|--------------------------|------------------------|--------------------|-------------|------------------|---------------------|------------------|---------------------|-----------------------|
|                          |                        |                    |             | Quantity         | Notional ('000 EUR) | Quantity         | Notional ('000 EUR) | Fair Value ('000 EUR) |
| Basket warrant           | Basket                 | Index              | Call        | -                | -                   | -                | -                   | -                     |
| Commodity Future Warrant | Future                 | Mutual Fund        | Put         | -                | -                   | -                | -                   | -                     |
|                          |                        | Commodity Future   | Call        | -                | -                   | 1                | 10 501              | 6 350                 |
|                          |                        | Bruts              | Call        | -                | -                   | 6                | 502 194             | -                     |
|                          |                        | Index              | Call        | -                | -                   | -                | -                   | -                     |
| Commodity Warrant        | Commodity              | Mutual Fund        | Call        | -                | -                   | -                | -                   | -                     |
|                          |                        | Precious metals    | Put         | -                | -                   | -                | -                   | -                     |
|                          |                        | Future Contract    | Call        | -                | -                   | -                | -                   | -                     |
| Currency Warrant         | Currency               | Currency           | Call        | 42               | 317 609             | -                | -                   | -                     |
|                          |                        | American           | Put         | 47               | 271 723             | -                | -                   | -                     |
|                          |                        | Depository Receipt | Call        | -                | -                   | -                | -                   | -                     |
|                          |                        | Mutual Fund        | Put         | 2                | 102 479             | 1                | 74 186              | 14                    |
|                          |                        | Ordinary Share     | Call        | 522              | 9 474 493           | 802              | 7 255 408           | 269 708               |
|                          |                        | Own Share          | Put         | 250              | 2 437 384           | 341              | 4 466 777           | 142 467               |
| Equity Warrant           | Equity                 | Own Share          | Call        | -                | -                   | -                | -                   | -                     |
|                          |                        | Preference         | Put         | -                | -                   | -                | -                   | -                     |
|                          |                        | REIT               | Call        | -                | -                   | -                | -                   | -                     |
|                          |                        | Mutual Fund        | Put         | 1                | 30 883              | 1                | 32 817              | 13                    |
|                          |                        |                    | Call        | -                | -                   | -                | -                   | -                     |
|                          |                        |                    | Put         | -                | -                   | -                | -                   | -                     |
|                          |                        |                    | Call        | -                | -                   | -                | -                   | -                     |
|                          |                        |                    | Put         | -                | -                   | -                | -                   | -                     |

The accompanying Notes are an integral part of these financial statements.

## Notes to the financial statements (continued)

As at 31 December 2023

## NOTE 13 – OFF-BALANCE SHEET (continued)

| Warrant Type                 | Category of Underlying | Type of Underlying | Option Type | 31 December 2023 |                     | 31 December 2022 |                     | Fair Value ('000 EUR) | Fair Value ('000 EUR) | Quantity | Notional ('000 EUR) | Fair Value ('000 EUR) |
|------------------------------|------------------------|--------------------|-------------|------------------|---------------------|------------------|---------------------|-----------------------|-----------------------|----------|---------------------|-----------------------|
|                              |                        |                    |             | Quantity         | Notional ('000 EUR) | Quantity         | Notional ('000 EUR) |                       |                       |          |                     |                       |
| Real Estate Investment Trust | REIT                   | REIT               | Call        | -                | -                   | -                | -                   | -                     | -                     | -        | -                   | -                     |
|                              |                        |                    | Put         | -                | -                   | -                | -                   | -                     | -                     | -        | -                   | -                     |
| Funds                        | Fund                   | Fund               | Call        | 9                | 37 467              | -                | 5 006               | -                     | -                     | -        | -                   | -                     |
|                              |                        | Mutual Fund        | Call        | 2                | 22 274              | -                | 413                 | -                     | -                     | -        | -                   | -                     |
|                              | Equity                 | Ordinary Share     | Call        | 63               | 549 667             | -                | 2 538               | -                     | -                     | -        | -                   | -                     |
|                              |                        |                    | Put         | 51               | 430 787             | -                | 719                 | -                     | -                     | -        | -                   | -                     |
| Index Warrant                | Fund                   | Equity Fund        | Call        | 1                | -                   | -                | -                   | -                     | -                     | -        | -                   | -                     |
|                              |                        |                    | Call        | 1                | -                   | -                | -                   | -                     | -                     | -        | -                   | -                     |
|                              | Index                  | Index              | Call        | 365              | 11 165 363          | 417              | 27 313              | 13 301 522            | 531 574               | -        | -                   | -                     |
|                              |                        |                    | Put         | 337              | 13 234 333          | 250              | 6 054               | 9 706 138             | 69 953                | -        | -                   | -                     |
| Fund Warrant                 | Fund                   | Mutual Fund        | Call        | -                | -                   | 5                | -                   | 165 377               | 12                    | -        | -                   | -                     |
|                              |                        |                    | Put         | -                | -                   | -                | -                   | -                     | -                     | -        | -                   | -                     |
|                              |                        | Fund               | Call        | 1                | -                   | 16               | -                   | 194 050               | 4 834                 | -        | -                   | -                     |
| <b>Total Call</b>            |                        |                    |             | <b>1 008</b>     | <b>21 669 353</b>   | <b>1 252</b>     | <b>46 963</b>       | <b>21 525 553</b>     | <b>806 335</b>        |          |                     |                       |
| <b>Total Put</b>             |                        |                    |             | <b>686</b>       | <b>16 405 110</b>   | <b>592</b>       | <b>10 185</b>       | <b>14 183 416</b>     | <b>218 770</b>        |          |                     |                       |
| <b>Total Warrants</b>        |                        |                    |             | <b>1 694</b>     | <b>38 074 464</b>   | <b>1 844</b>     | <b>57 148</b>       | <b>35 708 969</b>     | <b>1 025 105</b>      |          |                     |                       |

The accompanying Notes are an integral part of these financial statements.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 14 – RISK MANAGEMENT**

The Company and several of its service providers are subsidiaries of the Société Générale Group and therefore benefit from Société Générale's internal control systems.

**14.1 Market risk**

Market risk is the risk that changes in market prices, such as interest rates, securities prices, and foreign exchange rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Company issues Notes and Warrants. The Notes are systematically hedged with FFS concluded with Société Générale, with strictly identical characteristics. In the same way, the Warrants issued are hedged with Options concluded with Société Générale, with strictly identical characteristics.

The risks associated with the investment in the Notes and Warrants depend on several factors. Such factors vary depending on the characteristics of the Notes and Warrants issued, in particular depending on the underlying, the maturity of the Notes, the Secured / Unsecured status of the Notes, the interest rates incurred, the volatility of the underlying, etc.

The main risks in relation to investments in Notes and Warrants issued by the Company are described in the Base Prospectus under the section "Risk Factor".

Because of its structure (perfect match between the assets and the liabilities), the impact of an immediate change of a market parameter would have no consequence on the net profit of the Company.

The Company is also exposed to structural interest rate risk, namely through the following transactions: reinvestment of available equity by participating interests or loans to the Company's treasury (SG Luxembourg) with hedged interest rate risk. The structural interest rate risk is monitored via the sensitivity of the economic value of the positions measured through modified duration.

Modified duration is calculated based on the change in the net present value of positions subsequent to a 1% change in the rate curve. Exposure monitoring is based on the determination of modified duration over the short (up to one year), medium (one to five years) and long (more than five years) term.

**14.2 Credit risk**

Credit risk is the risk that a third party will not be able to meet its contractual obligation.

The Company only contracts financial instruments with SG Luxembourg and Société Générale. Therefore, the credit risk of the Company is limited to the credit risk on SG Luxembourg and Société Générale. Should this situation evolve, specific limits would be proposed to limit the credit risk incurred.

As at 31 December 2023 and 2022, no financial assets were past due nor impaired.

All the Notes and Warrants issued by the Company benefit from a guarantee provided by Société Générale, meaning that payments in respect of the instruments issued by the Company are unconditionally and irrevocably guaranteed by Société Générale (the Guarantor).

As at 31 December 2023, the rating of Société Générale is A from Standard & Poor's and A1 from Moody's.

The accompanying Notes are an integral part of these financial statements.



## Notes to the financial statements (continued)

As at 31 December 2023

## NOTE 14 – RISK MANAGEMENT (continued)

14.3 Interest rate risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the value of the assets and liabilities of the Company. Due to the financial instruments contracted by the Company with Société Générale to hedge the financial instruments issued, the Company is not significantly exposed to interest rate risk.

14.4 Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet the payment obligations associated with its financial liabilities when they fall due.

The Company does not face any material liquidity risk thanks to the perfect replication between the contractual obligations of:

- The financial instruments issued by the Company; and
- The financial assets replicating the financial instruments issued by the Company.

Analysis per remaining contractual maturities

As at 31 December 2023, analysis per remaining contractual maturities is as follows:

| 31.12.2023 - EUR' 000   | < 3 months       | From 3 months to 1 year | From 1 to 5 years | > 5 years         | Without fixed maturity | Total             |
|---|------------------|-------------------------|-------------------|-------------------|------------------------|-------------------|
| Cash and cash equivalents   | 42 010           | -                       | -                 | -                 | -                      | 42 010            |
| <b>Financial assets at fair value through profit or loss</b>      |                  |                         |                   |                   |                        |                   |
| - <i>Mandatorily at fair value through profit or loss</i>         | 4 125 291        | 6 937 558               | 19 617 291        | 20 437 952        | -                      | 51 118 092        |
| - <i>Trading derivatives</i>                                      | 7 211            | 25 313                  | 24 793            | -                 | -                      | 57 316            |
| Loans and receivables   | 48 035           | 200                     | 800               | 1 000             | -                      | 50 035            |
| Other assets  | 2 182 233        | -                       | -                 | -                 | -                      | 2 182 233         |
| <b>Total assets</b>   | <b>6 404 779</b> | <b>6 963 071</b>        | <b>19 642 884</b> | <b>20 438 952</b> | <b>-</b>               | <b>53 449 686</b> |
| <b>Financial liabilities at amortised cost</b>                    | <b>331</b>       | <b>82 410</b>           | <b>-</b>          | <b>-</b>          | <b>-</b>               | <b>82 741</b>     |
| <b>Financial liabilities at fair value through profit or loss</b> |                  |                         |                   |                   |                        |                   |
| - <i>Designated at fair value through profit or loss</i>          | 4 129 857        | 6 936 107               | 19 615 243        | 20 430 859        | -                      | 51 112 066        |
| - <i>Trading derivatives</i>                                      | 6 902            | 25 246                  | 25 000            | -                 | -                      | 57 148            |
| Other liabilities   | 2 195 502        | -                       | -                 | -                 | -                      | 2 195 501         |
| Tax liabilities   | 13               | -                       | -                 | -                 | -                      | 13                |
| <b>Total liabilities</b>  | <b>6 332 604</b> | <b>7 043 763</b>        | <b>19 640 244</b> | <b>20 430 859</b> | <b>-</b>               | <b>53 447 470</b> |

The accompanying Notes are an integral part of these financial statements.

## Notes to the financial statements (continued)

As at 31 December 2023

## NOTE 14 – RISK MANAGEMENT (continued)

As at 31 December 2022 analysis per remaining contractual maturities is as follows:

| 31.12.2022 - EUR' 000   | < 3 months       | From 3 months to 1 year | From 1 to 5 years | > 5 years         | Without fixed maturity | Total             |
|---|------------------|-------------------------|-------------------|-------------------|------------------------|-------------------|
| Cash and cash equivalents   | 36 176           | -                       | -                 | -                 | -                      | 36 176            |
| <b>Financial assets at fair value through profit or loss</b>      |                  |                         |                   |                   |                        |                   |
| - <i>Mandatorily at fair value through profit or loss</i>         | 3 359 065        | 5 269 282               | 16 320 598        | 13 808 979        | -                      | 38 757 924        |
| - <i>Trading derivatives</i>                                      | 441 726          | 357 417                 | 226 066           | -                 | -                      | 1 025 209         |
| Loans and receivables   | 48 023           | 200                     | 800               | 1 000             | -                      | 50 023            |
| Other assets  | 343 495          | -                       | -                 | -                 | -                      | 343 495           |
| <b>Total assets</b>   | <b>4 228 485</b> | <b>5 626 899</b>        | <b>16 547 464</b> | <b>13 809 979</b> | <b>-</b>               | <b>40 212 827</b> |
| <b>Financial liabilities at amortised cost</b>                    | 517              | 70 068                  | -                 | -                 | -                      | 70 585            |
| <b>Financial liabilities at fair value through profit or loss</b> |                  |                         |                   |                   |                        |                   |
| - <i>Designated at fair value through profit or loss</i>          | 3 360 079        | 5 220 409               | 16 334 968        | 13 838 673        | -                      | 38 754 129        |
| - <i>Trading derivatives</i>                                      | 441 621          | 357 417                 | 226 067           | -                 | -                      | 1 025 105         |
| Other liabilities   | 360 231          | -                       | -                 | -                 | -                      | 360 231           |
| Tax liabilities   | -                | 201                     | -                 | -                 | -                      | 201               |
| <b>Total liabilities</b>  | <b>4 162 448</b> | <b>5 648 095</b>        | <b>16 561 035</b> | <b>13 838 673</b> | <b>-</b>               | <b>40 210 251</b> |

## 14.5 Fair Value measurement

According to the fair value hierarchy established by IFRS 13, Level 3 (L3) comprises products valued using inputs that are not based on observable market data (referred to as unobservable inputs).

For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for Notes or the Black & Scholes formula for certain options and using valuation parameters that reflect current market conditions as at the statement of financial position date. These valuation models are validated independently by the experts from the Market Risk Department of the Group's Risk Division.

Furthermore, the parameters used in the valuation models, whether derived from observable market data or not, are checked by the Finance Division of Société Générale, in accordance with the methodologies defined by the Market Risk Department.

The Notes and the related FFS are classified as Level 3 when the valuation of the associated embedded derivatives (underlying of the Notes) is also based on unobservable market data.

On each element of an identified list of unobservable parameters, it comes to determining the uncertainty of marking, and cross sensitivities with this uncertainty for a confidence interval of the value of the positions.

In parallel, marking the levels of each of these parameters is collected and reported in the Note.

The methods for determining the level of uncertainty, as well as calculating the confidence interval from sensitivities depend on each parameter.

The accompanying Notes are an integral part of these financial statements.

## Notes to the financial statements (continued)

As at 31 December 2023

## NOTE 14 – RISK MANAGEMENT (continued)

Transfers from Level 2 to Level 3 are determined at the end of each month and occur in case of a modification within a parameter (e.g. no longer linked to the deal, modification of the observability rule of the parameter)

Estimates of Level 3 instruments and other most significant unobservable inputs as at 31 December 2023 (by type of underlyings):

| Type of underlyings | Assets<br>In million<br>EUR | Liabilities<br>In million<br>EUR | Main products   | Valuation<br>techniques used   | Significant<br>unobservable<br>inputs                    | Range of<br>unobservable<br>inputs Min & Max |
|---------------------|-----------------------------|----------------------------------|---|--|--|--|
| Equity /<br>funds   | 17 159                      | 17 154                           | Simple and complex<br>derivatives on funds,<br>equities or baskets on<br>stocks   | Various option<br>models on funds,<br>equities or baskets<br>on stocks               | Equity volatilities                                      | [1.0% ; 623.3%]                              |
|                     |                             |                                  |   |  | Equity dividends   | [0.0% ; 16.0%]                               |
|                     |                             |                                  |   |  | Unobservable<br>correlations                             | [-80.1% ; 99.9 %]                            |
|                     |                             |                                  |   |  | Hedge funds<br>volatilities                              | [7.6% ; 7.6%]                                |
|                     |                             |                                  |   |  | Mutual funds<br>volatilities                             | [1.7% ; 26.8%]                               |
| Rates and<br>Forex  | 5 913                       | 5 913                            | Hybrid forex / interest<br>rate or credit / interest<br>rate derivatives  | Hybrid forex<br>interest rate or<br>credit interest rate<br>option pricing<br>models | Correlations   | [-80.00% ; 85.0%]                            |
|                     |                             |                                  | Forex derivatives   | Forex option<br>pricing models   | Forex volatilities                                       | [1.0% ; 31.0%]                               |
|                     |                             |                                  | Interest rate derivatives<br>whose notional is<br>indexed on the<br>prepayment behaviour<br>on European collateral<br>pools | Prepayment<br>modeling   | Constant<br>prepayment rates                             | [0.0% ; 20.0%]                               |
|                     |                             |                                  | Inflation instruments<br>and derivatives  | Inflation pricing<br>models  | Inflation/ inflation<br>correlations                     | [72.0% ; 90.0%]                              |
| Credit              | 3 901                       | 3 901                            | Collateralized Debt<br>Obligations and index<br>tranches  | Recovery and base<br>correlation<br>projection models                                | Time to default<br>correlations                          | [0% ; 100%]                                  |
|                     |                             |                                  | Other credit derivatives  | Credit default<br>models   | Recovery rate<br>variance for single<br>name underlyings | [0% ; 100%]                                  |
|                     |                             |                                  |   |  | Time to default<br>correlations                          | [0% ; 100%]                                  |
|                     |                             |                                  |   |  | Quanto<br>correlations                                   | [0% ; 100%]                                  |
| Commodity           | -                           | -                                | Derivatives on<br>commodities baskets   | Option models on<br>commodities  | Unobservable<br>credit spreads                           | [0.0 bps ; 82.4 bps]                         |
|                     |                             |                                  |   |  | Commodities<br>correlations                              | 0  |
| <b>Total</b>        | <b>26 973</b>               | <b>26 968</b>                    |   |  |  |  |

The accompanying Notes are an integral part of these financial statements.

## Notes to the financial statements (continued)

As at 31 December 2023

## NOTE 14 – RISK MANAGEMENT (continued)

Unobservable inputs add a degree of uncertainty in the valuation of Level 3 instruments. However, by its very nature, and considering mirror transactions are concluded with Société Générale to hedge the financial liabilities issued by the Company, the Company has no market risk exposure. The impact of an immediate change in an unobservable parameter would have no consequence on the net profit or net equity of the Company. Moreover, changes in an unobservable parameter would have by underlying a minor effect on both assets and liabilities.

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

| <b>31.12.2023 – EUR' 000</b>                                      | <b>Carrying amount</b> | <b>Fair value</b> |
|---|------------------------|-------------------|
| Cash and cash equivalents   | 42 010                 | 42 010            |
| <b>Financial assets at fair value through profit or loss</b>      |                        |                   |
| - <i>Mandatorily at fair value through profit or loss</i>         | 51 118 092             | 51 118 092        |
| - <i>Trading derivatives</i>                                      | 57 316                 | 57 316            |
| Loans and receivables *   | 50 035                 | 49 915            |
| Other assets  | 2 182 233              | 2 182 233         |
| <b>Total assets</b>   | <b>53 449 686</b>      | <b>53 449 566</b> |
| <b>Financial liabilities at amortised cost *</b>                  | 82 741                 | 82 744            |
| <b>Financial liabilities at fair value through profit or loss</b> |                        |                   |
| - <i>Designated at fair value through profit or loss</i>          | 51 112 066             | 51 112 066        |
| - <i>Trading derivatives</i>                                      | 57 148                 | 57 148            |
| Other liabilities   | 2 195 501              | 2 195 501         |
| Tax liabilities   | 13                     | 13                |
| <b>Total liabilities</b>  | <b>53 447 470</b>      | <b>53 447 473</b> |
| <b>31.12.2022 - EUR' 000</b>                                      | <b>Carrying amount</b> | <b>Fair value</b> |
| Cash and cash equivalents   | 36 176                 | 36 176            |
| <b>Financial assets at fair value through profit or loss</b>      |                        |                   |
| - <i>Mandatorily at fair value through profit or loss</i>         | 38 757 924             | 38 757 924        |
| - <i>Trading derivatives</i>                                      | 1 025 209              | 1 025 209         |
| Loans and receivables *   | 50 023                 | 49 873            |
| Other assets  | 343 495                | 343 495           |
| <b>Total assets</b>   | <b>40 212 827</b>      | <b>40 212 677</b> |
| <b>Financial liabilities at amortised cost *</b>                  | 70 585                 | 70 602            |
| <b>Financial liabilities at fair value through profit or loss</b> |                        |                   |
| - <i>Designated at fair value through profit or loss</i>          | 38 754 129             | 38 754 128        |
| - <i>Trading derivatives</i>                                      | 1 025 105              | 1 025 105         |
| Other liabilities   | 360 231                | 360 232           |
| Tax liabilities   | 201                    | 201               |
| <b>Total liabilities</b>  | <b>40 210 251</b>      | <b>40 210 268</b> |

The accompanying Notes are an integral part of these financial statements.

## Notes to the financial statements (continued)

As at 31 December 2023

## NOTE 14 – RISK MANAGEMENT (continued)

\* For Loans and receivables and Financial liabilities at amortised cost, the fair values are calculated by discounting the expected future cash flows under a EUR risk free curve adjusted with Société Générale Group credit spread curve (EUR swap curve from Bloomberg and Société Générale credit spread curve provided by Risk department Paris). Determining fair value is dependent on many factors and can be an estimate of what value may be obtained in the open market at any point in time.

## The fair value hierarchy of IFRS 13

As at 31 December 2023, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

| 31.12.2023 - EUR' 000   | Level 1 | Level 2           | Level 3           | Total             |
|---|---------|-------------------|-------------------|-------------------|
| <b>Financial assets at fair value through profit or loss</b>      |         |                   |                   |                   |
| - <b>Mandatorily at fair value through profit or loss</b>         |         | <b>24 163 037</b> | <b>26 955 055</b> | <b>51 118 092</b> |
| Commodities instruments   | -       | 5 139             | -                 | 5 139             |
| Credit derivatives/securities                                     | -       | 1 095 924         | 3 611 352         | 4 707 276         |
| Equity and index securities                                       | -       | 17 428 536        | 17 146 422        | 34 574 958        |
| Foreign exchange instruments/securities                           | -       | 847 056           | 330 314           | 1 177 370         |
| Interest rate instruments/securities                              | -       | 4 652 926         | 5 582 430         | 10 235 356        |
| Other financial instruments                                       | -       | 133 456           | 284 537           | 417 993           |
| - <b>Trading derivatives</b>                                      |         | <b>39 589</b>     | <b>17 727</b>     | <b>57 316</b>     |
| Equity and Index instruments                                      | -       | 34 167            | 12 848            | 47 015            |
| Foreign exchange instruments / securities                         | -       | -                 | -                 | -                 |
| Other financial instruments                                       | -       | 5 422             | 4 879             | 10 301            |
| <b>Financial liabilities at fair value through profit or loss</b> |         |                   |                   |                   |
| - <b>Designated at fair value through profit or loss</b>          |         | <b>24 163 037</b> | <b>26 949 029</b> | <b>51 112 066</b> |
| Commodities instruments   | -       | 5 139             | -                 | 5 139             |
| Credit derivatives/securities                                     | -       | 1 095 924         | 3 611 352         | 4 707 276         |
| Equity and index securities                                       | -       | 17 427 697        | 17 140 396        | 34 568 093        |
| Foreign exchange instruments/securities                           | -       | 847 056           | 330 314           | 1 177 370         |
| Interest rate instruments/securities                              | -       | 4 652 926         | 5 582 430         | 10 235 356        |
| Other financial instrument  | -       | 134 295           | 284 537           | 418 832           |
| - <b>Trading derivatives</b>                                      |         | <b>39 024</b>     | <b>18 124</b>     | <b>57 148</b>     |
| Equity and Index instruments                                      | -       | 38 611            | 13 118            | 51 729            |
| Foreign exchange instruments / securities                         | -       | -                 | -                 | -                 |
| Other financial instruments                                       | -       | 413               | 5 006             | 5 419             |

The accompanying Notes are an integral part of these financial statements.

## Notes to the financial statements (continued)

As at 31 December 2023

## NOTE 14 – RISK MANAGEMENT (continued)

As at 31 December 2022, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

| 31.12.2022 - EUR' 000   | Level 1 | Level 2           | Level 3           | Total             |
|---|---------|-------------------|-------------------|-------------------|
| <b>Financial assets at fair value through profit or loss</b>      |         |                   |                   |                   |
| - <b>Mandatorily at fair value through profit or loss</b>         |         | <b>13 596 360</b> | <b>25 161 564</b> | <b>38 757 924</b> |
| <i>Commodities instruments</i>                                    | -       | 30 733            | -                 | 30 733            |
| <i>Credit derivatives/securities</i>                              | -       | 803 553           | 3 465 041         | 4 268 594         |
| <i>Equity and index securities</i>                                | -       | 8 793 626         | 17 551 097        | 26 344 723        |
| <i>Foreign exchange instruments/securities</i>                    | -       | 629 111           | 259 004           | 888 115           |
| <i>Interest rate instruments/securities</i>                       | -       | 3 212 257         | 3 643 974         | 6 856 231         |
| <i>Other financial instruments</i>                                | -       | 127 080           | 242 448           | 369 528           |
| - <b>Trading derivatives</b>                                      |         | <b>1 000 904</b>  | <b>24 306</b>     | <b>1 025 209</b>  |
| <i>Equity and Index instruments</i>                               | -       | 994 397           | 17 630            | 1 012 027         |
| <i>Foreign exchange instruments / securities</i>                  | -       | -                 | -                 | -                 |
| <i>Other financial instruments</i>                                | -       | 6 507             | 6 676             | 13 182            |
| <b>Financial liabilities at fair value through profit or loss</b> |         |                   |                   |                   |
| - <b>Designated at fair value through profit or loss</b>          |         | <b>13 592 564</b> | <b>25 161 564</b> | <b>38 754 129</b> |
| <i>Commodities instruments</i>                                    | -       | 30 733            | -                 | 30 733            |
| <i>Credit derivatives/securities</i>                              | -       | 803 734           | 3 465 041         | 4 268 775         |
| <i>Equity and index securities</i>                                | -       | 8 791 638         | 17 551 097        | 26 342 735        |
| <i>Foreign exchange instruments/securities</i>                    | -       | 629 220           | 259 004           | 888 224           |
| <i>Interest rate instruments/securities</i>                       | -       | 3 210 159         | 3 643 974         | 6 854 133         |
| <i>Other financial instrument</i>                                 | -       | 127 080           | 242 448           | 369 529           |
| - <b>Trading derivatives</b>                                      |         | <b>1 000 799</b>  | <b>24 306</b>     | <b>1 025 105</b>  |
| <i>Equity and Index instruments</i>                               | -       | 994 292           | 17 630            | 1 011 922         |
| <i>Foreign exchange instruments / securities</i>                  | -       | -                 | -                 | -                 |
| <i>Other financial instruments</i>                                | -       | 6 507             | 6 676             | 13 183            |

The accompanying Notes are an integral part of these financial statements.

## Notes to the financial statements (continued)

As at 31 December 2023

**NOTE 14 – RISK MANAGEMENT (continued)**

The following table describes the variation in Level 3 by financial instruments (in KEUR):

| Financial liabilities at fair value through profit or loss | Balance at 01.01.2023 | Acquisitions (Issuance) | Change in fair value | Reimbursements     | Transfers from L2 to L3 | Transfers from L3 to L2 | Offsetting of the assets and liabilities | Balance 31.12.2023 |
|--|-----------------------|-------------------------|----------------------|--------------------|-------------------------|-------------------------|--|--------------------|
| <b>Designated at fair value through P&amp;L</b>            | <b>25 161 564</b>     | <b>8 669 759</b>        | <b>(2 681 285)</b>   | <b>(2 791 786)</b> | <b>58 227</b>           | <b>(4 355 907)</b>      | <b>2 888 409</b>                         | <b>26 948 981</b>  |
| Equity and index instrument                                | 17 551 097            | 5 591 484               | 3 561 408            | (10 859 490)       | 35 592                  | (4 194 698)             | 5 454 954                                | 17 140 347         |
| Commodity instruments                                      | -                     | -                       | -                    | -                  | -                       | -                       | -  | -                  |
| Credit derivatives   | 3 465 041             | 921 363                 | (4 646 477)          | 3 917 299          | 23 466                  | (138 201)               | 68 863                                   | 3 611 354          |
| Foreign exchange instruments                               | 259 004               | 176 752                 | (103 001)            | (24 028)           | 1 003                   | (3 937)                 | 24 520                                   | 330 313            |
| Interest rate instruments                                  | 3 643 974             | 1 833 905               | (1 465 856)          | 4 264 285          | (1 834)                 | (13 175)                | (2 678 869)                              | 5 582 430          |
| Others financial instruments                               | 242 448               | 146 255                 | (27 359)             | (89 852)           | -                       | (5 896)                 | 18 941                                   | 284 537            |
| <b>Trading derivatives</b>                                 | <b>24 306</b>         | <b>18 124</b>           | <b>43 046</b>        | <b>(2 595 349)</b> | <b>-</b>                | <b>-</b>                | <b>2 527 997</b>                         | <b>18 124</b>      |
| Equity and index instruments                               | 17 630                | 13 118                  | 32 988               | (2 786 943)        | -                       | -                       | 2 736 325                                | 13 118             |
| Foreign exchange instruments                               | -                     | -                       | -                    | -                  | -                       | -                       | -  | -                  |
| Other financial instruments                                | 6 676                 | 5 006                   | 10 058               | 191 594            | -                       | -                       | (208 328)                                | 5 006              |

The above figures are valued on the liabilities side at fair value through profit or loss. Variations of Level 3 of financial instruments in assets are not presented because the figures are similar.

**Transfers from Level 3 to Level 2**

The consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For high maturities, these consensus data are not observable. This is the case for the implied volatility used for the valuation of options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable parameters.

**Transfers from Level 2 to Level 3**

Transfers from Level 2 to Level 3 can occur in case of a modification within a parameter (no longer linked to the deal, modification of the observability rule of the parameter, etc...).

**14.6 Operational risk**

Operational risk is the risk of loss or fraud caused by defects or failures in internal procedures or systems, human error or external events, including IT risk and management risk. Particular attention is paid to compliance risk, which receives enhanced monitoring.

The accompanying Notes are an integral part of these financial statements.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 14 – RISK MANAGEMENT (continued)**

The Company participates in the effort to strengthen the management and monitoring of operational risk led by the Société Générale Group. This effort is guided by the Operational Risk Department, which reports to the Société Générale Group Risk Department, and is relayed by different Group operational risk monitoring units responsible for implementing the policies and directives issued by the Société Générale Group and monitoring and controlling operational risks.

The monitoring arrangement mainly relies on four processes supervised by the operational risk departments: periodic risk and control self-assessment (RCSA), collect of internal data on losses due to operational errors with exhaustive real-time reporting of incidents, pattern analyses, and permanent control system.

These procedures are supplemented by a crisis management unit and a business continuity plan.

**NOTE 15 – RELATED PARTIES**

During the year, the Company entered into transactions with related parties. Those transactions along with related balances as at 31 December 2023 and 2022 are presented below. Related parties are considered to be a party that has the ability to control the Company or exercise significant influence over the Company in making financial or operational decisions. The Company has a related party relationship with SG Luxembourg, its parent company (SG) and with its Executive Board Members, Supervisory Board Members and Executive Officers. As disclosed below in the table, the Company entered into transactions with SG Luxembourg, its parent company (SG) and other SG Group entities.

The issued Notes are sold to Société Générale as market maker, such Notes being expected to be subscribed *in fine* by third party investors, either for their own account or via distribution network. Moreover, all Notes are guaranteed by Société Générale.

Also, the Company borrows securities from Société Générale, which serve as collateral for the secured Notes issued by the Company.



## Notes to the financial statements (continued)

As at 31 December 2023

## NOTE 15 – RELATED PARTIES (continued)

| As at 31 December 2023<br>EUR' 000                                | Société Générale<br>(Parent Company) | SG<br>Luxembourg | Other SG Group<br>entities |
|---|--------------------------------------|------------------|----------------------------|
| Cash and cash equivalents   | 38 451                               | 2 002            | 704                        |
| <b>Financial assets at fair value through profit or loss</b>      |                                      |                  |                            |
| - <i>Mandatorily at fair value through profit or loss</i>         | 51 118 092                           | -                | -                          |
| - <i>Trading derivatives</i>                                      | 57 316                               | -                | -                          |
| Loans and receivables   | -                                    | 50 035           | -                          |
| Other assets  | 2 182 232                            | -                | -                          |
| <b>Total assets</b>   | <b>53 396 091</b>                    | <b>52 037</b>    | <b>704</b>                 |
| Financial liabilities at amortised cost                           | 294 444                              | 84 679           | 314 875                    |
| <b>Financial liabilities at fair value through profit or loss</b> |                                      |                  |                            |
| - <i>Designated at fair value through profit or loss*</i>         | -                                    | -                | -                          |
| - <i>Trading derivatives*</i>                                     | -                                    | -                | -                          |
| Other liabilities   | 256 240                              | 2 108            | -                          |
| Tax liabilities   | -                                    | -                | -                          |
| <b>Total liabilities</b>  | <b>550 684</b>                       | <b>86 787</b>    | <b>314 875</b>             |
| Interest income   | -                                    | 1 745            | -                          |
| Commission income   | 47 931                               | -                | -                          |
| <b>Total revenues</b>   | <b>47 931</b>                        | <b>1 745</b>     | <b>-</b>                   |
| Interest expenses   | -                                    | (38 331)         | -                          |
| Personnel expenses  | -                                    | (303)            | -                          |
| Other operating charges   | (1 049)                              | (5 468)          | -                          |
| <b>Total expenses</b>   | <b>(1 049)</b>                       | <b>(44 102)</b>  | <b>-</b>                   |
| <b>Total comprehensive income for the financial year</b>          | <b>46 882</b>                        | <b>(42 357)</b>  | <b>-</b>                   |
| <b>Financial commitments</b>                                      | <b>4 721 740</b>                     | <b>-</b>         | <b>-</b>                   |
| <b>Financial commitments-collateral to be returned</b>            | <b>5 865 142</b>                     | <b>-</b>         | <b>-</b>                   |

\*The financial liabilities at fair value through profit or loss appearing on the statement of financial position are the financial instruments issued by the Company and subscribed by investors, who are not related parties.

## Notes to the financial statements (continued)

As at 31 December 2023

## NOTE 15 – RELATED PARTIES (continued)

| As at 31 December 2022<br>EUR' 000                                | Société Générale<br>(Parent Company) | SG<br>Luxembourg | Other SG Group<br>entities |
|---|--------------------------------------|------------------|----------------------------|
| Cash and cash equivalents   | 33 211                               | 1 363            | 20                         |
| <b>Financial assets at fair value through profit or loss</b>      |                                      |                  |                            |
| - <i>Mandatorily at fair value through profit or loss</i>         | 38 757 924                           | -                | -                          |
| - <i>Trading derivatives</i>                                      | 1 025 210                            | -                | -                          |
| Loans and receivables   | -                                    | 50 023           | -                          |
| Other assets  | 343 495                              | -                | -                          |
| <b>Total assets</b>   | <b>40 159 840</b>                    | <b>51 386</b>    | <b>20</b>                  |
| Financial liabilities at amortised cost                           | 26                                   | 70 069           | 517                        |
| <b>Financial liabilities at fair value through profit or loss</b> |                                      |                  |                            |
| - <i>Designated at fair value through profit or loss*</i>         | -                                    | -                | -                          |
| - <i>Trading derivatives*</i>                                     | -                                    | -                | -                          |
| Other liabilities   | 347 975                              | 5 616            | -                          |
| Tax liabilities   | -                                    | -                | -                          |
| <b>Total liabilities</b>  | <b>348 001</b>                       | <b>75 685</b>    | <b>517</b>                 |
| Interest income   | 5                                    | 255              | -                          |
| Commission income   | 34 515                               | -                | -                          |
| <b>Total revenues</b>   | <b>34 520</b>                        | <b>255</b>       | <b>-</b>                   |
| Interest expenses   | (107)                                | (20 280)         | -                          |
| Personnel expenses  | -                                    | (279)            | -                          |
| Other operating charges   | (836)                                | (6 014)          | (1 343)                    |
| <b>Total expenses</b>   | <b>(943)</b>                         | <b>(26 573)</b>  | <b>(1 343)</b>             |
| <b>Total comprehensive income for the financial year</b>          | <b>33 577</b>                        | <b>(26 318)</b>  | <b>(1 343)</b>             |
| <b>Financial commitments</b>                                      | <b>3 383 129</b>                     | <b>-</b>         | <b>-</b>                   |
| <b>Financial commitments-collateral to be returned</b>            | <b>5 280 150</b>                     | <b>-</b>         | <b>-</b>                   |

\* The financial liabilities at fair value through profit or loss appearing on the statement of financial position are the financial instruments issued by the Company and subscribed by investors, who are not related parties.

**Notes to the financial statements (continued)**

As at 31 December 2023

**NOTE 16 – REMUNERATION, ADVANCES AND LOANS GRANTED TO MEMBERS OF THE ADMINISTRATIVE OR SUPERVISORY BODY**

The independent director of the Company, earned a remuneration of EUR 28 000 for his services related to the year ended 31 December 2023 (31 December 2022: EUR 28 000).

As at 31 December 2023 and 2022, no other payment, advance or loans were given to members of the administrative or supervisory body.

**NOTE 17 – INFORMATION ON LITIGATIONS**

During the year ended 31 December 2020, SG Issuer, as the Issuer of Notes linked to the credit risk of a French corporate, and Société Générale, as the Guarantor, were brought before the Courts of Paris (alongside other French financial institutions) by end investors to obtain compensation for the financial loss they suffered on their investment in these securities. The French corporate was the subject of a “safeguard procedure”, which constitutes a credit event under the terms of the Notes which had a strong impact on the value of the Notes. These investors rely on unfounded allegations according to which SG Issuer and Société Générale were aware of the difficulties of the French corporate when setting up and marketing these Notes and that in doing so, they failed to meet their regulatory obligations (to act in an honest, fair and professional manner, to provide information on the product risks and to determine the suitability of the Notes for retail investors).

On 27 July 2021, the Company received a new letter from end investors in order to obtain compensation for the financial loss they suffered on their investment in securities issued by the Company. This letter relates to the same litigation described above.

For this litigation, along with any other litigation relating to securities issued by SG Issuer, SG Issuer is entitled to an indemnification by Société Générale in respect of any sum due by SG Issuer regarding potential damages or attorneys' fees. There are no decisions to be made in 2023 concerning the current litigation. Litigation is in progress with the courts.

**NOTE 18 – SUBSEQUENT EVENTS**

By resolution adopted on 15 January 2024, the Executive Board decided to increase the capital of the Company from EUR 2 000 400 to EUR 2 000 440 by the issue of a new share with a nominal value of EUR 40, subscribed by Société Générale Luxembourg S.A.. After this increase, the subscribed and fully paid share capital is EUR 2 000 440, divided into 50 011 shares with a nominal value of EUR 40 each. Such increase resulted in an allocation of EUR 34 360 868,70 to the share premium account.

## **APPENDIX 5**

### **REPRODUCTION OF EXTRACTS OF THE UNIVERSAL REGISTRATION DOCUMENT 2024 OF THE GUARANTOR FOR THE YEAR ENDED 31 DECEMBER 2023 AND ITS STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

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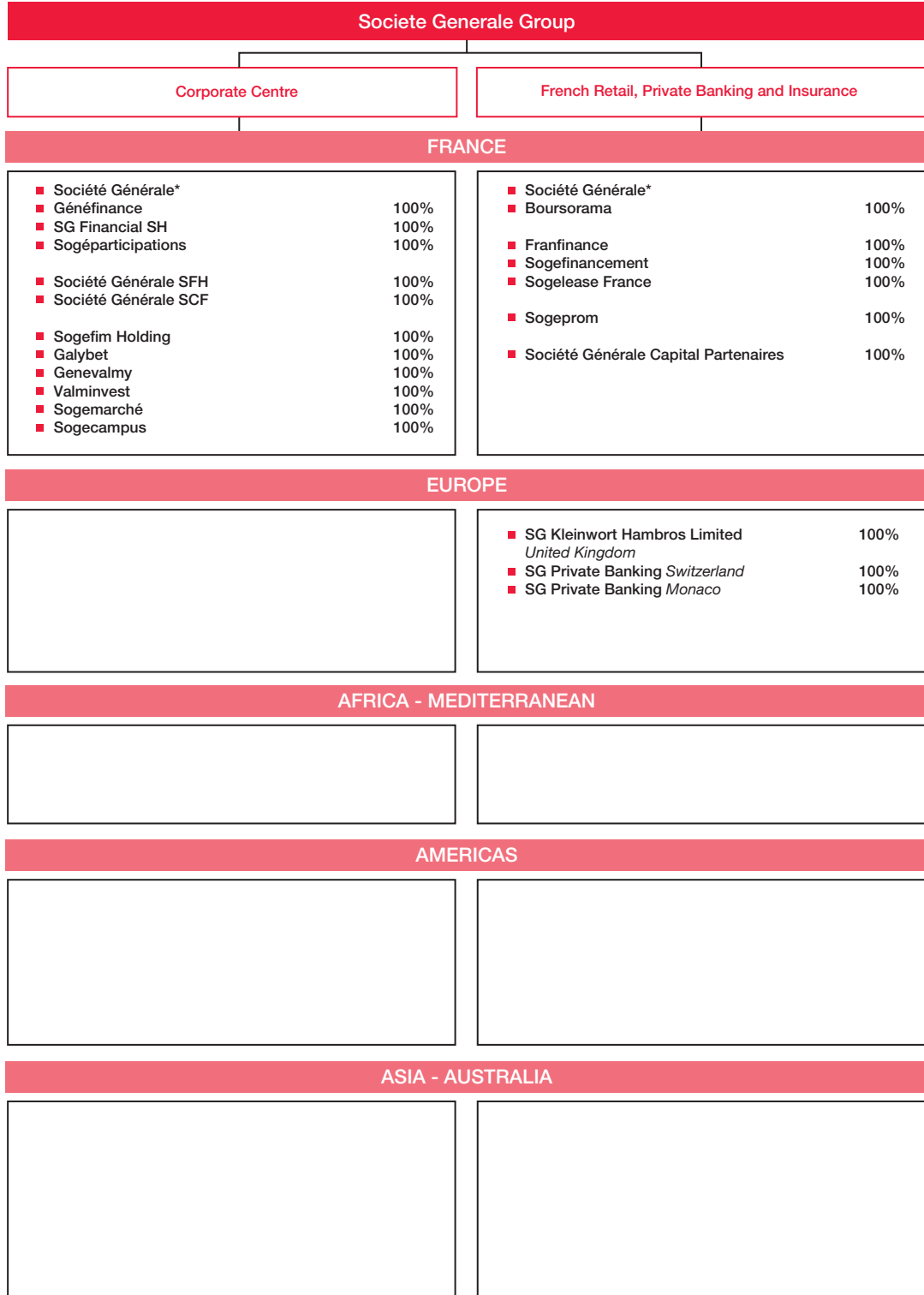
This Appendix has been extracted from the Universal Registration Document 2024 of the Guarantor. References to page numbers referred to above are to page numbers appearing in the said Registration Document which is a translation of the original French text.

# 2

## GROUP MANAGEMENT REPORT

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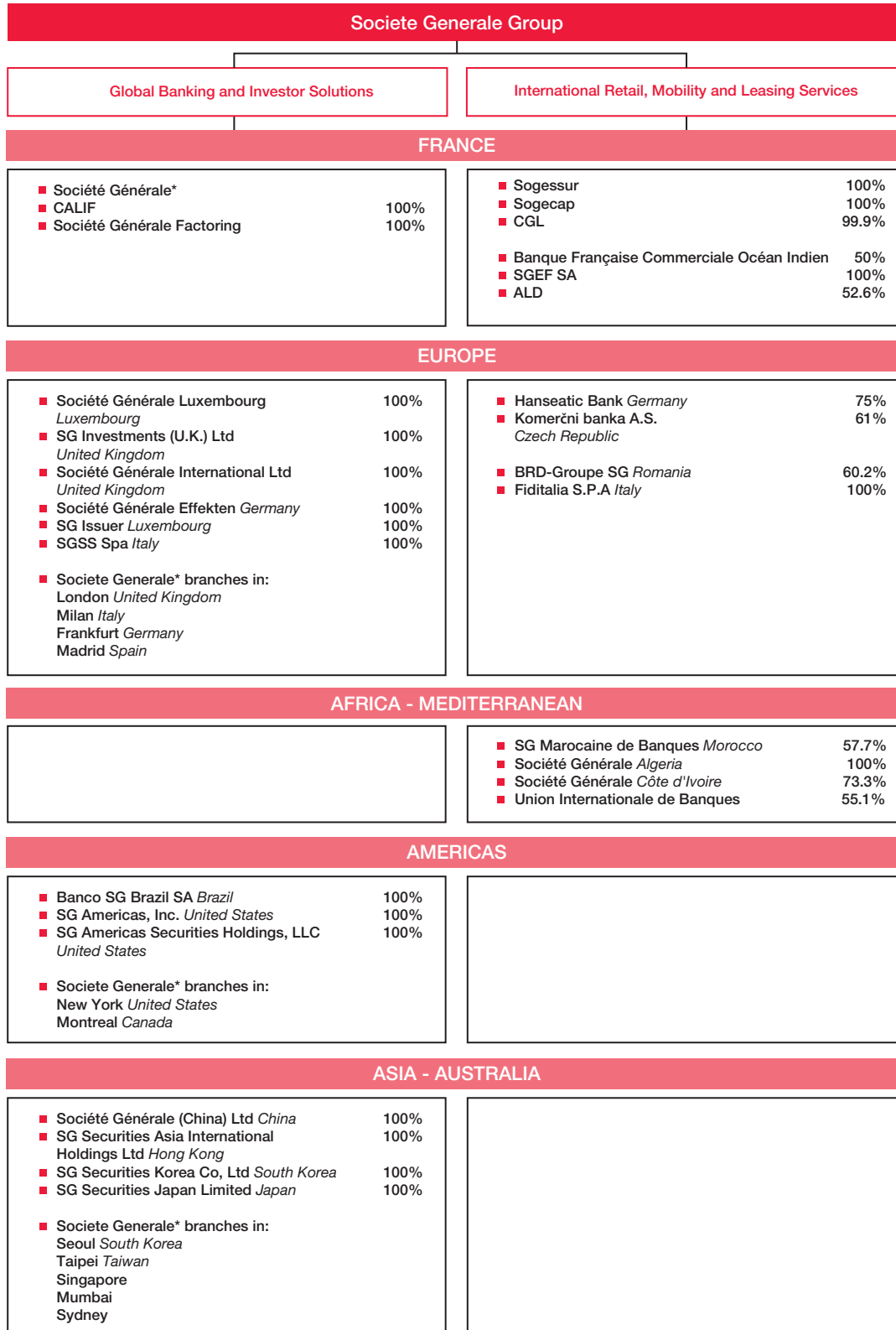
## 2.1 SOCIETE GENERALE GROUP'S MAIN ACTIVITIES



\* Parent Company.

Notes:

- the percentage given indicates the percentage of capital held by the Group in the subsidiary;
- the groups are listed under the geographic region where they carry out their principal activities.



## 2.2 GROUP ACTIVITY AND RESULTS

Definitions and details of methods used are provided on page 42 and following.

Information followed by an asterisk (\*) is indicated as adjusted for changes in Group structure and at constant exchange rates.

2022 data in this document are restated in compliance with IFRS 17 and IFRS 9 for insurance entities 2022 data are restated in compliance with IFRS 17 and IFRS 9 for insurance entities (see Note 1.4 of the consolidated financial statements, page 429 and following).

### ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

| (In EURm)  | 2023          | 2022          | Change        |                |
|--|---------------|---------------|---------------|----------------|
| <b>Net banking income</b>                                    | <b>25,104</b> | <b>27,155</b> | <b>-7.6%</b>  | <b>-8.2%*</b>  |
| Operating expenses   | (18,524)      | (17,994)      | +2.9%         | +0.6%*         |
| <b>Gross operating income</b>                                | <b>6,580</b>  | <b>9,161</b>  | <b>-28.2%</b> | <b>-25.8%*</b> |
| Net cost of risk   | (1,025)       | (1,647)       | -37.8%        | -30.8%*        |
| <b>Operating income</b>                                      | <b>5,555</b>  | <b>7,514</b>  | <b>-26.1%</b> | <b>-24.8%*</b> |
| Net income from companies accounted for by the equity method | 24            | 15            | +60.0%        | +26.8%*        |
| Net profits or losses from other assets                      | (113)         | (3,290)       | +96.6%        | +96.6%*        |
| Impairment losses on goodwill                                | (338)         | 0             | n/s           | n/s            |
| Income tax   | (1,679)       | (1,483)       | +13.2%        | +15.9%*        |
| Net income   | 3,449         | 2,756         | +25.2%        | +28.4%*        |
| <i>o.w. non-controlling interests</i>                        | 956           | 931           | +2.7%         | +7.1%*         |
| <b>Group net income</b>                                      | <b>2,493</b>  | <b>1,825</b>  | <b>+36.6%</b> | <b>+39.1%*</b> |
| Cost-to-income ratio   | 73.8%         | 66.3%         |               |                |
| Average allocated capital                                    | 56,396        | 55,282        |               |                |
| <b>ROTE</b>  | <b>4.2%</b>   | <b>2.5%</b>   |               |                |

#### Net banking income

Over 2023, net banking income for the Group decreased by -7.6% vs. 2022.

Revenues in French Retail, Private Banking and Insurance contracted by -12.9% relative to 2022, mainly due to the negative impact from short-term hedges taken before the period of rising interest rates that occurred as of 2022.

Activity at Global Banking and Investor Solutions decreased by -4.6% despite solid revenues of EUR 9.6 billion in 2023. Global Markets and Investor Services contracted by -6.3% vs. 2022 owing to an unfavourable base effect compared with a record year for market activities in 2022. The Financing and Advisory busines posted high revenues of EUR 3,341 million in 2023, down slightly by -1.4% vs. 2022.

Revenues for International Retail, Mobility and Leasing Services rose by +4.5% vs. 2022 on back of stable activity levels in International Retail Banking despite the disposal of the business in Russia and a sharp increase in Mobility and Leasing Services activities (+9.3%) that was driven by the LeasePlan integration in ALD.

Revenues for the Corporate Centre totalled EUR -1,066 million in 2023 compared with EUR -302 million in 2022, notably due to the impact of the unwinding of hedges on TLTRO operations and non-recurring items.

#### Operating expenses

In 2023, operating expenses totalled EUR 18,524 million, up by a moderate +2.9% vs. 2022. They include EUR 617 million for the integration of LeasePlan's activities and EUR 730 million in transformation costs. At constant perimeter, operating expenses rose by a very moderate +0.3% in spite of the inflationary context.



## Cost of risk

Over 2023, the cost of risk came to 17 basis points.

The Group's provisions on performing loans amounted to EUR 3,572 million, down EUR -197 million relative to 31 December 2022, notably linked to the strong decrease in the Russian offshore exposure.

The gross coverage ratio stood at 2.9%<sup>(1)</sup> at 31 December 2023. The net coverage ratio on the Group's doubtful loans stood at around 80%<sup>(2)</sup> at 31 December 2023, after taking into account guarantees and collateral.

At 31 December 2023, the Group sharply reduced its offshore exposure to Russia to around EUR 0.9 billion of EAD (Exposure at Default) compared with EUR 1.8 billion at 31 December 2022 (-50%). The maximum risk exposure on this portfolio is estimated at around EUR 0.3 billion before provision. Total provisions stood at EUR 0.2 billion at end-2023. The onshore residual exposure is marginal at around EUR 15 million and relates to the integration during the year of LeasePlan activities in Russia.

## Operating income

Operating income totalled EUR 5,555 million in 2023 compared with EUR 7,514 million in 2022 (-26.1%).

## Impairment losses on goodwill

In 2023, a goodwill impairment of around EUR -340 million was recorded on Africa, Mediterranean Basin and Overseas Territories, and on Equipment Leasing activities.

## Net income

The Group net income for 2023 came to EUR 2.5 billion, representing ROTE of 4.2%.

(1) Ratio calculated according to EBA methodology published on 16 July 2019

(2) Ratio of S3 provisions and guarantees/collateral on the gross book value of doubtful loans

## 2.3 ACTIVITY AND RESULTS OF THE CORE BUSINESSES

### 2.3.1 RESULTS BY CORE BUSINESSES

| (In EURm)   | French Retail,<br>Private Banking<br>and Insurance |               | Global Banking<br>and Investor<br>Solutions |               | International<br>Retail, Mobility<br>and Leasing<br>Services |              | Corporate<br>Centre |                | Group         |               |
|---|--|---------------|---|---------------|--|--------------|---------------------|----------------|---------------|---------------|
|   | 2023   | 2022          | 2023  | 2022          | 2023   | 2022         | 2023                | 2022           | 2023          | 2022          |
| <b>Net banking income</b>                                       | <b>8,023</b>                                       | <b>9,210</b>  | <b>9,640</b>                                | <b>10,108</b> | <b>8,507</b>   | <b>8,139</b> | <b>(1,066)</b>      | <b>(302)</b>   | <b>25,104</b> | <b>27,155</b> |
| Operating expenses  | (6,708)  | (6,896)       | (6,787)                                     | (6,832)       | (4,765)  | (3,957)      | (264)               | (309)          | (18,524)      | (17,994)      |
| <b>Gross operating income</b>                                   | <b>1,315</b>                                       | <b>2,314</b>  | <b>2,853</b>                                | <b>3,276</b>  | <b>3,742</b>   | <b>4,182</b> | <b>(1,330)</b>      | <b>(611)</b>   | <b>6,580</b>  | <b>9,161</b>  |
| Net cost of risk  | (505)  | (483)         | (30)  | (421)         | (486)  | (705)        | (4)                 | (38)           | (1,025)       | (1,647)       |
| <b>Operating income</b>   | <b>810</b>   | <b>1,831</b>  | <b>2,823</b>                                | <b>2,855</b>  | <b>3,256</b>   | <b>3,477</b> | <b>(1 334)</b>      | <b>(649)</b>   | <b>5,555</b>  | <b>7,514</b>  |
| Net income from companies<br>accounted for by the equity method | 7  | 8             | 7   | 6             | 10   | 1            | 0                   | 0              | 24            | 15            |
| Net profits or losses from other assets                         | 10   | 57            | 0   | 6             | (11)   | 11           | (112)               | (3,364)        | (113)         | (3,290)       |
| Impairment losses on goodwill                                   | 0  | 0             | 0   | 0             | 0  | 0            | (338)               | 0              | (338)         | 0             |
| Income tax  | (213)  | (489)         | (517)                                       | (538)         | (823)  | (838)        | (126)               | 382            | (1,679)       | (1,483)       |
| Net income  | 614  | 1 407         | 2 313                                       | 2 329         | 2 432  | 2 651        | (1 910)             | (3 631)        | 3 449         | 2 756         |
| o.w. non-controlling interests                                  | 4  | 1             | 33  | 36            | 826  | 730          | 93                  | 164            | 956           | 931           |
| <b>Group net income</b>   | <b>610</b>   | <b>1,406</b>  | <b>2,280</b>                                | <b>2,293</b>  | <b>1,606</b>   | <b>1,921</b> | <b>(2,003)</b>      | <b>(3,795)</b> | <b>2,493</b>  | <b>1,825</b>  |
| Cost-to-income ratio  | 83.6%  | 74.9%         | 70.4%                                       | 67.6%         | 56.0%  | 48.6%        |                     |                | 73.8%         | 66.3%         |
| <b>Average allocated capital<sup>(1)</sup></b>                  | <b>15,449</b>                                      | <b>15,592</b> | <b>15,426</b>                               | <b>16,176</b> | <b>9,707</b>   | <b>9,670</b> | <b>15,814</b>       | <b>13,844</b>  | <b>56,396</b> | <b>55,282</b> |
| <b>RONE (businesses)/ROTE (Group)</b>                           | <b>3.9%</b>  | <b>9.0%</b>   | <b>14.8%</b>                                | <b>14.2%</b>  | <b>16.5%</b>   | <b>19.9%</b> |                     |                | <b>4.2%</b>   | <b>2.5%</b>   |

## 2.3.2 FRENCH RETAIL, PRIVATE BANKING AND INSURANCE

(In EURm)

|  | 2023         | 2022         | Change        |
|--|--------------|--------------|---------------|
| <b>Net banking income</b>                                    | <b>8,023</b> | <b>9,210</b> | <b>-12.9%</b> |
| <i>Net banking income (excl. PEL/CEL)</i>                    | 8,019        | 9,018        | -11.1%        |
| Operating expenses   | (6,708)      | (6,896)      | -2.7%         |
| <b>Gross operating income</b>                                | <b>1,315</b> | <b>2,314</b> | <b>-43.2%</b> |
| Net cost of risk   | (505)        | (483)        | 4.6%          |
| <b>Operating income</b>                                      | <b>810</b>   | <b>1,831</b> | <b>-55.8%</b> |
| Net income from companies accounted for by the equity method | 7            | 8            | -12.5%        |
| Net profits or losses from other assets                      | 10           | 57           | -82.5%        |
| Impairment losses on goodwill                                | 0            | 0            | n/s           |
| Income tax   | (213)        | (489)        | -56.4%        |
| Net income   | 614          | 1,407        | -56.4%        |
| <i>o.w. non-controlling interests</i>                        | 4            | 1            | x4.0          |
| <b>Group net income</b>                                      | <b>610</b>   | <b>1,406</b> | <b>-56.6%</b> |
| Cost-to-income ratio   | 83.6%        | 74.9%        |               |
| Average allocated capital                                    | 15,449       | 15,592       |               |
| <b>RONE</b>  | <b>3.9%</b>  | <b>9.0%</b>  |               |

### Activity and net banking income

In 2023, revenues totalled EUR 8,023 million, down -12.9% vs. 2022 (-11.1% restated for the PEL/CEL provision). Net interest income excluding PEL/CEL decreased by -22% vs. 2022. Fee income was stable.

Average loan outstandings in Q4 23 contracted by -5% vs. Q4 22 to EUR 201 billion against a backdrop of higher interest rates than in 2022. Average outstanding deposits for the final quarter of the year decreased by -6% relative to the year-earlier period owing mainly to the anticipated decline in corporate deposits at the beginning of the year in a context of climbing rates. The average loan-to-deposit ratio stood at 86% in Q4 23.

BoursoBank posted a record quarter in terms of onboarding, welcoming more than 566,000 new clients in Q4 23. The number of clients at the leading online bank in France reached 5.9 million at the end of December 2023 on back of very strong organic growth over the year (+1.2 million clients vs. 2022, up +26% vs. 2022). At the same time, acquisition costs per client declined over the year.

Private Banking activities, which cover Private Banking activities in and outside France, saw the net asset gathering pace (net new money divided by AuM) rise by an average of +4% vs. 2022.

### Operating expenses

Over the year, operating expenses decreased by -2.7% vs. 2022 to EUR 6,708 million and include EUR 312 million in transformation costs. The cost-to-income ratio stood at 83.6%.

### Cost of risk

In 2023, the cost of risk came to EUR 505 million or 20 basis points, which is stable on the 2022 level.

### Group net income

Over 2023, Group net income came to EUR 610 million, down -57% vs. 2022. RONE stood at 3.9% in 2023.

## Insurance

| (In EURm)  | 2023       | 2022       | Change       |               |
|--|------------|------------|--------------|---------------|
| <b>Net banking income</b>                                    | <b>620</b> | <b>510</b> | <b>21.6%</b> | <b>22.0%*</b> |
| Operating expenses   | (131)      | (105)      | 24.8%        | 20.3%*        |
| <b>Gross operating income</b>                                | <b>489</b> | <b>405</b> | <b>20.7%</b> | <b>22.4%*</b> |
| Net cost of risk   | 0          | 0          | n/s          | 100.0%*       |
| <b>Operating income</b>                                      | <b>489</b> | <b>405</b> | <b>20.7%</b> | <b>22.3%*</b> |
| Net income from companies accounted for by the equity method | 0          | 0          | n/s          | n/s           |
| Net profits or losses from other assets                      | 0          | 0          | n/s          | n/s           |
| Impairment losses on goodwill                                | 0          | 0          | n/s          | n/s           |
| Income tax   | (127)      | (106)      | 19.8%        | 21.4%         |
| Net income   | 362        | 299        | 21.1%        | 22.7%         |
| <i>o.w. non-controlling interests</i>                        | 4          | 2          | 100.0%       | x 2.0*        |
| <b>Group net income</b>                                      | <b>358</b> | <b>297</b> | <b>20.5%</b> | <b>22.1%*</b> |
| Cost-to-income ratio   | 21.1%      | 20.6%      |              |               |
| Average allocated capital                                    | 1,897      | 2,119      |              |               |

Insurance, which includes activities in and outside France, has been consolidated in the French Retail, Private Banking and Insurance core business since the second half of 2023.

Life insurance outstandings stood at EUR 136 billion at end-December 2023. The unit-linked share of 38% remains at a high level and rose by +3 percentage points vs. December 2022.

The Insurance business posted a +21.6% rise in net banking income to EUR 620 million vs. 2022 on the back of its savings and protection activities.

Operating expenses for the business rose by +24.8% vs. 2022, while the cost-to-income ratio stood at 21.1%

## 2.3.3 GLOBAL BANKING AND INVESTOR SOLUTIONS

| (In EURm)  | 2023         | 2022          | Change        |                |
|--|--------------|---------------|---------------|----------------|
| <b>Net banking income</b>                                    | <b>9,640</b> | <b>10,108</b> | <b>-4.6%</b>  | <b>-3.4%*</b>  |
| Operating expenses   | (6,787)      | (6,832)       | -0.7%         | +0.5%*         |
| <b>Gross operating income</b>                                | <b>2,853</b> | <b>3,276</b>  | <b>-12.9%</b> | <b>-11.6%*</b> |
| Net cost of risk   | (30)         | (421)         | -92.9%        | -92.8%*        |
| <b>Operating income</b>                                      | <b>2,823</b> | <b>2,855</b>  | <b>-1.1%</b>  | <b>+0.4%*</b>  |
| Net income from companies accounted for by the equity method | 7            | 6             | 16.7%         | 16.7%*         |
| Net profits or losses from other assets                      | 0            | 6             | -100.0%       | -100.0%*       |
| Impairment losses on goodwill                                | 0            | 0             | n/s           | n/s            |
| Income tax   | (517)        | (538)         | -3.9%         | -1.9%*         |
| Net income   | 2,313        | 2,329         | -0.7%         | 0.8%*          |
| <i>o.w. non-controlling interests</i>                        | 33           | 36            | -8.3%         | -9.3%*         |
| <b>Group net income</b>                                      | <b>2,280</b> | <b>2,293</b>  | <b>-0.6%</b>  | <b>+1.0%*</b>  |
| Cost-to-income ratio   | 70.4%        | 67.6%         |               |                |
| Average allocated capital                                    | 15,426       | 16,176        |               |                |
| <b>RONE</b>  | <b>14.8%</b> | <b>14.2%</b>  |               |                |

Global Banking & Investor Solutions' revenues remained high, recording a slight decrease of -4.6% vs. a record 2022 (EUR 9,640 million in 2023 vs. EUR 10,108 million in 2022), notably owing to less conducive market conditions than in 2022, particularly for the fixed-income business.

Over 2023, operating expenses decreased by a slight -0.7% vs. 2022. They include EUR 167 million in transformation charges. The

cost-to-income ratio consequently came to 70.4% in 2023. Excluding the contribution to the Single Resolution Fund (SRF), the ratio was 65.4%.

The cost of risk stood at two basis points vs. 23 basis points in 2022.

Over 2023, reported RONE came to 14.8% and to 17.2% excluding the contribution to the SRF.

## Global Markets & Investor Services

| (In EURm)  | 2023         | 2022         | Change        |                |
|--|--------------|--------------|---------------|----------------|
| <b>Net banking income</b>                                    | <b>6,299</b> | <b>6,721</b> | <b>-6.3%</b>  | <b>-5.0%*</b>  |
| Operating expenses   | (4,755)      | (4,878)      | -2.5%         | -1.4%*         |
| <b>Gross operating income</b>                                | <b>1,544</b> | <b>1,843</b> | <b>-16.2%</b> | <b>-14.8%*</b> |
| Net cost of risk   | 20           | 5            | n/s           | n/s            |
| <b>Operating income</b>                                      | <b>1,564</b> | <b>1,848</b> | <b>-15.4%</b> | <b>-13.9%*</b> |
| Net income from companies accounted for by the equity method | 7            | 6            | 16.7%         | 16.7%*         |
| Net profits or losses from other assets                      | 0            | 3            | -100.0%       | -100.0%*       |
| Impairment losses on goodwill                                | 0            | 0            | n/s           | n/s            |
| Income tax   | (371)        | (420)        | -11.7%        | -10.1%*        |
| Net income   | 1,200        | 1,437        | -16.5%        | -15.1%*        |
| <i>o.w. non-controlling interests</i>                        | 34           | 35           | -2.9%         | -3.9%*         |
| <b>Group net income</b>                                      | <b>1,166</b> | <b>1,402</b> | <b>-16.8%</b> | <b>-15.4%*</b> |
| Cost-to-income ratio   | 75.5%        | 72.6%        |               |                |
| Average allocated capital                                    | 7,991        | 8,638        |               |                |

In 2023, Global Markets and Investor Services posted revenues of EUR 6,299 million, which is a -6.3% decrease on 2022.

Global Markets revenues were down slightly by -4.6% vs. 2022 to EUR 5,598 million, which is a very good performance despite a less conducive market context.

The Equities business posted revenues which were slightly down by -3.2% to EUR 3,196 million relative to robust activity in 2022.

Revenues at Fixed Income and Currencies decreased by -6.5% vs. 2022 to EUR 2,402 million.

Securities Services' revenues contracted by -17.5% vs. 2022 but were stable (-0.7%) excluding the impact of the valuation of various equity participations. Assets under Custody and Assets under Administration amounted to EUR 4,931 billion and EUR 579 billion, respectively.

## Financing and Advisory

| (In EURm)  | 2023         | 2022         | Change       |               |
|--|--------------|--------------|--------------|---------------|
| <b>Net banking income</b>                                    | <b>3,341</b> | <b>3,387</b> | <b>-1.4%</b> | <b>-0.3%*</b> |
| Operating expenses   | (2,032)      | (1,954)      | 4.0%         | 5.0%*         |
| <b>Gross operating income</b>                                | <b>1,309</b> | <b>1,433</b> | <b>-8.7%</b> | <b>-7.5%*</b> |
| Net cost of risk   | (50)         | (426)        | -88.3%       | -88.1%*       |
| <b>Operating income</b>                                      | <b>1,259</b> | <b>1,007</b> | <b>25.0%</b> | <b>26.8%*</b> |
| Net income from companies accounted for by the equity method | 0            | 0            | n/s          | n/s           |
| Net profits or losses from other assets                      | 0            | 3            | -100%        | -100%*        |
| Impairment losses on goodwill                                | 0            | 0            | n/s          | n/s           |
| Income tax   | (146)        | (118)        | 23.7%        | 27.4%*        |
| Net income   | 1,113        | 892          | 24.8%        | 26.3%*        |
| <i>o.w. non-controlling interests</i>                        | (1)          | 1            | n/s          | n/s           |
| <b>Group net income</b>                                      | <b>1,114</b> | <b>891</b>   | <b>25.0%</b> | <b>26.6%*</b> |
| Cost-to-income ratio   | 60.8%        | 57.7%        |              |               |
| Average allocated capital                                    | 7,425        | 7,529        |              |               |

Financing & Advisory revenues contracted by a moderate -1.4% to EUR 3,341 million vs. 2022, which was a record year.

The Global Banking & Advisory business registered solid revenues, albeit posting a -6.8% decrease compared to a record year in 2022. The business notably benefited from a sustained commercial performance

in the Asset Finance and Natural Resources platforms, and from a rebound in Investment Banking.

Last, Global Transaction and Payment Services posted a record performance in 2023, with revenues up by a sharp +19.3% vs. 2022.

## 2.3.4 INTERNATIONAL RETAIL, MOBILITY AND LEASING SERVICES

| <i>(In EURm)</i>   | <b>2023</b>  | <b>2022</b>  | <b>Change</b> |                |
|--|--------------|--------------|---------------|----------------|
| <b>Net banking income</b>                                    | <b>8,507</b> | <b>8,139</b> | <b>+4.5%</b>  | <b>+1.1%*</b>  |
| Operating expenses   | (4,765)      | (3,957)      | +20.4%        | +8.1%*         |
| <b>Gross operating income</b>                                | <b>3,742</b> | <b>4,182</b> | <b>-10.5%</b> | <b>-5.5%*</b>  |
| Net cost of risk   | (486)        | (705)        | -31.1%        | -8.8%*         |
| <b>Operating income</b>                                      | <b>3,256</b> | <b>3,477</b> | <b>-6.4%</b>  | <b>-5.1%*</b>  |
| Net income from companies accounted for by the equity method | 10           | 1            | n/s           | n/s            |
| Net profits or losses from other assets                      | (11)         | 11           | n/s           | n/s            |
| Impairment losses on goodwill                                | 0            | 0            | n/s           | n/s            |
| Income tax   | (823)        | (838)        | -1.8%         | +0.4%*         |
| Net income   | 2,432        | 2,651        | -8.3%         | -7.3%*         |
| <i>o.w. non-controlling interests</i>                        | 826          | 730          | +13.2%        | +19.3%*        |
| <b>Group net income</b>                                      | <b>1,606</b> | <b>1,921</b> | <b>-16.4%</b> | <b>-16.9%*</b> |
| Cost-to-income ratio   | 56.0%        | 48.6%        |               |                |
| Average allocated capital                                    | 9,707        | 9,670        |               |                |
| <b>RONE</b>  | <b>16.5%</b> | <b>19.9%</b> |               |                |

Revenues were up +4.5% vs. 2022 to EUR 8,507 over the full year, including around EUR 680 million from the integration of LeasePlan.

Over the year, operating expenses totalled EUR 4,765 million, up by +20.4% vs. 2022 (+8.1% at constant perimeter and exchange rates) and included around EUR 615 million from LeasePlan and approximately EUR 250 million in transformation costs.

Over 2023, the cost of risk stood at 32 basis points vs. 52 basis points in 2022.

In 2023, Group net income came to EUR 1,606 million, down -16.4% vs. 2022, while RONE stood at 16.5%. RONE was 17.5% in International Retail Banking, and 15.9% in Mobility and Leasing Services in 2023.

## International Retail Banking

| (In EURm)  | 2023         | 2022         | Change       |               |
|--|--------------|--------------|--------------|---------------|
| <b>Net banking income</b>                                    | <b>4,191</b> | <b>4,190</b> | <b>0.0%</b>  | <b>6.5%*</b>  |
| Operating expenses   | (2,374)      | (2,368)      | 0.3%         | 8.2%*         |
| <b>Gross operating income</b>                                | <b>1,817</b> | <b>1,822</b> | <b>-0.3%</b> | <b>4.3%*</b>  |
| Net cost of risk   | (185)        | (464)        | -60.1%       | -33.4%*       |
| <b>Operating income</b>                                      | <b>1,632</b> | <b>1,358</b> | <b>20.2%</b> | <b>11.0%*</b> |
| Net income from companies accounted for by the equity method | 0            | 0            | n/s          | n/s           |
| Net profits or losses from other assets                      | (8)          | 11           | n/s          | n/s           |
| Impairment losses on goodwill                                | 0            | 0            | n/s          | n/s           |
| Income tax   | (429)        | (360)        | 19.2%        | 12.8%*        |
| Net income   | 1,195        | 1,009        | 18.4%        | 8.5%*         |
| <i>o.w. non-controlling interests</i>                        | 465          | 444          | 4.7%         | 5.8%*         |
| <b>Group net income</b>                                      | <b>730</b>   | <b>565</b>   | <b>29.2%</b> | <b>10.4%*</b> |
| Cost-to-income ratio   | 56.6%        | 56.5%        |              |               |
| Average allocated capital                                    | 17.5%        | 12.0%        |              |               |

International Retail Banking posted a good commercial performance in 2023, recording loan outstandings of EUR 67.3 billion and deposits of EUR 80.4 billion, up by a respective +4.6% and +5.2% relative to 2022.

In Europe, outstanding loans continued their uptrend and totalled EUR 41.9 billion at end 2023, which was a +5.1% increase on 2022. Outstanding loans in the Czech Republic grew by +3.4% vs. 2022, while in Romania they rose by +12.3% vs. 2022. Outstanding deposits totalled EUR 53.3 billion and end-2023, up by +7.5% vs. 2022.

Outstandings in Africa, Mediterranean Basin and French Overseas Territories also grew, with loans of EUR 25.4 billion and deposits of EUR 27.1 billion in 2023, i.e., respective increases of +3.7% and +0.8% vs. 2022. The region benefited from particularly robust commercial performances in sub-Saharan Africa, which posted loan outstandings growth of +6.8% vs. 2022, and in the Mediterranean Basin which saw deposits increase by +4.5% vs. 2022.

International Retail Banking's revenues stabilised relative to 2022 at EUR 4,191 million despite the impact from the pull-out from Russia. They rose by 6.5% at constant perimeter and exchange rates.

Revenues in Europe remained high in 2023 at EUR 2,037 million and were stable vs. 2022. Romania turned in a good financial performance in 2023 and posted a +12.4% increase in net banking income vs. 2022. The Czech Republic recorded a lower net interest margin compared with a particularly robust 2022 amid a high interest-rate environment.

Revenues in Africa, Mediterranean Basin and French Overseas Territories rose sharply over the year by +10.1% vs. 2022 and were driven by robust growth in net interest income across all regions (average of +14.1% vs. 2022).

International Retail's operating expenses were stable over the year at EUR 2,374 million.

## Mobility and Leasing Services

| (In EURm)  | 2023         | 2022         | Change        |                |
|--|--------------|--------------|---------------|----------------|
| <b>Net banking income</b>                                    | <b>4,316</b> | <b>3,949</b> | <b>9.3%</b>   | <b>-4.4%*</b>  |
| Operating expenses   | (2,391)      | (1,589)      | 50.5%         | 8.1%*          |
| <b>Gross operating income</b>                                | <b>1,925</b> | <b>2,360</b> | <b>-18.4%</b> | <b>-13.2%*</b> |
| Net cost of risk   | (301)        | (241)        | 24.9%         | 17.6%*         |
| <b>Operating income</b>                                      | <b>1,624</b> | <b>2,119</b> | <b>-23.4%</b> | <b>-16.9%*</b> |
| Net income from companies accounted for by the equity method | 10           | 1            | x 10.0        | x 5.0*         |
| Net profits or losses from other assets                      | (3)          | 0            | n/s           | n/s            |
| Impairment losses on goodwill                                | 0            | 0            | n/s           | n/s            |
| Income tax   | (394)        | (478)        | -17.6%        | -10.2%*        |
| Net income   | 1,237        | 1,642        | -24.7%        | -18.6%*        |
| o.w. non-controlling interests                               | 361          | 286          | 26.2%         | 42.0%*         |
| <b>Group net income</b>                                      | <b>876</b>   | <b>1,356</b> | <b>-35.4%</b> | <b>-30.9%*</b> |
| Cost-to-income ratio   | 55.4%        | 40.2%        |               |                |
| Average allocated capital                                    | 15.9%        | 27.6%        |               |                |

Mobility and Leasing Services registered solid growth in earning assets that was notably driven by the increase in car values. Earning assets grew to EUR 52.0 billion at end-December vs. EUR 45.5 billion at end-December 2022.

Ayvens recorded an increase in net banking income in 2023 of +16% vs. 2022 after the LeasePlan integration. The used car market gradually converged towards normal levels in 2023, which prompted a gradual decrease in used car sales (UCS) results. Over the year, average UCS revenue (excluding the reduction of depreciation costs) came to EUR 2,344 per unit, which remains high, relative to a record year in 2022, where the average was EUR 3,269 per unit.

2024 will be a pivotal year for Ayvens that will include decisive steps in the LeasePlan integration and the unlocking of synergies for around EUR 120 million that will materialise as of this year (of which EUR 38 million is already secured), ahead of a targeted EUR 350 million in 2025, followed by approximately EUR 440 million in 2026. The amount of associated restructuring costs for 2024 is confirmed at around EUR 190 million, with a remaining amount of around EUR 40 million in 2025.

Regarding the business, Ayvens anticipates a gradual improvement in margins in the future and an acceleration in the normalisation of the UCS market. It has set the following targets for 2024:

- annual growth in earning assets of +7% to +9% vs. 2023;
- average UCS result of between EUR 1,100 and EUR 1,600 per unit<sup>(1)</sup>;
- cost-to-income ratio of 65% to 67% excluding the result of UCS, one-off items and PPA<sup>(2)</sup>.

Consumer Finance entities recorded a good performance at end-2023, with loan outstandings of EUR 24.1 billion (+0.7% vs. 2022) and deposit outstandings of EUR 2.3 billion (+17.5% vs. 2022). Equipment Finance's business rode high on robust production levels during the entire year to post outstandings of EUR 5.4 billion at end-2023, up +2.8% vs. 2022.

The Consumer Finance and Equipment Finance business posted a good financial performance, and increased revenues by +6.0% vs. 2022.

Operating expenses for Mobility and Leasing Services rose by +50.5% over the year to EUR 2,391 million (+8.1% vs. 2022 at constant perimeter and exchange rates), including LeasePlan costs and transformation costs associated with its integration.

(1) Excluding prospective depreciation and PPA.

(2) Cost-to-income ratio of around 70% reported at SG level.



## 2.3.5 CORPORATE CENTRE

(In EURm)

|  | 2023           | 2022           | Change       |
|--|----------------|----------------|--------------|
| <b>Net banking income</b>                                    | <b>(1,066)</b> | <b>(302)</b>   | <b>n/s</b>   |
| Operating expenses   | (264)          | (309)          | -14.6%       |
| <b>Gross operating income</b>                                | <b>(1,330)</b> | <b>(611)</b>   | <b>n/s</b>   |
| Net cost of risk   | (4)            | (38)           | -89.5%       |
| <b>Operating income</b>                                      | <b>(1,334)</b> | <b>(649)</b>   | <b>n/s</b>   |
| Net income from companies accounted for by the equity method | 0              | 0              | n/s          |
| Net profits or losses from other assets                      | (112)          | (3,364)        | 96.7%        |
| Impairment losses on goodwill                                | (338)          | 0              | n/s          |
| Income tax   | (126)          | 382            | n/s          |
| Net income   | (1,910)        | (3,631)        | 47.4%        |
| <i>o.w. non-controlling interests</i>                        | 93             | 164            | -43.3%       |
| <b>Group net income</b>                                      | <b>(2,003)</b> | <b>(3,795)</b> | <b>47.2%</b> |

The Corporate Centre includes:

- the property management of the Group's head office;
- the Group's equity portfolio;
- the Group's Treasury function;
- certain costs related to cross-functional projects as well as certain costs incurred by the Group and not re-invoiced to the businesses.

The Corporate Centre's net banking income totalled EUR -1,066 million in 2023 vs. EUR -302 million in 2022. It mainly includes an impact of

around EUR -310 million associated with the the negative impact of replacement swaps on hedges not eligible for hedge accounting, the unwinding of hedges on TLTRO operations for around EUR -330 million and the negative impact of one-off items for around EUR -200 million.

Over the year, operating expenses totalled EUR -264 million vs. EUR -309 million in 2022.

The Corporate Centre's net banking income totalled EUR -2,003 million vs. EUR -3,795 million in 2022.

## 2.3.6 DEFINITIONS AND METHODOLOGY, ALTERNATIVE PERFORMANCE MEASURES

### Framework

The financial information presented in respect of the financial year ended 31 December 2023 was examined by the Board of Directors on 7 February 2024 and was prepared in accordance with IFRS as adopted in the European Union and applicable at that date.

### Capital allocation

In 2023, the allocation of normative capital to the businesses on the basis of their capital consumption was determined in accordance with CRR rules, *i.e.* 12% of their risk-weighted assets, supplemented by the consumption of Common Equity Tier 1 capital chargeable to each business after taking into account non-controlling interests and the adjustment of capital consumption in insurance activities. Accordingly, the capital allocation rule applies to the Group's three pillars - French Retail Banking, International Retail Banking & Financial Services, and Global Banking & Investor Solutions - and enables each activity's capital consumption and profitability to be calculated by activity on a standalone and uniform basis, taking into account the Group's regulatory constraints.

### Net banking income

Net banking income (NBI) for each business division includes:

- revenues generated by its activity;
- the yield on normative capital allocated to the business division, which is calculated using a long-term rate by currency. In return, in order to compare performances between the Group's different business lines, book capital is reassigned to the Corporate Centre at the same rate.

Moreover, capital gains and losses generated by the business divisions on the disposal of shares in non-consolidated entities, and income from management of the Group's industrial and bank equity portfolios, are booked under NBI as these securities are classified as available-for-sale financial assets.

### Operating expenses

Operating expenses correspond to the following items in the financial statements: Personnel expenses + Other operating expenses + Amortisation, depreciation and impairment of tangible and intangible assets.

Operating expenses for the business divisions include their direct expenses, their management overheads, and a share of the head-office expenses, which are in principle almost fully redistributed between the business divisions. The Corporate Centre only books costs related to its own activity, along with certain technical adjustments.

### Cost-to-income ratio

The cost-to-income ratio indicates the operating expenses of a business in relation to its net banking income. This indicator provides a measure of a system's effectiveness (see glossary).

### Main exceptional items

The following table sets out the main one-off financial items in the income statement that were exceptional to 2023 and 2022. They relate to operations that are not ordinary Societe Generale activities. It should be noted that the list of these operations is not exhaustive and should not be used by the Group as a guide of its financial performance. The Group's performance remains in accordance with the announcements on the Group's reported results made during the Capital Markets Day event.

In EURm

|  | 2023         | 2022           |
|--|--------------|----------------|
| <b>Net Banking Income - Total exceptional items</b>                        | <b>(199)</b> | <b>0</b>       |
| One-off legacy items - Corporate Centre                                    | (199)        | 0              |
| <b>Operating expenses - Total one-off items and transformation charges</b> | <b>(765)</b> | <b>(767)</b>   |
| <b>Transformation charges</b>  | <b>(730)</b> | <b>(767)</b>   |
| <i>Of which French Retail, Private Banking and Insurance</i>               | <i>(312)</i> | <i>(414)</i>   |
| <i>Of which Global Banking and Investor Solutions</i>                      | <i>(167)</i> | <i>(198)</i>   |
| <i>Of which International Retail, Mobility and Leasing Services</i>        | <i>(251)</i> | <i>(155)</i>   |
| <b>One-off items</b>   | <b>(35)</b>  | <b>0</b>       |
| <i>Of which French Retail, Private Banking and Insurance</i>               | <i>60</i>    | <i>0</i>       |
| <i>Of which Global Banking and Investor Solutions</i>                      | <i>(95)</i>  | <i>0</i>       |
| <b>Other one-off items - Total</b>   | <b>(820)</b> | <b>(3,364)</b> |
| Net profits or losses from other assets                                    | (112)        | (3,364)        |
| Goodwill impairment - Corporate Centre <sup>(1)</sup>                      | (338)        | 0              |
| Provision of Deferred Tax Assets - Corporate Centre <sup>(1)</sup>         | (370)        | 0              |

(1) Items restated from reported net income for the proposed distribution.

## Cost of risk

Net cost of risk is charged to each business division to reflect the cost of risk inherent in their activity during each financial year. Impairment losses and provisions concerning the whole Group are booked by the Corporate Centre.

Societe Generale's commercial net cost of risk is expressed in basis points. It is calculated by dividing the net annual allocation to provisions for commercial risks by average loan outstandings at the end of the four quarters preceding the closing date. This indicator reveals the level of risk borne by each of the pillars as a percentage of balance sheet loan commitments, including operating leases. The key items used in this calculation are indicated in the table below.

| <i>In EURm</i>   |  | <b>2023</b> | <b>2022</b> |
|--|--|-------------|-------------|
| <b>French Retail, Private Banking and Insurance</b>        | Net cost of risk ( <i>In EURm</i> )        | 505         | 483         |
|  | Gross loan outstandings ( <i>In EURm</i> ) | 246,701     | 246,249     |
|  | <b>Cost of risk in bp</b>                  | <b>20</b>   | <b>20</b>   |
| <b>Global Banking and Investor Solutions</b>               | Net cost of risk ( <i>In EURm</i> )        | 30          | 421         |
|  | Gross loan outstandings ( <i>In EURm</i> ) | 169,823     | 182,110     |
|  | <b>Cost of risk in bp</b>                  | <b>2</b>    | <b>23</b>   |
| <b>International Retail, Mobility and Leasing Services</b> | Net cost of risk ( <i>In EURm</i> )        | 486         | 705         |
|  | Gross loan outstandings ( <i>In EURm</i> ) | 150,161     | 135,743     |
|  | <b>Cost of risk in bp</b>                  | <b>32</b>   | <b>52</b>   |
| <b>Corporate Centre</b>                                    | Net cost of risk ( <i>In EURm</i> )        | 4           | 38          |
|  | Gross loan outstandings ( <i>In EURm</i> ) | 20,291      | 15,411      |
|  | <b>Cost of risk in bp</b>                  | <b>2</b>    | <b>25</b>   |
| <b>Societe Generale Group</b>                              | Net cost of risk ( <i>In EURm</i> )        | 1,025       | 1,647       |
|  | Gross loan outstandings ( <i>In EURm</i> ) | 586,977     | 579,513     |
|  | <b>Cost of risk in bp</b>                  | <b>17</b>   | <b>28</b>   |

## Gross coverage ratio for doubtful outstandings

"Doubtful outstandings" are outstandings that are in default pursuant to the regulations.

The gross doubtful outstandings ratio measures the doubtful outstandings recognised in the balance sheet compared with gross loan outstandings.

The gross coverage ratio for doubtful outstandings is calculated as the ratio of provisions recognised in respect of the credit risk to gross outstandings identified as being in default pursuant to the regulations, without taking into account any guarantees provided. The coverage ratio measures the maximum residual risk associated with outstandings in default, otherwise referred to as "doubtful".

## Net income/expense from other assets

Net income or expense from other assets essentially comprises capital gains and losses on operating fixed assets, or when the Group ceases to control a consolidated subsidiary, as well as goodwill immediately written down when the Group takes control of an entity and recalculates the stake previously held by the Group in entities that have been fully consolidated during the year.

## Income tax

The Group's tax position is managed centrally.

Income tax is charged to each Business Division on the basis of a normative tax rate which takes into account the local tax rate of the countries in which it conducts its activities and the nature of its revenues. The difference between the income tax charged to the Group's consolidated companies and the sum of normative taxes of the strategic pillars is assigned to the Corporate Centre.

## ROE, ROTE

Group ROE and ROTE is calculated on the basis of average Group shareholders' equity under IFRS.

It excludes:

- unrealised or deferred capital gains or losses booked directly under shareholders' equity, excluding conversion reserves;
- deeply subordinated notes;
- undated subordinated notes adjusted as shareholders' equity.

It deducts:

- interest payable to holders of deeply subordinated notes and of adjusted, undated subordinated notes;
- the provision in respect of the dividends to be paid to shareholders.

For the ROTE, the following items are also excluded:

- average net goodwill in the assets, and underlying average goodwill relating to shareholdings in companies accounted for by the equity method;
- average net intangible assets.

Net income used to calculate ROE is based on Group net income adjusted for interest to be paid to holders of deeply subordinated notes for the period and, since 2006, holders of adjusted deeply subordinated notes and undated subordinated notes.

Net income used to calculate ROTE is based on Group net income excluding the goodwill impairment loss but reinstating interest on deeply subordinated notes for the period (including issuance fees paid, for the period, to external parties and the discount charge related to the issue premium for deeply subordinated notes) and interest on undated subordinated notes (including issuance fees paid, for the period, to external parties and the discount charge related to the issue premium for undated subordinated notes).

The key items used in this calculation are indicated in the tables below.

| <i>(In EURm, end of period)</i>   | <b>2023</b>    | <b>2022</b>    |
|---|----------------|----------------|
| <b>Shareholders' equity Group share</b>   | <b>65,975</b>  | <b>66,970</b>  |
| Deeply subordinated notes and undated subordinated notes                                    | (9,095)        | (10,017)       |
| Interest of deeply & undated subordinated notes, issue premium amortisations <sup>(1)</sup> | (21)           | (24)           |
| OCI excluding conversion reserves   | 636            | 780            |
| Dividend provision <sup>(2)</sup>   | (995)          | (1,803)        |
| ROE equity end-of-period  | 56,500         | 55,906         |
| <b>Average ROE equity</b>   | <b>56,396</b>  | <b>55,282</b>  |
| <b>Average Goodwill<sup>(3)</sup></b>   | <b>(4,011)</b> | <b>(3,650)</b> |
| Average Intangible Assets   | (3,143)        | (2,751)        |
| Average ROTE equity   | 49,242         | 48,881         |
| <b>Group net Income</b>   | <b>2,493</b>   | <b>1,825</b>   |
| <b>Interest on deeply subordinated notes and undated subordinated notes</b>                 | <b>(759)</b>   | <b>(596)</b>   |
| Cancellation of goodwill impairment   | 338            | 3              |
| Adjusted Group net Income   | 2,073          | 1,233          |
| <b>ROTE</b>   | <b>4.2%</b>    | <b>2.5%</b>    |

(1) Interest net of tax.

(2) Based on the proposed 2023 distribution subject to usual approvals from the General meeting and the ECB.

(3) Excluding goodwill arising from non-controlling interests.

## RONE CALCULATION: AVERAGE CAPITAL ALLOCATED TO CORE BUSINESSES

| <i>(In EURm)</i>                                    | <b>2023</b> | <b>2022</b> |
|---|-------------|-------------|
| French Retail, Private Banking and Insurance        | 15,449      | 15,592      |
| Global Banking and Investor Solutions               | 15,426      | 16,176      |
| International Retail, Mobility and Leasing Services | 9,707       | 9,670       |

## Earnings per share

In accordance with IAS 33, to calculate earnings per share, "Group net income" for the period is adjusted by the amount (net of tax, capital gains/losses on partial buybacks of securities issued and classified as equity) of costs pertaining to these equity instruments and the interest paid on them.

Earnings per share is therefore calculated as the ratio of corrected Group net income for the period to the average number of ordinary outstanding shares, excluding own shares and treasury shares, but including:

- a) trading shares held by the Group; and
- b) shares held under the liquidity contract.

Average number, in thousands of shares

|  | 2023           | 2022           |
|--|----------------|----------------|
| <b>Existing shares</b>   | <b>818,008</b> | <b>845,478</b> |
| <b>Deductions</b>  |                |                |
| Shares allocated to cover stock option plans and free shares awarded to staff  | 6,802          | 6,252          |
| Other own shares and treasury shares   | 11,891         | 16,788         |
| <b>Number of shares used to calculate EPS<sup>(1)</sup></b>                    | <b>799,315</b> | <b>822,437</b> |
| <b>Group net Income (In EURm)</b>  | <b>2,493</b>   | <b>1,825</b>   |
| Interest on deeply subordinated notes and undated subordinated notes (In EURm) | (759)          | (596)          |
| <b>Adjusted Group net income (In EURm)</b>                                     | <b>1,735</b>   | <b>1,230</b>   |
| <b>EPS (In EUR)</b>  | <b>2.17</b>    | <b>1.50</b>    |

(1) The number of shares considered is the average number of ordinary shares outstanding during the period, excluding treasury shares and buybacks, but including the trading shares held by the Group.

## Net Asset, Net Tangible Asset Value

Net assets comprise Group shareholders' equity, excluding:

- deeply subordinated notes, undated subordinated notes previously recognised as debt; and
- interest payable to holders of deeply subordinated notes and undated subordinated notes, but reinstating the book value of trading shares held by the Group and shares held under the liquidity contract.

Tangible net assets are corrected for net goodwill in the assets, goodwill under the equity method and intangible assets.

In order to calculate Net Asset Value Per Share or Net Tangible Asset Value Per Share, the number of shares used to calculate book value per share is the number of shares issued at the end of the period, excluding own shares and treasury shares, but including:

- trading shares held by the Group; and
- shares held under the liquidity contract.

(In EURm, end of period)

|   | 2023           | 2022           |
|---|----------------|----------------|
| <b>Shareholders' equity Group share</b>   | <b>65,975</b>  | <b>66,970</b>  |
| Deeply subordinated notes and undated subordinated notes                                    | (9,095)        | (10,017)       |
| Interest of deeply & undated subordinated notes, issue premium amortisations <sup>(1)</sup> | (21)           | (24)           |
| Book value of own shares in trading portfolio   | 36             | 67             |
| Net Asset Value   | 56,895         | 56,996         |
| <b>Goodwill</b>   | <b>(4,008)</b> | <b>(3,652)</b> |
| Intangible Assets   | (2,954)        | (2,875)        |
| Net Tangible Asset Value  | 49,933         | 50,469         |
| <b>Number of shares used to calculate NAPS<sup>(2)</sup></b>                                | <b>796,244</b> | <b>801,147</b> |
| <b>Net Asset Value per Share</b>  | <b>71.5</b>    | <b>71.1</b>    |
| <b>Net Tangible Asset Value per Share</b>   | <b>62.7</b>    | <b>63.0</b>    |

(1) Interest net of tax.

(2) The number of shares considered is the number of ordinary shares outstanding as at end of period, excluding treasury shares and buybacks, but including the trading shares held by the Group.

## Prudential capital and solvency ratios

The Societe Generale Group's Common Equity Tier 1 capital is calculated in accordance with applicable CRR2/CRD5 rules.

The fully-loaded solvency ratios are presented *pro forma* for current earnings, net of dividends, for the current financial year, unless specified otherwise.

Where reference is made to phased-in ratios, the latter include the earnings for the current financial year, unless otherwise specified.

The leverage ratio is calculated according to applicable CRR2/CRD5 rules.

## 2.4 EXTRA-FINANCIAL REPORT

### DRIVERS OF POSITIVE TRANSFORMATION

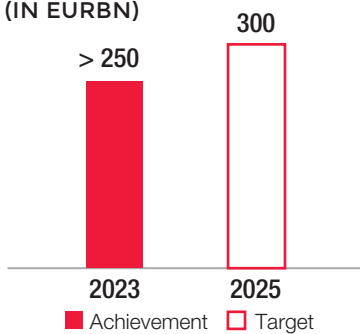
#### THE ENVIRONMENTAL TRANSITION

- **Accelerating decarbonisation**
  - **Oil & Gas:** sharply accelerated reduction
    - **-80%** exposure to the upstream sector between 2019 and 2030, with an intermediary target of a **-50%** reduction in 2025.
    - **-70%** absolute reduction in greenhouse gas (GHG) emissions across the entire oil and gas chain by 2030 vs. 2019.
  - **Highest emitting sectors: 9 NZBA sectors out of 12**
    - New targets set for the automotive, steel, cement, commercial real estate, maritime transport and aluminium sectors.
  - **Publication of the Climate and Alignment Report.**
- **Stepping up our efforts to protect nature**
  - Integrating nature-related considerations into E&S impact management and materiality assessment.
  - Signature of a five-year partnership agreement with The Ocean Cleanup.
- **Building solutions**
  - Rethinking our business to accompany clients with their transition.
  - EUR 1 billion transition investment fund focused on the transition actors, green technology, nature and impact.
  - Supporting “emerging champions”.
    - Three investments in 2023 INNOENERGY, PARTECH and POLESTAR.
    - First round of ESG start-ups accepted in our Global Markets Incubator.

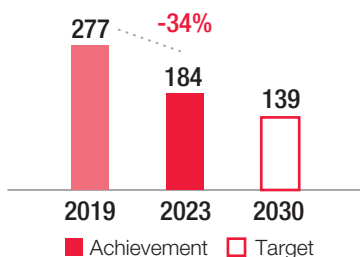
#### POSITIVE IMPACT ON LOCAL COMMUNITIES

- **Providing support at local level**
  - SG network: creation of a retail bank that is firmly anchored in the local community and with a Chief CSR Officer appointed in each region.
  - New offerings: Solar Pack and HelloWatt for home energy revovation.
  - Supporting female entrepreneurs locally
  - Promoting awareness to make a difference: Positive Impact Week in 22 towns and cities in France.
- **Infrastructure financing**
  - Recognised expertise in project financing.
  - Investing in the AFRIGREEN fund: financing access to water and light in Africa.
- **At the cutting edge of sustainable mobility**
  - Ayvens, an agent of sustainable mobility.
  - Mobility-as-a-Service and multimodal mobility.
  - Global partnership with CHARGEPOINT, a charging station operator.
  - Initiatives to finance sustainable transport in emerging economies in 2023.
- **Building a social and inclusive range of products and services**
  - Distributor of state-guaranteed student loans in France (Bpi France).
  - BOOST: non-banking services platform accessible to young people.

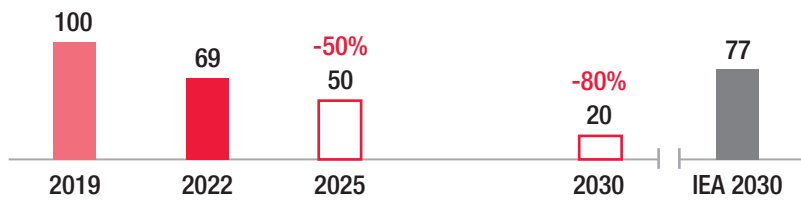
#### ACCOMPANYING THE TRANSITION TARGETED CONTRIBUTION TO SUSTAINABLE FINANCE (IN EURBN)



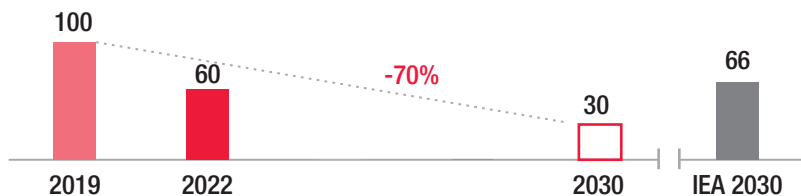
#### BEING A RESPONSIBLE BANK SOCIETE GENERALE'S CARBON FOOTPRINT (IN TEQ CO<sub>2</sub>)



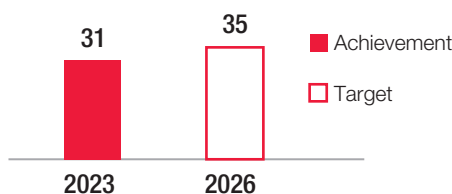
#### ACCELERATING DECARBONISATION TWO OIL AND GAS TARGETS (INDEX BASE 100) Reduction of upstream Oil & Gas exposure



#### Reduction of absolute emissions across the value chain



#### BEING A RESPONSIBLE EMPLOYER NUMBER OF WOMEN IN SENIOR MANAGEMENT POSITIONS - TOP 250 (%)



#### ANCHORING A CULTURE OF RESPONSIBILITY EMBEDDING AWARENESS

**63%**  
of Group employees  
received training  
on CSR topics in 2023

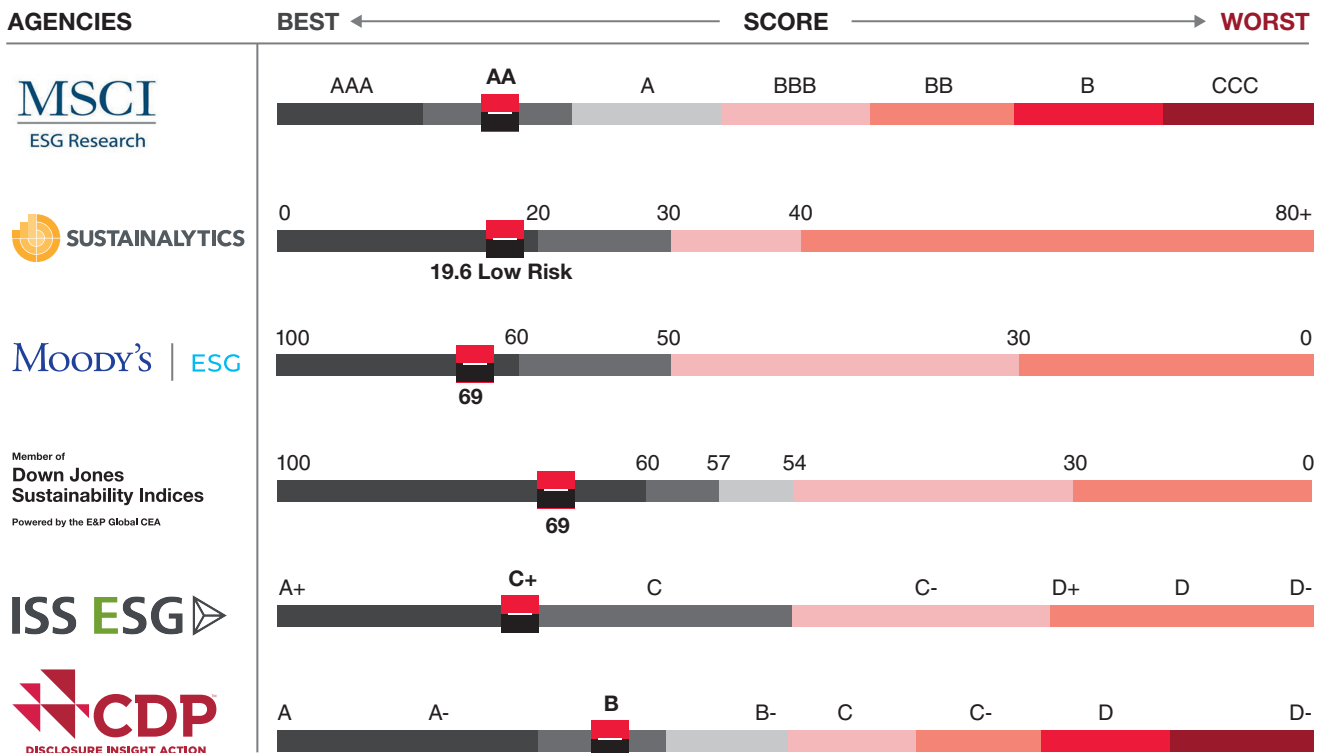
RESPONSIBLE BANK

RESPONSIBLE EMPLOYER

- Empowering all our employees to fulfil their potential**
- No forced departures under the transformation plan for Societe Generale in France (excluding subsidiaries).
  - 17.5% increase in staff committed to 32 reskilling modules in 2023 vs. 2022
  - More than 80% of Group employees have completed at least one ESG training course since 2021.
- Offering an appropriate, fulfilling and motivating working environment**
- Provide the conditions for an equitable and inclusive culture:
    - renewed the 2023-2025 three-year agreement promoting the employment and professional integration of people with disabilities in France.
    - EUR 100 million budget allocated to reduce the gender pay gap.
    - Target of at least 35% women in senior leadership positions by 2026.
  - Ensure working conditions respect people’s private time
    - Signed the Work-life quality and working conditions agreement in France.
    - Signature of the new global agreement with UNI Global Union.
- Promoting employee engagement and ability to make a difference**
- Close collaboration with networks of engaged employees that are the voice of employees : Prides&Allies, Mix&Win, WAY, DKdrés, S'engaGer.
  - 3<sup>rd</sup> Move for Youth challenge in support of organisations (involving 20% of staff).
  - Organisation of solidarity days in support of *C'est vous l'avenir*, the Societe Generale Foundation.

CULTURE OF RESPONSIBILITY

- Embedding ESG at the highest level of the organisation**
- Sustainable Development Department reporting to General Management.
- Creation of a Scientific Advisory Council** to provide expert advice and long term vision on matters related to climate, nature, social issues and sustainable development.
- Collaboration Framework Agreement signed with the International Finance Corporation (IFC)** to make a stronger impact and contribute to the UN Sustainable Development Goals
- Monitoring ethical and responsible business conduct**
- Continuation of Culture and Conduct initiatives.
  - The Group’s ESG training and awareness catalogue updated: 150 modules on 6 topics.
  - Extensive roll-out of Climate Fresk workshops by the end of 2024.
- Managing ESG-related risks and meeting voluntary commitments**
- Founding member of international working groups on decarbonisation.
  - Oil & Gas and Thermal Power Stations sector policies updated.





The Group's actions are guided by its corporate purpose which is "Building together, with our clients, a better and sustainable future through responsible and innovative financial solutions".

In 2023, under the leadership of the new management team, Societe Generale placed its ESG goals firmly at the centre of its strategy. In its 2026 strategic plan, it announced a series of major initiatives to accelerate its contribution to the environmental transition and, more broadly, to the UN's Sustainable Development Goals. It stated the Group's ambition to be a rock-solid and sustainable top-tier bank, lead in ESG, and foster a culture of performance and accountability. ESG is an imperative and is included in the criteria used to manage the Group's activities.

Societe Generale is a founding signatory of the UNEP-FI's Principles for Responsible Banking (PRB).

In the second half of 2023, the Group announced it was stepping up the pace of decarbonisation across its businesses with the following measures:

- sharply accelerate steps to reduce exposure to the upstream oil and gas sector, together with a new absolute carbon emissions reduction target across the whole oil and gas value chain;
- new decarbonisation targets for the steel, automotive, cement, aluminium and commercial real estate sectors to contribute to the alignment of the Group's financing activities with Net Zero trajectories by 2050.

The Group also announced higher investment to develop innovative impact-generating solutions and partnerships to generate a bigger impact and develop as early as possible its positioning with emerging players and new markets:

- planned launch of a new EUR 1 billion transition investment fund that includes an equity investment of EUR 700 million. The fund aims to support transition actors, green technologies, nature-based solutions and impact-driven investments projects;
- continued development of key partnerships, such as with the International Finance Corporation, a member of the World Bank Group;
- planned establishment of an independent scientific advisory council to provide a long-term view and expert scientific opinions to inform strategy, with a focus on climate, nature, social questions and sustainable development.

Being a responsible employer and embedding a culture of responsibility are priorities for the Group. Launching its strategic plan, the Group announced:

- a new target of at least 35% of women in senior leadership roles (Top 250) by 2026;
- a EUR 100 million allocation to reduce the gender pay gap.

The Group ran its 30<sup>th</sup> Global employee share ownership plan in 2023.

The core goals of the Group's CSR policy break down into four strategic priorities. Two of these concern the Group's activities: supporting clients with their environmental transition and making a positive contribution to local communities. And two make up the very foundation of a responsible bank: being a responsible employer and nurturing a culture of responsibility and accountability across all our businesses.

The Group's aim is to contribute EUR 300 billion in sustainable financing over the period 2022-2025 in: sustainable bonds, Sustainable and Positive Impact Finance (SPIF), advisory mandates on SPIF transactions, Sustainability-linked loans, as well as financing and long-term leases of electric vehicles. All Group businesses are committed to working towards these goals to meet the environmental and social challenges of our time. The Group's contribution at end-2023 towards achieving the target was more than EUR 250 billion.

To drive the positive changes we urgently need now the Group is pushing forward with its transformation through the internal "Building together" programme. This approach places all its business lines on a change trajectory and seeks to embed an ESG culture throughout the Group. The three core themes are:

- rethinking the Bank's businesses: revamping the teams' missions to develop solutions to support clients as they transition their businesses to more sustainable models;
- implementing the transformation: systematically building ESG into all the Group's strategic decisions, management tools and processes and applying them to the business lines;
- deepening expertise through team training: Societe Generale has rolled out a specific CSR training programme.

This year brought out new players. The first was a new SG-branded retail bank in France, formed by the merger of the Societe Generale and Crédit du Nord networks. The new bank sets out to provide a comprehensive range of ESG solutions (savings, financing and advisory). The second new player was Ayvens, the new global mobility brand created from ALD's acquisition of LeasePlan. It is positioned to become a global agent in the mobility ecosystem.

These new ESG-focused models, the announcement of the new strategic plan and the accelerated decarbonisation drive represent major changes. Together with an unprecedented training programme and our determination to ensure that all the Group's businesses evolve to better support its clients, these advances position it to help set new standards and open up new possibilities. Building on its hallmark innovation and entrepreneurship, combined with its pioneering position in financing the energy transition, the Group is accelerating the number and pace of transformations and readying itself to meet the pressing challenges of water management, the circular economy, protecting and restoring nature.

Thanks to the transformation of its businesses, the Group is poised to seize a myriad of opportunities at a stage when existing clients require increasingly sophisticated solutions in their transition pathways and where new markets and operators are materialising in the economies.



## 2.4.1 THE ENVIRONMENTAL TRANSITION: ACCELERATING DECARBONISATION AND ACCOMPANYING CLIENTS

For more than 20 years Societe Generale has financed renewable energy and positive impact finance as a founding member of the UNEP-FI Positive Impact Finance initiative. Having built up solid expertise, in 2023 the Bank stepped up measures to progressively align its portfolios, at the heart of which is the Group's support for clients to successfully make the transition to a low-carbon model.

Acutely aware that decarbonising is a global challenge that requires collective action, the Group is working with clients, peers and all its stakeholders to accelerate the transition and contribute to setting new standards.

To promote transparency and accountability, the Group takes part in many sector working groups to advance research and development in sustainable finance and decarbonisation. Through building partnerships and participating in alliances within expert bodies such as the Poseidon Principles, the Hydrogen Council or, more recently, in industries such as steel, aviation and aluminium, the Group aims to work towards the adoption of common standards and comparability between companies.

### 2.4.1.1 Accelerating decarbonisation

Societe Generale Group takes a proactive approach to decarbonisation. Backed by a capacity for innovation and its teams' industry-specific expertise, the Group is not only a driving force, but also has the ambition to be a leader in the green transition and sustainable development of our economies.

In 2020, Societe Generale co-published with a small group of banks a report on the application of the PACTA (Paris Agreement Capital Transition Assessment) methodology, developed by the 2Degrees Investing Initiative, to the credit portfolios of the banking sector. Societe Generale joined the UNEP-FI's Net Zero Banking Alliance (NZBA) as a founding member in April 2021 and has since undertaken, for the highest carbon emitting sectors defined by the NZBA, to align its financing portfolios with trajectories compatible with the goals of the Paris Agreement based on reference climate scenarios and science-based methodologies. The group has also undertaken to be transparent on the progress of these steps.

The Group's portfolio alignment strategy is based on (i) prioritising reducing its absolute CO<sub>2</sub> footprint in fossil fuels, and (ii) defining a trajectory to reduce the carbon intensity of its portfolios in other sectors.

2023 marked an important milestone with the announcement that the Group intends to accelerate its alignment efforts. Having largely completed its exit from thermal coal (target of zero exposure in 2030 in EU and OECD countries and by 2040 in the rest of the world) and hit its first reduction target ahead of time (-20% by 2025) for exposure to upstream oil and gas, the Group has set new targets aimed at aligning with benchmark 1.5 °C "low overshoot"<sup>(1)</sup> scenarios.

### OIL AND GAS TARGETS

The Group announced a sharp acceleration in steps to reduce the Group's exposure to the upstream oil and gas sector: an 80% reduction by 2030 (vs. 2019) with an intermediate target of 50% in 2025 stands out in the global banking world as one of the most ambitious targets.

The Bank has added a new target for a 70% absolute reduction in its carbon footprint across the entire oil and gas value chain by 2030 compared to 2019 levels (from a previous target of -30%). This is twice as ambitious as the IEA's NZE (Net Zero Emissions) scenario.

The Group has also updated its Oil and Gas sector policy in line with the definition of these NZBA trajectories. Societe Generale will no longer provide financing and advisory services for new oil and gas field projects and is withdrawing from financing private pure players in upstream oil and gas. These exposures will be managed in run-off. At the same time, it is strengthening engagement with energy sector clients on their climate strategy.

### NEW NZBA TARGETS

**Automotive sector:** reduce the sector's average carbon emissions intensity (carmakers, on their annual sales and over the vehicle's useful life) to 90g of CO<sub>2</sub> equivalent per km travelled per vehicle by 2030, vs. 2021 (184gCO<sub>2</sub>eq/v-km), a reduction of 51% in emissions intensity.

**Steel sector:** achieve a target alignment score of 0 by 2030<sup>(2)</sup>, which equates to aligning the portfolio of steel manufacturers with the International Energy Agency's Net Zero Emission (NZE) scenario trajectory.

**Cement sector:** reduce the carbon intensity of cement manufacture to 535kg of CO<sub>2</sub> equivalent per tonne of cement by 2030, vs. 2022 (671kgCO<sub>2</sub>eq/t cement), a reduction of 20% in emissions intensity.

**Commercial real estate:** achieve target carbon intensity of 18kgCO<sub>2</sub>eq/sq.m in 2030 (based on the current composition of the Group's portfolio) vs. 49kgCO<sub>2</sub>eq/sq. m in 2022, a reduction of 63% from 2022 levels.

**Aluminium sector:** reduce carbon emission intensity by -25% by 2030 vs. 2022, i.e., 6tCO<sub>2</sub> e/t in 2030 vs. 8tCO<sub>2</sub> e/t in 2022.

**Maritime transport sector:** achieve a Poseidon Principles target alignment score of 15% by 2030, which equates to a -43% reduction of carbon emission intensity (Annual Efficiency Ratio) relative to 2022.

(1) The Group sets the objectives for aligning credit portfolios with the aim to align with reference scenarios striving to limit the temperature increase to +1.5°C compared with the pre-industrial era. These scenarios may allow for an overshoot period during which warming increases above 1.5°C before returning to 1.5°C in 2100. Low overshoot scenarios can allow periods in excess of about 0.1°C for several decades.

(2) As described in Sustainable Steel Principles, the score is an intensity indicator (CO<sub>2</sub>/t steel).

## TARGET FOR POWER GENERATION

The Group maintains its objective of reducing carbon intensity in the electricity generation sector to 125 gCO<sub>2</sub> per kWh by 2030 vs. 221 gCO<sub>2</sub> per kWh in 2019, which equates to a 43% reduction.

Having at this stage set targets for nine sectors, the Group is continuing its work on other sectors, namely aviation, residential real estate and agriculture. In December 2023, the Bank published a “Climate and Alignment Report” (available in English only) outlining the progress of its work as a member of the Net Zero Banking Alliance: <https://www.societegenerale.com/sites/default/files/documents/CSR/climate-and-alignment-report.pdf>

### 2.4.1.2 Accompanying clients in their environmental transition

Financing clients on their path to decarbonisation is a fundamental imperative that calls for unparalleled levels of investment. The International Energy Agency (IEA) estimates USD 100 trillion is needed in energy alone by 2050. Colossal investment is required to decarbonise our economies, often simultaneously across all value chains – which also calls for collective intelligence and co-construction.

The Group embeds the ESG dimension in the strategy of all its businesses and makes helping clients to achieve the transition a priority.

In a bid to speed up the pace of investment in the development of solutions and innovative partnerships to generate more positive impact, the Group announced in September 2023 that it was launching a EUR 1 billion transition investment fund that includes a EUR 700 million equity investment component. The fund aims to provide support for:

- green technologies and transition drivers;
- impact projects in line with the goal of contributing to the UN Sustainable Development Goals;
- solutions that are nature based and that help preserve biodiversity.

## RETHINKING THE BANK'S BUSINESSES

The Group makes ESG a core part of strategy across all its businesses, with each one working on shaping its business model and putting together a range of products and services to meet new client needs.

Bit by bit, the Bank is expanding its offering to meet the requirements of clients of all sizes and to support them in their transition. These offers are available to all Group clients and include not only financing and investment products, but also financial services.

A programme in Global Banking & Investor Solutions aims to upgrade its offering, step up expertise in the teams, and work with clients to build innovative solutions tailored to their transition challenges. Involving more than 400 professionals, the programme promotes cross-sector collaboration to share expertise and develop a broader vision and more comprehensive insight into what clients are grappling with. It also intensifies the focus on new value chains and brings deeper understanding of emerging leaders' business models. In 2023, programme outcomes included a methodology to assess the maturity of clients' transitions with a tool to identify emerging opportunities. Based on a sector analysis and a review of where the client is on the

decarbonisation and transition pathway, the tool, which is currently being deployed, flags the opportunities created by the client's transition.

The programme has delivered handsomely with major advisory and financing transactions in the electrical power sector (such as financing for the first cross-border electricity interconnection between Germany and the United Kingdom), the green energy sector (e-fuels in Chile and the US), and in low-carbon hydrogen and rare metals (with the world's most economical and cleanest copper-nickel projects in Australia).

SG, the new retail bank in France, formed from merging the Societe Generale and Crédit du Nord banking networks, is a responsible bank strongly committed to ESG and helping its clients move forward with their transition. CSR is at the very heart of its business model to strengthen the positive and local impact it has on its clients. This is reflected in how the Bank is organised and the appointment of a Chief CSR Officer in each region.

Drawing from its deep pool of talent, the Group is positioned to offer support and expertise in CSR to its clients to shift to a low-carbon economy through partnerships with innovative providers.

### 2.4.1.3 Building an ecosystem to seed innovation

Societe Generale is developing an ecosystem to seed innovation to grow its businesses and serve its clients. Firm in the knowledge that innovation is central to sustainable finance, the Group promotes the new, supporting cutting-edge companies in business incubators, investing in the champions of the future and cementing partnerships to offer bold and original solutions to its clients. The transition investment fund focused on the transition, nature and impact will further boost this capacity to identify and support innovative players and emerging champions.

The Group has a number of incubators, including the Global Markets Incubator (GMI). The GMI and the Capital Markets Division works with start-ups and entrepreneurs to turn their innovative ideas into market-ready solutions. The Incubator has also upped its support for Fintechs. In 2023, it doubled the number of incubees and accepted the first intake of start-ups focused on sustainability. The ultimate aim is to deliver on its commitments and expand the offering to corporate clients, financial institutions and private investors who stand to benefit from these novel solutions tailored to their ESG objectives. The incubator spurs progress towards tackling sustainability imperatives and rounds out the Group's offering with the products and services developed by the start-ups.

In France, the retail banking incubator for impact start-ups, SG Planète A, continued to scale up. It welcomed its third intake in the Lille-based incubator this year.

By supporting low-carbon champions and new technologies, the Group is breaking new ground. It made major new investments in 2023.

The Bank took a stake in the capital of EIT InnoEnergy. The aim of this strategic partnership is to help new industrial champions grow and to accelerate the energy transition by supporting the current 200 portfolio start-ups, which include names like Verkor, GravitHy, Holosolis and FertigHy. Societe Generale will provide access to its full range of financing and advisory services and to its own ecosystem of clients and investors.

Another key investment in 2023 was in Polestar, the only private debt fund in Europe dedicated to the circular economy. Polestar provides debt finance to innovative mid-sized Dutch companies to build their first recycling plants for organic, plastic, chemical, textile, metal and other forms of waste.

The Group joined the pool of investors in Partech which is launching its first growth impact fund (target: EUR 300 million). The fund plans to invest in around 15 European champions. The objective is to help them scale up innovative climate and social solutions.

Finally, the Group also took a stake in namR, an innovator in making data work for the green transition of buildings and regions, and Quarnot, a pioneer in heat recovery from data centres. These investments are part of the Group's existing policy of forging partnerships with pioneering and innovative players.

### 2.4.1.4 Help preserve biodiversity

Helping to protect biodiversity is part of the Group's commitment to the environmental transition. A member of the Act4Nature international\* alliance, it updated its specific and measurable biodiversity objectives for the Group.

The Group is a member of several international alliances: the Taskforce for Nature-related Financial Disclosures, the Science-Based Targets Network and the Finance for Biodiversity Pledge. This engagement ensures we continuously deepen our understanding of nature-based issues and contribute to enhancing expertise in the area by collaborating on best practices.

In 2023, the Group completed an initial exercise to map the sectors it finances by the severity of their impacts and dependencies. It also developed an indicator of financial vulnerability based on an assessment of nature-based physical and transition risks. Following on from these two exercises, the Group started a process to assess nature-based impacts, dependencies and risks, which will be expanded in the near term. The Group's commitments to biodiversity are also set out in Group sector policies that specify exclusions to protect nature. In addition, a biodiversity component is now part of the client environmental and social assessment. The Group's objective is to have conducted an assessment of all Corporate and Investment Banking clients by the end of 2024. Biodiversity factors have also been added to the E&S Interview Guide for SMEs. And to ensure everyone can put these initiatives to good use, a training programme is available with targeted modules.

Societe Generale champions innovation in this area. One example is the SG incubator's support for REGROW, a start-up working to make agriculture more sustainable and resilient.

Last but not least, nature-based solutions form part of the EUR 1 billion transition investment fund announced in 2023.

Societe Generale was one of the sponsors of the Day of Dialogue on Nature for financial companies organised in 2023 by *Entreprises pour l'Environnement\** (EpE), a member of the World Business Council for Sustainable Development global network.

The Group also signed the Ecod'eau\* Charter, an initiative to save water aimed at the general public, local authorities, businesses and other organisations.

## 2.4.2 MAKING A POSITIVE IMPACT ON LOCAL COMMUNITIES

The Group works to effect social and economic transformation at local level by backing SMEs and businesses, financing infrastructure – especially social infrastructure – and the fast-changing mobility business. It also has a social and inclusive offering in France and in other countries where it is present.

### 2.4.2.1 Supporting local operators, SMEs and entrepreneurs

In France, the new retail bank, SG, with its strong regional footprint, is organised to help its clients in their transitions. The Group offers a comprehensive range of sustainable products, including environmental and social (PES) loans and impact loans. And the SG network goes further, providing clients with a full range of support for CSR, including awareness-raising, advice on various project stages and financial solutions. CSR experts support and assist local teams in the regions and the Bank is also building an ecosystem of partners to supplement its offer.

Offers introduced in France in 2023:

- SG joined forces with NamR, a building data intelligence specialist, to launch "Solar pack" to help corporate clients address the complex

energy and environmental issues of our day. This new solution provides a full range of support for solar panel installation from start to finish. Clients can tap into a network of selected partner developers to assess needs, get advice on applying for grants and, where applicable, benefit from an environmental and social loan;

- for individual clients, SG joined with Hello Watt in February 2023 to facilitate home energy upgrades. Again, the aim is to provide a comprehensive package, from energy assessment through to financing the work, tapping into the aids available and getting the right person for the job through a network of accredited tradespeople.

The SG network offers its individual and corporate clients the Carbo calculator to measure their carbon footprint and take action to reduce their CO<sub>2</sub> emissions.

Since its inception in June 2022, the SG Entrepreneurs Tech scheme has provided 450 French companies in France and abroad with more than EUR 200 million in new financing. Focused exclusively on French tech businesses, the programme draws on the expertise available in the Societe Generale Group to offer a suite of services from Retail Banking, Investment Banking and Private Banking to cover the full gamut of business leaders' professional and personal needs.

The range of labelled products was supplemented with a financing product for unlisted companies that are on the transition pathway: a private debt fund launched by Societe Generale Assurances and Tikehau Capital in February 2023. The innovative product allows private investors to invest in SMEs with a regional footprint through this unit-linked product. The companies selected by the fund commit to reducing their greenhouse gas emissions. The finance conditions are adjusted according to the borrower's progress towards achieving the target results.

Societe Generale is also active in the social economy in France and is engaged with local authorities across the 11 regions spanned by the SG network.

In March 2023, the Group took a stake in the Citizen CIS fund marking an important milestone in its commitment to fostering the emergence of projects centred around social and environmental actors as part of an innovative social impact bond programme. The proceeds raised from private investors and the involvement of many stakeholders help channel funds to projects that are closely aligned with the needs of the local areas, which in turn contributes to effective public policy.

Awareness was also an important theme in 2023 as SG ran initiatives to inform individuals and companies and spotlight key issues. In September 2023, Societe Generale organised the second National Photovoltaic Conference – a one-of-a-kind event for small and medium enterprises looking to use solar for some of their energy needs. In November 2023, the Group organised Positive Impact Week, which for the first time featured a series of events in 22 cities in France that attracted more than 1,000 clients.

In Africa, the Group invested in the Afrigreen impact debt fund in 2023 to address the growing demand for financing from African SMEs and mid-caps for the installation of decentralised solar power plants. The capacity to finance small-scale assets in off-grid regions generates a positive impact for these areas.

The Solar Pack offer was launched in April 2023 through two African subsidiaries.

Support for female entrepreneurs is also one of the Group's initiatives. It is a committed and engaged partner of international and local initiatives to empower women in business. Societe Generale took part in Women in Africa 54, a project to offer business training and coaching to women across the African continent. The Africa programme comes under the auspices of the Societe Generale Foundation to support local education and job placement initiatives.

### 2.4.2.2 Infrastructure financing

Infrastructure financing to promote regional development is one of the key principles of the Group's CSR goals. Societe Generale provides financing that support the economic and social transformation at local level. The Group draws on its acknowledged expertise to provide financing for these projects. Societe Generale was named "Adviser of the Year" by Project Finance International.

Infrastructure financing is crucial to unlock development opportunities in Africa. The Group is active in developing financing arrangements through its expert teams based in Europe and its knowledge of the specific needs of African countries. It works hand-in-hand with local, regional and international financial partners to bring different projects to fruition: environmental (notably access to water), transport (building roads, railways, port facilities, etc.), power generation and distribution, health (financing construction of hospitals) and telecoms, all of which is vital for developing the economy and fostering the social inclusion of

local populations. The Bank's work has been recognised with a number of African Awards by EMEA Finance magazine, including Best Foreign Investment Bank and Best Bank for Sustainability in the region. Global Finance also crowned Societe Generale regional winner for sustainable finance in Africa in its 2023 awards classification.

### 2.4.2.3 At the cutting edge of sustainable mobility

Sustainable mobility solutions contribute to regional development. In 2023, Ayvens announced as part of its PowerUP 2026 strategic plan the objective to cut its fleet's CO<sub>2</sub> emissions to 90g/CO<sub>2</sub>/km (from 112g/CO<sub>2</sub>/km in 2022). At 31 December 2023, Ayvens achieved a level of 111g/km.

Beyond this decarbonisation strategy, Ayvens is committed to making multimodal transport solutions available for new uses and new mobility needs. Its Mobility-as-a-Service (MaaS) offer aims to provide users with a range of different transport options.

As change disrupts how we use the car, Ayvens launched its MaaS platform, ALD Move, in 2022 with a target of 200,000 active users. The Company innovates constantly to keep up with changing needs. In 2023, it launched the eMSP (electric Mobility Service Provider) joint venture with ChargePoint to provide an EV charging network for clients in public places, chargers for the home and the workplace, as well as reporting tools.

Ayvens teamed up with partners to step up innovations in 2023 with flexible and multimodal solutions for the shift from the car to better, greener mobility (car, public transport, bike, etc.).

At the end of their lease contracts, users can access an online used vehicle resale platform, complete with finance options, extended warranties, handover assistance and management of vehicle registration formalities.

The Group's regional support goals also include financing for soft mobility and transport infrastructure projects.

### 2.4.2.4 Building a social and inclusive range of products and services

The Group supports young people and offers banking services to ensure they have access to affordable financial products to meet their needs (financial inclusion) and to help those who are financially vulnerable. Micro-finance initiatives are another way the Group works for inclusion.

#### PRODUCTS AND SERVICES FOR YOUNG PEOPLE

Societe Generale has a range of banking products for young people.

In France, it partners with Bpifrance on student loans for those with no income and nobody to act as guarantor for them. In 2023, the Group distributed a total of EUR 45 million of Bpifrance student loans.

"Boost" offered in partnership with start-up Wizbii, is a set of non-bank services for 16-24 year-olds in France. After being the first bank to launch such a platform in 2019, Societe Generale is the first bank in France to open this service free of charge to all young clients. "Boost" is a digital platform for young people focused on becoming more independent, improving skills and gaining employment. The Group lists all recruitment events organised as part of the initiative to match young people with jobs ("*1 Jeune, 1 Solution*"), which took place for the third time in 2023.

In Africa, the Group is also supporting young people by maintaining local relationships with schools and universities and offers financing solutions for their studies. In this context Societe Generale announced its ambition to double student loans to EUR 100 million in the period 2022–2025 on the basis of the existing 2021 perimeter. For 2023, student loan production totalled EUR 44.5 million.

## SOCIAL AND INCLUSIVE FINANCE

The Group offers products and services to promote financial inclusion, prevent over-indebtedness, provide help and assistance to people struggling to manage their finances or who are recognised as being in a precarious financial situation.

The Group's Kapsul inclusive offer was first launched in 2020. Designed to ensure ready and low-cost access to a bank account, Kapsul is intended for clients who want more independence and to better manage their budget. Available online or in-branch, Kapsul accounts cost EUR 2 per month with no income conditions and no other account charges. At the end of 2023, 5,400 clients had signed up for a Kapsul account vs. 5,622 at end-2022.

In France, the Group provides a free package of basic banking services. The Générís banking package offers everyday banking products to help

people manage their finances for EUR 1 per month, down from EUR 3 previously. At the end of 2023, 58,236 clients had a Générís account vs. 55,355 at the end of 2022. Societe Generale is keenly aware of the needs of these particular clients and provides specific budget simulation tools and budget management advice. A range of training programmes are also available for staff to give them the skills they need to serve this client group.

## MICROFINANCE

In France the Group has worked in partnership with ADIE (a non-profit promoting the right to economic initiative) since 2006 to support microfinance throughout both metropolitan and overseas France. Credit lines provided in partnership with ADIE totalled EUR 35.9 million at end-2023 vs. EUR 18.2 million at the end of 2022.

For almost 20 years, faced with the extent of the need for microfinance and its emergence in Africa, Societe Generale made the decision to support the sector and, through its intermediary, to help boost the local bank penetration rate for local people, micro-enterprises and SMEs with no access to traditional banks. The Group aims to double loans to microfinance organisations by 2025 (compared to 2021). At this stage, the Group has EUR 135 million in commitments, equating to 67% of the target of EUR 200 million by 2025.

## 2.4.3 BEING A RESPONSIBLE EMPLOYER

Well-being at work, equity, inclusion and professional development are all essential to strengthen employee engagement and boost performance.

Being a responsible employer is a priority in the Group's 2023–2026 Strategic Plan, which sets out its diversity and equity ambitions with the goal of:

- achieving a percentage of women in senior leadership positions of at least 35% by 2026;
- allocating EUR 100 million to reduce the gender pay gap.

In 2023, Societe Generale defined its Responsible Employer strategy, one of the pillars of the Group's CSR strategy. It includes three key objectives:

1. ensure that each employee has the opportunity to realise their full potential by offering:
  - a rich and varied array of training options with a firm emphasis on a core programme of CSR, digital transformation and innovation modules to quickly ramp up skills across the Group's talent pool so that employees can play a pivotal role in the Bank's CSR transformation;

- tailored career and skills management policy to offer each and every one of our staff the right opportunities to improve their profile, increase the internal mobility rate and control staff turnover. The Group offers reskilling programmes for employees to facilitate them to move into new positions in the Group in growth areas or where there is a skills shortage.
2. offer a satisfying, fulfilling and efficient workplace to attract and retain talent:
    - from remote working arrangements to the many employee benefits, the ultimate aim is to emphasise the well-being and working conditions of our staff, wherever they work in the Group;
    - the Diversity, Equity & Inclusion policy helps create an environment that respects individual differences. The Group's commitments include eliminating discrimination (including on the basis of disability) and it is taking steps to eliminate the gender pay gap and increase the percentage of women in senior leadership positions.
  3. promote employee engagement by strengthening the culture of dialogue (speaking out and listening) or bringing staff on board with solidarity initiatives.



## 2.4.4 ANCHORING A CULTURE OF RESPONSIBILITY

### Ethics and conduct

The Group's Code of Code describes its commitments to all stakeholders (clients, employees, investors, suppliers, supervisory bodies, the general public and civil society), as well as the principles underpinning the individual and collective behaviour it expects. The Group's approach to ethics and conduct is founded on its values: team spirit, innovation, responsibility and engagement. The Code of Conduct refers directly to the whistleblowing procedure which forms part of the mechanism to combat inappropriate behaviours.

Culture and Conduct is the joint responsibility of Compliance and Human Resources and a central part of Group governance. A Culture and Conduct report is submitted to General Management and the Board of Directors on an annual basis. Since June 2023, Culture and Conduct have been an agenda item on a quarterly basis for the Executive Committee Meetings.

In 2023, Societe Generale distributed a Speak-up framework document to all staff, together with information on how to learn more (workshops, training for Culture and Conduct correspondants, etc.).

Each year, a training programme around the Code of Conduct has been rolled out to all employees in all countries in which Societe Generale operates. In 2023, this training was further strengthened with a new Ethics and Conduct component (see chapter 5 "Rolling out a Code of Conduct underpinned by shared values and human rights", page 332).

### Incorporating CSR at the highest level of governance

Maintaining high standards of governance by fostering a culture of responsibility is a priority of the Group's CSR strategy. In a competitive and rapidly-changing banking ecosystem, Societe Generale has long been working to bolster its culture, based on its values, its Code of Conduct and its Leadership Model. The Group has set ethical principles and ensures they are adhered to by each and every employee. By complying with ethics regulations and obligations and implementing its own commitments, Societe Generale intends to take practical steps and anchor a position of responsibility.

Managing ESG risks is addressed at the highest level of Group governance. The Board of Directors approves the CSR strategy based on General Management's recommendations. It oversees implementation of the strategy through specialist Committees tasked with working on specific ESG topics within their area of competence. The Board is assisted in this work by a non-voting Director with a mandate across the full range of ESG matters and whose term runs to May 2025: this director has a particular expertise in the challenges of the environmental transition.

The ESG criteria taken into account to determine executive remuneration are decided every year by the Board of Directors. Stricter criteria were applied this year (see Chapter 3, page 114).

Within General Management, a Deputy General Manager supervises the full range of ESG matters and their implementation by Group businesses. The Sustainable Development Department reports directly to General Management. Implementation of the Group's climate strategy is overseen by a number of supervisory Committees (including the Responsible Commitments Committee and the Group Risk Committee), chaired by General Management. The Group set up two

new Committees in 2023, the Group Client Acceptance Committee, and the Complex Transactions and Reputation Committee, tasked with decisions on client relations and transactions that involve certain risk or complexity criteria, with a remit that includes addressing ESG factors (see chapter 5 "Incorporating CSR at the highest level of governance", page 328).

### Embedding an ESG culture across the Group

Making ESG an integral part of the strategic roadmaps for all Group businesses is now well established under the "Building together" programme. In 2023, the Group put together an ESG maturity matrix tailored to all its Business Units and Service Units. The tool is designed to assist them to manage their ESG transformation guided by six key priorities to align with the Group's overall ESG goals.

Nurturing an ESG culture requires an extensive training and awareness drive. Societe Generale is currently rolling out a vast CSR training plan to embed cultural change aimed at all personnel. The plan includes support tailored to five levels from "Basic" to "Expert" and spans a full range of subjects, including climate change, managing environmental and social risks, sustainable finance, the circular economy and more. Furthermore, the Group is committed to the large-scale roll-out of Climate Fresque workshops and aims to have trained 30% of staff by the end of 2024. Over 25% of staff had completed the training course at the end of 2023, with the percentage reaching 95% for Group Ambassadors (the top 1,400 managers in the Group).

The CSR Reskilling programme is an example of how the Group is giving employees keen to move to new positions access to deeper insights and training to facilitate them to change career or to acquire the type of specialist ESG skills now in demand for an increasing number of positions. The Reskilling initiative is another plank in the overall culture-change approach and part of the Group's career management policy.

Lastly, the Group also organised a series of talks with keynote presentations on central transition topics.

### Responsible finance and commitments

Responsible finance goes beyond compliance with laws and regulations. This is why Societe Generale Group incorporates voluntary commitments into its ethical reference framework. These commitments have a dual purpose. First, they aim to limit all our potential direct negative environmental and social impacts. Second, they help to encourage transactions and clients with a positive impact for sustainable development.

The Group is determined to meet and manage its commitments, providing full transparency. It contributes to setting standards and methodologies for financial institutions.

The Group's Environmental and Social (E&S) Principles and sector-wide policies provide an overall framework to ensure respect for fundamental human rights and the environment. These policies and principles implement standards applicable throughout the Group for 10 sectors. In 2023, three sector policies were updated to reflect and set out in greater detail the operational implications of the new alignment targets defined during the year.

## ESG by design programme

The ESG by Design programme launched at the end of 2022 to further the Group's transformation is making progress with its roadmap. The main Programme objectives are to:

- implement ESG objectives in all Group operations and make ESG even more central to internal processes;
- ensure the Group complies with its regulatory obligations and fulfils its voluntary commitments by developing the methods, processes and tools needed to manage them, with a focus on incorporating climate and environmental risks in the Group's risk management;
- optimise operational efficiency by scaling up ESG processes and building the infrastructure from ESG data capture to client and transaction assessment to reporting.

Changes delivered by the Programme in 2023 led to (i) improvements to financial security tools with functions to handle exclusions or ESG controversies, which should see the processes deployed in 2024; (ii) the definition of a standard process at Group level for analysing a corporate client's ESG risks; (iii) the addition of an ESG rating (Corporate Climate Vulnerability Indicator v.2) to the credit rating tool

## 2.4.5 ACTING AS A RESPONSIBLE BUSINESS

### Reducing the carbon footprint of the Group's activities

The Group is committed to cutting its own carbon emissions by 50% in the period 2019 to 2030 by focusing on the energy required for its premises, IT, air travel and its fleet of cars. At the end of 2023, the Group was on course to achieve the target with a reduction of 34% from 2019 levels. Over several years, the Group has been increasing the share of renewable electricity in its total energy consumption through Guarantees of Origin and Power Purchase Agreements (PPA), which cover all the Group's corporate centre buildings and the SG network in France. The share of green energy in Group electricity consumption was 68% in 2023. Beyond energy supply, the Real Estate Division is working with all sites in France and abroad to improve the Group's building energy efficiency and successfully obtained building environmental performance certifications, including BREEAM and HQE.

At end-2023, the Group was pushing further ahead with its commitment to rid the workplace of single-use plastics, targeting a total ban by end-2025. At the end of 2023, major headway in the initiative was achieved in France.

### Responsible sourcing

The Sourcing Function integrates ESG elements into how it fulfils its role. Societe Generale's responsible sourcing policy has been bolstered in recent years to consistently take environmental and social factors into account in procurement. In 2022, the French National Ombudsman (*Médiation des entreprises*) and National Procurement Council (*Conseil national des achats*) renewed the Group's Responsible Sourcing and Supplier Relations certification for three years. Furthermore, the Group also achieved its target in 2023 for expenditure in the SSE (Social and Solidarity Economy) for EUR 14 million.

to assess a company's vulnerability to climate transition risk; (iv) operational implementation of portfolio alignment decisions by updating origination guidelines and setting up a monitoring system. The programme also strengthens the process of producing internal management indicators and external ESG reporting. In addition, the Group upgraded data collection, reference documents and its information systems.

To ensure a coordination and cross-functioning across the Group the Programme works with the Finance Department on the forthcoming Corporate Sustainability Reporting Directive (CSRD): a project manager was appointed to lead this work, under the sponsorship of the Finance Department.

### Societe Generale Foundation

For 2023, the Group also announced it was stepping up its philanthropic work: it increased the Societe Generale Foundation's budget giving it more scope to support culture, education and improving access to employment. Through a new large-scale partnership agreed with The Ocean Cleanup, the Group will work towards protecting the oceans to help rid them of plastic pollution.

### External recognition

Societe Generale Group has won a raft of plaudits for its ESG commitments and sustainable finance. In 2023 Societe Generale was awarded "Bank for Sustainability" by the International Financial Review (IFR). In a back-to-back win in 2023, Societe Generale was acclaimed by Euromoney for having the World's Best Bank Transition Strategy and by Global Finance as the Best Investment Bank for Sustainable Financing. It was also awarded the distinction of Best SME Bank in Africa by Global Finance.

In France, Societe Generale is accredited by "*Engagement Jeunes*" for its commitment to young people.

On the real estate side, Sogeprom, the Group's real estate development subsidiary, was named by *Grand Paris Aménagement*, a public development grouping for the greater Paris region, as the developer with the best CSR offering and the best response to tackling CSR challenges.

Boursorama was certified a B Corp in March 2023. This certification attests that Boursorama meets the B Lab® independent body's stringent standards in terms of social and environmental impact, transparency and responsibility. Committed to pursuing its CSR approach, BoursoBank intends to simplify banking, give its clients more spending power and take an active and responsible part in their environmental transition.

### Group's extra-financial ratings

Societe Generale's commitment to sustainability is recognised by extra-financial ratings agencies. The Group again rated highly in 2023 across the board and across the three Environmental, Social and Governance segments, reflecting the depth of its commitment and the quality of its actions to promote sustainability.

Extra-financial ratings agency Sustainalytics upped the Group's rating this year to 19.6, placing the Group in the "Low Risk" category defined by the agency.

## 2.5 SIGNIFICANT NEW PRODUCTS OR SERVICES

### 2.5.1 SOCIETE GENERALE ASSURANCES AND TIKEHAU CAPITAL LAUNCH AN INNOVATIVE INVESTMENT SOLUTION CONTRIBUTING TO THE REDUCTION OF GREENHOUSE GAS EMISSIONS

#### Press release, 7 February 2023

*Societe Generale Assurances and Tikehau Capital, alternative asset manager, announce a partnership for the launch of SG Tikehau Dette Privée. This unit-linked support, unprecedented on the French market, offers individual investors the opportunity to finance selected French and European unlisted companies while supporting the reduction of their greenhouse gas emissions.*

An alternative source of financing to traditional bank loans and bond issuances on the financial markets, private debt is a source of financing increasingly used by unlisted companies to support their growth. Initially reserved for institutional investors, this investment strategy is now accessible to individual investors through this innovative support.

The support makes it possible to invest in the debt of French and European SMEs and medium-sized companies with a strong territorial footprint, to support them in their development (growth, acquisition, international deployment, etc.).

By only financing companies making a commitment to reduce their greenhouse gas emissions, SG Tikehau Dette Privée presents an ambitious low-carbon strategy, aligned with the objectives set by the Paris Climate Agreement<sup>(1)</sup>.

In addition, in order to have a concrete influence on the environmental policy of companies:

- each financed company must commit to a decarbonisation trajectory based on the SBTi<sup>(2)</sup> reference methodology proposing a concrete application of the Paris Agreement.

Throughout the financing period, an independent audit will annually assess compliance with this trajectory and, depending on the results, will adjust the financing conditions granted to the Company.

Distributed today by Societe Generale Private Banking France, this Article 8 Unit of Account (SFDR)<sup>(3)</sup> will be available for 24 months on Life Insurance policies insured by Societe Generale Assurances. SG Tikehau Dette Privée is an FCPR<sup>(4)</sup> offering easy access to institutional quality assets from EUR 5,000 with a risk level of 4 out of 7 (SRI<sup>(5)</sup>). Its lifespan is ten years, but the capital invested in unit-linked support is available at any time thanks to liquidity provided by Societe Generale Assurances.

“We are very pleased with this partnership with Societe Generale, which underlines our pioneering position in private debt and sustainable financing. It is essential that the asset management sector plays its role in directing French savings towards the financing of companies and the real economy. Contributing to the achievement of the objectives set by the Paris Agreement is a priority of our roadmap: it is important for Tikehau Capital to take part in the launch of innovative solutions promoting the reduction of greenhouse gas emissions by companies while providing them with financing to support their growth” says Antoine Flamarion, co-founder of Tikehau Capital.

“Relying on the expertise of Tikehau Capital, Societe Generale Assurances continues to enrich its savings offer. This innovative and liquid investment solution will allow our clients to invest in a selection of around fifty companies and marks a new stage in our desire to democratise access to real assets. The launch of this unique support is, moreover, a new illustration of our desire to take concrete action in favor of ecological transition and regional development. Our development ambitions are strong, given the resolutely committed positioning of this offer in favor of reducing greenhouse gas emissions” adds Philippe Perret, Chief Executive Officer of Societe Generale Assurances.

(1) International treaty on climate change mitigation and adaptation aimed at limiting global warming to below 2 °C, preferably 1.5 °C, above pre-industrial levels.

(2) Science-Based Target initiative (SBTi) is aimed at companies and has set itself the objective of piloting “ambitious climate action” by offering them to make their transition to a low-carbon economy a competitive advantage.

(3) The support promotes environmental and social characteristics (“Article 8”) within the meaning of European Regulation (EU) 2019/2088 known as Sustainable Finance Disclosure (SFDR).

(4) Mutual Fund for Risk Investment managed by Tikehau Investment Management, a management company of the Tikehau Capital group, and exclusively accessible within Unit-Linked (UC) life insurance policies.

(5) Synthetic Risk Indicator.



## 2.5.2 SG TEAMS UP WITH HELLO WATT TO FACILITATE THE ENERGY RENOVATION OF ITS CUSTOMERS' HOMES

### Press release, 13 February 2023

To meet the support and financing needs of its individual customers, SG is launching a new system, in partnership with Hello Watt<sup>(1)</sup>, to facilitate the energy renovation of their property.

SG has partnered with Hello Watt to develop end-to-end, free support, from the study of the energy project to the financing of the works, including the management of aid as well as the carrying out of the works with a network of certified artisans.

Customers can thus, through their SG adviser or directly on the SG x Hello Watt platform, be put in touch with a Hello Watt renovation expert to:

- receive a technical and economic study identifying the relevant renovation works for their accommodation, their sizing and their profitability;
- benefit from a network of certified and audited professionals to carry out the work;
- entrust the management of State premiums and administrative procedures to this expert;

- and monitor the reduction of their post-work energy consumption directly in the Hello Watt application.

At the same time, the SG advisor offers its clients green financing solutions such as the Espresso Développement Durable loan. This is a reduced rate loan, simple, fast and scalable, to finance work promoting energy savings in their main, secondary or rental residence.

“Thanks to this partnership with Hello Watt, we offer individuals an innovative and integrated offer for the energy renovation of housing, complementary to our financing offers. SG thus confirms its ambition to support the ecological transition and the sustainable development of its customers and regions” says Véronique Loctin, CSR Director of the SG network in France.

“We are delighted to be able to provide SG customers with all of Hello Watt’s expertise in energy renovation and self-consumption solar, in a context where energy prices will continue to rise sharply, and where colander energy sources are gradually becoming prohibited for rental” adds Sylvain Le Falher, Co-founder and CEO of Hello Watt.

## 2.5.3 CASH SERVICES, THE NEW ATM SERVICE BRAND

### Press release, 15 February 2023

At the end of 2023, BNP Paribas, Crédit Mutuel Alliance Fédérale and Societe Generale will launch Cash Services, a complete range of local banking services common to the four banking brands: BNP Paribas, Crédit Mutuel, CIC and SG.

This ATM modernisation and pooling project will be operated by 2SF (Société des Services Fiduciaires), the new company common to these banking groups.

Cash Services will be gradually rolled out to all ATMs from Q4 2023 until the end of 2025, whether they are located in bank branches or in other public spaces (shopping centres, train stations, etc.).

Cash Services will be a service brand specific to ATMs and easily identifiable for customers of the four brands.

Cash Services will guarantee all customers of partner banking brands free access to an expanded range of services to meet four objectives:

- considerably strengthen the local offer for customers of the four brands (up to three times) while maintaining the environment and all the services of their bank: the possibility of withdrawing or depositing banknotes and coins, to deposit checks, to consult its balance or to publish an original bank account certificate, etc.;

- sustainably perpetuate the self-service banking to which the French are attached, in both urban and rural areas; testifying to the territorial and relational commitment of the four participating brands;
- respond to the new expectations and new needs of individual, professional and corporate customers, in particular through the modernisation of the ATM;
- reduce the environmental footprint of automats thanks to the optimisations carried out on the geographical locations of automats, particularly in urban centers or with latest generation equipment that consumes less energy.

Key items:

- a unique alliance for the vitality of all territories, rural and urban;
- a large-scale ATM modernisation project serving the customers of four major brands;
- 1<sup>st</sup> project in France of this scale – between three major French banking groups;
- 99% of the metropolitan population has a “cash withdrawal” service less than 15 minutes away by car.

(1) Specialist in energy renovation, member of the French Tech Green20 program and supported by the Ministry of Ecological Transition.

## 2.5.4 CITIZEN CAPITAL AND SB FACTORY LAUNCH CITIZEN CIS, THE FIRST INDEPENDENT IMPACT CONTRACT FUND

### Press release, 14 March 2023

*Impact investment pioneer Citizen Capital is partnering with SB Factory, an expert firm in social innovation, to finance innovative projects led by social and environmental operators, as part of the innovative impact contracts scheme. The fund, endowed with EUR 14 million, is subscribed by the European Investment Fund and SG as well as several foundations, families and private individuals.*

The Impact Contract is a partnership between the public and private sectors designed to finance social and environmental projects that respond to a public policy issue such as mental health, sustainable integration into employment to combat recidivism, food waste or waste management, etc. Thanks to the raising of private funds and the involvement of multiple stakeholders, these contracts allow the large-scale development of solutions as close as possible to the needs of the territories, which can contribute to improve public policies.

### AN APPROACH FOCUSED ON AVOIDED COSTS TO THE COMMUNITY

Currently endowed with EUR 14 million, Citizen CIS will finance projects labeled by the State aiming at predefined impact objectives and measured by an independent evaluator, on the following three themes: Equal opportunities with the Ministry of the Economy, Innovation for employment with the Ministry of Labour and Circular Economy with Adème.

This new funding channel allows the State to develop an approach focused on results and avoided costs for the community rather than on means. The Citizen CIS fund will increase the social and environmental impact of around ten projects through unit investments of up to EUR 1.5 million.

“The fund offers subscribers the opportunity to participate in very high-impact projects in a logic of capital preservation. By benefiting

from the reimbursement of their investment, subscribers will be able to reinvest in another project and thus multiply the impact of the euro invested. It is a new path between philanthropy and traditional investment,” explains Laurence Méhaignerie, President of Citizen Capital.

The CIS fund is the sixth fund managed by Citizen Capital, whose “pioneering” mission since 2008 is to finance and support projects with a strong social or environmental impact. The co-founders of SB Factory, Pauline Heuzé and Marion de la Patellière stress that “Impact Contracts create a unique space for exchange between project leaders, financiers, public payers and evaluators, they are an accelerator of innovation for the public authorities”.

### POOLING THE BEST SKILLS TO SOLVE SOCIETAL PROBLEMS

Citizen CIS is subscribed by a dozen financiers, including the European Investment Fund, SG, the Nexity Foundation, the Indosuez Foundation and the Sycamore Foundation as well as several families and entrepreneurs, including Cédric Sellin, entrepreneur and investor, who considers that “The CIS fund has the very rare opportunity to invent a new partnership model between social and environmental operators, the public sector and the investment world. Its success will be an opportunity to pool the best skills of each actor to solve large-scale societal problems. For me, investing is a risk worth it in the hope of a better world for future generations.”

“For 25 years, we have been supporting social economy actors who act directly in the territories. Our investment in the Citizen CIS fund is an important step in our commitment. We are convinced that impact contracts are an effective lever for public transformation. This fund is thus a formidable accelerator of initiatives with impact on the ground,” explains Marie-Christine Ducholet, Director of the SG network in France.

## 2.5.5 SOCIETE GENERALE PARTNERS WITH WORLD-LEADING START-UPS TO BOOST SUSTAINABLE AND POSITIVE IMPACT FINANCE

### Press release, 4 April 2023

*Eleven new Sustainability-focused start-ups joined Societe Generale's flagship Global Markets Incubator (GMI) dedicated to developing ground-breaking solutions for the financial industry. From a selection pool of over 140 applicants, these start-ups are addressing some of the finance industry's biggest ESG concerns, including carbon emissions quantification, impact tracking and measurement, Voluntary Carbon Markets (VCM) and Biodiversity.*

Hacina Py, Group Chief Sustainable Officer, explains: “We are proud to welcome within our GMI's programme these promising start-ups focused on positive impact, which is at the heart of Societe Generale's ambitions. This cohort reflects the importance of innovation as a leverage for sustainable finance to the benefits of our business and our clients.”

Aspiration, Emmi, BeZero Carbon, Enmacc, Regrow, Net Purpose, Simpl, Greenscope, YvesBlue, Arboretica and allcolibri will participate in a six-month programme to rapidly advance, test, deploy and expose their products and services to Societe Generale's business

environment. The Bank initially launched the GMI programme in 2018 to boost start-ups collaborations, mix expertise and deliver innovative solutions to capital markets.

This year, the Group doubled the number of participants and welcomed its first Sustainability-focused cohort, in support of its offering for corporate, financial institution and private investor clients, who will benefit from innovative solutions adapted to their ESG goals.

Isabelle Millat, Head of Sustainability for Global Markets, adds: “In the global markets industry, innovation is crucial to offer new solutions to our clients, customised to their needs that evolve very quickly, specifically regarding ESG concerns. GMI is a powerful accelerator to answer these needs.”

Following the programme, successful companies will see their solutions implemented across the bank or exposed to clients, as Societe Generale supports them on their path to growth. Partnerships with upcoming start-ups provide an exciting opportunity to collaborate in effective ways to support positive impact finance in these key areas:

## FINANCIAL CARBON METRICS

Corporate carbon footprint is currently at the heart of investment decisions. A growing number of companies now reports their greenhouse gas (GHG) emissions and assesses their contribution to climate change risks. Data remain still often complex, non-standardised or incomplete data, and Societe Generale's role is to help investors evaluate the progress that companies make to achieve carbon emissions reduction and deliver an impact.

- With Emmi.

## VOLUNTARY CARBON MARKETS (VCM)

The Voluntary Carbon Market (VCM) is gaining importance in the transition to net zero to offset non-abatable emissions by offering for example opportunities to develop nature-based solutions projects. The market, however, faces several challenges, like certification methodologies, liquidity and price transparency. Some project developers also still lack access to finance due to market opacity and a low investor risk appetite.

- With Aspiration, BeZero Carbon, Enmacc.

## IMPACT INVESTING AND FINANCING

The search for positive social and environmental impacts is at the heart of the decisions of a growing number of investors or lenders, who aim to accelerate the transition of companies.

Leveraging its own deep sectorial expertise, Societe Generale has strong expectation from these collaborations to allow rapid progress in the areas of risk management, analytics, insights generation and distribution, across all asset classes in listed and private markets.

- With Net Purpose, Simpl, Greenscope, YvesBlue, Arboretica, allcolibri.

## BIODIVERSITY

While net zero commitments represent a big step forward in the decarbonation trajectories, it is also important to bear in mind the major challenges of preserving biodiversity and ecosystems. Societe Generale can take concrete actions in favour of biodiversity through dedicated banking solutions and looks to further develop its offering by proposing innovative services.

- With Regrow.

Antoine Connault, Head of Global Markets Incubator, explains: "Whether the challenge is climate change, positive impact or governance-related matters, the GMI's programme offers a very exciting opportunity to work with top-of-the-class companies and develop out-of-the-box thinking. We look forward to building strong partnerships through the programme!"

## 2.5.6 SOCIETE GENERALE AND LEMONWAY ARE PARTNERING TO SUPPORT THE GROWTH OF B2B MARKETPLACES OF EUROPEAN LARGE CORPORATES

### Press release, 11 April 2023

*Societe Generale, one of the leading European banking groups, and Lemonway, a cross-European payment institution licensed by the ACPR, are signing off a commercial agreement to provide payment services to large West European Corporates that launch their B2B marketplaces. Those two key actors with complementary approaches commit themselves to serve a fast-growing market with requirement not yet fully covered.*

Numerous companies accelerate their digital transformation, becoming crucial to satisfy customer needs and ensuring their B2B revenue growth. In this context, the launch of B2B marketplace allows to improve the payment experience, to sustain globalisation, to create value and optimise the commercialisation and distribution of e-commerce.

Societe Generale keeps on supporting its clients in their digital transformation by associating with Lemonway. As an expert in this sector, Lemonway proposes a modular and turnkey solution for their B2B marketplaces. It includes payment solutions and other strategic services such as identity check, payment account opening and monitoring flows for beneficiaries. Thus, B2B marketplaces actors will be able to manage complex transaction flows, applying with highest regulatory standard. The technical implementation of this partnership will be soon effective in eight European countries (France, Italy, Spain, Belgium, Netherlands, United Kingdom, Switzerland and Germany).

This innovating partnership uses Lemonway expertise concerning third party account payment, combined with the strength and security of Societe Generale in terms of cash management.

Trustful banking partner for its clients' growth, Societe Generale completes its e-commerce panel of solutions, through investments or active partnerships. Lemonway consolidates its position towards western european large corporates.

"Societe Generale is proud to announce its commercial partnership with Lemonway, whose expertise and tailor-made approach perfectly match with our DNA. This partnership enables us to accompany their clients in their digital transformation by proposing payment solutions always more comprehensive and innovating, in adequation with large corporates specific needs for their B2B marketplaces. It illustrates the Societe Generale long-time strategy to cooperate with fintechs to innovate to serve our clients" – Alexandre Maymat, Head of Global Transaction and Payment Services at Societe Generale.

"Lemonway is proud of associating with an international bank like Societe Generale. Its service-oriented approach for corporates combined with our payment expertise for third party payments perfectly matches with fast-growing market needs. Together we propose to B2B marketplaces a secured and compliant payment experience that enables our clients to accelerate their development" – Antoine Orsini, Chief Executive Officer at Lemonway.

## 2.5.7 SG LAUNCHES THE SOLAR PACK TO SUPPORT ITS CORPORATE AND INSTITUTIONAL CUSTOMERS FROM END TO END IN THE INSTALLATION OF PHOTOVOLTAIC PANELS

### Press release, 27 April 2023

*To meet the economic and environmental challenges of companies, associations and local authorities customers, SG Bank is launching the Solar Pack: a solution for the installation of photovoltaic panels. The customer, accompanied by the diagnosis to the realisation of his project, can thus use or resell the electricity generated.*

As a partner in its clients' energy transition, the Bank offered them a solution to measure their carbon footprint in 2022. Today, with the Solar Pack, SG supports them in the installation of photovoltaic panels and advises them throughout the duration of the project:

- the Bank identifies the need and estimates the feasibility of the project. Thus, the project managers will use a new tool, resulting from the partnership between SG and namR, a startup specialised in the production of data on buildings and their environment. The tool is based on enriched, precise and usable data (concerning the terrain, the sunshine rate, the materials, the building, etc.) to provide an overall and realistic vision of the project;
- in order to carry out an in-depth study, SG puts the client in touch with partners, selected after a rigorous process, recognised for their expertise and the quality of their services: Apex Energies, Legendre Energie and Sunopée (Léon Grosse Énergies Renouvelables);
- finally, the SG project manager can offer an Environmental and Social loan to finance the implementation of the operation.

The Solar Pack, which embodies one of the Bank's ambitions to support the ecological transition of regions and their ecosystems, allows customers to act on:

- the reduction of the carbon footprint related to the electricity consumption of their buildings, which is in line with the objectives of the NLCS (National Low Carbon Strategy);
- the valuation of their real estate assets;
- securing part of their energy bill thanks to the two possible valuations of photovoltaic electricity: total or partial self-consumption, or injection into the grid to resell their production;
- the compliance of their buildings with all the regulations in force (Tertiary Decree, etc.).

"In line with the ambition of SG, the Solar Pack responds responsibly and innovatively to the expectations of our companies, associations and local authorities customers, who want concrete support in their environmental issues. Thanks to the expertise of our partners, recognised in the field of solar and data, we advise our clients in their CSR approach and the implementation of their energy transition projects," says Véronique Loctin, CSR Director of the SG Network in France.

## 2.5.8 FRANFINANCE LAUNCHES FRANFIPAY, AN INNOVATIVE MEDIUM TERM CREDIT OFFER THROUGH E-COMMERCE CHANNELS

### Press release, 8 June 2023

In order to meet the new challenges of e-commerce, Franfinance, a specialist consumer credit subsidiary of Societe Generale, announces the launch of Franfipay, an innovative fully digital and secure financing solution, accessible by individuals via the site of merchant partners from Franfinance. Franfipay is now one of the fastest solutions on the market for financing online purchases over a period of up to 60 months and for amounts from EUR 100 to EUR 30,000.

Long-term financing, the key to the continued development of e-commerce

In its 2022 e-commerce report, the FEVAD (Federation of e-commerce and distance selling) reveals that more than 10,000 merchant sites were created in 2022. The study also indicates that the number of transactions carried out on the internet and the price of the average basket spent online increased by 6.5% and 6.9% respectively compared to 2021. "Consumers expect from e-commerce the same financing facilities as those available in stores for capital goods (large household appliances, home improvement, etc.). Long-term financing is the *sine qua non* condition for the continued development of e-commerce. Our new Franfipay long-term financing offer is the ideal response to this challenge because it allows e-merchants to offer assigned credit from their website, which meets the strictest regulatory requirements, with remote subscription, to enable their customers to finance their purchases online", explains Frédéric Jacob-Peron, Managing Director of Franfinance.

### FRANFIPAY, AN INNOVATIVE FINANCING SOLUTION TO INCREASE THE CONVERSION RATE OF ONLINE SALES

With the ambition of becoming the benchmark for long-term e-commerce credit, Franfinance provides Franfipay e-merchants with all the tools to enable them to offer financing adapted to the baskets of their customers:

- payment facilities in three and four instalments free of charge, for amounts less than EUR 4,000, with implementation in the customer journey of e-commerce sites simplified thanks to the use of API-type technologies;
- a long term credit offer with financing for online purchases over a period of more than four months and up to 60 months; and for amounts from EUR 1,000 to EUR 30,000. Subscription is done in a few minutes and consumers will be able to receive a firm and definitive answer within a short time (on average within 24 working hours and within a maximum of 48 hours). The entire course is completely dematerialised and completely secure.

Co-constructed with Franfinance partners and compatible with all e-commerce sites, Franfipay limits the risk of fraud (in particular through the use of facial recognition) and also the risk of non-payment.

Finally, the installation of the solution is quick, the simple customer journey adapts to the colors of the merchant site to preserve the customer experience.

This initiative is part of a broader strategy of the Societe Generale Group to build a complete and innovative offer for e-merchants.

## 2.5.9 SOCIETE GENERALE TAKES A PARTICIPATION IN POLESTAR CAPITAL CIRCULAR DEBT FUND TO ACCELERATE ITS SUPPORT TO THE CIRCULAR ECONOMY

### Press release, 29 June 2023

Polestar Capital announces the acquisition of a stake by Societe Generale Amsterdam in Polestar Capital Circular Debt Fund, the sole debt fund in Europe dedicated to the circular economy. This participation and related commercial partnership will support innovation and help scale up circular economy projects and solutions.

The Polestar Capital Circular Debt Fund (PCDF), launched in 2022 and based in the Netherlands, provides non-dilutive funding to companies with circular economy principles at their core. It targets fast-growing markets addressed by circular models in areas such as biomass waste, biomolecules, plastics pollution processing, and sustainable construction and man-built environment.

Financing circular economy projects, though urgently required, remains a challenge because of applicable regulation, exposure to new technologies and new markets, and the relatively small scale of investments. This partnership aims to establish a continuity of financing solutions for circular ventures, with a first level of debt support provided by PCDF early on and a smooth transition to Societe Generale for their next stages of development.

Marie-Aimée Boury, Head of Impact Based Finance at Societe Generale Corporate & Investment Banking says: "Supporting the circular economy is crucial in the fight against climate change and biodiversity

loss. It also builds long term resilience and cost-effectiveness into our clients' business models and across their value chains. We're very happy to partner with Polestar Capital whose expertise will accelerate our involvement in this new market segment and support our clients in their positive impact transformation."

Jan-Willem König, CEO of Polestar Capital adds: "The fund finances innovative circular breakthrough technologies that require relatively large sums of capital and that take time to realise positive cashflows. Financing such companies is complex within the context of traditional credit processes and banking regulations. In the meantime, we don't have the luxury to be patient in scaling sustainable circular technologies, as we need to reduce our emissions and pollution rather sooner than later.

We are therefore very pleased with the combined investment of Societe Generale in the fund, as well our partnership for the mutual financing of the further upscaling of circular innovators. This combination allows us to already support circular companies in a phase not yet suitable for traditional bank financing, but also connects the borrowers of the fund with a partner that may finance the roll-out of their circular technology. We believe the partnership is an important step for the further acceleration of the transition to a circular economy, in the Netherlands and beyond."



## 2.5.10 SOCIETE GENERALE AND BROOKFIELD PARTNER TO LAUNCH A EUR 10 BILLION PRIVATE DEBT FUND

### Press release, 11 September 2023

*Global partnership brings large-scale private capital to investment grade market while giving investors access to high quality real asset credit opportunities.*

Societe Generale and Brookfield Asset Management today announced a strategic partnership to originate and distribute high-quality private credit investments through a private investment grade debt fund. The initial fund is targeting a total of EUR 10 billion over the next four years and will launch with EUR 2.5 billion of seed funding at inception.

The fully integrated vehicle with origination and distribution capabilities, will provide issuers with tailored investment grade financing options and investors with differentiated high-quality investment opportunities. In particular, the fund is expected to meet the needs of insurance companies with investment-grade products tailored to meet their ratings and duration requirements.

Founded on a strong and long-standing relationship between Societe Generale and Brookfield, the partnership will leverage both companies' origination capabilities, deep operating expertise, and real asset knowledge, as well as strong institutional relationships to bring additional value to their respective clients and shareholders. It will also allow Societe Generale and Brookfield to significantly increase their footprint in financing the global economy over time by providing large scale commitments with differentiated forms of capital.

Slawomir Krupa, CEO of Societe Generale, said: "We are delighted by this partnership, which provides an entirely new answer to the growing demand for private debt and will have a positive impact on the real economy while simultaneously scaling up Societe Generale's origination and distribution capabilities. This pioneering approach represents a unique alignment of interests between two leading players in their respective fields."

Bruce Flatt, CEO of Brookfield, commented: "We're excited to bring our own capital and our institutional client capital to unlock a tremendous opportunity within the investment grade market to support critical industries that underpin the global economy. We look forward to being a partner of choice for borrowers looking for bespoke scale capital and to institutions seeking exposure to investment grade private credit."

The seed fund will focus on two strategies: one for real assets credit across the power, renewables, data, midstream and transportation sectors, and another one for fund finance. The partnership is expected to develop over time across strategies and investment structures, leveraging Societe Generale's and Brookfield's wide origination capabilities and deep relationships with institutional investors as well as insurance and credit syndication clients.

## 2.5.11 SOCIETE GENERALE AND EIT INNOENERGY JOIN FORCES TO ACCELERATE THE SUCCESSFUL LAUNCH OF NEW INDUSTRIAL CHAMPIONS AND BOOST THE ENERGY TRANSITION

### Press release, 5 September 2023

*IT InnoEnergy, the leading innovation engine in sustainable energy, today announced the entry of Societe Generale into its pool of strategic investors: EIT InnoEnergy secures over EUR 140 million in private placement round. InnoEnergy and Societe Generale also signed today a strategic long-term cooperation agreement.*

The aim of this strategic partnership is to help accelerate the development of InnoEnergy's current portfolio of 200 startups and support its strategy of large industrial actors building such as Verkor, Gravithy, Holosolis or FertigHy. Societe Generale will support them in their growth by providing valuable access to its full range of financing and advisory services and to its own eco-system of clients and investors.

InnoEnergy currently has a portfolio of 200 companies, three of which are unicorns, on track to generate EUR 110 billion in revenue and save 2.1 G tonnes of CO<sub>2</sub>e accumulatively by 2030. Collectively, these companies have raised EUR 9.7 billion in investment to date.

Karine Vernier, CEO of EIT InnoEnergy France said: "The objectives of the private placement have been delivered. New strategic players have joined InnoEnergy's outstanding cap table, several shareholders have reinvested, and altogether we have secured sufficient fresh financial resources to double our on-going impact. The accelerated energy transition in Europe and in the world, and an increased re-industrialisation ambition in the western world are unique

opportunities for InnoEnergy, its portfolio companies, and our trusted ecosystem partners. We have geared up for the journey ahead. We are in a mission since 2010, and we continue delivering."

Demetrio Salorio, Head of Global Banking and Advisory at Societe Generale said: "Societe Generale is pleased to invest in InnoEnergy and support the development of its eco-system of startups and industrial projects. Financing emerging leaders developing innovative and responsible solutions, such as InnoEnergy, is key for Europe's reindustrialisation and sustainable growth. This is a strong testimony of Societe Generale's commitment to sustainable finance."

EIT InnoEnergy operates at the centre of the energy transition and is the leading innovation engine in sustainable energy. It brings the technology, business model innovation and skills required to accelerate the green deal, progress towards Europe's decarbonisation and re-industrialisation goals, whilst also improving energy security. Ranked as the most active investor in the energy sector in 2022 by Pitchbook, InnoEnergy backs innovations across a range of areas which include energy storage, transport and mobility, renewables, energy efficiency, hard to abate industries, smart grids and sustainable buildings and cities, amongst others.

Societe Generale, one of Europe's leading financial services groups and a major player in the economy for over 150 years, is committed to supporting its clients in the energy transition through dedicated financial solutions and is dedicated to contributing to sustainable finance with EUR 300 billion by 2025.

## 2.5.12 SOCIETE GENERALE ISSUES A FIRST DIGITAL GREEN BOND ON A PUBLIC BLOCKCHAIN

### Press release, 4 December 2023

**On 30 November 2023, Societe Generale issued its first digital green bond as a Security Token directly registered by SG-FORGE<sup>(1)</sup> on the Ethereum public blockchain with increased transparency and traceability on ESG data. Security tokens have been fully subscribed by two top tier institutional investors, AXA Investment Managers and Generali Investments, through a private placement.**

This transaction is the first digital green bond issued by Societe Generale to leverage blockchain's differentiating functionalities. This digital format enables increased transparency and traceability as well as improved fluidity and speed in transactions and settlements.

This inaugural operation is structured as a EUR 10m senior preferred unsecured bond with a maturity of three years. An amount equivalent to the net proceeds of this bond will be exclusively used to finance or refinance Eligible Green Activities, as defined in the Sustainable and Positive Impact Bond framework<sup>(2)</sup> of Societe Generale. The Societe Generale Group has been a recurrent issuer of Positive Impact Bonds since its inaugural issuance in the format in 2015.

**This is also a first step towards using blockchain as a data repository and certification tool for issuers and investors to foster transparency on ESG and impact data on a global scale.**

This digital green bond issue includes two key innovations which will be developed further:

- information on the carbon footprint linked to the digital bond infrastructure is available 24/7 in open access directly in the bond's smart contract.

This enables issuers and investors to measure the carbon emissions of their securities on the financial infrastructure. This innovation is a new service granted by SG-FORGE and follows the publication of its first full lifecycle carbon footprint report on Security Tokens;

- a new option opened to investors to settle securities on-chain through the EUR CoinVertible, the digital asset issued by SG-FORGE in April 2023, complementing traditional cash settlement solutions. While Central Bank Digital Currencies (CBDC) solutions are being experimented, this panel of settlement methods demonstrates the large capabilities of SG-FORGE in providing full spectrum of on-chain services.

**This transaction is a new illustration of the innovative services developed by Societe Generale on digital instruments.** It also contributes to enrich the Group's debt capital markets capabilities to meet corporate and institutional clients' demand for digital assets including ESG considerations.

The issuance of this bond demonstrates Societe Generale's commitment to drawing on its financial structuring expertise and on SG-FORGE's technological capabilities to contribute to building an innovative sustainable bond market.

(1) Societe Generale-FORGE (SG-FORGE) is a regulated subsidiary of the Societe Generale Group licensed as an investment firm and authorised to provide MiFID 2 investment services under the supervision of ACPR and registered as a Digital Asset Service Provider (DASP) with the AMF. SG-FORGE provides Digital Assets structuring, issuing, exchange and custody services.

(2) Link to Societe Generale "Sustainable and Positive Impact Bond" framework.

## 2.6 ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

### ASSETS

| <i>(In EUR m)</i>   | <b>31.12.2023</b> | <b>31.12.2022 R</b> |
|---|-------------------|---------------------|
| Cash, due from central banks  | 223,048           | 207,013             |
| Financial assets at fair value through profit or loss                   | 495,882           | 427,151             |
| Hedging derivatives   | 10,585            | 32,971              |
| Financial assets at fair value through other comprehensive income       | 90,894            | 92,960              |
| Securities at amortised cost  | 28,147            | 26,143              |
| Due from banks at amortised cost  | 77,879            | 68,171              |
| Customer loans at amortised cost  | 485,449           | 506,635             |
| Revaluation differences on portfolios hedged against interest rate risk | (433)             | (2,262)             |
| Insurance and reinsurance contracts assets                              | 459               | 353                 |
| Tax assets  | 4,717             | 4,484               |
| Other assets  | 69,765            | 82,315              |
| Non-current assets held for sale  | 1,763             | 1,081               |
| Investments accounted for using the equity method                       | 227               | 146                 |
| Tangible and intangible fixed assets                                    | 60,714            | 33,958              |
| Goodwill  | 4,949             | 3,781               |
| <b>TOTAL</b>  | <b>1,554,045</b>  | <b>1,484,900</b>    |

### LIABILITIES

| <i>(In EUR m)</i>   | <b>31.12.2023</b> | <b>31.12.2022 R</b> |
|---|-------------------|---------------------|
| Due to central banks  | 9,718             | 8,361               |
| Financial liabilities at fair value through profit or loss              | 375,584           | 304,175             |
| Hedging derivatives   | 18,708            | 46,164              |
| Debt securities issued  | 160,506           | 133,176             |
| Due to banks  | 117,847           | 133,011             |
| Customer deposits   | 541,677           | 530,764             |
| Revaluation differences on portfolios hedged against interest rate risk | (5,857)           | (9,659)             |
| Tax liabilities   | 2,402             | 1,645               |
| Other liabilities   | 93,658            | 107,315             |
| Non-current liabilities held for sale                                   | 1,703             | 220                 |
| Insurance contracts related liabilities                                 | 141,723           | 135,875             |
| Provisions  | 4,235             | 4,579               |
| Subordinated debts  | 15,894            | 15,948              |
| Shareholders' equity, Group share                                       | 65,975            | 66,970              |
| Non-controlling interests   | 10,272            | 6,356               |
| <b>TOTAL</b>  | <b>1,554,045</b>  | <b>1,484,900</b>    |

The balances of 2022 have been restated (R) due to the retrospective initial application of IFRS 17 "Insurance contracts" and IFRS 9 "Financial instruments" by the insurance subsidiaries.

As at 31 December 2023, the Group's consolidated balance sheet totalled EUR 1,554.0 billion, i.e., an increase of EUR 69.1 billion (+4,7%) compared to 31 December 2022 (EUR1,484.9 billion).



## 2.6.1 MAIN CHANGES IN THE CONSOLIDATION SCOPE

The consolidation scope includes subsidiaries and structured entities under the Group's exclusive control, joint arrangements (joint ventures and joint operations) and associates whose financial statements are material in relation to the Group's consolidated financial statements, notably regarding Group consolidated total assets and gross operating income.

The main changes to the consolidation scope at 31 December 2023, compared with the scope applicable at the closing date of 31 December 2022, are as follows:

- **the disposal of Societe Generale Congo:** the Group sold its entire interest in SG Congo, its Congolese subsidiary, on 23 December 2023. The disposal resulted in a EUR 0.3 billion reduction in the Group's total balance sheet.
- **the LeasePlan acquisition by ALD:** on 22 May 2023, following the approval by ALD's Board of Directors and the relevant regulatory authorities, ALD acquired 100% of LeasePlan for a total of EUR 4,897 million. The amount is subject to additional cash consideration of up

to EUR 235 million, notably depending on the achievement of targets related to LeasePlan's regulatory ratios.

Societe Generale remains the majority shareholder of the new combined entity following the completion of the LeasePlan acquisition. The new entity has been called Ayvens since 16 October 2023. Societe Generale holds 52.59% of the entity (the Group's voting interest was 68.97% at 31 December 2023 owing to double voting rights).

After the full completion of the transaction, Ayvens will continue to be fully consolidated by the Group.

At 31 December 2023, subject to any purchase price allocation and/or acquisition price adjustment within a one-year period from the acquisition date, the Group recognised goodwill of EUR 1,396 million.

As a result of the allocation of LeasePlan's purchase price, the assessment of the entity's identifiable assets acquired, and liabilities assumed at fair value led the Group to revise upwards the value of LeasePlan's net assets by EUR 230 million.

### LEASEPLAN'S PURCHASE PRICE ALLOCATION

| (In EUR m)  | Certified balance<br>sheet at<br>acquisition date | Fair value<br>adjustment | Allocation as at 31<br>December 2023 |
|---|---|--------------------------|--------------------------------------|
| Cash, due from central banks  | 3,812   | -                        | 3,812                                |
| Customer loans at amortised cost                                    | 615   | -                        | 615                                  |
| Net non-current assets and liabilities held for sale <sup>(1)</sup> | 617   | 33                       | 650                                  |
| Tangible and intangible fixed assets                                | 23,891  | 330                      | 24,221                               |
| o/w Assets under operating leases                                   | 20,983  | 429                      | 21,412                               |
| Debts securities issued   | (9,327)   | 7                        | (9,320)                              |
| Due to bank   | (2,687)   | (7)                      | (2,694)                              |
| Customer deposits   | (11,334)  | 33                       | (11,301)                             |
| Net tax assets/liabilities  | (505)   | (64)                     | (569)                                |
| Net other assets and liabilities                                    | (1,298)   | (102)                    | (1,400)                              |
| <b>FAIR VALUE OF ASSETS AND LIABILITIES ACQUIRED (C)</b>            | <b>3,784</b>                                      | <b>230</b>               | <b>4,014</b>                         |
| <b>NON-CONTROLLING INTERESTS<sup>(2)</sup> (B)</b>                  | <b>513</b>  | <b>-</b>                 | <b>513</b>                           |
| <b>TOTAL PURCHASE PRICE (A)</b>                                     | <b>4,897</b>                                      | <b>-</b>                 | <b>4,897</b>                         |
| <b>GOODWILL (A) + (B) - (C)</b>                                     | <b>1,626</b>                                      | <b>(230)</b>             | <b>1,396</b>                         |

(1) Amount after elimination of intragroup transactions.

(2) Other equity instruments issued.

On 22 March 2023, the Group announced that ALD had entered into an agreement to sell its subsidiaries in Ireland, Portugal, and Norway, as well as LeasePlan's subsidiaries in Luxembourg, Finland and the Czech Republic. These disposals were initiated to fulfil the commitments

made by ALD in relation to the clearance conditions issued by the European Commission for the acquisition of LeasePlan by ALD, to address concentration risk in the countries involved. At 31 December 2023, the Group had completed these disposals.

## 2.6.2 CHANGES IN MAJOR CONSOLIDATED BALANCE SHEET ITEMS

**Cash, due from central banks and due to central banks** increased respectively by EUR 16.0 billion (+7.7%) and EUR 1.4 billion (+16.2%) compared to 31 December 2022. The increase in assets is mainly due to the growth of cash due from the US Reserve Federal Bank and the French central bank *Banque de France*.

**Financial assets at fair value through profit or loss** increased by EUR 68.7 billion (+16.1%) compared to 31 December 2022. This evolution is the result of an increase in securities purchased under resale agreements for EUR +36.3 billion and an upward trend on bonds and other debt securities related to the trading portfolio and financial assets which must be measured at fair value through profit or loss for EUR +13.4 billion and EUR +13.0 billion, respectively.

**Financial liabilities at fair value through profit or loss** increased by EUR 71.4 billion (+23.5%) compared to 31 December 2022. This evolution is mainly due to increases in securities sold under repurchase agreements for EUR 34.3 billion, in financial liabilities measured at fair value through profit and loss using the fair value option (mainly structured bonds) issued by the group for EUR 25.5 billion and in interest rate instruments related to trading for EUR 14.9 billion respectively.

**Hedging derivatives** decreased by EUR 22.4 billion on the asset side (-67.9%) and by EUR 27.5 billion on the liability side (-59.5%) compared to 31 December 2022. The change is related to the decrease in fair value of hedging instruments, mainly interest rate swaps.

**Due from banks at amortised cost** increased by EUR 9.7 billion (+14.2%) compared to 31 December 2022, due to the growth in current accounts in France and in reverse repo transactions.

**Customer loans at amortised cost** decreased by EUR 21.2 billion (-4.2%) compared to 31 December 2022, mainly explained by an EUR 7.6 billion decline in overdrafts on current accounts, and an EUR 16.0 billion decline in customer loans due economic and financial circumstances dampening loan production.

**Debt securities issued** rose by EUR 27.3 billion (+20.5%) compared to 31 December 2022, which can be mainly explained by the increase in Interbank certificates and negotiable debt instruments for EUR 20.4 billion.

**Customer deposits** increased by EUR 10.9 billion (+2.1%) compared to 31 December 2022, mainly related to the acquisition of LeasePlan.

**Due to banks** decreased by EUR 15.2 billion (-11.4%) compared to 31 December 2022. This decrease can be mainly explained by the drop in term deposits and borrowings for EUR -19.9 billion.

**Other assets** decreased by EUR 12.5 billion (-15.2%) and **other liabilities** decreased by EUR 13.6 billion (-12.7%) compared to 31 December 2022, mainly due to a decline in the guarantee deposits paid and received.

**Insurance contracts related liabilities** increased by EUR 5.8 billion (+4.3%) compared to 31 December 2022, related to the increase in the valuation of financial assets underlying the insurance contracts with direct participation features.

**Tangible and intangible fixed assets** rose by EUR 26.7 billion (+78.8%) compared to 31 December 2022, linked to the purchase of LeasePlan which has caused an EUR +23.8 billion increase in Assets leased by specialised financing companies.

The **Group shareholders' equity** amounted to EUR 66 billion at 31 December 2023 vs. 67 billion at 31 December 2022. This variation was attributable primarily to the following factors:

- Net income group share for 2023: EUR 2.5 billion
- Distribution of dividends: EUR -1.4 billion
- Remuneration, issuance and redemption of equity instruments: EUR -1,3 billion
- Unrealised or deferred capital gains and losses: EUR -0,4 billion.

The EUR 3.9 billion rise in **non-controlling interest** is mainly due to the decrease in the holding percentage in ALD from 75.94% at 31 December 2022 to 52.59% at 31 December 2023. After taking into account the non-controlling interest (EUR 10 billion), the Group shareholders' equity totalled EUR 76 billion at 31 December 2023.

## 2.7 FINANCIAL POLICY

The objective of the Group's financial policy is to optimise the use of shareholders' equity in order to maximise short- and long-term return for shareholders, while maintaining a level of capital ratios (Common Equity Tier 1, Tier 1 and Total Capital ratios) consistent with the market status of Societe Generale and the Group's target rating.

Since 2010, the Group has launched a major realignment programme, strengthening capital and focusing on the rigorous management of scarce resources (capital and liquidity) and proactive risk management in order to apply the regulatory changes related to the implementation of new Basel 3 regulations.

### 2.7.1 GROUP SHAREHOLDERS' EQUITY

Group shareholders' equity totalled EUR 66.0 billion at 31 December 2023. Net asset value per share was EUR 71.45 and net tangible asset value per share was EUR 62.71 using the new methodology disclosed in Chapter 2 of this Universal Registration Document, on page 42.

Book capital includes EUR 9.1 billion in deeply subordinated notes.

At 31 December 2023, Societe Generale possessed, directly or indirectly, 6.7 million Societe Generale shares, representing 0.84% of the capital (excluding shares held for trading purposes).

Under the liquidity contract implemented on 22 August 2011 with an external investment services provider, Societe Generale acquired 1,145,812 shares in 2023, with a value of EUR 26.4 million and sold 1,145,812 shares with a value of EUR 26.4 million. The liquidity contract was temporarily suspended from 2 January to 17 February 2023, and later from 7 August to 22 September 2023 during the share buyback periods.

The information concerning the Group's capital and shareholding structure is available in Chapter 7 of this Universal Registration Document (p 705).

### 2.7.2 SOLVENCY RATIOS

As part of its capital management, the Group ensures that its solvency level is consistently compatible with its strategic targets and regulatory obligations.

The Group also ensures that its Total Capital Ratio (Common Equity Tier 1 + hybrid securities recognised in additional Tier 1 and Tier 2) provides a sufficient safety buffer for unsecured senior lenders.

The phased-in Common Equity Tier 1 (CET1) ratio stood at 13.1%<sup>(1)</sup> at 31 December 2023, compared to 13.5% at 31 December 2022.

The leverage ratio, calculated according to the CRR2 rules in force since June 2021, stood at 4.3% at 31 December 2023.

At end-2023, the Tier 1 ratio was 15.6%<sup>(2)</sup> and the Total Capital Ratio stood at 18.2%<sup>(2)</sup>, i.e., above the regulatory requirements.

The TLAC (Total Loss-Absorbing Capacity) ratio of RWA was 31.9% with the option of Senior Preferred Debt limited to 2.5% of RWA. Furthermore, the TLAC of the leverage ratio stood at 8.7% at end-2023. At 31 December 2023 the MREL (Minimum Requirement of own funds and Eligible Liabilities) ratio of RWA was 33.7%, and 9.2% of the leverage ratio.

(1) Including a +6 basis-point impact in respect of the phase-in of IFRS 9. Excluding this impact, the CET1 ratio was 13.1%.

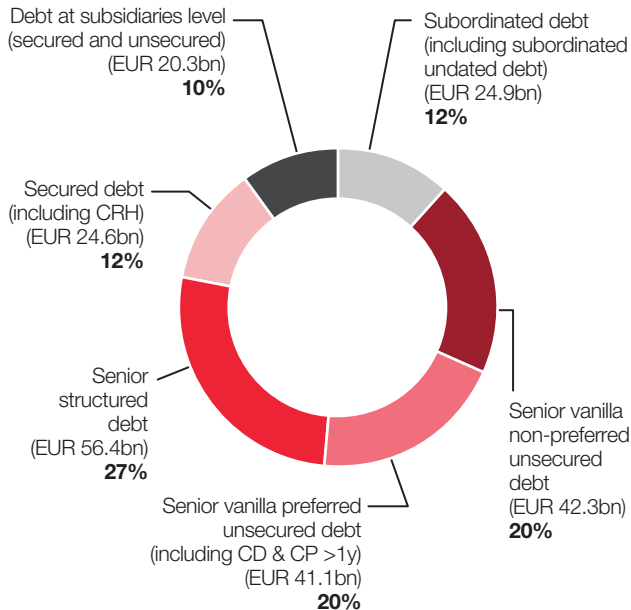
## 2.7.3 GROUP DEBT POLICY

The Group's debt policy is based on two principles:

- maintaining an active policy of diversifying Societe Generale Group's sources of refinancing to guarantee its stability;

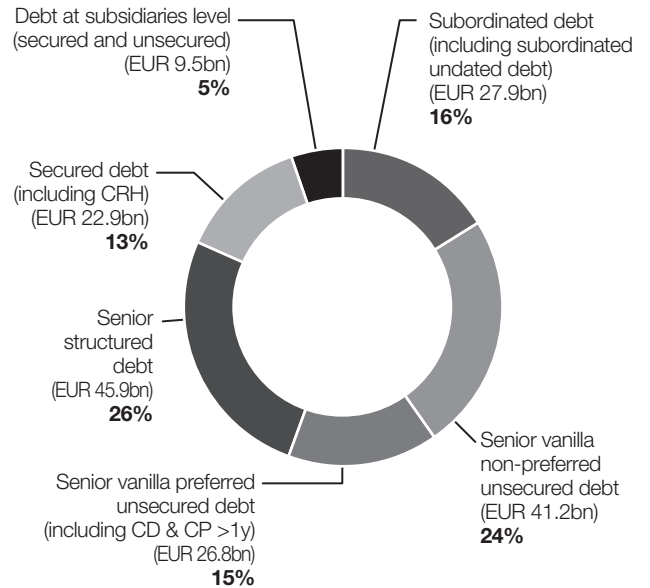
- and adopting a Group refinancing structure to ensure consistency in the maturities of its assets and liabilities.

### GROUP LONG-TERM DEBT AT 31 DECEMBER 2023: EUR 209.6 BILLION\*



\* Group short-term and long-term debt totalled EUR 257.9 billion at 31 December 2023, of which EUR 12.9 billion issued by conduits (short term), and EUR 54.8 billion related to senior structured issues of small denomination (below EUR 100,000), predominantly distributed to retail clients.

### GROUP LONG-TERM DEBT AT 31 DECEMBER 2023: EUR 174.2 BILLION \*



\* Group short-term and long-term debt totalled EUR 220.3 billion at 31 December 2022, of which EUR 12.5 billion issued by conduits (short term), and EUR 43.5 billion related to senior structured issues of small denomination (below EUR 100,000), predominantly distributed to retail clients.

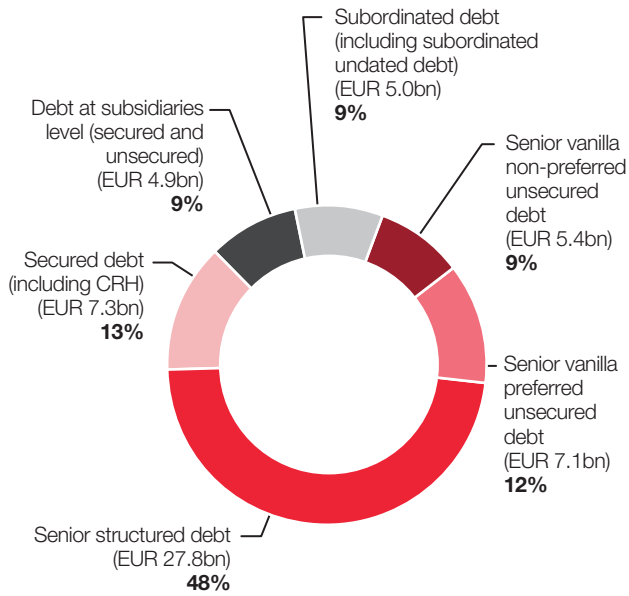
At 31 December 2023, liquidity raised under the 2023 long-term financing programme amounted to EUR 57.5 billion in senior and subordinated debt. Liquidity raised at parent company level amounted to EUR 52.6 billion at 31 December 2023.

The long-term issuance programme breaks down as follows: EUR 3 billion in subordinated undated Additional Tier 1 debt, EUR 1.2 billion in subordinated Tier 2 debt, EUR 5.4 billion in senior vanilla non-preferred unsecured notes, EUR 7.1 billion in senior vanilla preferred unsecured issues, EUR 27.8 billion in senior structured issues, and EUR 7.3 billion in secured issues. At subsidiary level, a total of EUR 4.9 billion was raised at 31 December 2023.

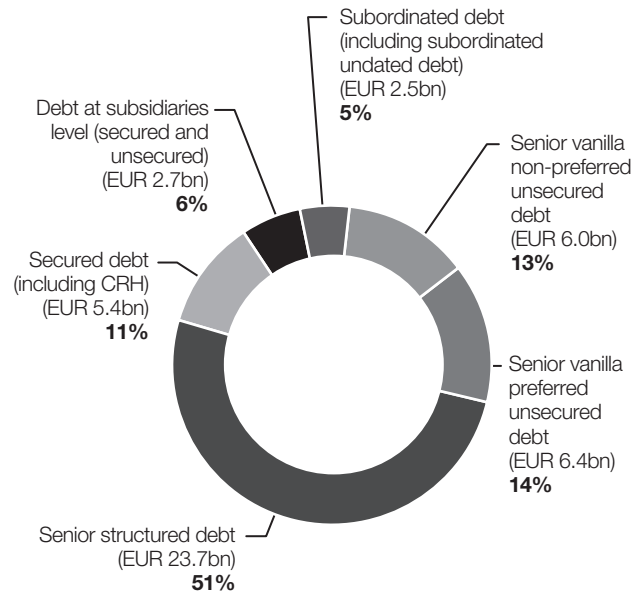
These resources were complemented by:

- funding *via* securities lending and borrowing transactions and securities sold under repurchase agreements measured at fair value through P&L totalling EUR 181.6 billion at 31 December 2023, compared with EUR 154.5 billion at 31 December 2022 (see Note 3.1 to the consolidated financial statements), which are not included in this graph. Societe Generale Group's debt policy is designed not only to ensure financing for the growth of the businesses' commercial activities and renew debt, but also to maintain repayment schedules that are compatible with the Group's ability to access the market and ensure its future growth;
- securitisations and other securitised issues (EUR 8.8 billion at end-2023 vs. EUR 6.7 billion at end-2022).

**2023 FINANCING PROGRAMME: EUR 57.5 BILLION**



**2022 FINANCING PROGRAMME: EUR 46.8 BILLION**



**2.7.4 LONG-TERM RATINGS, SHORT-TERM RATINGS, COUNTERPARTY RATINGS AND CHANGES OVER THE FINANCIAL YEAR**

Below is a summary of Societe Generale’s counterparty ratings and senior long-term and short-term ratings at 31 December 2023:

|  | <b>FitchRatings</b> | <b>Moody’s</b> | <b>R&amp;I</b> | <b>Standard &amp; Poor’s</b> |
|--|---------------------|----------------|----------------|------------------------------|
| Long-term/short-term counterparty assessment | A(dcr)/F1           | A1(CR)/P-1(CR) | n/a            | A/A-1                        |
| Long-term senior preferred rating            | A (Positive)        | A1 (Stable)    | A (Stable)     | A (Stable)                   |
| Short-term senior rating                     | F1                  | P-1            | n/a            | A-1                          |

Fitch revised the outlook on the Group’s long-term rating from ‘stable’ to ‘positive’ on 3 July 2023.

## 2.8 MAJOR INVESTMENTS AND DISPOSALS

The group maintained a targeted acquisition and disposal policy, in line with its strategy focused on its core businesses and the management of scarce resources.

| Business division                                   | Description of investments  |
|---|---|
| <b>2023</b>   |   |
| International Retail, Mobility and Leasing Services | Acquisition of LP Group B.V., holding company of LeasePlan Corporation N.V., one of the world's leading leasing companies.  |
| Global Banking and Investor Solutions               | Acquisition of a minority stake in EIT InnoEnergy, an investment company which is the main driver of innovation in Europe in sustainable energy.  |
| French Retail, Private Banking and Insurance        | Acquisition of a majority stake in PayXpert, a fintech specialised in payment service.  |
| <b>2022</b>   |   |
|   | No major investment finalised in 2022.  |
| <b>2021</b>   |   |
| International Retail, Mobility and Leasing Services | Acquisition of Fleetpool, a leading German car subscription company.  |
| International Retail, Mobility and Leasing Services | Acquisition of Banco Sabadell's subsidiary (Bansabadell Renting) specialised in long-term renting and the signing of an exclusive white label distribution agreement with Banco Sabadell. |
| International Retail, Mobility and Leasing Services | Acquisition by ALD of a 17% stake in Skipr, a start-up specialised in mobility as a service.  |

| Business division                                   | Description of disposals  |
|---|---|
| <b>2023</b>   |   |
| International Retail, Mobility and Leasing Services | Disposal of three ALD subsidiaries (Ireland, Norway and Portugal) and three subsidiaries of LeasePlan Corporation N.V. (Czech Republic, Finland and Luxembourg) in connection with the acquisition of LP Group B.V. |
| International Retail, Mobility and Leasing Services | Disposal of SG's stake in Société Générale Congo.   |
| International Retail, Mobility and Leasing Services | Disposal of Société Générale's stake in ALD Automotive in Russia.   |
| <b>2022</b>   |   |
| International Retail, Mobility and Leasing Services | Disposal of Societe Generale Group's and Sogecap's entire stakes in Rosbank and two joint ventures co-held with Rosbank (Societe Generale Strakhovanie LLC and Societe Generale Strakhovanie Zhizni LLC).           |
| Corporate Centre                                    | Sale of a 5% stake in Treezor to MasterCard, reinforcing an industrial partnership.   |
| International Retail, Mobility and Leasing Services | Disposal of a minority stake in Schufa, a credit rating agency in Germany.  |
| <b>2021</b>   |   |
| Global Banking and Investor Solutions               | Disposal of Lyxor, a European asset management specialist.  |

## 2.9 PENDING ACQUISITIONS AND MAJOR CONTRACTS

### 2.9.1 FINANCING OF THE MAIN ONGOING INVESTMENTS

Ongoing investments will be financed using the Group's usual sources of funding.

### 2.9.2 PENDING ACQUISITIONS AND DISPOSALS

Societe Generale signed agreements to divest the totality of Societe Generale Group's shares in its local African subsidiaries: Société Générale de Banques en Guinée Équatoriale, Société Générale Burkina Faso, Banco Société Générale Moçambique, Société Générale Mauritanie and Société Générale Chad, currently owned by Societe Generale Group at 57.2%, 52.6%, 65%, 100% and 67.92%, respectively.

The disposal of Société Générale Chad has been effective since January 2024. The completion of the remaining transactions, which could take place in 2024, is subject to the approval of the entities' governance bodies, the usual conditions precedent and the validation of the relevant financial and regulatory authorities.

Progress is well under way for the creation of the AllianceBernstein joint venture in the cash equities and equity research business. Final documentation with a revised structure to accelerate the finalisation of the transaction was signed on 2 November 2023. On the transaction completion date, the joint venture will be organised under two separate legal entities, focusing respectively on North America, and on Europe and Asia. These two entities will be subsequently combined pending the necessary regulatory approval. This change is not expected to have a significant impact on the anticipated net contribution for the Group as reported in the previous press release. The impact on capital is estimated at less than 10 basis points at the transaction completion date, which is expected during the first half of 2024. The transaction remains fully aligned with the strategic priorities of our Global Banking and Investor Solutions franchise.

## 2.10 PROPERTY AND EQUIPMENT

The gross book value of the Societe Generale group's tangible operating fixed assets amounts to EUR 83 billion as at 31 December 2023. This comprises land and buildings (EUR 5.3 billion), right of use (EUR 3.6 billion), assets leased by specialised financing companies (EUR 67.4 billion), investment property (EUR 0.7 billion) mainly related to insurance activities) and other tangible assets (EUR 5.9 billion).

The net book value of the tangible operating assets and investment property amounts to EUR 57.1 billion, representing only 3.7% of the consolidated balance sheet as at 31 December 2023.

Owing to the nature of the businesses of Societe Generale, property and equipment are not material at Group level.

## 2.11 POST-CLOSING EVENTS

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None.

## 2.12 STATEMENT ON POST-CLOSING EVENTS

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Since the end of the last financial period, no significant change in the financial performance of the Group occurred other than those described in the present Universal Registration Document filed with the AMF on 11 March 2023.



## 2.13 INFORMATION ABOUT GEOGRAPHIC LOCATIONS AND ACTIVITIES AS AT 31 DECEMBER 2023

The article L. 511-45 of the Monetary and Financial Code modified by Order No. 2014-158 of 20 February 2014, require credit institutions to communicate information about the locations and activities of their entities included in their consolidation scope, in each State or territory.

Societe Generale publishes below the information relative to staff and the financial information by countries or territories.

The list of locations is published in the Note 8.4 of the notes to the consolidated financial statements.

| Country                       | Staff (*) | NBI (*) | Earnings before corporate tax (*) | Corporate tax (*) | Deferred corporate tax (*) | Other taxes (*) | Subventions (*) |
|-------------------------------|-----------|---------|-----------------------------------|-------------------|----------------------------|-----------------|-----------------|
| Algeria                       | 1,653     | 192     | 86                                | (25)              | 3                          | (6)             | -               |
| Australia                     | 76        | 48      | 8                                 | (5)               | 1                          | (1)             | -               |
| Austria                       | 235       | 47      | 19                                | (3)               | (2)                        | (1)             | -               |
| Belarus                       | -         | 1       | 1                                 | (0)               | 0                          | -               | -               |
| Belgium                       | 645       | 213     | 114                               | (41)              | 11                         | (1)             | -               |
| Benin                         | 122       | 26      | 11                                | (2)               | (2)                        | (1)             | -               |
| Bermuda <sup>(1)</sup>        | -         | 5       | 5                                 | -                 | -                          | -               | -               |
| Brazil                        | 451       | 105     | 58                                | (11)              | (19)                       | (3)             | -               |
| Bulgaria                      | 38        | 7       | 5                                 | (0)               | 0                          | -               | -               |
| Burkina Faso                  | 284       | 46      | 6                                 | (3)               | 2                          | (4)             | -               |
| Cameroon                      | 655       | 150     | 58                                | (23)              | 2                          | (3)             | -               |
| Canada                        | 585       | 42      | 25                                | (5)               | (0)                        | (0)             | -               |
| Cayman Islands <sup>(2)</sup> | -         | -       | -                                 | -                 | -                          | -               | -               |
| Chad                          | 207       | 31      | 2                                 | (2)               | 0                          | (2)             | -               |
| Chile                         | 41        | 3       | (0)                               | -                 | 0                          | (0)             | -               |
| China                         | 250       | 61      | 23                                | (3)               | (0)                        | (0)             | -               |
| Colombia                      | 32        | (0)     | (2)                               | (0)               | (3)                        | (0)             | -               |
| Congo                         | -         | 28      | 5                                 | (3)               | (0)                        | (1)             | -               |
| Côte d'Ivoire                 | 1,515     | 371     | 191                               | (40)              | (1)                        | (6)             | -               |
| Croatia                       | 60        | 15      | 11                                | (2)               | (0)                        | (0)             | -               |
| Czech Republic                | 8,012     | 1,551   | 826                               | (140)             | (4)                        | (55)            | -               |
| Denmark                       | 276       | 80      | 38                                | (0)               | (7)                        | -               | -               |
| Equatorial Guinea             | 230       | 22      | 7                                 | 1                 | -                          | (1)             | -               |
| Estonia                       | 14        | 3       | 2                                 | (0)               | -                          | (0)             | -               |
| Finland                       | 125       | 50      | 31                                | (4)               | 0                          | -               | -               |
| France                        | 54,234    | 10,106  | (1,597)                           | 110               | (139)                      | (1 317)         | -               |
| French Polynesia              | 265       | 68      | 36                                | (19)              | 0                          | (1)             | -               |
| Germany                       | 3,305     | 1,335   | 594                               | (165)             | (42)                       | (4)             | -               |
| Ghana                         | 530       | 92      | 44                                | (20)              | (0)                        | (0)             | -               |
| Gibraltar                     | 38        | 17      | 3                                 | -                 | (0)                        | -               | -               |
| Greece                        | 266       | 44      | 25                                | 0                 | (3)                        | (0)             | -               |
| Guernsey                      | 56        | 36      | 12                                | (1)               | (0)                        | -               | -               |
| Guinea                        | 296       | 95      | 55                                | (17)              | (2)                        | (2)             | -               |
| Hong Kong                     | 1,027     | 588     | 198                               | (26)              | (1)                        | (1)             | -               |
| Hungary                       | 245       | 41      | 24                                | (4)               | (0)                        | (1)             | -               |
| India <sup>(3)</sup>          | 11,680    | 134     | 142                               | (58)              | 1                          | (2)             | -               |
| Ireland                       | 441       | 164     | 152                               | (14)              | (2)                        | (0)             | -               |
| Isle of Man                   | -         | -       | -                                 | -                 | -                          | -               | -               |
| Italy                         | 2,509     | 1,129   | 633                               | (98)              | (65)                       | (3)             | -               |

| Country              | Staff (*)      | NBI (*)       | Earnings before corporate tax (*) | Corporate tax (*) | Deferred corporate tax (*) | Other taxes (*) | Subventions (*) |
|----------------------|----------------|---------------|-----------------------------------|-------------------|----------------------------|-----------------|-----------------|
| Japan                | 230            | 220           | 74                                | (25)              | 2                          | (5)             | -               |
| Jersey               | 182            | 32            | 12                                | (2)               | 0                          | -               | -               |
| Latvia               | 22             | 4             | 2                                 | (1)               | -                          | -               | -               |
| Lithuania            | 12             | 5             | 4                                 | (1)               | (0)                        | -               | -               |
| Luxembourg           | 1,415          | 928           | 604                               | (54)              | 17                         | (24)            | -               |
| Madagascar           | 1,055          | 86            | 40                                | (9)               | 0                          | (5)             | -               |
| Malaysia             | 16             | 0             | (1)                               | -                 | 0                          | -               | -               |
| Mauritania           | 169            | 36            | 7                                 | (1)               | 0                          | (1)             | -               |
| Mauritius            | -              | -             | 0                                 | -                 | -                          | -               | -               |
| Mexico               | 300            | 48            | 26                                | (21)              | 5                          | (0)             | -               |
| Monaco               | 296            | 132           | 59                                | (17)              | -                          | (1)             | -               |
| Morocco              | 4,020          | 545           | 227                               | (85)              | (6)                        | (26)            | -               |
| Netherlands          | 2,622          | (361)         | (543)                             | (17)              | 172                        | (1)             | -               |
| New Caledonia        | 344            | 80            | 41                                | (16)              | (5)                        | (0)             | -               |
| Norway               | 141            | 53            | 24                                | 0                 | (7)                        | -               | -               |
| Peru                 | 32             | 4             | 2                                 | (2)               | 1                          | -               | -               |
| Poland               | 728            | 148           | 89                                | (15)              | (2)                        | (3)             | -               |
| Portugal             | 401            | 69            | 37                                | (7)               | (2)                        | (0)             | -               |
| Romania              | 8,885          | 795           | 431                               | (69)              | (3)                        | (17)            | -               |
| Russian Federation   | 54             | 21            | 17                                | (3)               | (1)                        | (0)             | -               |
| Saudi Arabia         | 5              | (0)           | 0                                 | (0)               | (0)                        | (0)             | -               |
| Senegal              | 920            | 133           | 54                                | (16)              | (0)                        | (5)             | -               |
| Serbia               | 32             | 12            | 9                                 | (2)               | 1                          | (0)             | -               |
| Singapore            | 222            | 153           | 5                                 | (2)               | (0)                        | (0)             | -               |
| Slovakia             | 181            | 44            | 27                                | (6)               | (1)                        | (0)             | -               |
| Slovenia             | 15             | 5             | 4                                 | (1)               | (0)                        | (0)             | -               |
| South Africa         | -              | 0             | -                                 | -                 | -                          | (0)             | -               |
| South Korea          | 103            | 109           | 39                                | 1                 | (12)                       | (3)             | -               |
| Spain                | 1,166          | 464           | 253                               | (61)              | (4)                        | (4)             | -               |
| Sweden               | 351            | 103           | 47                                | (8)               | 0                          | (0)             | -               |
| Switzerland          | 599            | 276           | 66                                | (13)              | 0                          | (0)             | -               |
| Taiwan               | 44             | 25            | 1                                 | (1)               | (3)                        | (2)             | -               |
| Thailand             | -              | (0)           | (1)                               | -                 | -                          | -               | -               |
| Togo                 | 29             | 8             | 3                                 | (1)               | -                          | (0)             | -               |
| Tunisia              | 1,359          | 160           | 63                                | (29)              | 1                          | (5)             | -               |
| Turkey               | 279            | 141           | 119                               | (0)               | (38)                       | (0)             | -               |
| Ukraine              | 45             | 19            | 17                                | (3)               | (1)                        | (0)             | -               |
| United Arab Emirates | 64             | 33            | 15                                | -                 | -                          | (0)             | -               |
| United Kingdom       | 3,486          | 1,721         | 754                               | (197)             | 10                         | (11)            | -               |
| United States        | 1,980          | 1,906         | 649                               | (162)             | (60)                       | (9)             | -               |
| <b>TOTAL</b>         | <b>122,200</b> | <b>25,105</b> | <b>5,128</b>                      | <b>(1,470)</b>    | <b>(209)</b>               | <b>(1,537)</b>  | <b>-</b>        |

\* **Staff:** Full-time equivalent (FTE) as at closing date. Staff members of entities accounted for by the equity method and entities removed during the year are excluded.

**NBI:** net banking income by territorial contribution to the consolidated statement, in millions of euros, before elimination of intra-group reciprocal transactions. Net income from companies accounted for by the equity method is directly recorded in the earnings before tax, there is no contribution from them.

**Earning before tax:** Earning before tax by territorial contribution to the consolidation statement, in millions of euros, before elimination of intra-group reciprocal transactions.

**Corporate taxes:** Such as presented in the consolidated statement in accordance with the IFRS standards and by distinguishing the current taxes of the deferred taxes, in millions of euros.

**Other taxes:** Other taxes include among others payroll taxes, the C3S, the contribution to the SRF, CET taxes and local taxes. The data arise from the consolidated reporting, and from Management Report, in millions of euros.

**Public subsidies received:** Non-matching or non-refundable subsidies granted by a public entity on a one-off or renewable basis to complete a clearly defined project.

(1) Income from the entity located in Bermuda is taxed in France.

(2) Income from the entity located in Cayman Islands is taxed in the United States.

(3) Most of the staff located in India is assigned to a shared services centre, the re-invoicing income of which is recorded in general and administrative expenses and not in NBI.

TABLE 8

**RECORD OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED**

Information on subscription or purchase options.

The last option plan expired in 2017.

TABLE 9

**SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED TO THE TOP TEN EMPLOYEES (OTHER THAN CORPORATE OFFICERS) AND OPTIONS EXERCISED BY THESE EMPLOYEES**

Societe Generale did not implement any option plan during 2023.

The last option plan expired in 2017.

AUDITED | TABLE 10

Record of performance shares awarded.

**INFORMATION ON PERFORMANCE SHARES AWARDED**

| Date of General Meeting  | 17.05.2022      | 19.05.2020      | 19.05.2020      | 23.05.2018      | 23.05.2018      | 18.05.2016      | 18.05.2016      | 18.05.2016      |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Date of Board Meeting  | 08.03.2023      | 10.03.2022      | 11.03.2021      | 12.03.2020      | 13.03.2019      | 14.03.2018      | 15.03.2017      | 18.05.2016      |
| Total number of shares awarded                                 | 3,568,945       | 3,095,660       | 3,495,064       | 2,545,414       | 2,834,045       | 1,677,279       | 1,796,759       | 2,478,926       |
| <i>o.w. number awarded to corporate officers<sup>(1)</sup></i> | 86,504          | 137,605         | 216,596         | 164,205         | 166,389         | 46,472          | 45,871          | 62,900          |
| Slawomir KRUPA   | -               | -               | -               | -               | -               | -               | -               | -               |
| Philippe AYMERICH <sup>(2)</sup>                               | 50,646          | 39,417          | 61,117          | 46,035          | 37,889          | 2,815           | 2,857           | 3,626           |
| Pierre PALMIERI  | 28,129          | 23,447          | 18,406          | 19,232          | 17,767          | 9,183           | 9,070           | 15,188          |
| Frédéric OUDÉA   | 23,250          | 59,398          | 93,880          | 72,541          | 86,705          | 46,472          | 45,871          | 62,900          |
| Diony LEBOT  | 12,608          | 38,790          | 61,599          | 45,629          | 41,795          | 7,277           | 5,986           | 4,860           |
| Total number of beneficiaries                                  | 5,731           | 5,700           | 6,452           | 4,652           | 5,747           | 6,016           | 6,710           | 6,495           |
| Vesting date   | See table below | See table below | See table below | See table below | See table below | See table below | See table below | See table below |
| Holding period end date  | See table below | See table below | See table below | See table below | See table below | See table below | See table below | See table below |
| Performance conditions   | Yes             | Yes             | Yes             | Yes             | Yes             | Yes             | Yes             | Yes             |
| Fair value (in EUR) <sup>(3)</sup>                             | See table below | See table below | See table below | See table below | See table below | See table below | See table below | See table below |
| Number of shares vested at 31.12.2023                          | 445             | 1,813           | 460,497         | 2,065,018       | 2,300,798       | 1,366,107       | 1,506,213       | 2,187,190       |
| Total number of cancelled or lapsed shares                     | 50,084          | 207,335         | 348,264         | 243,776         | 407,835         | 272,491         | 290,546         | 291,736         |
| Performance shares outstanding at year-end                     | 3,518,416       | 2,886,512       | 2,686,303       | 236,620         | 125,412         | 38,681          | -               | -               |

(1) For the Chief Executive Officers, see also Tables 6 and 7 above.

(2) Pierre Palmieri was appointed Deputy Chief Executive Officer on 23 May 2023. The number of shares recorded correspond to awards made in respect of previous positions held.

(3) The performance shares are valued at their market value, taking into account a discount for non-transferability.

**SUMMARY OF THE 2023 PERFORMANCE SHARE PLAN<sup>(1)</sup>**

|                                |                   |
|--------------------------------|-------------------|
| <b>Date of General Meeting</b> | <b>17.05.2022</b> |
| Date of Board Meeting          | 08.03.2023        |
| Total number of shares awarded | 3,568,945         |

|                         | Performance conditions | Instalments                | Vesting date | Holding period end date | Fair value (in EUR) <sup>(2)</sup> |
|-------------------------|------------------------|----------------------------|--------------|-------------------------|------------------------------------|
| <b>Sub-plan 1</b>       | Yes                    | N/A                        | 31.03.2026   | 31.03.2026              | 23.97                              |
| <b>Sub-plan 2</b>       | Yes                    | 1 <sup>st</sup> instalment | 31.03.2026   | 01.10.2026              | 23.63                              |
|                         |                        | 2 <sup>nd</sup> instalment | 31.03.2027   | 01.10.2027              | 22.83                              |
| <b>Sub-plan 3 and 7</b> | Yes                    | 1 <sup>st</sup> instalment | 31.03.2025   | 01.10.2025              | 24.48                              |
|                         |                        |                            | 31.03.2026   | 01.10.2026              | 23.63                              |
| <b>Sub-plan 4</b>       | Yes                    | N/A                        | 31.03.2026   | 01.10.2026              | 23.63                              |
| <b>Sub-plan 5</b>       | Yes                    | 1 <sup>st</sup> instalment | 31.03.2027   | 01.10.2027              | 18.66                              |
|                         |                        | 2 <sup>nd</sup> instalment | 31.03.2028   | 01.10.2028              | 16.84                              |
| <b>Sub-plan 6</b>       | Yes                    | 1 <sup>st</sup> instalment | 31.03.2027   | 01.04.2028              | 11.30                              |
|                         |                        | 2 <sup>nd</sup> instalment | 29.03.2029   | 01.04.2030              | 11.09                              |

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

**SUMMARY OF THE 2022 PERFORMANCE SHARE PLAN<sup>(1)</sup>**

|                                |                   |
|--------------------------------|-------------------|
| <b>Date of General Meeting</b> | <b>19.05.2020</b> |
| Date of Board Meeting          | 10.03.2022        |
| Total number of shares awarded | 3,095,660         |

|                         | Performance conditions | Instalments                | Vesting date | Holding period end date | Fair value (in EUR) <sup>(2)</sup> |
|-------------------------|------------------------|----------------------------|--------------|-------------------------|------------------------------------|
| <b>Sub-plan 1</b>       | Yes                    | N/A                        | 31.03.2025   | N/A                     | 18.99                              |
| <b>Sub-plan 2</b>       | Yes                    | 1 <sup>st</sup> instalment | 31.03.2025   | 01.10.2025              | 18.38                              |
|                         |                        | 2 <sup>nd</sup> instalment | 31.03.2026   | 01.10.2026              | 17.42                              |
| <b>Sub-plan 3 and 7</b> | Yes                    | 1 <sup>st</sup> instalment | 28.03.2024   | 01.10.2024              | 19.38                              |
|                         |                        | 2 <sup>nd</sup> instalment | 31.03.2025   | 01.10.2025              | 18.38                              |
| <b>Sub-plan 4</b>       | Yes                    | N/A                        | 31.03.2025   | 01.10.2025              | 18.38                              |
| <b>Sub-plan 5</b>       | Yes                    | 1 <sup>st</sup> instalment | 31.03.2026   | 01.10.2026              | 15.16                              |
|                         |                        | 2 <sup>nd</sup> instalment | 31.03.2027   | 01.10.2027              | 14.74                              |
| <b>Sub-plan 6</b>       | Yes                    | 1 <sup>st</sup> instalment | 31.03.2026   | 01.04.2027              | 9.48                               |
|                         |                        | 2 <sup>nd</sup> instalment | 31.03.2028   | 01.04.2029              | 9.14                               |

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

**SUMMARY OF THE 2021 PERFORMANCE SHARE PLAN<sup>(1)</sup>**

|                                |                   |
|--------------------------------|-------------------|
| <b>Date of General Meeting</b> | <b>19.05.2020</b> |
| Date of Board Meeting          | 11.03.2021        |
| Total number of shares awarded | 3,495,064         |

|                           | <b>Performance conditions</b> | <b>Instalments</b>         | <b>Vesting date</b> | <b>Holding period end date</b> | <b>Fair value (in EUR)<sup>(2)</sup></b> |
|---------------------------|-------------------------------|----------------------------|---------------------|--------------------------------|--|
| <b>Sub-plan 1</b>         | Yes                           | N/A                        | 28.03.2024          | N/A                            | 18.74                                    |
| <b>Sub-plan 2/3 and 7</b> | Yes                           | 1 <sup>st</sup> instalment | 31.03.2023          | 01.10.2023                     | 19.07                                    |
|                           |                               | 2 <sup>nd</sup> instalment | 28.03.2024          | 01.10.2024                     | 18.07                                    |
| <b>Sub-plan 4</b>         | Yes                           | N/A                        | 28.03.2024          | 01.10.2024                     | 18.07                                    |
| <b>Sub-plan 5</b>         | Yes                           | 1 <sup>st</sup> instalment | 31.03.2025          | 01.10.2025                     | 20.14                                    |
|                           |                               | 2 <sup>nd</sup> instalment | 31.03.2026          | 01.10.2026                     | 19.36                                    |
| <b>Sub-plan 6</b>         | Yes                           | 1 <sup>st</sup> instalment | 31.03.2025          | 01.04.2026                     | 14.6                                     |
|                           |                               | 2 <sup>nd</sup> instalment | 31.03.2027          | 01.04.2028                     | 13.3                                     |

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

**SUMMARY OF THE 2020 PERFORMANCE SHARE PLAN<sup>(1)</sup>**

|                                |                   |
|--------------------------------|-------------------|
| <b>Date of General Meeting</b> | <b>23.05.2018</b> |
| Date of Board Meeting          | 12.03.2020        |
| Total number of shares awarded | 2,545,414         |

|                           | <b>Performance conditions</b> | <b>Instalments</b>         | <b>Vesting date</b> | <b>Holding period end date</b> | <b>Fair value (in EUR)<sup>(2)</sup></b> |
|---------------------------|-------------------------------|----------------------------|---------------------|--------------------------------|--|
| <b>Sub-plan 1</b>         | Yes                           | N/A                        | 31.03.2023          | N/A                            | 11.26                                    |
| <b>Sub-plan 2/3 and 7</b> | Yes                           | 1 <sup>st</sup> instalment | 31.03.2022          | 01.10.2022                     | 11.62                                    |
|                           |                               | 2 <sup>nd</sup> instalment | 31.03.2023          | 01.10.2023                     | 10.76                                    |
| <b>Sub-plan 4</b>         | Yes                           | N/A                        | 31.03.2023          | 01.10.2023                     | 10.76                                    |
| <b>Sub-plan 5</b>         | Yes                           | 1 <sup>st</sup> instalment | 31.03.2024          | 01.10.2024                     | 9.2                                      |
|                           |                               | 2 <sup>nd</sup> instalment | 31.03.2025          | 01.10.2025                     | 8.8                                      |
| <b>Sub-plan 6</b>         | Yes                           | 1 <sup>st</sup> instalment | 31.03.2024          | 01.04.2025                     | 6.3                                      |
|                           |                               | 2 <sup>nd</sup> instalment | 31.03.2026          | 01.04.2027                     | 5.9                                      |

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

**SUMMARY OF THE 2019 PERFORMANCE SHARE PLAN<sup>(1)</sup>**

|                                |                   |
|--------------------------------|-------------------|
| <b>Date of General Meeting</b> | <b>23.05.2018</b> |
| Date of Board Meeting          | 13.03.2019        |
| Total number of shares awarded | 2,834,045         |

|                           | Performance conditions | Instalments                | Vesting date | Holding period end date | Fair value (in EUR) <sup>(2)</sup> |
|---------------------------|------------------------|----------------------------|--------------|-------------------------|------------------------------------|
| <b>Sub-plan 1</b>         | Yes                    | N/A                        | 31.03.2022   | N/A                     | 21.40                              |
| <b>Sub-plan 2/3 and 7</b> | Yes                    | 1 <sup>st</sup> instalment | 31.03.2021   | 01.10.2021              | 22.32                              |
|                           |                        | 2 <sup>nd</sup> instalment | 31.03.2022   | 01.10.2022              | 20.93                              |
| <b>Sub-plan 4</b>         | Yes                    | N/A                        | 31.03.2022   | 01.10.2022              | 20.93                              |
| <b>Sub-plan 5</b>         | Yes                    | 1 <sup>st</sup> instalment | 31.03.2023   | 01.10.2023              | 10.86                              |
|                           |                        | 2 <sup>nd</sup> instalment | 29.03.2024   | 01.10.2024              | 11.35                              |
| <b>Sub-plan 6</b>         | Yes                    | 1 <sup>st</sup> instalment | 31.03.2023   | 01.04.2024              | 8.53                               |
|                           |                        | 2 <sup>nd</sup> instalment | 31.03.2025   | 01.04.2026              | 9.45                               |

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

**SUMMARY OF THE 2018 PERFORMANCE SHARE PLAN<sup>(1)</sup>**

|                                |                   |
|--------------------------------|-------------------|
| <b>Date of General Meeting</b> | <b>18.05.2016</b> |
| Date of Board Meeting          | 14.03.2018        |
| Total number of shares awarded | 1,677,279         |

|                         | Performance conditions | Instalments                | Vesting date | Holding period end date | Fair value (in EUR) <sup>(2)</sup> |
|-------------------------|------------------------|----------------------------|--------------|-------------------------|------------------------------------|
| <b>Sub-plan 1</b>       | Yes                    | N/A                        | 31.03.2021   | N/A                     | 39.18                              |
| <b>Sub-plan 2</b>       | Yes                    | N/A                        | 31.03.2020   | 01.10.2020              | 40.39                              |
| <b>Sub-plan 3 and 7</b> | Yes                    | 1 <sup>st</sup> instalment | 31.03.2020   | 01.10.2020              | 40.39                              |
|                         |                        | 2 <sup>nd</sup> instalment | 31.03.2021   | 01.10.2021              | 38.59                              |
| <b>Sub-plan 4</b>       | Yes                    | N/A                        | 31.03.2021   | 01.10.2021              | 38.59                              |
| <b>Sub-plan 5</b>       | Yes                    | N/A                        | 31.03.2023   | 01.10.2023              | 39.17                              |
| <b>Sub-plan 6</b>       | Yes                    | 1 <sup>st</sup> instalment | 31.03.2022   | 01.04.2023              | 26.40                              |
|                         |                        | 2 <sup>nd</sup> instalment | 29.03.2024   | 31.03.2025              | 24.43                              |

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

**SUMMARY OF THE 2017 PERFORMANCE SHARE PLAN<sup>(1)</sup>**

|                                |                   |
|--------------------------------|-------------------|
| <b>Date of General Meeting</b> | <b>18.05.2016</b> |
| Date of Board Meeting          | 15.03.2017        |
| Total number of shares awarded | 1,796,759         |

|                         | <b>Performance conditions</b> | <b>Instalments</b>         | <b>Vesting date</b> | <b>Holding period end date</b> | <b>Fair value (in EUR)<sup>(2)</sup></b> |
|-------------------------|-------------------------------|----------------------------|---------------------|--------------------------------|--|
| <b>Sub-plan 1</b>       | Yes                           | N/A                        | 31.03.2020          | N/A                            | 41.05                                    |
| <b>Sub-plan 2</b>       | Yes                           | N/A                        | 29.03.2019          | 30.09.2019                     | 42.17                                    |
| <b>Sub-plan 3 and 7</b> | Yes                           | 1 <sup>st</sup> instalment | 29.03.2019          | 30.09.2019                     | 42.17                                    |
|                         |                               | 2 <sup>nd</sup> instalment | 31.03.2020          | 02.10.2020                     | 40.33                                    |
| <b>Sub-plan 4</b>       | Yes                           | N/A                        | 31.03.2020          | 02.10.2020                     | 40.33                                    |
| <b>Sub-plan 5</b>       | Yes                           | N/A                        | 31.03.2022          | 02.10.2022                     | 43.75                                    |
| <b>Sub-plan 6</b>       | Yes                           | 1 <sup>st</sup> instalment | 31.03.2021          | 01.04.2022                     | 27.22                                    |
|                         |                               | 2 <sup>nd</sup> instalment | 31.03.2023          | 01.04.2024                     | 26.34                                    |

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

**SUMMARY OF THE 2016 PERFORMANCE SHARE PLAN<sup>(1)</sup>**

|                                |                   |
|--------------------------------|-------------------|
| <b>Date of General Meeting</b> | <b>18.05.2016</b> |
| Date of Board Meeting          | 18.05.2016        |
| Total number of shares awarded | 2,478,926         |

|                         | <b>Performance conditions</b> | <b>Instalments</b>         | <b>Vesting date</b> | <b>Holding period end date</b> | <b>Fair value (in EUR)<sup>(2)</sup></b> |
|-------------------------|-------------------------------|----------------------------|---------------------|--------------------------------|--|
| <b>Sub-plan 1</b>       | Yes                           | N/A                        | 29.03.2019          | N/A                            | 29.55                                    |
| <b>Sub-plan 2</b>       | Yes                           | N/A                        | 29.03.2018          | 30.09.2018                     | 30.18                                    |
| <b>Sub-plan 3 and 7</b> | Yes                           | 1 <sup>st</sup> instalment | 29.03.2018          | 30.09.2018                     | 30.18                                    |
|                         |                               | 2 <sup>nd</sup> instalment | 29.03.2019          | 30.09.2019                     | 28.92                                    |
| <b>Sub-plan 4</b>       | Yes                           | N/A                        | 29.03.2019          | 30.09.2019                     | 28.92                                    |
| <b>Sub-plan 5</b>       | Yes                           | N/A                        | 31.03.2021          | 02.10.2021                     | 32.76                                    |
| <b>Sub-plan 6</b>       | Yes                           | 1 <sup>st</sup> instalment | 31.03.2020          | 01.04.2021                     | 22.07                                    |
|                         |                               | 2 <sup>nd</sup> instalment | 31.03.2022          | 01.04.2023                     | 21.17                                    |

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

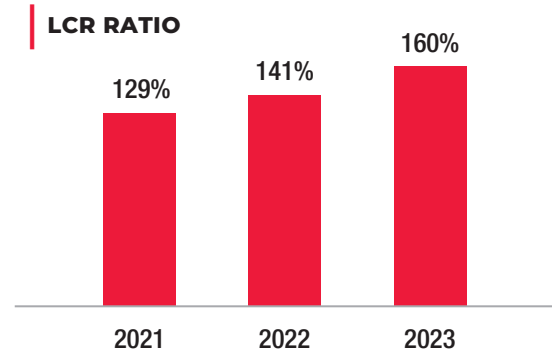
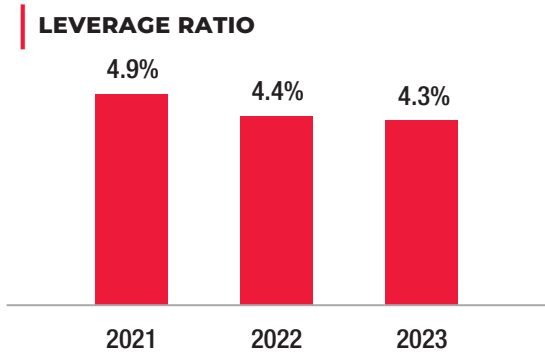
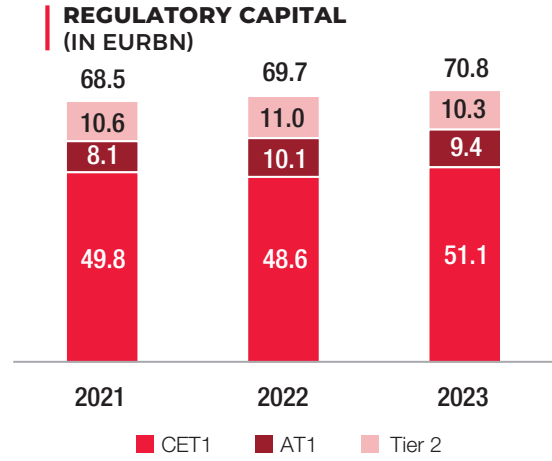
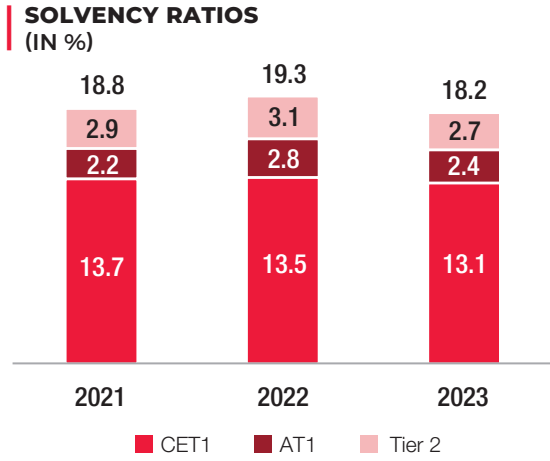
# 4

## RISK AND CAPITAL ADEQUACY

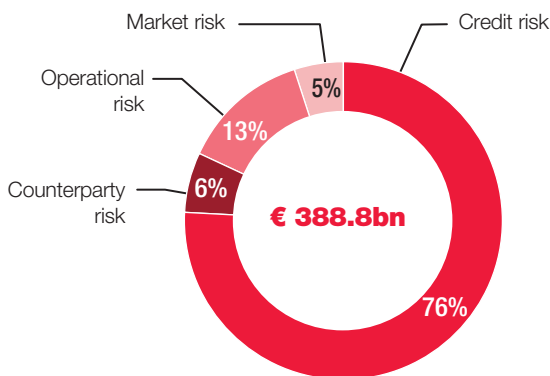
|                                     |     |  |     |
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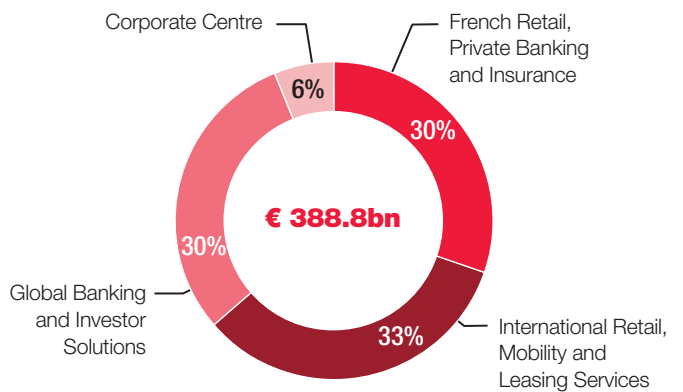
# KEY FIGURES



**DISTRIBUTION OF RWA BY RISK TYPE**  
(TOTAL RWA AT END 2023: EUR 388.8BN VS. EUR 362.4<sup>(1)</sup>BN AT END 2022)



**DISTRIBUTION OF RWA BY CORE BUSINESS**  
(TOTAL RWA AT END 2023: EUR 388.8BN VS. EUR 362.4<sup>(1)</sup>BN AT END 2022)



<sup>(1)</sup>2022 figures are restated in compliance with IFRS 17 and IFRS 9 for insurance entities. In the rest of the chapter 4, unless otherwise mentioned, 2022 RWA figures have not been restated for.

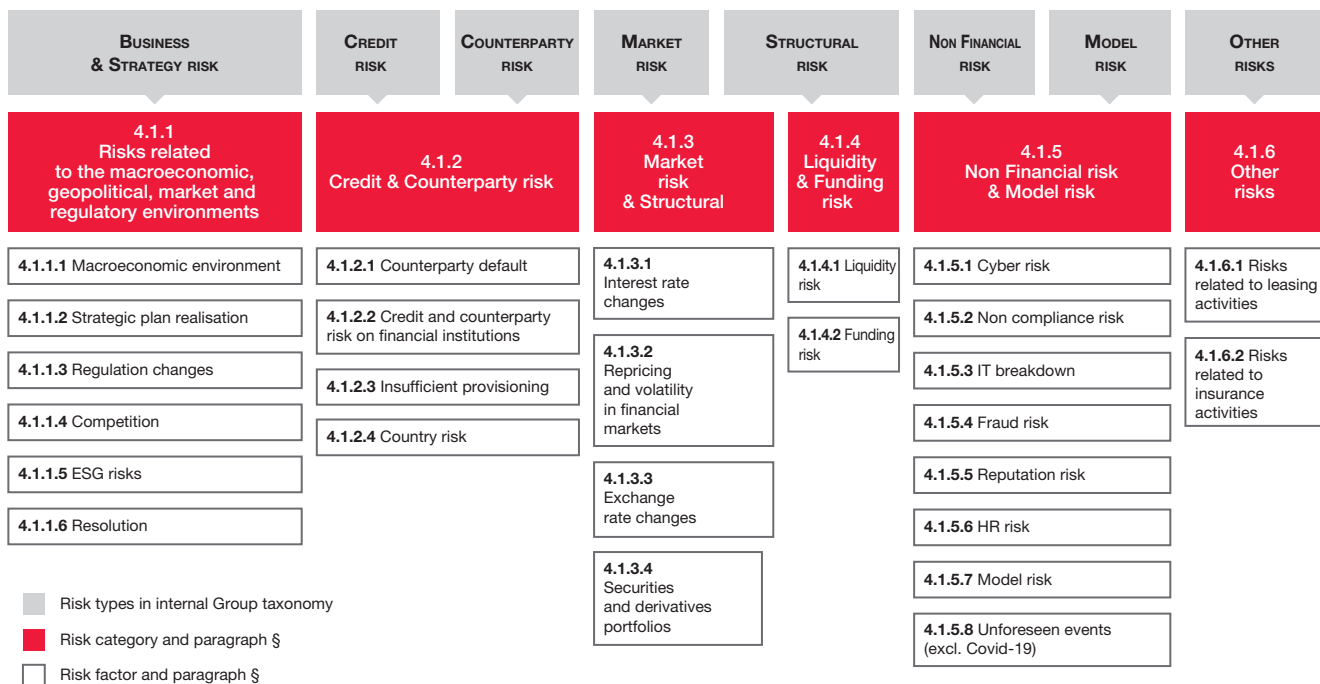
# 4.1 RISK FACTORS BY CATEGORY

This section identifies the main risk factors which, based on the Group's estimates, could have a significant effect on its business, profitability, solvency or access to financing.

Societe Generale has updated its risk typology as part of its internal risk management. For the purposes of this section, these different types of risks have been grouped into six main categories (4.1.1 to 4.1.6), in accordance with Article 16 of the Regulation (EU) 2017/1129, also known as "Prospectus 3" regulation of 14 June 2017,

according to the main risk factors that the Group believes could impact the risk categories. Risk factors are presented based on an evaluation of their materiality, with the most material risks indicated first within each category.

The diagram below illustrates how the categories of risks identified in the risk typology have been grouped into the six categories and which risk factors principally impact them.



Note to the reader: the diagram illustrates how the types of risks identified in the Group's risk typology have been grouped into the six categories and which risk factors mainly impact them.

## 4.1.1 RISKS RELATED TO THE MACROECONOMIC, GEOPOLITICAL, MARKET AND REGULATORY ENVIRONMENTS

### 4.1.1.1 The global economic and financial context, geopolitical tensions, as well as the market environment in which the Group operates, may adversely affect its activities, financial position and results.

As a global financial institution, the Group's activities are sensitive to changes in financial markets and economic conditions in Europe, the United States and elsewhere around the world. The Group generates 40% of its business in France (in terms of net banking income for the financial year ended 31 December 2023), 38% in Europe, 8% in the Americas and 14% in the rest of the world. The Group could face significant worsening of market and economic conditions in particular resulting from crises affecting capital or credit markets, liquidity constraints, regional or global recessions and fluctuations in commodity prices, notably oil and natural gas. Other factors could explain such deteriorations, such as variations in currency exchange rates or interest rates, inflation or deflation, rating downgrades, restructuring or defaults of sovereign or private debt, or adverse geopolitical events (including acts of terrorism and military conflicts). In addition, the emergence of new pandemics such as Covid-19 cannot be ruled out. Such events, which can develop quickly and whose effects may not have been anticipated and hedged, could affect the Group's operating environment for short or extended periods and have a material adverse effect on its financial position, the cost of risk and its results.

The economic and financial environment is exposed to intensifying geopolitical risks. The war in Ukraine, which began in February 2022, has sparked deep tensions between Russia and Western countries, impacting global growth, energy and raw materials prices, as well as the humanitarian situation. This has also prompted a large number of countries, particularly in Europe and the United States, to impose economic and financial sanctions on Russia. The war between Israel and Hamas, which began in October 2023, could have similar impacts or contribute to existing ones and pose a risk to the flow of goods and raw materials *via* the Suez Canal. The Group will continue to analyse in real time the global impact of these crisis and take necessary measures.

In Asia, relations between the US and China, China and Taiwan and China and the European Union are fraught with geopolitical and trade tensions, the relocation of production and the risk of technological fractures.

After a long period of low interest rates, the current inflationary environment is pushing the major central banks to raise interest rates. The entire economy has had to adapt to a context of higher interest rates. In addition to the impact on the valuation of equities, interest rate-sensitive sectors such as real estate are adjusting. The US Federal Reserve and the European Central Bank (ECB) are expected to maintain tight monetary conditions before starting to loosen them from 2024 onwards, as inflation recedes according to our forecasts.

The slowdown in economic activity could generate strong volatility on the financial markets and a significant drop in the price of certain financial assets, potentially leading to payment defaults, with consequences that are difficult to anticipate for the Group. In France, Group's main market, after the long period of low interest rates which

fostered an upturn of the housing market, the ongoing reversal of activity in this area had an adverse effect on the Group's asset value and on business by decreasing demand for loans and resulting in higher rates of non-performing loans. More generally, the higher interest rate environment in a context where public and private debts have tended to increase is an additional source of risk.

Considering the ensuing uncertainty, both in terms of duration and scale, these disruptions could persist throughout 2024 and have a significant impact on the activity and profitability of certain Group counterparties.

Recent attacks on merchant ships in the Bab-el-Mandeb strait, claimed by the Houthi movement, could also have an impact on gas and oil supplies, or on prices and delivery times.

In the longer term, the energy transition to a "low-carbon economy" could adversely affect fossil energy producers, energy-intensive sectors of activity and the countries that depend on them.

With the ALD/LeasePlan merger in 2023, the automotive sector represents a major exposure for the Group. It is currently undergoing major strategic transformations, including environmental (growing share of electric vehicles), technological, as well as competitive (arrival of Asian manufacturers in Europe on the electric vehicles market), the consequences of which could generate significant risks for the Group's results and the value of its assets.

With regard to financial markets, the topic of non-equivalence of clearing houses (central counterparties, or CCPs) beyond 2025 remains a point that needs watching, with possible impacts on financial stability, notably in Europe, and therefore on the Group's business. In addition, capital markets (including foreign exchange activity) and securities trading activities in emerging markets may be more volatile than those in developed markets and may also be vulnerable to certain specific risks such as political instability and currency volatility. These elements could negatively impact the Group's activity and results.

The Group's results are therefore exposed to the economic, financial, political and geopolitical conditions of the main markets in which the Group operates.

### 4.1.1.2 The Group's failure to achieve the strategic and financial targets disclosed to the market could have an adverse effect on its business and its results.

**During its Capital Markets Day event, the Group presented its strategic plan, which is to :**

- be a rock-solid bank: streamline business portfolio, enhance stewardship of capital, improve operational efficiency, maintain best-in-class risk management;
- foster high performance sustainable businesses: excel at what SG does, lead in ESG, foster a culture of performance and accountability.

**This strategic plan is reflected in the following financial targets:**

- a robust CET 1 ratio of 13% in 2026 after the implementation of Basel IV;

- average annual revenue growth of between 0% and 2% over the 2022-2026 period;
- an improved cost-to-income ratio lower than 60% in 2026 and ROTE of between 9% and 10% in 2026;
- a distribution rate between 40% and 50% of reported net income<sup>(1)</sup>, applicable from 2023.

The Group is fully on track to achieving its strategic milestones:

- the Group's "Vision 2025" project involves a review of the network of branches resulting from the merger of Crédit du Nord and Societe Generale. Although this project has been designed to achieve controlled execution, the merger could have a short-term material adverse effect on the Group's business, financial position and costs. The project could lead to some staff departures, requiring their replacement and training efforts that could potentially generate additional costs. The merger could also lead to the departure of some of the Group's clients, resulting in loss of revenue;
- Mobility and Leasing Services will leverage the full integration of LeasePlan by ALD to be a world leader in the mobility ecosystem. However, 2024 will be an intermediate period, with the implementation of gradual integrations. From 2025 onwards, the new entity will make the transition to the target business model, including the implementation and stabilisation of IT and operational processes. If the integration plan is not carried out as expected or within the planned schedule, this could have adverse effects on ALD, particularly by generating additional costs, which could have a negative impact on the Group's activities and results.

The Group also announced in November 2022 the signing of a letter of intent with AllianceBernstein to combine the equity research and execution businesses in a joint venture to create a leading global franchise in these activities. This announcement was followed by the signature of an acquisition agreement in early February 2023.

The creation of the Bernstein joint venture with AllianceBernstein in cash and equity research is making good progress. The final documentation was signed on 2 November 2023, with a revised structure to accelerate completion of the transaction. At the closing date (expected in the first half of 2024), the joint venture will be organised under two separate legal entities, focusing respectively on North America and on Europe and Asia. The two entities will then be combined, subject to required regulatory approvals. This change should have no significant impact on the Group's expected net contribution. The capital impact is estimated at less than 10 basis points on the closing date. The transaction remains fully aligned with the strategic priorities of our Global Banking and Investor Solutions franchise.

Societe Generale and Brookfield Asset Management announced on 11 September 2023 a strategic partnership to originate and distribute private debt investments.

The conclusion of final agreements on these strategic transactions depends on several stakeholders and, accordingly, is subject to a degree of uncertainty (legal terms, delays in the integration process of LeasePlan or in the merger of the Crédit du Nord agencies). More generally, any major difficulties encountered in implementing the main levers for executing the strategic plan, notably in simplifying business portfolios, allocating and using capital efficiently, improving operating efficiency and managing risks to the highest standards, could potentially weigh on Societe Generale's share price.

Societe Generale has placed Environmental, Social and Governance (ESG) at the heart of its strategy in order to contribute to positive transformations in the environment and the development of local regions. In this respect, the Group has made new commitments during the Capital Market Day on 18 September 2023 such as:

- an 80% reduction in upstream Oil & Gas exposure by 2030 vs. 2019; with a 50% reduction by 2025;
- a EUR 1 billion transition investment fund with a focus on energy transition solutions and nature-based and impact-based projects supporting the UN's Sustainable Development Goals.

Failure to comply with these commitments, and those that the Group may make in the future, could create legal and reputation risks. Furthermore, the rollout of these commitments may have an impact on the Group's business model. Last, failure to make specific commitments, particularly in the event of changes in market practices, could also generate reputation and strategic risks.

**4.1.1.3 The Group is subject to an extended regulatory framework in each of the countries in which it operates. Changes to this regulatory framework could have a negative effect on the Group's businesses, financial position and costs, as well as on the financial and economic environment in which it operates.**

The Group is governed by the laws of the jurisdictions in which it operates. This includes French, European and US legislation as well as other local laws in light of the Group's cross-border activities, among other factors. The application of existing laws and the implementation of future legislation require significant resources that could affect the Group's performance. In addition, possible failure to comply with laws could lead to fines, damage to the Group's reputation and public image, the suspension of its operations and, in extreme cases, the withdrawal of operating licences.

Among the laws that could have a significant influence on the Group:

- several regulatory changes are still likely to significantly alter the framework for Market activities: (i) the strengthening of transparency conditions related to the implementation of the new requirements and investor protection measures (review of MiFID II/ MiFIR, IDD, ELTIF (European Long-Term Investment Fund Regulation)), (ii) the implementation of the fundamental review of the trading book, or FRTB, which may significantly increase requirements applicable to European banks and (iii) possible relocations of clearing activities could be requested despite the European Commission's decision of 8 February 2022 to extend the equivalence granted to UK central counterparties until 30 June 2025, (iv) the European Commission's proposal to amend the regulation on benchmarks (European Parliament and EU Council, Regulation (EU) No. 2016/1011, 8 June 2016) with possible changes in scope and charges;

(1) After deduction of interest on deeply subordinated notes and undated subordinated notes, restated from non-cash items that have no impact on the CET 1 ratio

- the adoption of new obligations as part of the review of the EMIR regulation (EMIR 3.0); in particular, the information requirements for European financial actors towards their customers, the equity options regime and the calibration of requirements for active account funding in a European Union central counterparty;
  - the implementation of technical standards (RTS) published by the European Banking Authority to clarify risk retention requirements to contribute to the development of a healthy, safe and sound securitisation market in the European Union published by the European Banking Authority on 12 April 2022;
  - the implementation of the new directive on credit agreements for consumers (Directive (EU) 2023/2225, 18 October 2023), which strengthens consumer protection;
  - the Retail Investment Strategy (RIS) presented by the European Commission on 24 May 2023, aimed at prioritising the interests of retail investors and strengthening their confidence in the EU Capital Markets Union, including measures to regulate commission retrocessions in the case of non-advised transactions and to introduce a value-for-money test for investment products;
  - new legal and regulatory obligations could also be imposed on the Group in the future, such as the continuation in France of consumer protection measures weighing on retail banks, and the potential obligation at European level to open up access to banking data to third-party service providers;
  - the Commission's proposal of 28 June 2023 for a regulation on the establishment of the digital euro, accompanying the initiatives taken by the ECB in this field;
  - the strengthening of data quality and protection requirements and a future strengthening of cyber-resilience requirements in relation to the adoption by the Council on 28 November 2022 of the European Directive and regulation package on digital operational resilience for the financial sector (DORA). Added to this is the transposition of the NIS2 Directive (Network and Information Security Directive, published in the Official Journal of the EU on 27 December 2022) expected before 18 October 2024, which extends the scope of application of the initial NIS Directive;
  - the implementation of European regulatory frameworks related to due diligence under the so-called "CS3D" Directive proposal (Corporate Sustainability Due Diligence Directive), as well as to sustainable finance including the regulation on European green bonds, with an increase in non-financial reporting obligations, particularly under the CSRD Directive (Corporate Sustainability Reporting Directive), enhanced inclusion of environmental, social and governance issues in risk management activities and the inclusion of such risks in the supervisory review and assessment process (Supervisory Review and Evaluation Process, or SREP);
  - the implementation of the requirements of the French "Green Industry" law (*Loi Industrie verte*) (no. 2023-973 of 23 October 2023), which aims to green up existing industries;
  - new obligations arising from the Basel Committee's proposed reform of banking regulations (the final text of Basel 3, also called Basel 4). This reform will be implemented in the European legislative corpus CRR (Regulation (EU) no. 575/2013) which, with a few exceptions, will become applicable on 1 January 2025, and CRD (Directive 2013/36/EU), which should be transposed into the applicable law of Member States no later than 18 months after its entry into force, *i.e.* by mid-2025;
  - the European Commission's initiative, published on 18 April 2023, aiming to strengthen the framework for bank crisis management and deposit insurance (CMDI). This proposal could lead to wider use of the guarantee and resolution funds and increase the Group's contributions to the guarantee and resolution funds;
  - European measures aimed at restoring banks' balance sheets, notably through active management of Non-Performing Loans (NPLs), are leading to an increase in prudential requirements and require the Group to adapt its NPL management strategy. More generally, additional measures to define a best practices framework for loan origination (see the Loan origination guidelines published by the European Banking Authority) and loan monitoring could also have an impact on the Group. This new framework should ensure that newly granted loans are of high credit quality and contribute to reducing levels of non-performing loans in the future;
  - in 2023, the "Interest Rate Risk in the Banking Book" (IRRBB) guidelines published by the European Banking Authority in October 2022 have applied:
    - since 30 June 2023 for the IRRBB part,
    - since 31 December 2023 for the "Credit Spread Risk arising from non-trading Book Activities" (CSRBB) section, requiring banks to calculate and manage the impact of a change in Credit Spread on the Bank's value and revenues;
  - in 2024, the following evolutions are expected:
    - calculation and supervision of the Supervisory Outlier Test (SOT) for Net Interest Income (NII); this requirement has already been implemented by the Group,
    - detailed reporting notably on IRRBB and CSRBB risks;
  - new obligations arising from a package of proposed measures announced by the European Commission on 20 July 2021 aiming to strengthen the European supervisory framework around anti-money laundering and combating the financing of terrorism (AML-CFT), as well as the creation of a new European agency to combat money laundering.
- The Group is also subject to complex tax rules in the countries where it operates. Changes in applicable tax rules, uncertainty regarding the interpretation of certain evolutions or their effects may have a negative impact on the Group's business, financial position and costs.
- In the US, as the implementation of the Dodd-Frank Act nears completion, the Securities and Exchange Commission (SEC) has embarked on a complete regulatory overhaul of markets that covers the equity market structure, treasury markets and derivatives markets, among others, which could lead to significant changes in the way these markets operate, the cost of market participation and the competitive landscape, among others.
- Moreover, as an international bank that handles transactions with US persons, denominated in US dollars, or involving US financial institutions, the Group is subject to US regulations relating in particular to compliance with economic sanctions, the fight against corruption and market abuse. More generally, in the context of agreements with US and French authorities, the Group largely implemented, through a dedicated programme and a specific organisation, corrective actions to address identified deficiencies and strengthen its compliance programme. In the event of a failure to comply with relevant US regulations, or a breach of the Group's commitments under these agreements, the Group could be exposed to the risk of (i) administrative sanctions, including fines, suspension of access to US markets, and even withdrawals of banking licences, (ii) criminal proceedings, and (iii) damage to its reputation.



**4.1.1.4 Increased competition from banking and non-banking operators could have an adverse effect on the Group's business and results, both in its French domestic market and internationally.**

Due to its international activity, the Group faces intense competition in the international and local markets in which it operates from banking or non-banking actors alike. As such, the Group is exposed to the risk of not being able to maintain or develop its market share in its various activities. This competition may also lead to pressure on margins, which would be detrimental to the profitability of the Group's activities.

Consolidation in the financial services industry could result in competitors bolstering their capital, resources and an ability to offer a broader range of financial services. In France and in the other main markets where the Group operates, the presence of major domestic banking and financial actors, as well as new market participants (notably neo-banks and online financial services providers), has increased competition for virtually all products and services offered by the Group. New market participants such as "fintechs" and new services that are automated, scalable and based on new technologies (such as blockchain) are developing rapidly and are fundamentally changing the relationship between consumers and financial services providers, as well as the function of traditional retail bank networks. Competition with these new actors may be exacerbated by the emergence of substitutes for central bank currency (crypto-currencies, digital central bank currency, etc.), which themselves carry risks.

Moreover, competition is also heightened by the emergence of non-banking actors that, in some cases, may benefit from a regulatory framework that is more flexible and in particular less demanding in terms of equity capital requirements.

To address these challenges, the Group has implemented a strategy, notably the development of digital technologies and the creation of commercial or equity partnerships with these new actors. In this context, the Group may have to make additional investments to be able to offer new innovative services and compete with these new actors. Tougher competition could, however, adversely impact the Group's business and results, both on the French market and internationally.

**4.1.1.5 Environmental, social and governance (ESG) risks, particularly those involving climate change, could have an impact on the Group's activities, results and financial situation in the short-, medium- and long-term**

Environmental, social and governance (ESG) risks are defined as risks stemming from the current or prospective impacts of ESG factors on counterparties or invested assets of financial institutions. ESG risks are seen as aggravating factors to the traditional categories of risks (including credit risk, counterparty risk, market risk, non-financial risks, structural risks, business and strategy risks, other types of risk and other factors of risk). ESG risks are therefore likely to impact the Group's activities, results and financial position in the short, medium and long-term.

The Group is consequently exposed to environmental risks, including climate change risks through certain of its financing, investment and service activities.

The Group could be exposed to physical risk resulting from a deterioration in the credit quality of its counterparties whose activity could be negatively affected by extreme climatic events or long-term gradual changes in climate, and through a decrease in the value of collateral received (particularly in the context of real estate financing in the absence of guarantee mechanisms provided by specialised financing companies). The Group could also be exposed to transition risk through the deterioration in the credit quality of its counterparties impacted by issues related to the process of transitioning to a low-carbon economy, linked for example to regulatory changes, technological disruptions or changes in consumer preferences.

Beyond the risks related to climate change, risks more generally related to environmental degradation (such as the risk of loss of biodiversity, water resources or pollution) are also aggravating factors to the Group's risks. The Group could notably be exposed to credit risk on a portion of its portfolio, on back of lower profitability of some of its counterparties due, for example, to increasing legal and operating costs (due to the implementation of new environmental standards).

In addition, the Group is exposed to social risks, related for example to non-compliance by some of its counterparties with labour laws or workplace health and safety issues, which may trigger or aggravate reputation and credit risks for the Group.

Similarly, risks relating to governance of the Group's counterparties and stakeholders (suppliers, service providers, etc.), such as an inadequate management of environmental and social issues, could generate credit and reputational risks for the Group.

Beyond the risks related to its counterparties or invested assets, the Group could also be exposed to risks related to its own activities. Hence, the Group is exposed to physical climate risk with respect to its ability to maintain its services in geographical areas affected by extreme events (floods, etc.).

The Group also remains exposed to specific social and governance risks, relating for example to the operational cost of implementation of regulations (in particular related to labour laws) and the management of its human resources.

All of these risks could have an impact on the Group's business, results and reputation in the short, medium and long term.

**4.1.1.6 The Group is subject to regulations relating to resolution procedures, which could have an adverse effect on its business and the value of its financial instruments.**

Directive 2014/59/EU of the European Parliament and of the Council of the European Union of 15 May 2014 (BRRD) and Regulation (EU) No. 806/2014 of the European Parliament and of the Council of the European Union of 15 July 2014 (the Single Resolution Mechanism, or "SRM") define, respectively, a European Union-wide framework and a Banking Union-wide framework for the recovery and resolution of credit institutions and investment firms. The BRRD provides the authorities with a set of tools to intervene early and quickly enough in an institution considered to be failing so as to ensure the continuity of the institution's essential financial and economic functions while reducing the impact of the failure of an institution on the economy and the financial system (including the exposure of taxpayers to the consequences of the failure). Within the Banking Union, under the SRM Regulation, a centralised resolution authority is established and entrusted to the SRB and national resolution authorities.

The powers granted to the resolution authority under the BRRD and the SRM Regulations include write-down/conversion powers to ensure that capital instruments and eligible liabilities absorb the Group's losses and recapitalise it in accordance with an established order of priority (the "Bail-in Tool"). Subject to certain exceptions, losses are borne first by the shareholders and then by the holders of additional Tier 1 and Tier 2 capital instruments, then by the non-preferred senior debt holders and finally by the senior preferred debt holders, all in the order of their claims in a normal insolvency proceeding. The conditions for resolution provided by the French Monetary and Financial Code implementing the BRRD are deemed to be met if: (i) the resolution authority or the competent supervisory authority determines that the institution is failing or likely to fail; (ii) there is no reasonable perspective that any measure other than a resolution measure could prevent the failure within a reasonable timeframe; and (iii) a resolution measure is necessary to achieve the resolutions' objectives (in particular, ensuring the continuity of critical functions, avoiding a significant negative effect on the financial system, protecting public funds by minimising the recourse to extraordinary public financial support, and protecting customers' funds and assets) and the winding-up of the institution under normal insolvency proceedings would not meet these objectives to the same extent.

The resolution authority could also, independently of a resolution measure or in combination with a resolution measure, proceed with the write-down or conversion of all or part of the Group's capital instruments (including subordinated debt instruments) into Common Equity Tier 1 (CET1) instruments if it determines that the Group will no longer be viable unless it exercises this write-down or conversion power or if the Group requires extraordinary public financial support (except where the extraordinary public financial support is provided in the form defined in Article L.613-48 III, paragraph 3 of the French Monetary and Financial Code).

The Bail-in Tool could result in the write-down or conversion of capital instruments in whole or in part into ordinary shares or other ownership instruments.

In addition to the Bail-in Tool, the BRRD provides the resolution authority with broader powers to implement other resolution measures with respect to institutions that meet the resolution requirements, which may include (without limitation) the sale of the institution's business segments, the establishment of a bridge institution, the splitting of assets, the replacement or substitution of the institution as debtor of debt securities, changing the terms of the debt securities (including changing the maturity and/or amount of interest payable and/or the imposition of a temporary suspension of payments), the dismissal of management, the appointment of a provisional administrator and the suspension of the listing and admission to trading of financial instruments.

Before taking any resolution action, including the implementation of the Bail-in Tool, or exercising the power to write down or convert relevant capital instruments, the resolution authority must ensure that a fair, prudent and realistic valuation of the institution's assets and liabilities is made by a third party independent of any public authority.

The application of any measure under the French implementing provisions of the BRRD or any suggestion of such application to the Group could have a material adverse effect on the Group's ability to meet its obligations under its financial instrument and, as a result, holders of these securities could lose their entire investment.

In addition, if the Group's financial condition deteriorates, the existence of the Bail-in Tool or the exercise of write-down or conversion powers or any other resolution tool by the resolution authority (independently of or in combination with a resolution) if it determines that Societe Generale or the Group will no longer be viable could result in a more rapid decline in the value of the Group's financial instruments than in the absence of such powers.

## 4.1.2 CREDIT AND COUNTERPARTY CREDIT RISKS

Weighted assets (RWA) in relation to credit and counterparty risks amounted to EUR 326.2 billion at 31 December 2023.

### 4.1.2.1 The Group is exposed to credit, counterparty and concentration risks, which may have a material adverse effect on the Group's business, results of operations and financial position.

Due to its Financing and Market activities, the Group is exposed to credit and counterparty risk. The Group may therefore incur losses in the event of default by one or more counterparties, particularly if the Group encounters legal or other difficulties in enforcing the collateral allocated to its exposures or if the value of this collateral is not sufficient to fully recover the exposure in the event of default. Despite the Group's efforts to limit the concentration effects of its credit portfolio exposure, it is possible that counterparty defaults could be amplified within the same economic sector or region of the world due to the interdependence of these counterparties.

Consequently, the default of one or more significant counterparties of the Group could have a material adverse effect on the Group's cost of risk, results of operations and financial position.

At 31 December 2023, the Group's exposure at default (EAD, excluding counterparty risk) was EUR 1,026 billion, with the following breakdown by type of counterparty: 32% on sovereigns, 30% on corporates, 21% on retail customers and 4% on credit institutions and similar. Risk-weighted assets (RWA) for credit risk totalled EUR 304 billion.

Regarding counterparty risks resulting from market transactions (excluding CVA), at the end of December 2023, the exposure value (EAD) was EUR 129 billion, mainly to corporates (39%) and credit institutions and similar entities (43%) and to a lesser extent to sovereign entities (15%). Risk-weighted assets (RWA) for counterparty risk amounted to EUR 19 billion.

At 31 December 2023, the main sectors to which the Group is exposed in its corporate portfolio included financial activities (accounting for 6.8% of Group's total EAD exposure), real estate (3%), social services (2.8%), manufacturing (2.3%), the agriculture sector and agri-food industries (2.2%) and telecommunications, media and technology (2.0%).

In terms of geographical concentration, the five main countries to which the Group was exposed at 31 December 2023 were France (45% of the Group's total EAD, mainly related to Sovereigns and Retail customers), the US (14% of EAD, mainly related to corporates and sovereigns), the UK (4% of EAD, mainly related to corporates), Germany (4% of total Group EAD, mainly related to credit institutions and corporates) and the Czech Republic (5% of the Group's total EAD, mainly related to retail clients and corporates). Furthermore, the financial situation of certain counterparties could be affected by the macroeconomic context, the geopolitical tensions, the market events and regulatory changes mentioned in section 4.1.1.1, in particular "The global economic and financial context, geopolitical tensions, as well as the market environment in which the Group operates, may adversely affect its activities, financial position and results of operations".

For more detail on credit and counterparty risk, see sections 4.5.5 “Quantitative information” and 4.6.3 “Counterparty credit risk measures” of the 2024 Universal Registration Document.

#### **4.1.2.2 The financial soundness and conduct of other financial institutions and market participants could have an adverse effect on the Group’s business.**

Financial institutions and other market actors (commercial or investment banks, credit insurers, mutual funds, alternative funds, institutional clients, clearing houses, investment service providers, etc.) are important counterparties for the Group in capital or inter-bank markets. Financial services institutions and financial actors are closely interrelated as a result of trading, clearing and funding relationships. In addition, there is a growing involvement in the financial markets of actors with little or no regulation (hedge funds, for example). As a result, defaults by one or several actors in the sector or a crisis of confidence affecting one or more actors could result in market-wide liquidity scarcity or chain defaults, which would have an adverse effect on the Group’s activity. Developments in the financial markets, and in particular the rise in interest rates compounded by high volatility of the market parameters, could also weaken or even cause the default of certain financial actors similar to the defaults observed at US regional banks such as SVB, thereby increasing liquidity risk and the cost of funding. The recent crisis involving certain US banks and Crédit Suisse highlighted the speed at which a liquidity crisis can develop with actors deemed fragile by the markets, who can therefore become victims of a serious and rapid loss of confidence from their investors, counterparties and/or depositors. In addition, certain financial actors could experience operational or legal difficulties in the unwinding or settlement of certain financial transactions. These risks are specifically monitored and managed (see counterparty risk).

The Group is exposed to risks related to clearing institutions and particularly to the default of one or more of their members because of the increase in transactions traded through these institutions, induced in part by regulatory changes that require mandatory clearing for over-the-counter derivative instruments standardised by these clearing counterparties. The Group’s exposure to clearing houses amounted to EUR 34.2 billion of EAD on 31 December 2023. The default of a member of a clearing institution<sup>(1)</sup> could generate losses for the Group and have an adverse effect on the business and results of the Group. These risks are also subject to specific monitoring and supervision (see counterparty risk).

The Group is also exposed on assets held as collateral for credit or derivatives instruments, with the risk that, in the event of failure of the counterparty, some of these assets may not be sold or that their disposal price may not cover the entire exposure in credit and counterparty risks. These assets are subject to periodic monitoring and a specific management framework.

#### **4.1.2.3 The Group’s results of operations and financial position could be adversely affected by a late or insufficient provisioning of credit exposures.**

The Group regularly records provisions for doubtful loans in connection with its lending activities in order to anticipate the occurrence of losses. The amount of provisions is based on the most accurate assessment at the time of the recoverability of the debts in question. This assessment, based notably on multi-scenario approaches, relies on an analysis of the current and prospective situation of the borrower as well as an analysis of the value and recovery prospects of the debt, taking into account any security interests. In some cases (loans to individual customers), the provisioning method may call for the use of statistical models based on the analysis of historical losses and recovery data. Since 1 January 2018, the Group has also been recording provisions on performing loans under the IFRS 9 accounting standard. This assessment is based on statistical models for assessing probabilities of default and potential losses in the event of default, which take into account a prospective analysis based on regularly updated macroeconomic scenarios.

IFRS 9 accounting standard principles and provisioning models could be pro-cyclical in the event of a sharp and sudden deterioration in the environment. A deterioration of the geopolitical and macroeconomic environment could lead to a significant and/or not-fully-anticipated variation in the cost of risk and therefore in the Group’s results of operations.

At 31 December 2023, the stock of provisions relating to outstanding amounts (on- and off-balance sheet) amounted to EUR 3.6 billion on performing assets and EUR 7.8 billion on assets in default. Outstanding loans in default at amortised cost (stage 3 under IFRS 9) represented EUR 16.4 billion, including 55% in France, 20% in Africa and Middle East and 10.5% in Western Europe (excluding France). The gross ratio of doubtful loans on the balance sheet was 2.9% and the gross coverage ratio of these loans was approximately 46%. The cost of risk stood at 17 basis points in 2023, against a cost of risk of 28 basis points in 2022.

#### **4.1.2.4 Country risk and changes in the regulatory, political, economic, social and financial environment of a region or country could have an adverse effect on the Group’s financial situation.**

Because of its international activities, the Group is exposed to the aggravating factor of country risk. (see § 4.1.1.1)

The country risk arises whenever an exposure (receivables, securities, guarantees, derivatives) is likely to be adversely affected by changes in the country’s regulatory, political, economic, social or financial conditions.

Strictly speaking, the concept of country risk refers to political and non-transfer risk, which includes the risk of non-payment resulting either from acts or measures taken by local public authorities (decision by local authorities to prohibit the debtor from fulfilling its commitments, nationalisation, expropriation, non-convertibility, etc.), or from internal (riot, civil war, etc.) or external (war, terrorism, etc.) events.

More broadly, a deterioration in the quality of the country, the sovereign, or the conditions for business activity in the country can lead to a commercial risk, with in particular a deterioration in the credit quality of all counterparties in a given country as a result of an economic or financial crisis in the country, irrespective of the specific financial situation of each counterparty. This could be a macroeconomic shock (sharp slowdown in activity, systemic crisis in the banking system, etc.), a currency devaluation or a sovereign default on its external debt, possibly leading to other defaults.

(1) The Group is also exposed to the risk of default of a clearing institution, which would be a major/systemic event considered to be less likely.



### 4.1.3 MARKET AND STRUCTURAL RISKS

Market risk corresponds to the risk of impairment of financial instruments resulting from changes in market parameters, the volatility of these parameters and the correlations between these parameters. The concerned parameters include exchange rates, interest rates, as well as the prices of securities (shares, bonds) and commodities, derivatives and any other assets.

#### 4.1.3.1 Sharp changes in interest rates can adversely affect retail banking activities and balance sheet value.

The Group generates a significant part of its income through net interest margins and, as such, remains exposed to interest-rate fluctuations in both absolute terms and with respect to the shape of the yield curve, particularly in its Retail Banking activities in France. The Group's results are influenced by changes in interest rates in Europe and in the other markets where it operates. It is the same for value metrics.

In general, lower interest rates mean a reduction in the Group's interest-rate margin, due not only to lower remuneration from deposit replacement but also to a higher risk of mortgage loans being renegotiated in the French market.

A series of very rapid rate hikes also presents a risk to the Group's revenues. Such a scenario can be the consequence of a strong economic recovery or spiking inflation. A sharp increase in key rates combined with a context of high inflation can have negative effects, particularly in France, due to the upward interest-rate adjustment to the remuneration on certain savings products (the *Livret A* savings account, in particular) and the inability to fully pass on the increase to client rates for assets such as mortgage and consumer loans (in addition to the specific problems associated with the usury rate in the French market).

In general, any sudden fluctuation in interest rates may induce a change in client behaviour and calls for adjustments to the interest-rate hedges in place which could dent Group revenues and value. Last, a potential decrease in value of assets measured at fair value could also negatively impact revenues.

For more information on structural interest-rate risks, see Chapter 4.8 "Structural risks, interest rate and exchange rate" and Note 8.1 "Segmented reporting" in Chapter 6 of the 2024 Universal Registration Document.

#### 4.1.3.2 Changes and volatility in the financial markets may have a material adverse effect on the Group's business and the results of market activities.

In the course of its activities, the Group holds trading positions in the debt, currency, commodities and stock markets, as well as in unlisted shares, real estate assets and other types of assets including derivatives. The Group is thus exposed to "market risk". Volatility in the financial markets can have a material adverse effect on the Group's market activities. In particular:

- significant volatility over a long period of time could lead to corrections on risky financial assets (and especially on the riskiest assets) and generate losses for the Group;
- a sudden change in the levels of volatility and its structure, or alternative short-term sharp declines and fast rebounds in markets, could make it difficult or more costly to hedge certain structured products and thus increase the risk of loss for the Group.

Severe market disruptions and high market volatility have occurred in recent years and may occur again in the future, which could result in significant losses for the Group's markets activities. Such losses may extend to a broad range of trading and hedging products, notably on derivative instruments, both vanilla and structured.

In the event that a much lower-volatility environment emerges, reflecting a generally optimistic sentiment in the markets and/or the presence of systematic volatility sellers, increased risks of correction may also develop, particularly if the main market participants have similar positions (market positions) on certain products. Such corrections could result in significant losses for the Group's market activities. The volatility of the financial markets makes it difficult to predict trends and implement effective trading strategies; it also increases risk of losses from net long positions when prices decline and, conversely, from net short positions when prices rise. The realisation of any such losses could have a material adverse effect on the Group's results of operations and financial position.

Similarly, the sudden decrease in, or even the cancellation of, dividends, as experienced during the Covid-19 pandemic, and changes in the correlations of different assets of the same class, could affect the Group's performance, with many activities being sensitive to these risks. A prolonged slowdown in financial markets or reduced liquidity in financial markets could make asset disposals or position maneuverability more difficult, leading to significant losses. In many of the Group's activity segments, a prolonged decline in financial markets, particularly asset prices, could reduce the level of activity in these markets or their liquidity. These variations could lead to significant losses if the Group were unable to quickly unwind the positions concerned, adjust the coverage of its positions, or if the assets held in collateral could not be divested, or if their selling prices did not cover the Group's entire exposure on defaulting loans or derivatives.

The assessment and management of the Group's market risks are based on a set of risk indicators that make it possible to evaluate the potential losses incurred at various time horizons and given probability levels, by defining various scenarios for changes in market parameters impacting the Group's positions. These scenarios are based on historical observations or are hypothetically defined. However, these risk management approaches are based on a set of assumptions and reasoning that could turn out to be inadequate in certain configurations or in the case of unexpected events, resulting in a potential underestimation of risks and a significant negative effect on the results of the Group's market activities.

Furthermore, in the event of a deterioration of the market situation, the Group could experience a decline in the volume of transactions carried out on behalf of its customers, leading to a decrease in the revenues generated from this activity and in particular in commissions received.

In 2023, the main central banks stepped up their restrictive policies, leading to a sharp rise in interest rates in the markets and which destabilised by way of consequence part of the US banking system. Global inflation is showing significant signs of slowing but remains above the levels desired by central banks, which could lead to further rate increases or a longer period of high rates. macroeconomic indicators show that the US economy is holding up well, while growth in China is weakening and Europe is slipping into recession. Finally, the outlook for the markets remains uncertain, due in particular to a turbulent geopolitical context with the emergence of a conflict in the Middle East, the spread of which could lead to a significant rise in the price of oil products and other raw materials, boosting inflation at a time when central bankers have less room for manoeuvre than in 2022. These risks could have a significant negative impact on the Group's trading activities and results.

#### 4.1.3.3 Fluctuations in exchange rates could adversely affect the Group's results.

As a result of the Group's policy of desensitising the CET1 ratio to changes in the exchange rate of currencies against the euro, the Group's consolidated equity is favorably exposed in the event of currency appreciation against the euro.

Thus, in the event of an appreciation of the euro against foreign currencies, the Group's consolidated equity will be negatively impacted.

Because the Group publishes its consolidated financial statements in euros, which is the currency of most of its liabilities, it is also subject to translation risk for items recorded in other currencies, in the preparation of its consolidated financial statements. Exchange rate fluctuations of these currencies against the euro may adversely affect the Group's consolidated results, financial position and cash flows. Exchange rate fluctuations may also negatively affect the value (denominated in euros) of the Group's investments in its subsidiaries outside the eurozone.

For more information of structural exchange rate risk, see Chapter 4.8 "Structural risks, interest rate and exchange rate" of the 2024 Universal Registration Document.

#### 4.1.3.4 Changes in the fair value of SG Group portfolios of securities and derivative products, and its own debt, are liable to have an adverse impact on the net carrying amount of these assets and liabilities, and as a result on SG Group net income and equity.

The carrying amount of Societe Generale's securities portfolios (excluding securities measured at amortised cost), derivatives and certain other assets, as well as its own debt recorded in its balance sheet, is adjusted at each financial statement reporting date.

Most adjustments are made on the basis of changes in the fair value of the Group's assets or liabilities during the financial year, and changes are recorded either in the income statement or directly in shareholders' equity.

Variations recorded in the income statement, to the extent that they are not offset by opposite variations in the value of other assets, affect the Group's consolidated results and consequently its net income.

All fair value adjustments have an impact on shareholders' equity and, consequently, on the Group's prudential ratios.

A downward adjustment in the fair value of the Group's securities and derivatives portfolios may result in a decrease in shareholders' equity and, to the extent that such an adjustment is not offset by reversals affecting the value of the Group's liabilities, the Group's prudential capital ratios might also be lowered.

The fact that fair value adjustments are recorded over one financial period does not mean that additional adjustments will not be required in later periods.

As of 31 December 2023, on the assets side of the balance sheet, financial instruments valued at fair value through profit or loss, hedging derivative instruments and financial assets at market value through shareholders' equity amounted to EUR 496 billion, EUR 11 billion and EUR 91 billion, respectively. On the liabilities side, financial instruments valued at fair value through profit or loss and hedging derivative instruments amounted respectively to EUR 286 billion and EUR 109 billion on 31 December 2023.

## 4.1.4 LIQUIDITY AND FUNDING RISKS

#### 4.1.4.1 A downgrade in the Group's external rating or in the sovereign rating of the French state could have an adverse effect on the Group's cost of financing and its access to liquidity.

For the proper conduct of its activities, the Group depends on access to financing and other sources of liquidity. In the event of difficulties in accessing the secured or unsecured debt markets on terms it considers acceptable, due to market conditions or factors specific to the Group, its liquidity could be impaired. In addition, if the Group is unable to maintain a satisfactory level of customer deposits collection or in the event of an unexpected withdrawal of cash or collateral, it may be forced to turn to more expensive funding sources, which would reduce the Group's net interest margin and results.

The Group is exposed to the risk of a variation in credit spreads. The Group's medium and long-term financing cost is directly linked to the level of credit spreads which can fluctuate depending on general market conditions.

The variation of these spreads can also be affected by an adverse change by the rating agencies in France's sovereign debt rating or countries rating where the Group operates as well as the Group's external ratings as described below.

The Group is currently monitored by four financial rating agencies: Fitch Ratings, Moody's, R&I and Standard & Poor's. For instance, the downgrading of the Group's credit ratings, by these or other agencies, could have a significant impact on the Group's access to funding, increase its cost of financing or reduce its ability to carry out certain types of transactions or activities with customers. This could also require the Group to provide additional collateral to certain counterparties, which could have an adverse effect on its business, financial position and results of operations.

Material events such as severe damage to the Group's reputation, the deterioration of the economic environment following the health crisis, France's sovereign downgrading or countries downgrading where the Group operates, or more recently as a result of the crisis in Ukraine and its impact on the Group, particularly in terms of profitability and cost of risk, could increase the risk of external rating downgrades. The Group's ratings could be placed under negative watch or be subject to a downgrade. In particular, France's sovereign ratings could also be downgraded due to an increase in its debt and deficits (further increased by the Covid-19 pandemic and the response measures taken by the French government) and the inability to pass structural reforms. These elements could have a negative impact on the Group's financing costs and its access to liquidity. The Group's ratings by Fitch Ratings, Moody's, R&I and Standard & Poor's are available on the Group's website (<https://investors.societegenerale.com/fr/informations-financieres-et-extra-financiere/notations/notations-financieres>).

Access to financing and liquidity constraints could have a material adverse effect on the Group's business, financial position, results of operations and ability to meet its obligations to its counterparties.

In 2023, the Group raised a total of EUR 57.5 billion of long-term funding (of which EUR 52.6 billion for the parent company and EUR 4.9 billion for its subsidiaries) comprising, at the parent company level, senior structured issues (EUR 27.8 billion), subordinated issues (EUR 5 billion), senior vanilla non-preferred issues (EUR 5.4 billion), unsecured senior vanilla preferred issues (EUR 7.1 billion) and secured issues (EUR 7.3 billion).

For 2024, the Group has planned a funding program of approximately EUR 20-22 billion in vanilla long-term debt, in senior preferred and secured debt as well as in senior non-preferred debt and subordinated debt.

**4.1.4.2 The Group's access to financing and the cost of this financing could be negatively affected in the event of a resurgence of financial crises or deteriorating economic conditions.**

In past crises (such as the 2008 financial crisis, the eurozone sovereign debt crisis, the tensions on the financial markets linked to the Covid-19 pandemic before the intervention of the central banks) or more recently the tensions linked to geopolitical shocks and, in 2023, to the transition towards a higher interest rate regime, access to financing from European banks was intermittently restricted or subject to less favorable conditions.

If unfavorable debt market conditions were to reappear following a new systemic or Group-specific crisis, the effect on the liquidity of the European financial sector in general and on the Group in particular could be very significantly unfavorable and could have an adverse impact on the Group's operating results as well as its financial position. In this respect, the case of *Crédit Suisse* is illustrative of the potential consequences of a crisis affecting a systemic bank on the access to liquidity for the sector and an increase in banks' financing costs.

For several years, central banks have taken measures to facilitate financial institutions' access to liquidity, in particular by setting up TLTRO (Targeted Longer-Term Refinancing Operations) type facilities and by implementing asset purchase policies to keep long-term interest rates at very low levels. In a context of higher inflation, central banks (notably the ECB and the US Federal Reserve) phased out these accommodating policies in particular with the end of the TLTRO mechanism and the first repayments thereof, the gradual withdrawal of asset-purchase policies and a rise in key interest rates. Even if inflationary pressures are easing and some central banks are anticipating a pause in rate hikes, uncertainty persists over the outlook in this field. In this context, the Group could face an unfavorable evolution of its financing cost and access to liquidity.

In addition, if the Group were unable to maintain a satisfactory level of deposits from its customers, it could be forced to resort to more expensive financing due to rising interest rates, which would reduce its net interest margin as well as its results.

The Group's regulatory short-term liquidity coverage ratio (LCR) stood at 160% at 31 December 2023 (end of period) and liquidity reserves amounted to EUR 316 billion at 31 December 2023.

## 4.1.5 EXTRA-FINANCIAL RISKS (INCLUDING OPERATIONAL RISKS) AND MODEL RISKS

At 31 December 2023, risk-weighted assets in relation to operational risk amounted to EUR 50.1 billion, or 13% of the Group's total RWA. These risk-weighted assets relate mainly to Global Markets & Investor Services (58% of total operational risk).

Between 2019 and 2023, the Group's operational risks were primarily concentrated in five risk categories, representing 94% of the Group's total operating losses observed over the period: fraud (mainly external frauds) and other criminal activities (35%), execution errors (21%), disputes with authorities (15%), errors in pricing or risk assessment, including model risk (13%) and commercial disputes (10%). The Group's other categories of operational risk (unauthorised activities in the markets, loss of operating resources and failure of information systems) remain minor, representing on average 6% of the Group's losses between 2019 and 2023.

See Chapter 4.10.3 "Operational risk measurement" of the 2024 Universal Registration Document for more information on the allocation of operating losses.

**4.1.5.1 A breach of information systems, notably in the event of cyberattack, could have an adverse effect on the Group's business, results in losses and damage the Group's reputation.**

The Group relies heavily on communication and information systems to conduct its business and this is reinforced by the widespread use of remote banking and the digitalisation of processes. Any breach of its systems or the systems of its external partners could materially disrupt the Group's business. Such incidents could result in significant costs related to the recovery and verification of information, loss of revenues, customer attrition, disputes with counterparties or customers, difficulties in managing market operations and short-term refinancing operations, and ultimately damage the Group's reputation. Difficulties experienced by the Group's counterparties could also indirectly generate credit and/or reputational risks for the Group. The situation stemming from the conflict in Ukraine (mentioned in section 4.1.1.1 "The global economic and financial context, geopolitical tensions, as well as the market environment in which the Group operates, may adversely affect its activities, financial position and results of operations") increases the risk of cyberattacks for the Group and its external partners.

Each year, the Group is subject to several cyberattacks on its systems or those of its clients, partners and suppliers. The Group could be subject to targeted and sophisticated attacks on its computer network, including phishing campaigns designed by “artificial intelligence” to achieve higher levels of persuasion, resulting in embezzlement, loss, theft or disclosure of confidential data or customer data which could constitute violations of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (“GDPR”). Such actions could result in operational losses and have an adverse effect on the Group’s business, results and reputation with its customers.

#### **4.1.5.2 The Group is exposed to legal risks that could have a material adverse effect on its financial position or results of operations.**

In the case of non-compliance with applicable laws and regulations, the Group and certain of its former and current representatives may be involved in various types of litigation, including civil, administrative, tax, criminal and arbitration proceedings. The large majority of such proceedings arise from transactions or events that occur in the Group’s ordinary course of business. There has been an increase in client, depositor, creditor and investor litigation and regulatory proceedings against intermediaries such as banks and investment advisors in recent years, in part due to the challenging market environment. This has increased the risk for the Group of losses or reputational harm arising from litigation and other proceedings. Such proceedings or regulatory enforcement actions could also lead to civil, administrative, tax or criminal penalties that could adversely affect the Group’s business, financial position and results of operations.

In preparing its financial statements, the Group makes estimates regarding the financial outcome of civil, administrative, tax, criminal and arbitration proceedings in which it is involved, and records a provision when losses with respect to such matters are probable and can be reasonably estimated. It is inherently difficult to predict the outcome of litigation and proceedings involving the Group’s businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, cases where claims for damages are of unspecified or indeterminate amounts, or cases involving unprecedented legal claims. Should such estimates prove inaccurate or should the provisions set aside by the Group to cover such risks prove inadequate, the Group’s financial position or results of operations could be adversely affected.

For a description of the most significant ongoing proceedings, see section 4.11 “Compliance”, Note 8.3.2 “Other provisions for risks and expenses” and Note 9 “Information on risks and litigation” of Chapter 6 of the 2024 Universal Registration Document.

#### **4.1.5.3 Operational failure, termination or capacity constraints affecting institutions the Group does business with, or failure of information technology systems could have an adverse effect on the Group’s business and result in losses and damages to its the reputation.**

Any dysfunction, failure or interruption of service of the Group’s communication and information systems or the systems of its external partners, even brief and temporary, could result in significant disruptions to the Group’s business. Such incidents could result in significant costs related to information retrieval and verification, loss of

revenue, loss of customers, litigation with counterparties or customers, difficulties in managing market operations and short-term refinancing, and ultimately damage to the Group’s reputation.

The Group is exposed to the risk of operational failure or capacity constraints in its own systems and in the systems of third parties, including those of financial intermediaries that it uses to facilitate cash settlement or securities transactions (such as clearing agents and houses and stock exchanges), as well as those of clients and other market participants.

The interconnections between various financial institutions, clearing houses, stock exchanges and service providers, including external cloud services, increase the risk that the operational failure of any one of them could lead to an operational failure of the entire sector, which could have an adverse impact on the Group’s ability to conduct its business and could therefore result in losses. This risk is likely to be increased by industry concentration, whether among market participants or financial intermediaries, as complex and disparate systems need to be integrated, often on an accelerated basis.

The Group is also subject to various regulatory reforms and major internal strategic projects that may lead to operational disruptions and have an impact on the Group’s operations, the accounting of transactions and their tax or prudential treatment, and on the Group’s results in the event of poor project management and understanding of operational risks (see “Risk factor” 4.1.1.2).

#### **4.1.5.4 The Group is exposed to fraud risk, which could result in losses and damage its reputation.**

Fraud risk is defined as the intentional non-compliance with existing laws, regulations or procedures, which in most cases results in harm to the Bank or its customers and provides the fraudster or his or her relatives with a direct or indirect material or moral benefit.

The risk of fraud increases intrinsically in a crisis context (financial pressure among clients, third parties or our employees) and in a remote working environment that may limit the capacity for monitoring and exchanges by or with the manager or other employees contributing to the prevention or detection of fraud risk. This risk mainly involves external fraud related to the Bank’s credit activities and to the means of payment (electronic banking, transfers, and checks) made available to customers. Fraud schemes are changing rapidly in terms of volume and approach, in line with the security measures and counter-measures developed in the market and within the Group. Internal fraud is carried out through the misappropriation of funds and the granting of undue facilities and can be carried out with or without external collusion. Finally, unauthorised rogue trading, with or without circumvention of controls, could impact results and have a very significant negative impact on the Group’s reputation.

Between 2019 and 2023, the risk of fraud represented 35% of the Group’s total operating losses.

#### **4.1.5.5 Reputational damage could harm the Group’s competitive position, its activity and financial condition.**

An organisation benefits from a good reputation when its activities and services meet or exceed the expectations of its stakeholders, both external (customers, investors, shareholders, regulators, supervisors, suppliers, opinion leaders such as NGOs, etc.) and internal (employees).



The Group's reputation for financial strength and integrity is critical to its ability to foster loyalty and develop its relationships with clients and other counterparties in a highly competitive environment. Any reputational damage could result in loss of activity with its customers or a loss of confidence on the part of its stakeholders, which could affect the Group's competitive position, its business and its financial condition. As in the case of the banking crisis at the beginning of 2023, a material damage to the Group's reputation could also result in a reduction in the Company value and an increased difficulty in raising capital.

Therefore, failure by the Bank to comply with the relevant regulations and to meet its commitments, especially those relating to CSR, could damage the Group's reputation.

Failure to comply with the various internal rules and Codes<sup>(1)</sup>, which aim to anchor the Group's values in terms of ethics and responsibility, could also have an impact on the Group's image.

For more information about reputation risk please see section 4.11 "Compliance risk", 4.9 "Structural-liquidity risk", and 4.10 "Operational risk" of the 2024 Universal Registration Document.

#### **4.1.5.6 The Group's inability to attract and retain qualified employees may adversely affect its performance.**

At 31 December 2023, the Group employed more than 126,000 people in more than 60 countries. Human resources are key assets of the Group, its business model and value proposition.

The emergence of new actors and new technologies in the banking sector, as well as the consequences of the health crisis, have accelerated the transformation of the Bank, directly impacting the way the Company operates and the way employees work. Inadequate career and skills management (integration, career prospects, training, HR support, compensation levels in line with market practice, etc.), transformation projects, as well as a lack of attractiveness and poor working conditions could lead to a loss of resources, know-how and commitment. This would have a negative impact on individual and collective performance and the Group's competitiveness. The inability of Societe Generale to attract and retain employees, a high rate of turnover, the loss of strategic employees and a poor management of human capital in a tense geopolitical context could adversely affect the performance of the Group, result in a loss of business, a deterioration in the quality of service (at the expense of client satisfaction) and a deterioration in the quality of working life (to the detriment of the employee experience).

For more information, see section 5.1.1 "Being a responsible employer" of the 2024 Universal Registration Document.

#### **4.1.5.7 The models, in particular the Group's internal models, used in strategic decision-making and in risk management systems could fail, face delays in deployment or prove to be inadequate and result in financial losses for the Group.**

Internal models used within the Group could prove to be deficient in terms of their conception, calibration, use or monitoring of performance over time in relation to operational risk and therefore could produce erroneous results, notably with financial consequences. The faulty use of so-called artificial intelligence techniques in the conception of these models could also generate erroneous results.

In particular:

- the valuation of certain financial instruments that are not traded on regulated markets or other trading platforms, such as OTC derivative contracts between banks, uses internal models that incorporate unobservable parameters. The unobservable nature of these parameters results in an additional degree of uncertainty as to the adequacy of the valuation of the positions. In the event that the relevant internal models prove unsuitable for changing market conditions, some of the instruments held by the Group could be misvalued and could generate losses for the Group.

For illustrative purposes, financial assets and liabilities measured at fair value on the balance sheet categorised within level 3 (for which the valuation is not based on observed data) represented EUR 24.4 billion and EUR 45.6 billion, respectively, as of 31 December 2023 (see Note 3.4.1 and Note 3.4.2 of Chapter 6 of the consolidated financial statements included in the 2024 Universal Registration Document on financial assets and liabilities measured at fair value);

- the assessment of client solvency and the Bank's exposure to credit risk and counterparty risk is generally based on historical assumptions and observations that may prove to be inappropriate in light of new economic conditions. It is based on economic scenarios and projections that may not adequately anticipate unfavorable economic conditions or the occurrence of unprecedented events. This miscalculation could, among other things, result in an under-valuation and an under-provisioning of risks and an incorrect assessment of capital requirements;
- hedging strategies used in market activities rely on models that include assumptions about the changes of market parameters and their correlation, partly inferred from historical data. These models could be inappropriate in certain market environments (in the event of a large-scale armed conflict, strong movements in volatility resulting, for example, from a pandemic, or tensions between the United States and China, in the Middle East or in Africa), leading to an ineffective hedging strategy, thus causing unanticipated losses that could have a material adverse effect on the Group's results and financial position;
- hedging strategies to manage the interest-rate and liquidity risks of retail banking activities, particularly those in France, use models that include behavioural assumptions. These models are partly based on historical observations the purpose of which is to identify likely client behaviour as well as changes in the interest rate terms offered to customers in relation to their banking products in specific interest rate scenarios. That said, they may be unsuitable due to a change in macroeconomic regime (for instance, significant movements in interest rates or inflation), in the competitive or regulatory environment, and/or in the Bank's commercial policy, which would therefore temporarily make the resulting hedging strategies inappropriate, thereby potentially harming bank revenues.

In addition, the Group has introduced changes to its internal credit risk model framework, the first milestones of which have been reached. This "Hausmann project" aims at rationalizing the architecture of the Group's internal credit models and bringing them into line with new European regulatory requirements. These changes could have a significant impact on the calculation of its RWA credit and counterparty risk in the event of timetable delays when submitting its models to the supervisor or in the event of the late validation by the supervisor.

(1) Internal Rules, "Code of Conduct", "Anti-corruption and Influence Peddling Code", "Code of Tax Conduct" and, more generally, the Group's standards.

#### 4.1.5.8 The Group may incur losses as a result of unforeseen or catastrophic events, including health crises, large-scale armed conflicts, terrorist attacks or natural disasters.

The Group remains dependent on its environment. The occurrence of a new epidemic or pandemic crisis (such as the Covid-19 pandemic) or a health crisis related to the pollution of the natural environment could have a significant impact on the Group's activities. Also, large-scale armed conflicts, terrorist attacks, natural disasters (including earthquakes, such as in Romania, and floods, such as the exceptional flooding of the Seine in Paris or the Chennai in India), extreme weather

conditions (such as heatwaves) or major social unrest (such as the *Gilets Jaunes* movement in France) could affect the Group's activities.

Such events could create economic and financial disruptions or lead to operational difficulties (including travel limitations or relocation of affected employees) for the Group.

These events could impair the Group's ability to manage its businesses and also expose its insurance activities to significant losses and increased costs (such as higher re-insurance premiums). The Group could incur losses if these risks materialise.

## 4.1.6 OTHER RISKS

### 4.1.6.1 Risk on long-term leasing activities.

As part of its long-term leasing activities, the Group is exposed to a potential loss in a financial year from (i) resale of vehicles related to leases which expire during the period whose resale value is lower than their net carrying amount and (ii) additional impairment during the lease period if residual value drops below contractual residual value. Future sales and estimated losses are impacted by external factors such as macroeconomic conditions, government policies, tax and environmental regulations, consumer preferences, new vehicle prices, etc.

On the mobility market, the used vehicle market began to normalize in 2023, although it remains at high levels, reflecting a sustained demand. This gradual normalisation, given the increase in new vehicle registrations by automakers, is leading to a gradual decline in used vehicle sale results. As a result, the Group, which has a fleet of 2.71 millions of vehicles at the end of 2023, has recorded earnings from the sale of used vehicles which remain high over 2023, although down on the previous year (Result of €2,400 per used vehicle sold before the impact of the reductions in depreciation costs and LeasePlan's Purchase Price Allocation<sup>(1)</sup>). Given the continuing improvement in new car availability and the depreciation reductions previously recorded to take account of the exceptionally favorable market, a further decline in average earnings on used car sales is expected in 2024. Ayvens also aims to monitor residual value for Electric Vehicle, whose future sale in the specific used vehicle market could also involve uncertainties related to the level of demand, the level of prices, or rapid technological change.

### 4.1.6.2 Risks related to insurance activities.

**A deterioration in market conditions, and in particular a significant increase or decrease in interest rates, could have a material adverse effect on the life insurance activities of the Group's Insurance business.**

In 2023, the Group's insurance activities represented net banking income of EUR 0.6 billion, or 2.5% of the Group's consolidated net banking income. The Group's Insurance Division is mainly focused on life insurance. At 31 December 2023, life insurance contracts registered outstandings of EUR 136 billion, divided between euro-denominated contracts (62%) and unit-linked contracts (38%).

The Group's Insurance business is highly exposed to interest-rate risk due to the high proportion of bonds in the euro-denominated funds in its life insurance contracts. The level of and changes in interest rates may, in certain configurations, have a material adverse effect on the results and financial position of this business line.

With its impact on the yield of euro-denominated contracts, a prolonged outlook of low interest rates reduces the attractiveness of these products for investors, which can negatively affect fundraising and income from this segment of the life insurance business.

A sharp rise in interest rates could also degrade the competitiveness of the life insurance offerings in euros (compared with bank savings products, for example) and trigger significant repurchases and arbitrage operations by customers, in an unfavourable context of unrealised losses on bond holdings. This configuration could affect the revenues and profitability of the life insurance activity.

More generally, pronounced spread widening and a decline in equity markets could also have a significant negative effect on the results of the Group's life insurance business.

In the event of a deterioration in market parameters, the Group could be required to strengthen the capital of its insurance subsidiaries to enable them to continue meeting their regulatory requirements in this domain.

(1) As per IFRS 3 "Business combinations".

## 4.2 RISK MANAGEMENT ORGANISATION

### 4.2.1 RISK APPETITE

*Risk appetite is defined as the level of risk that the Group is prepared to accept to achieve its strategic goals.*

Thus, risk appetite is part of the Group's overall strategy, which has the following objectives:

- CET 1 ratio at 13% in 2026, under Basel IV;
- average annual revenue growth between 0% and 2% over 2022-2026;
- cost-to-income ratio below 60% in 2026 • Return on tangible equity (ROTE) between 9% and 10% in 2026
- maintaining a risk management at the highest standards with a cost of risk between 25 and 30 bps over 2024-2026 and a rate of non performing loan between 2,5% and 3% in 2026;
- maintaining a strength liquidity profile with a short term liquidity ratio, Liquidity Coverage Ratio (LCR), greater or equal to 130% over 2024-2026 and a Net Stable Funding Ratio greater or equal to 112% over 2024-2026.

### A robust financial strength profile

The Group seeks to achieve sustainable profitability, relying on a robust financial profile consistent with its diversified banking model, by:

- adjusting its activities portfolio according to performance criteria, synergy with the Group and extreme risk criteria;
- targeting profitable and resilient business development;
- maintaining a target rating allowing access to financial resources at a cost consistent with the development of the Group's businesses and its competitive positioning;
- calibrating its capital indicators (consistent with the results of the ICAAP group process) to ensure:
  - satisfaction of minimum regulatory requirements on CET1 ratio,
  - financial conglomerate ratio requirement, which take into consideration the combined solvency of Group banking and insuring activities,
  - coverage of one year of "internal capital requirement" using available CET1 capital,
  - a sufficient level of creditor protection consistent with a debt issuance program that is particularly hybrid consistent with the Group's objectives in terms of rating and regulatory ratios such as Tier 1, TLAC ("Total Loss Absorbing Capacity"), MREL ("Minimum Required Eligible Liabilities"), and the leverage ratio;
- ensuring resilience of its liabilities, which are calibrated by taking into account a survival horizon in a combined liquidity stress ratio (ILSI – Internal Liquidity Stress Indicator), compliance with LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) regulatory ratios and the level of dependence on short-term fundings and the foreign currencies needs business of the Group, notably in USD;

- controlling financial leverage.

Based on this model, the risk appetite is established and formalised at a Group level by type of risks.

### Credit risk (including concentration effects)

Credit risk appetite is managed through a system of credit policies, risk limits and pricing policies.

When it takes on credit risk, the Group focuses on medium- and long-term client relationships, targeting both clients with which the Bank has an established relationship of trust and prospects representing profitable business development potential over the mid-term.

Acceptance of any credit commitment is based on in-depth client knowledge and a thorough understanding of the purpose of the transaction.

In particular, concerning the underwriting risk, the Group, mainly through the Business Unit GLBA "Global Banking and Advisory", makes a steadfast commitment to transactions at a guaranteed price as debt financing arranger, prior to syndicating them to other banking syndicates and institutional investors. If market conditions deteriorate or markets close while the placement is under way, these transactions may create a major over-concentration risk (or losses, if the transaction placement requires selling below the initial price).

The Group controls the aggregate value of approved underwriting positions, so as limit it risk if debt markets are closed for an extended period.

In a credit transaction, risk acceptability is based first on the borrower's ability to meet its commitments, in particular through the cash flows which will allow the repayment of the debt. For medium and long-term operations, the funding duration must remain compatible with the economic life of the financed asset and the visibility horizon of the borrower's cash flow.

Security interests are sought to reduce the risk of loss in the event of a counterparty defaulting on its obligations, but may not, except in exceptional cases, constitute the sole justification for taking the risk. Security interests are assessed with prudent value haircuts and paying special attention to their actual enforceability.

Complex transactions or those with a specific risk profile are handled by specialised teams within the Group with the required skills and expertise.

The Group seeks risk diversification by controlling concentration risk and maintaining a risk allocation policy through risk sharing with other financial partners (banks or guarantors).

Counterparty ratings are a key criterion of the credit policy and serve as the basis for the credit approval authority grid used in both the commercial and risk functions. The rating framework relies on internal models. Special attention is paid to timely updating of ratings (which, in any event, are subject to annual review)<sup>(1)</sup>.

(1) For non-automated processes.

The risk measure of the credit portfolio is based primarily on the Basel parameters that are used to calibrate the capital need. As such, the Group relies for the internal rating of counterparties on Basel models allowing the assessment of credit quality, supplemented for “non-retail” counterparties, by expert judgment. These measures are complemented by an internal stress-sized risk assessment, either at the global portfolio level or at the sub-portfolio level, linking risk measures and rating migration to macroeconomic variables most often to say expert. In addition, the calculation of expected losses under the provisions of IFRS 9, used to determine the level of impairment on healthy outstandings, provides additional insight into assessing portfolio risk.

In cooperation with the Risk Function, the business lines implement pricing policies which are differentiated based on counterparty and transaction risk levels. The purpose of pricing a transaction is to ensure acceptable profitability, in line with the objectives of ROE (Return on Equity) of the business or entity, after taking into account the cost of the risk of the transaction in question. The pricing of an operation can nevertheless be adapted in certain cases to take into account the overall profitability and the potential customer relationship development. The intrinsic profitability of products and customer segments is subject to periodic analysis in order to adapt to changes in the economic and competitive environment.

Proactive management of impaired risks is key to containing the risk of final loss in the event of default of a counterparty. As such, the Group has put in place rigorous procedures and/or enhanced follow-up to monitor counterparties with a worsening risk profile. Furthermore, the businesses lines and subsidiaries or branches, along with the Risk function, have set up joint teams of employees specialised in asset recovery management to effectively preserve the Bank’s interests in the event of default.

## MEASURES TO MANAGE ENVIRONMENTALS, SOCIALS AND GOVERNANCE RISKS FACTORS

Transitional and physical environmental risk factors can have a significant impact on the credit risk and are an aggravating factor for the risks the Bank is facing, in particular credit risk through an increase of costs, a decrease in the guarantees’ performance and a reduction in demand.

Concerning ESG risks (Environmental, Social & Governance), the assessment and management of the impact of ESG risk factors on credit risk is particularly based on portfolio alignment indicators (power generation for example).

In general, credit granting policies must comply with the criteria defined within the framework of the Group’s Social and Environmental Responsibility (CSR) policy, which is broken down through:

- the general environmental and social principles and the sectoral and cross-cutting policies appended to them. Sector policies cover sectors considered potentially sensitive from an environmental, social or ethical point of view;
- the targets for alignment with the objectives of the Paris agreement, which the Group has set itself, starting with the sectors with the highest CO<sub>2</sub> emissions;
- commitment to granting sustainable financing classified as Sustainable and Positive Impact Finance and to Sustainability linked transactions.

The risk related to climate change is taken into consideration in the credit risk assessment process. In July 2022, a Group procedure was published on the integration of C&E factors in the credit granting analysis, and a training program is being rolled out. In addition, over the course of 2023, the climate vulnerability assessment dedicated to transition risk will be fully integrated in the credit granting process and tools. It makes it possible to integrate the impact of climate risk in the analysis of credit risk.

## Counterparty credit risk

Counterparty risk is the credit risk on market transactions and includes counterparty credit risk (CCR) and settlement-delivery risk (RDL). They are measured by parameters taken into account the dynamics of exposures distortions linked to market movements. Counterparty risk is thus managed *via* a set of limits that reflect the Group’s risk appetite. The Group also measures this risk under stress tests to take account exceptional market disturbances. In order to mitigate these risks, the Group has contracted close-out netting agreements and market collateralisation.

### A) COUNTERPARTY CREDIT RISK

The future value of exposure to a counterparty as well as its credit quality are uncertain and variable over time, both of which are affected by changes in market parameters. Thus, counterparty credit risk management is based on a combination of several types of indicators:

- indicators of potential future exposures (potential future exposures, or PFE), aimed at measuring exposure to our counterparties:
  - the Group controls idiosyncratic counterparty credit risks *via* a set of CVaR<sup>(1)</sup> limits. The CVaR measures the potential future exposure linked to the replacement risk in the event of default by one of the Group’s counterparties. The CVaR is calculated for a 99% confidence level and different time horizons, from one day until the maturity of the portfolio,
  - in addition to the risk of a counterparty default, the CVA (Credit Valuation Adjustment) measures the adjustment of the value of our portfolio of derivatives and repos account the credit quality of our counterparties;
- the abovementioned indicators are supplemented by stress test impacts frameworks or on nominal ones in order to capture risks that are more difficult to measure;
- risks are measured *via* stress tests at different levels:
  - across all categories<sup>(2)</sup> of counterparties,
  - on all categories of clients,
  - at activity level for agency businesses collateralised financing bearing more wrong-way risks by nature;
- the CVA risk is measured through a stress test aiming at measuring the CVA impacts due to hypothetical market risk scenarios reflecting market moves deemed to be representative, especially counterparties’ credit spreads.

(1) The CVaR economic indicator is built on the same modeling assumptions as the regulatory Effective Expected Positive Exposure (EEPE) indicator used to calculate RWAs.

(2) Hedge Funds, Enterprises, Financial Institutions et Sovereigns.



- exposures to central counterparty clearing houses (CCP<sup>(1)</sup>) are subject to specific supervision:
  - the amount of collateral posted for each segment of a CCP: the initial posted margins, both for our principal and agency activities, and our contributions to CCP default funds,
  - in addition, a stress test measures the impact linked to (i) the default of an average member on all segments of a CCP and (ii) the failure of a major member on a segment of a CCP;
- the Global Stress Test on market activities includes cross market-counterparty risks, it is described in more detail in the “Market risk” section;
- besides, a specific framework that has been set up aims to avoid individual concentration related to counterparty risk in market operations.
- finally, a CCR RAS metric is now under Board delegation authority (subject to CORISQ, etc.), relying on the sum of the GASEL and the Collateralised Financing stress test commensurate with market risk.

## B) SETTLEMENT/DELIVERY RISK ON MARKET ACTIVITIES

Settlement-delivery risk is the risk of non-payment of amounts due by a counterparty or the risk of non-delivery of currencies, securities, commodities or other products by a counterparty in the context of the settlement of a market transaction whose payment type is FOP (Free of Payment, which implies that payment and delivery are two distinct flows that should be considered independently of each other).

The Group measures its exposure to this risk of non-payment or non-delivery of funds or securities using a dedicated metric (RDL). It is measured as the amount of flows (of funds, securities or commodities) to be received after netting the settlement flows to be paid and received and taking into account the risk mitigation mechanisms<sup>(2)</sup>.

The characteristics of the transactions, as well as the legal and operational environment in which they are processed, are used to calculate the settlement-delivery risk profile for each Counterparty.

## Market risk

Group market activities are guided as part of a development strategy focused in priority for meeting the customer needs, with a complete range of solutions.

Market risk is managed through a set of limits for several indicators (such as stress tests, Value-at-Risk (VaR) and stressed Value-at-Risk (SvaR), “Sensitivity” and “Nominal” indicators). These indicators are governed by a series of limits proposed by the business lines and approved by the Risk Division during the course of a discussion-based process.

The choice of limits and their calibration reflect qualitatively and quantitatively the fixing of the Group’s appetite for market risks. This analysis is related to market conditions, the flexibility in managing down the Group’s positions or the consumption of regulatory own funds based on internal reference models. A regular review of these frameworks also enables risks to be tightly controlled according to changing market conditions with, for example, a temporary reduction of limits if market conditions worsen. Warning thresholds are also in place to prevent the possible occurrence of overstays.

Limits are set at different sub-levels of the Group, thereby cascading down the Group’s risk appetite from an operational standpoint within its organisation.

Within these limits, the Global Stress Test limits on market activities and the Market Stress Test limits play a pivotal role in determining the Group’s market risk appetite; in fact, these indicators cover all operations and the main market risk factors as well as risks associated with a severe market crisis which helps limit the total amount of risk and takes account of any diversification effects. These stress tests and their associated threshold, permit to evaluate and frame a potential loss under different market scenarios, adverse but plausible, of decennial occurrence (for instance, systemic crisis).

## Non financial risks (including compliance risk)

Non-financial risks are defined as non-compliance risk, risk of inappropriate conduct, IT risk, cybersecurity risk, other operational risks, including operational risk associated with credit risk, market risk, model risk, liquidity and financing, structural and rate risk. These risks can lead to financial losses.

Governance and a methodology have been put in place for the scope of non-financial risks.

As a general rule, the Group has no appetite for operational risk or for non-compliance risk. Furthermore, the Group maintains a zero-tolerance policy on incidents severe enough to potentially inflict serious harm to its image, jeopardise its results or the trust displayed by customers and employees, disrupt the continuity of critical operations or call into question its strategic focus. The Group underscores that it has no or very low tolerance for operational risk involving the following:

- internal fraud: the Group does not tolerate unauthorised trading by its employees. The Group’s growth is founded on trust, as much between employees as between the Group and its employees. This implies respecting the Group’s principles at every level, such as exercising loyalty and integrity. The Group’s internal control system must be capable of preventing acts of major fraud;
- cybersecurity: the Group has no appetite for fraudulent intrusions, disruption of services, compromise of elements of its information system, in particular those which would lead to theft of assets or theft of customer data. The Bank intends to introduce effective means to prevent and detect this risk. It has a barometer that measures the maturity of the cybersecurity controls deployed within its entities and the appropriate organisation to deal with any incidents;
- data leaks: trust is one of Societe Generale Group’s key assets. As a result the Bank commits to deploy the necessary resources and implement controls to prevent, detect and remedy data leaks. The Bank does not tolerate leaks of its most sensitive information, in particular where it concerns its customers;

(1) The SG Group is also exposed to the risk of default of CCPs, however this risk is considered less likely due to the protection mechanisms of CCPs and the recovery plan that will be put in place.

(2) For each transaction, the risk begins when the payment or delivery order becomes irrevocable and ends on the recognized date of receipt of the flow. At the level of the counterparty, the risk is therefore calculated from date to date.

- **business continuity:** the Group relies heavily on its information systems to perform its operations and is therefore committed to deploying and maintaining the resilience of its information systems to ensure the continuity of its most essential services. The Group has very low tolerance for the risk of downtime in its information systems that perform essential functions, in particular systems directly accessible to customers or those enabling to conduct business on financial markets. In addition, to deal with the occurrence of certain extreme events that could permanently affect its information system, its external service providers or a major Group entity based abroad, the Bank is developing resilience solutions to ensure its survival. The Group thus defines the duration (“impact tolerance”) beyond which any interruption of a Group vital process would present a risk to (i) the safety and soundness of the Group, (ii) customers, (iii) the stability of the financial system. Impact tolerance applies to each vital process, regardless of crisis scenarios and available solutions, and differs from Recovery Time Objective (RTO), which is a business continuity indicator that oversees unavailability for low-impact incident. A maturity index will also be calculated to measure the degree of resilience of the most vital processes by crisis nature;
- **outsourced services:** Societe General Group intends to demonstrate a high degree of thoroughness in the control of its activities entrusted to external service providers. As such, the Societe Generale Group adheres to a strict discipline of monitoring its providers with a review frequency depending on their level of risk. Thus, Societe General does not have any appetite for a delay in the management of its service providers exceeding three months;
- **managerial continuity:** the Group intends to ensure the managerial continuity of its organisation to avoid the risk of a long-term absence of a manager that would question the achievement of its strategic objectives, which might threaten team cohesion or disrupt the Group’s relationships with its stakeholders;
- **physical security:** the Societe Generale Group applies security standards to protect personnel, tangible and intangible assets in all the countries where it operates. The Group Security Department ensures the right level of protection against hazards and threats, in particular through security audits on a list of sites that it defines;
- **execution errors:** the Societe Generale Group has organised its day-to-day transaction processes and activities through procedures designed to promote efficiency and mitigate the risk of errors. Notwithstanding a robust framework of internal control systems, the risk of errors cannot be completely avoided. The Group has a low tolerance for execution errors that would result in very high impacts for the Bank or its clients.

The Group is exposed to legal risks inherent in its business such as commercial disputes and non-respect of the competition laws. The Group aims at managing and mitigating these risks. Its Legal Division serves a risk mitigation function within the Group and defines the norms, standards, procedures and controls associated with legal risk. The Legal Division provides independent legal advice within the Group and, among its roles, it identifies, assesses, analyses and mitigates legal risk issues within the Group. It also promotes a solid “legal risk culture” throughout the Group.

The Group is required to strictly comply with all laws and regulations which govern its activities in all countries in which it operates, and implements international best practices to that effect. It strives, in particular, to:

- knowing its customers by implementing appropriate KYC measures;

- work with clients and partners that comply with international rules and standards on anti-money laundering and terrorism financing;
- work with clients and complete transactions in accordance with rules related to international sanctions and embargoes;
- perform transactions, offer products and advisory services and work with partners in accordance with regulations governing, in particular, client protection;
- implementing the necessary measures and conducting transactions in the respect of the integrity of the markets;
- implementing and complying with data protection obligations, in particular obligations regarding the protection of personal data and the use of digital technologies;
- ensuring the proper functioning of the system for interpreting and transposing prudential regulations by the expert functions, in particular DFIN and RISQ.

## Structural risks

### A) LIQUIDITY AND FUNDING RISK

Liquidity risk is defined as the Group’s inability to meet its financial obligations at a reasonable cost: debt repayments, collateral supply. The Group assesses this risk over various time horizons, including intraday, considering market access restriction risk (generalised or specific to the Group).

Funding risk is defined as the risk that the Group will not be able to finance the development of its businesses at a scale consistent with its commercial goals and at a competitive cost compared to its competitors. The capacity to raise funding is assessed over a three-year horizon. Controlling liquidity risk is based primarily on:

- compliance with regulatory liquidity ratios, with precautionary buffers: LCR (liquidity coverage ratio) ratios that reflect a stress situation and NSFR (net stable funding ratio);
- compliance with a minimum survival horizon under combined market and idiosyncratic stress (Internal Liquidity Stress Indicator (ILSI));
- framing of transformation and anti-transformation positions (price risk);
- management of the contingent liquidity reserve with the Central Bank.

Controlling financing risk is based on:

- maintaining liabilities structure designed to meet the Group’s regulatory constraints (Tier1, Total Capital, Leverage, TLAC, NSFR, MREL) and rating agency requirements in order to secure a minimum rating level;
- recourse to market financing: annual long-term issuance programs and a stock of moderate structured issues and short-term financing raised by supervised treasuries.

### B) CREDIT SPREAD RISK IN THE BANKING BOOK

Structural exposure to interest rate, credit spread and foreign exchange risks results from commercial transactions and their hedging in the banking book (and not in the trading book, which concerns market risk).

Structural interest rate risk (also referred to as Interest Rate Risk in the Banking Book – IRRBB) refers to the risk – whether current or prospective – to the Group's equity and earnings (hence for the Net Present value and the Net Interest Margin) posed by adverse movements in interest rates affecting the items comprising its banking book. There are four main types of risk based on the EBA taxonomy: Interest rates level risk, curve risk, optional risk and basis risk. All four types of risks may potentially affect the value or yield of interest-rate sensitive assets, liabilities and off-balance sheet items.

Structural credit spread risk (also referred to as Credit Spread Risk in the Banking Book – CSRBB) refers to the Group's equity and earnings posed by adverse movements in market price for credit risk, for liquidity (of lenders) and for potentially other characteristics of credit-risky instruments, which is not captured by another existing prudential framework (such as IRRBB) or by expected credit default risk or a jump-to-default risk. The management of interest rate risk is detailed in Chapter 4-8 Structural risk-interest rate and exchange rate risk of the 2024 URD.

### C) FOREIGN EXCHANGE RISK IN THE BANKING BOOK

Changes in inter-currency exchange rates may cause changes in the value of assets, liabilities and off-balance sheet items and result in volatility in the income statement or other gains and losses recognised in equity.

The Group's policy in terms of structural exchange rate risks consists of limiting as much as possible the sensitivity of its CET1 capital ratio to changes in exchange rates, so that the impact on the CET1 ratio of an appreciation or a depreciation of all currencies against the euro does not exceed a certain threshold in terms of bp by summing the absolute values of the impact of each currency.

### D) RISK ON EMPLOYEE BENEFITS

The risks on social commitments result from the deficit between the social liabilities and the related financial assets.

Regarding risks to pension and long-service obligations, which are the Bank's long-term obligations towards its employees, the amount of the provision is monitored for risk on the basis of a specific stress test and an attributed limit. The risk management policy has two main objectives: reduce risk by moving from defined-benefit plans to defined-contribution plans and optimize asset risk allocation (between hedge assets and performance assets) where allowed by regulatory and tax constraints.

### Model risk

The source of model risk may be linked to incorrect model design, implementation, use or monitoring.

The Group is committed to defining and deploying internal standards to reduce model risk on the basis of key principles, including the creation of three independent lines of defence, the proportionality approach relying on a model tiering methodology, a model inventory and the consistency of the approaches used within the Group.

Risk model appetite is defined for the perimeter of this group of models: credit risk IRB and IFRS 9, market and counterparty risk, market product valuation, ALM, trading model, compliance and granting.

A wrong design, application, use or monitoring of these models can have unfavourable consequences of two types: an underestimation of own funds on the basis of models approved by the regulators and/or financial losses.

### Risk related to insurance activities

The Group conducts Insurance activities (Life Insurance and Savings, Retirement savings, Property & Casualty Insurance, etc.) which exposes the Group to two major types of risks:

- subscription risk related to pricing and fluctuations in the claims ratio;
- risks related to financial markets (interest rate, credit and equity) and asset-liability management.

Insurance management risk is described in Financial Statements Note 4.3 Insurance activities

### Investment risk

The Group has limited appetite for financial holdings, such as proprietary private equity transactions. The investments allowed are mainly related to:

- support clients and business development of the retail banking network through SGRF and certain subsidiaries abroad;
- taking stakes, either directly or through investment funds, in innovative companies *via* SG Ventures;
- the takeover of stakes in local companies: Euroclear, *Crédit Logement*, etc., which does not have limit.

The real estate risk is defined as the risk of decline in the value of SG's own real estate investments. Such assessment is linked to the value of financial instruments related to real estate assets.

The SG policy related to the own real estate allows to mitigate this risk thanks to two mitigation actions:

- agency: the good location of the agency allows to limit the impact on the price in case of market depreciation;
- the practice of lease back for offices: the offices no longer belong to the Group that continues to occupy the premises for rent.

### Risks related to operating leasing activities

The residual value risk is the risk of a loss of value due to the changes in the price of vehicles on second-hand markets.

The resale price of the vehicles is estimated at inception of the leasing contract. The resale price may differ from this estimated value, thus generating a gain or a loss.

Residual value risk is managed according to a central policy which defines the procedure for setting residual values and their review. The governance in place on residual value risk aims to monitor used car market price evolutions and adapt the Company's pricing and financial policy. The governance in place on residual value risk also aims to monitor residual values for electric vehicles, whose future resale in the specific used vehicle market could also involve uncertainties related to the level of demand, the level of prices, or rapid technological change.

Several factors can cause deviations between the estimated price at contract inception and the actual realised resale price: economic context changes, used car market demand and supply evolutions (in terms of brand, model, car segment, etc.), new vehicle regulations/taxes, etc.

## 4.2.2 RISK APPETITE – GENERAL FRAMEWORK

Risk appetite is determined at Group level and attributed to the businesses and subsidiaries. Monitoring of risk appetite is performed according to the principles described in the Risk Appetite Framework governance and implementation mechanism, which are summarised below.

### Governance

As part of the supervision of risk appetite, the Group relies on the following organisation:

- the Board of Directors:
  - approves each year the Group Risk Appetite Statement and the Group Risk Appetite Framework, as well as the Group Risk Appetite Framework,
  - approves in particular the main Group risk appetite indicators (Board of Directors indicators) validated beforehand by General Management,
  - ensures that risk appetite is relevant to the Group's strategic and financial objectives and its vision of the risks of the macroeconomic and financial environment,
  - reviews quarterly the risk appetite dashboards presented to it, and is informed of risk appetite overruns and remediation action plans,
  - sets the compensation of corporate officers, sets out the principles of the remuneration policy applicable in the Group, especially for regulated persons whose activities may have a significant impact on the Group's risk profile, and ensures that they are in line with risk management objectives.

The Board of Directors relies primarily on the Risk Committee;

- General Management:
  - approves the document summarising the Group's risk appetite Statement and its Risk Appetite Framework based on the proposal of the Chief Risk Officer and the Chief Financial Officer,
  - examines the risk appetite compliance dashboards presented to it quarterly and is informed of risk appetite breaches and the redemption action plans implemented,
  - ensures the effectiveness and integrity of the risk appetite implementation system,
  - ensures that the risk appetite for the Group's Business Units and eligible subsidiaries/branches is formalised and translated into frameworks consistent with the Group's risk appetite,
  - ensures internal communication of risk appetite and its transposition in the Universal Registration Document.

As part of the Risk appetite Framework, General Management relies on several Committees: the Group Executive Committee (ExCo), the Group Risk Committee (CORISQ), the Finance Committee (COFI), the Assets and Liabilities Committee (ALCO), the Compliance Committee (COMCO), the responsible Commitments Committee (CORESP), the Group Provision Committee (COPRO), the Large Exposure Committee (CGR), and the Sogécap Board and its ALM & Risk Management

Committee and the Group Internal Control Coordination Committee (CCCIG), with it chairs.

In addition, the main mission of the Risk Department is to draw up the document summarising the Group's risk appetite, as well as the implementation of a risk management, monitoring and control system.

The Finance Department addresses, with Risk Department, this risk appetite in the framework of indicators under the responsibility of the Finance Committee (profitability, solvency and structural risks).

The Compliance Department is also responsible for instructing the risk appetite setting for indicators falling within its scope.

### Risk identification process

The Risk Identification Process is a cornerstone and effective tool of the Group risk-management framework as it allows to identify all risks that are or might become material at the Group level. This process, which is continuously performed by Business Units and Service Units, should be comprehensive to cover all Group exposures and all risk categories<sup>(1)</sup> defined in the Risk Taxonomy.

The outcome of this process is the preparation of the annual Risk Inventory, a list of all material i) Risk Scenarios/Stress Tests and ii) Risk categories, that are to be considered for inclusion in key downstream risk management processes (of which the Risk Appetite, the ICAAP, and the Recovery & Resolution Plan). The Risk Identification process can be broken down into two processes:

- **the Continuous Risk Identification process** is embedded in the day-to-day management of SG and relies on various processes/governance setups;
- **the Annual Risk Identification process** is performed on an annual basis or updated more frequently if substantial changes occur in the business model, industry, macroeconomic environment, or regulations.

The outcome of the annual Risk Identification process is approved annually by the Group CORISQ and presented to the Group Board of Directors.

### Risk quantification and stress test system

Within the Group, stress tests, a key attribute of risk management, contribute to the identification, measurement and management of risks, as well as to the assessment of the adequacy of capital and liquidity to the Group's risk profile.

The purpose of the stress tests is to cover and quantify, resulting from the Risk Identification annual process, all the material risks to which the Group is exposed and to inform key management decisions. They thus assess what the behavior of a portfolio, an activity, an entity or the Group would be in a degraded business context. It is essential in building the forward-looking approach required for strategic/financial planning. In this context, they constitute a privileged measure of the resilience of the Group, its activities and its portfolios, and are an integral part of the process of developing risk appetite.

(1) Risks are classified on the basis of the Group's risk taxonomy, which names and defined risk categories and their possible sub categories.

The Group stress testing framework combines stress tests in line with the stress testing taxonomy set by the EBA. Group-wide stress tests should cover all legal entities in the Group consolidation perimeter, subject to risk materiality. Stress test categories are:

- stress tests based on scenarios: application of historical and/or hypothetical conditions but which must remain plausible and in conjunction with the Economic and Sector Studies Department, to a set of risk factors (interest rates, GDP, etc.);
- sensitivity stress tests: assessment of the impact of the variation of an isolated risk factor or of a reduced set of risk factors (a shock in rates, credit rating downgrade, equity index shock, etc.);
- reverse stress tests: start with a pre-defined adverse outcome, such as a level of a regulatory ratio, and then identifies possible scenarios that could lead to such an adverse outcome.

The stress test system within the Group thus includes:

- global stress tests:

Global Group stress tests cover all activities and subsidiaries that are part of the Group's consolidation scope ("Group-wide"), as well as all major risks (including credit risk, market risk, non-financial risk and structural risk). They aim at stressing both the Group P&L and key balance sheet metrics, notably capital and liquidity ratios.

The central stress test is the overall group stress test, which is based on a central scenario and on adverse macroeconomic scenarios modeled by the Economic Research Department, under the independent supervision of the Group Chief Economist. macroeconomic scenarios are supplemented by other parameters such as capital market conditions, including assumptions on funding.

The performance of the overall Group stress test is based on the uniform application of the methodology and assumptions at the level of all entities and at Group level. This means that the risk factors, and in particular the macroeconomic assumptions used locally, must be compatible with the macroeconomic scenario defined by the Group. Entities must submit macroeconomic variables to the Group's Economic Studies Department to check their consistency.

The regulatory stress test conducted periodically by the EBA also covers all entities and risks and is scenario-based. Therefore, its execution globally mirrors the process defined for the internal Group Global Stress Test, with an increased involvement of the Group central teams, except for the scenario design which is defined by the supervisor;

- specific stress tests which assess a specific type of risk (market risk, credit risk, liquidity risk, interest rate risk, etc.):
  - credit risk stress tests complement the global analysis with a more granular approach and allow fine-tuning of the identification, assessment and management of risk, including concentration,

- market stress tests estimate the loss resulting from a severe change in financial market risk factors (equity indexes, interest rates, credit spreads, exotic parameters, etc.). They apply to all Group's market activities and rely on adverse historical and hypothetical scenarios,
- the operational risk assessment relies on an analysis of historical losses, factoring in internal and external loss data as well as the internal framework and the external environment. This includes losses incurred by international financial institutions, and hypothetical forward-looking "scenario analyses" for all operational risk categories,
- liquidity stress tests which include: (i) a market-wide scenario that attempts to capture a crisis in which financial markets would undergo an extreme market liquidity disruption causing systemic stress event, and (ii) an idiosyncratic scenario that attempts to capture a firm-specific crisis potentially triggered by a material loss, reputational damage, litigation, executive departures,
- stress tests which assess the sensitivity to structural interest rate risk concerning the banking book. The exercise focuses on rate variations by stressing (i) the net present value of the positions or (ii) the interest margin and on exchange rate fluctuations on the residual exchange positions,
- a stress test on employment benefits which consists of simulating the impact of variations in market risk factors (inflation, interest rates, etc.) on the Group's net position (dedicated investments minus the corresponding employment benefits),
- stress tests on the risk linked to insurance activities defined in the risk appetite of the Insurance Business Unit, which puts stress on risk factors specific to financial and insurance activities to measure and control the main risks relating thereto,
- Residual Value Risk Stress Tests where ALD/Ayvens performs various shocks on leasing-specific risk factors to measure and control its major risks like residual value risk,
- climate stress tests based on climate risk scenarios at least once a year. These stress tests may encompass both transition and/or physical risk and may cover short term to medium-long term horizons,
- reverse stress tests, both as part of the risk appetite and the recovery plan. The impact of these stress tests is typically defined *via* a breaking point in the solvency ratio or liquidity indicator, which poses a significant threat to the Bank. Hypothetical scenarios leading to this breaking point are then constructed in order to identify new weaknesses.

In addition to internal stress test exercises, the Group is part of the sample of European banks participating in major international stress tests programmes conducted by the European Banking Authority (EBA) and the European Central Bank (ECB).



## DEFINITION OF THE “CENTRAL” AND “STRESSED” ECONOMIC SCENARIOS

### Central scenario

The central scenario is based first of all on a set of observed factors such as recent economic situation and economic policy shifts (budgetary, monetary and exchange-rate policies). From these observed factors, economists calculate the most likely trajectory of economic and financial variables for the desired forecast horizon.

### Stressed scenario

In 2023, the Group selected two stress scenarios, a deflationary scenario and a stagflation scenario.

Stress deflation is inspired by past crises (major financial crisis, European sovereign crisis, Covid shock). This scenario relies on a negative demand shock leading to deflationary pressures.

The stagflation stress test, which was developed in 2022 to take into account the emergence of new risks, is based on the oil shock of the Iranian revolution combined with a financial crisis. This scenario relies on a negative supply shock leading to inflationary pressures.

The Economic Studies Department of SG stress scenarios envisage a GDP shock over a 4-year horizon of 10 pp compared to the baseline scenario. These figures are comparable to those of the 2023 EBA stress test, which forecasts a cumulative shock of 9.6 pp over three years for the euro area and 8.3 pp for the United States; EBA stress was defined as a stagflationary shock.

## Setting and formalisation of risk appetite at Group level

The Group’s risk appetite is formalised in a document (“Risk Appetite Statement”) which sets out:

- the strategic profile of the Group;
- its profile of profitability and financial soundness;
- the frameworks relating to the management of the Group’s main risks (qualitative, through risk policies, and quantitative, through indicators).

Regarding the profile of profitability and financial soundness, the Finance Department proposes each year, upstream of the budgetary procedure, to the General Management, limits at Group level, supplemented by alert thresholds and crisis levels according to a “traffic light” approach. These frameworks on financial indicators, then submitted to the Board of Directors for approval allow:

- to respect, with a sufficient safety margin, the regulatory obligations to which the Group is subject (in particular the minimum regulatory solvency, leverage and liquidity ratios), by anticipating as best as possible the implementation of new regulations;
- to ensure, *via* a safety margin, sufficient resistance to stress scenarios (stress standardised by regulators or stress defined according to a process internal to the Group).

The frameworks relating to risk management, also represented *via* a

graduated approach (limits, alert thresholds, etc.), result from a process in which the needs expressed by the businesses are confronted with a contradictory opinion independent from the second line defense. The latter is based on:

- independent analysis of risk factors;
- the use of prospective measures based on stress approaches;
- the proposal for a framework.

For the main risks, the frameworks set make it possible to consolidate the achievement of the Group’s financial targets and to orient the Group’s profitability profile.

## Allocation of risk appetite in the organisation

The allocation of risk appetite in the organisation is based on the strategic and financial plan, and on risk management systems:

- based on recommendations by the Finance Department to General Management, the financial indicator’s frameworks defined at Group level are broken down into financial frameworks<sup>(1)</sup> at business line level, as part of financial management;
- the breakdown of frameworks and risk policies are based on an understanding of the needs of the Business Units and/or subsidiary/branch and their business prospects and takes into account the profitability and financial strength objectives of the Business Units and/or the subsidiary/branch.

## 4.2.3 RISK MANAGEMENT ORGANISATION

**Audited I** Implementing a high-performance and efficient risk management structure is a critical undertaking for Societe Generale Group in all businesses, markets and regions in which it operates, as is maintaining a balance between strong awareness of risks and promoting innovation. The Group’s risk management, supervised at the highest level, is compliant with the regulations in force, in particular the order of 3 November 2014 revised by the order of 25 February 2021 on the internal control of companies in the banking

sector, Payment Services and Investment Services subject to the control of the French Prudential Supervisory and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution* – ACPR) and the final version of European Basel 3 Regulations ((Capital Requirements Regulation/Capital Requirements Directive). ▲ (See Corporate Governance-Role of Chairman of the Board of directors”).

(1) A group framework may be allocated at business level using a different indicator, for example capital ratios are allocated within the business lines are risk-weighted assets: “RWA”.

## Governance of risk management

**Audited I** Two main high-level bodies govern Group risk management: the Board of Directors and General Management.

General Management presents regularly (more often if circumstances require so) the main aspects of, and notable changes to, the Group's risk management strategy to the Board of Directors.

As part of the Board of Directors, the Risk Committee advises the Board of Directors on overall strategy and appetite regarding all kinds of risks, both current and future, and assists the Board when the latter verifies that the strategy is being rolled out.

The Board of Directors' Audit and Internal Control Committee ensures that the risk control systems operate effectively.

Chaired by the general management, the bank's executive committee, in terms of risks, is in charge of making sure that the Group has an efficient risks management frame and monitor and control this frame. This responsibility will be mainly assumed through the participation of the Executive Committee at the Group Risk Committee. In addition, the Executive Committee must:

- on an annual basis, review and validate the Group's Risk Appetite Statement, before submitting it to the Société Générale Board of Directors;
- on an annual basis, review and validate the Group's Risk Appetite Framework, before submitting it to the Société Générale Board of Directors;
- ensure that the Group has effective segregation of duties between the first, second and third lines of defense;
- on an annual basis, review, challenge and take note of the report of the Chief Risk Officer on the risk control and self-assessment process, as well as the Group's IT and cybersecurity risk assessment;
- on a monthly basis, review and challenge the Risk Report prepared by the Chief Risk Officer which includes: (a) an assessment of significant and emerging risks, risk deficiencies, risk management and mitigation within the Group and for all types of risks identified; (b) quantitative data on risk exposure and their use to enable the Executive Committee to regularly monitor compliance with the Group's risk appetite, risk tolerance and risk capacity; and (c) a summary of the quarterly meetings of the Enterprise Risk Committee at the Pillar level;
- review and challenge the important post-mortem analysis presented to it by the Operational Risk Department, which constitute the important post-mortem subjects within the Group.

Chaired by General Management, the Committees responsible for central oversight of internal control and risk management are as follows:

- **The Group Risk Committee** (Group CORISQ), chaired by the Group CEO, has authority over the entire Société Générale Group and aims to:
  - validate the main risk management processes, in particular the Group's risk taxonomy, risk identification, risk management and stress testing frameworks,
  - validate, before proposing to the Board of Directors, the Risk Appetite Framework (RAF),
  - validate the Risk Inventory;

- for credit, counterparty, market, operational, model risks, ESG<sup>(1)</sup> and Country risk factors:

- ensure the annual validation (before review by the Group ExCo and before final validation by the Board of Directors) of the Group's Risk Appetite (RAS) for these categories,
- define or validate the Group's main guidelines in terms of risks policies in the context of the risk appetite previously validated by the Board of Directors,
- monitor conformity with the Group's risk appetite and the material topics of the Pillars/BUs Risk Appetite reporting to it,
- ensure a holistic view of all these risks through monthly risk reporting.

The validation of the Group's Risk Appetite (RAS), before being proposed to the Board of Directors for approval, is the responsibility of the Exco Group.

Along with the Risks Committee, the Large Exposures Committee (*Comité Grands Risques*) is an ad hoc Committee, responsible for approving the sales and marketing strategy and risk appetite regarding major client groups (Corporates, Insurance Companies and Asset Managers). The Large Exposures Committee is a decision-making body and has authority over the entire Société Générale Group.

### ■ the Finance Group Committee (COFI)

The COFI is responsible for Société Générale Group's financial strategy and for steering Société Générale Group's strategic financial targets. In that capacity, the COFI oversees all key aspects of SG Group's:

- (i) management of Société Générale Group's strategic financial targets as defined in SG Group's Risk Appetite: rating, profitability, capital, liquidity, balance sheet,
- (ii) ICAAP and ILAAP, including their validation ahead of submission to the Board of Directors for approval,
- (iii) funding strategy and funding plan,
- (iv) monitoring of Societe Generale's rating by credit agencies,
- (v) recovery and resolution planning,
- (vi) monitoring of Societe Generale's Group tax capacity,
- (vii) distribution policy and proposals,
- (viii) financial management of the Corporate Centre and intragroup re-invoicing.

Operational management of structural risks within the Group Risk Appetite is addressed by the Group Assets and Liabilities Management Committee ("ALCO").

The COFI aims at setting and enforcing Société Générale's own management practices while complying with all relevant regulations and ensuring the highest risk control standards.

The COFI has a Group-wide authority excluding insurance activities. However, the COFI is competent for scarce resources management for the financial conglomerate (reunion of the banking and insurance activities). The COFI has authority in normal as well as in stressed circumstances, subject to the provisions of the Contingency Funding Plan and Recovery Plan.

Some matters handled by the COFI are for its sole decision, while others are reviewed by the COFI ahead of the submission to the Board of Directors (e.g. ILAAP and ICAAP documents).

(1) Environmental, Social and Governance

The COFI is chaired by the CEO or its delegate as per usual general management delegation rules;

■ **the Group Assets and Liabilities Management Committee (ALCO)**

The ALCO is responsible for the management of SG Group's structural risks within the Group Risk Appetite. Structural risks include:

- (i) interest rate risk and foreign exchange risk in the banking book,
- (ii) Group Structural risk,
- (iii) liquidity risk of the entire banking and trading book.

The ALCO has a Group-wide authority in normal as well as in stressed circumstances, subject to the provisions of the Contingency Funding Plan and Recovery Plan.

The ALCO aims at setting and enforcing Société Générale's own management practices while complying with all relevant regulations and ensuring the highest risk control standards.

Some matters handled by the ALCO are for its own decision only, while others are reviewed by the ALCO ahead of the submission to the Board of Directors.

The ALCO is chaired by the CEO or his delegate as per usual general management delegation rules;

■ **the Compliance Committee (COMCO)**, this Committee reviews the risks of non-compliance, the main issues and defines the Group's compliance principles and ensures the annual monitoring of the quality of the Sanctions & Embargoes risk management system:

- (i) review of the main compliance incidents of the period,
- (ii) review of key information related to relationships with supervisors,
- (iii) follow-up of potential ongoing remediations,
- (iv) review/challenge of compliance indicators on each non-compliance risk, including a biannual focus on financial crime prior to presentation to the Board of Directors,
- (v) validation of compliance risk appetite criteria and quarterly review of RAS indicators,
- (vi) review of permanent (CN1 and CN2) and periodic (IGAD) controls and main points of attention and Need for Action,
- (vii) monitoring of Group Policies and Procedures deployment,
- (viii) review of the Group annual mandatory trainings roadmap and validation of new modules for all employees,
- (ix) review of CACI/CR and Board documents not previously reviewed by DGLE,
- (x) *ad hoc* validation on Group compliance topics.

The COMCO is chaired by the CEO;

■ **the Group Information Systems Committee ("ISCO")**

The ISCO is responsible for SG Group's Information System ("IS") strategy and for steering SG Group's strategic IS targets. In that capacity, the ISCO oversees all key aspects of SG Group's:

- (i) validates major objectives of the IS sector,

- (ii) steers investments (CTB) and run costs (RTB) and approves major or strategic projects for the Group's information systems, ensuring their consistency and alignment with the BU/SU Strategic Transformation Plans (TSP),

- (iii) oversees IS sector operating on its pillars (IT Financial Steering, IT strategy & Architecture, Project Portfolio and CTB Management, Digital and Data Assets & Capabilities, Resource Management (HR & sourcing) and Model delivery, Operations, Quality of Service and Obsolescence, Cyber security and resilience, Green IS, IT Risk Management) and associated KPIs (financial trajectory, validation of budget adjustments and arbitrations, asset mutualisation, CTB allocation, major projects risks, review of key post-mortem points on incidents, deployment of norms and standards),

- (iv) defines the priorities of the IS sector and, if necessary, arbitrates between local and global priorities.

The Committee validates the elements that will be presented to the Board of Directors regarding strategies, risks, incidents, and status on IT production and projects;

■ **the Group Internal Control Coordination Committee (GICCC)**, is chaired by the Chief Executive Officer or, in his absence, by a Deputy Chief Executive Officer. The purpose of the GICCC is to ensure the consistency and effectiveness of the Group's internal control, in response in particular to the obligation laid down in Art. 16 of the amended French Order of 3 November 2014. The Committee meets approximately 20 times a year to deal with cross-cutting topics as well as the annual review of each Business Unit and Service U;

■ **the Responsible Commitments Committee (CORESP)**, chaired by the Deputy Chief Executive Officer in charge of overseeing the ESG policy, deals with all matters falling within the Group's responsibility in Environmental and Social matters, or those having an impact on the Group's responsibility or reputation and not already covered by an existing Executive Management Committee. The Committee is decision-making and has authority over the whole Group;

■ **the Group Provisions Committee (COPRO)**, chaired by the Chief Executive Officer, meets quarterly, presents and validates the net cost of risk of the Group (provisions for credit risk) which will be accounted in the quarter.

## Divisions involved in risk management and internal control

The Group's Corporate Divisions, which are independent from the core businesses, contribute to the management and internal control of risks. In these Corporate Divisions, Risk and Compliance Divisions are part of 2<sup>nd</sup> Line of defense (LoD2).

As a reminder, the 2<sup>nd</sup> line of defense relies on the 1<sup>st</sup> line of defense, which is represented by the Group's operational management, in the Business Units and Service Units for their own operations.

Operational management is responsible for the risks, takes charge of their prevention, as well as the implementation of corrective or palliative actions in response to any deficiencies detected by the controls and/or in the context of process management.

The Corporate Divisions provide the Group's General Management with all the information needed to assume its role of managing Group strategy under the authority of the Chief Executive Officer. The Corporate Divisions report directly to General Management:



### ■ the Risk Division

The Risk Management Function: RISQ's main mission is to contribute to the strategy definition and to the sustainable development of the Societe Generale group's activities and profitability. To that end, the Risk Management Function (i) proposes to the management and the Board of Directors the Group's risk appetite based on its independent analysis of all existing and forecasted risks; (ii) is involved in all material risk management decisions through an effective challenge; (iii) defines, implements, and controls effectiveness of an holistic, relevant and robust risk management framework, validated by the Board of Directors, allowing to ensure the adherence to the risk appetite and to provide the management and the Board of Directors with an independent analysis and an opinion on group-wide holistic view on all the existing and forecasted risks the Group is facing; (iv) proposes adjustment and remediation, if necessary.

Specifically, in order to contribute to the sustainable development of Société Générale Group's activities and profitability, the Risk Management Function, as an independent second line of defense, and in line with the principle of proportionality:

- informs the Board of Directors and the General Management of the institution's actual and potential risks, so that they can (i) make fully informed decisions on the Group's strategy and (ii) determine and approve the institution's risk appetite. Reports and provides all relevant information regarding risks, including major incidents and ensures that they are reviewed at the appropriate levels of the institution, including General Management (DGLE) and the Board of Directors,
  - participates in the definition of the institution's risk strategy. Is responsible, with the contribution of the Financial Department, for proposing to the General Management a risk appetite for approval by the Board of Directors, assessing the soundness and sustainability of the risk strategy and risk appetite. Establishes and proposes to the General Management and the Board of Directors internal limits in line with the risk appetite of the institution, taking into account its framework, its operating model, its financial soundness, and its strategic objectives,
  - participates in strategic risk-taking decisions, provides independent opinion, advice, and recommendations, delivers a holistic view of all risks at institutional and Group level, and ensures conformity with the risk strategy,
  - anticipates the risks to which the Group may be exposed by taking into account trends and relevant data in the macroeconomic context, recognizes new or emerging risks, as well as increased risks, related to changes in activities and market conditions, establishes frameworks for the identification and assessment of risks in hypothetical adverse scenarios to measure the institution's ability to take risks,
  - defines an effective risk management framework, including risk policies, procedures, limits, and controls to be applied by all business lines and allowing to identify, evaluate, measure, monitor, manage, mitigate and report holistically the current risks to which the Group is exposed, and thus ensure the management of the latter,
  - challenges, reviews independently and critically, controls and supports on a permanent basis adherence to and the deployment of the Risk Management Framework by the business lines, including adherence to the risk appetite, at all levels of the organisation as well as defined remediation actions (Group/BU/entities) *via* effective governance, frameworks, and processes. Ensures that related party transactions are reviewed
- and that the risks they pose to the institution are identified and properly assessed,
- contributes to the establishment of a risk culture by reporting a holistic view of risks and how they are managed, and by ensuring that the lines of activities are aware of their risks and the risk appetite in which they must operate,
  - is in charge of the management of Group Risk Division;
- **the Group Compliance Division** must ensure the Group's compliance with banking and financial regulations and provide a holistic view of non-compliance risks, based in particular on the analysis produced by the RISQ function and cross-functional expert functions.
- Its main missions are to:
- ensure that all risks of non-compliance are identified and that the Group complies with all regulatory and supervisory obligations,
  - assess the impact of regulatory and legal changes on the Group's activities and compliance framework,
  - define standards and procedures to manage the risk of non-compliance,
  - provide notice on new products and activities, or material changes to products or activities,
  - ensure appropriate management of risks of non-compliance through LOD1 and the establishment of appropriate controls, including Level 2 controls,
  - identify, assess and escalate incidents and breaches of compliance,
  - train employees and promote a culture of compliance in the Group,
  - advise and inform General Management and the Board of Directors on non-compliance risks;
- **the Finance Department (DFIN)** coordinates the Finance Management Function and is responsible for the Group's financial management, oversight and production through several complementary tasks:
- fueling General Management's discussions on strategic and financial aspects. To this end, DFIN takes care to provide a consistent overview of performance indicators and financial information,
  - managing, at consolidated level for Société Générale SA and for certain subsidiaries, the establishment and analysis of financial, tax and regulatory statements (regulatory indicators regarding scarce resources, regulatory reports, ICAAP and ILAAP documentation) in compliance with applicable standards and obligations,
  - monitoring and overseeing P&L performance, profitability and scarce resources (capital, liquidity, balance sheet) in line with strategic objectives and in accordance with regulatory obligations,
  - supporting the Business Units and Service Units with financial and strategic oversight,
  - managing liquidity, in particular through the implementation of financing and resilience plans, in accordance with the objectives set by the Group and in compliance with the Group's risk appetite,
  - maintaining financial crisis management plans tailored to the Group's configuration,

- ensuring the management and first-level monitoring of structural interest rate, foreign exchange and liquidity risks. RISQ assuming the role of second line of defence,
- performing regulatory watch with respect to scarce resources, accounting and finance, and participating in institutional relations and advocacy with its main peers and with banking federations,
- acting as enterprise architect for all activities performed by the Group's Finance Divisions;
- **the Group General Secretariat (SEGL)** within its fields of expertise, is assigned with the mission of protecting the Bank so as to further its development. It assists the General Management on the subject of the Group's governance. Together with the Service Units, Business Units and other Société Générale Group entities, it ensures the administrative, legal and tax compliance of the Group's activities, both in France and abroad. It is in charge of managing legal and tax risks. It also oversees global Group security (together with the RESG Service Unit in respect of IT systems security), designs and implements the risk insurance policy for the entire Group and its staff, and provides assistance in developing insurance products for the Group's clients. It oversees public affairs and institutional relations/advocacy initiatives within the Société Générale Group. In liaison with DGLE and the Group's Business Units/Service Units, he coordinates the relationship with the authorities in charge of supervising the Société Générale Group, on a consolidated basis. Lastly, it handles the Group's central administration and offers support to the Board of Directors and its Secretary as necessary. SEGL manages a number of executive and non-executive governance matters on behalf of the subsidiaries;
- **the Group Human Resources Division (HRCO)** is tasked with defining and implementing the general and individual policies designed to enable the Group to develop the skills and talent needed for its strategy to succeed. The Division's role as partner to the businesses is key to the Group's adaptation to its environment;
- **the Group resources and digital transformation Department (RESG)** accompanies the digital transformation and promotes operational efficiency for the Group. It supervises the Resource Management Functions (Information Systems, Sourcing and Property) as well the Group's Digital transformation and Innovation;
- **the Group Internal Audit and General Inspection Department**, under the authority of the General Inspector, is in charge of internal audit; finally
- **the Sustainable Development Division** attached to the General Management, the Group Sustainable Development Division (DGLE/RSE) assists the Deputy Chief Executive Officer in charge of the whole ESG policies (CSR – Corporate Social Responsibility-) and their actual translation in the business lines and functions trajectories. It supports the Group ESG transformation to make it a major competitive advantage, in the business development as well as in the ESG (Environmental & Social) risks management. ▲

According to the last census carried out on 31 December 2023, the full-time equivalent (FTE) workforce of:

- the Group's Risk Department for the second line of defence represents approximately 4,508 FTEs (1,835 within the Group's Risk Department itself and 2,673 for the rest of the Risk function);
- the Compliance Department or the second line of defence represents approximately 2,888 FTEs;
- the Information System Security Department totals approximately 529 FTEs.

## Risk reporting and assessment systems

The Group's risk measurement systems serve as the basis for the production of internal Management Reports allowing the monitoring of the Group's main risks (credit risk, counterparty, market, operational, liquidity, structural, settlement/delivery) as well as the monitoring of compliance with the regulatory requirements.

The risk reporting system is an integral part of the Group's risk management system and is adapted to its organisational structure. The various indicators are thus calculated at the level of the relevant legal entities and Business Units and serve as the basis for the various reportings. Departments established within the Risk, Finance and Compliance sectors are responsible for measuring, analysing and communicating these elements.

Since 2015, the Group has defined architecture principles common to the Finance and Risk functions, the TOM-FIR principles (Target Operating Model for Finance & Risk), in order to guarantee the consistency of the data and indicators used for internal management and regulatory production. The principles revolve around:

- Risk and Finance uses, whether at the local level and at the various levels of consolidation subject to an organised system of "golden sources", with a collection cycle adapted to the uses;
- common management rules and language to ensure interoperability;
- consistency of Finance and Risk usage data, *via* strict alignment between accounting data and management data.

The Group produces, *via* all of its internal reports for internal monitoring purposes by the Business Units and Service Units, a large number of **risk metrics** constituting a measure of the risks monitored. Some of these metrics are also produced as part of the transmission of regulatory reports or as part of the publication of information to the market.

The Group selects from these metrics a set of **major metrics**, able to provide a summary of the Group's risk profile and its evolution at regular intervals. These metrics concern both the Group's financial rating, its solvency, its profitability and the main risks (credit, market, operational, structural (liquidity and financing, rates and exchange rates), model) and are included in the reports intended for internal management bodies.

They are also subject to a framework defined and broken down in line with the Group's risk appetite, giving rise to a procedure for reporting information in the event of breaches.

Thus, the risk reports intended for the management bodies are guided in particular by the following principles:

- coverage of all significant risks;
- combination of a global and holistic view of risks and a more in-depth analysis of the different types of risk;
- overview supplemented by focus on certain specific scopes, forward-looking elements (based in particular on the presentation of elements on the evolution of the macroeconomic context) and elements on emerging risks;
- balance between quantitative data and qualitative comments.

The main Risk reports for management bodies are:

- monthly reporting to the Risk Committee of the Board of Directors aims to provide an overview of changes in the risk profile.

This reporting is complemented by dashboard for monitoring the Group's Risk Appetite Statement indicators is also sent quarterly to the Board of Directors. These indicators are framed and presented using a "traffic light" approach (with distinction between thresholds and limits) in order to visually present monitoring of compliance with risk appetite. In addition, a compliance dashboard and a reputation dashboard are sent to the Risk Committee of the Board of Directors and provide an overview of each non-compliance risk;

- monthly reporting to the Group Risk Committee (CORISQ), for the general management, aims to regularly provide this Committee with a risk analysis under its supervision, with a greater level of detail than reporting to the Risk Committee of the Board of Directors. In particular, a summary of the main credit files over the period covered by the reporting is presented;
- reporting to the Finance Committee (COFI) for General Management gives rise in particular to the following two reports: a "Scarce resources trajectory" report allowing budget execution to be monitored and a "Structural risk monitoring (ALM)" report making it possible to monitor compliance with the thresholds and limits relating to liquidity risks and structural interest and exchange rate risks;
- the quarterly reporting of the Group Compliance Committee (COMCO) to General Management: the COMCO provides *via* dedicated reporting an overview of the main non-compliance risks, raises points of attention on compliance topics Group, decides on

the main orientations and defines the Group principles in terms of compliance;

- the quarterly reporting of the Provisions Committee (COPRO) to General Management is intended to provide an overview of changes in the level of provisions at Group level. In particular, it presents the change in the net charge of the cost of risk by pillar, by Business Unit and by stage;
- reporting by the Group Internal Control Coordination Committee (GICCC) to General Management: this Committee reviews, on the basis of a standardised dashboard for all Business Units/Service Units, the efficiency and the consistency of the permanent control system implemented within the Group, as well as, within the framework of the Risk Internal Governance Assessment (RIGA) process, the ability of the Risk function to exercise its role as the 2<sup>nd</sup> line of defence in the whole group. Finally, the Risk Department contributes, as a permanent member, to all GICCC meetings, through position papers on the subjects under review.

Although the above reports are used at Group level to monitor and review the Group's risk profile in a global manner, other reports are transmitted to the Board of Directors or to the General Management in order to monitor and control certain types specific risks.

*Ad hoc* reports can be produced.

Additional information on risk reporting and assessment systems by type of risk is also presented in the following chapters.

## INTEREST RATE BENCHMARK REFORM

### Presentation of the reform

**Audited I** The interest rate benchmark reform (IBOR: Inter Bank Offered Rates) aimed at replacing these benchmark rates with alternative rates, in particular the Risk-Free Rates (RFR). This reform accelerated on 5 March 2021, when the British Financial Conduct Authority (FCA) announced the official dates for the cessation and loss of representativeness of these benchmarks:

- EUR LIBOR and CHF LIBOR (all terms); GBP LIBOR and JPY LIBOR (terms: overnight, one week, two months and twelve months); USD LIBOR (terms: one week and two months): the publication of these benchmark settings has permanently ceased as of 1 January 2022;
- GBP LIBOR and JPY LIBOR (terms one, three and six months): these settings have not been contributed by banks since 1 January 2022 and have been published in a synthetic form, their use is thus restricted to the run-off management of legacy positions. Nonetheless, the FCA has announced the cessation of these synthetic benchmarks as follows:
  - JPY LIBOR (terms: one, three and six months): end December 2022,

- GBP LIBOR (terms: one and six months): end March 2023,
- GBP LIBOR (terms: three months): end March 2024;
- USD LIBOR (terms: overnight, one, three, six and twelve months): these settings have not been contributed by banks since 30 June 2023. A synthetic version of USD LIBOR (terms: one, three and six months) is reserved for extinctive management of the stock of transactions and will be published until 30 September 2024.

In parallel, other indices based on USD LIBOR have ceased on 30 June 2023: USD LIBOR Ice Swap Rate; MIFOR (India), PHIREF (Philippines), SOR (Singapore) and THBFIX (Thailand).

Furthermore, the publication of the MosPrime (Russia) has also ceased on 30 June 2023.

Regarding EURIBOR, EMMI (European Money Markets Institute), the administrator of the benchmark, does not plan to cease its publication. The EURIBOR will thus be maintained in the coming years.

### Impact of the reform for the Societe Generale group

The Group was actively preparing for these changes, through a specific transition program set up in the Summer of 2018 and supervised by the Finance Division.

To prepare for the announced cessation dates of LIBOR and other transitioning benchmarks, the public authorities and the working groups set up by the central banks issued recommendations to the banking industry.

To ensure a consistent approach throughout the Societe Generale group, several internal guidelines have been issued covering four main themes:

- strengthening of new contracts through the inclusion of fallback clauses and risk warnings;
- cessation of the production of new transactions referencing benchmarks and use of alternative solutions;
- fair and homogenous treatment of customers in contracts' renegotiations with the involvement of compliance teams;

### RISKS ASSOCIATED WITH THE BENCHMARK RATE REFORM

**Audited I** All the risks identified in the context of the transition are, today, no longer relevant:

- program governance and execution risk, the IBOR Transition program is now closed, and its budget has been fully financed;
- legal documentation risk, templates for fallback clauses are made available by market associations (ISDA, LMA, etc.) or are available within the Group when there is no market standard templates. Nevertheless, the contractual documentation may need to be adapted to the specificities of new cessations;

- reporting obligation, and restrictions related to the use of certain interest rates.

All directives are being applied and widely circulated among the Group's staff.

In order to build the capacity to deal on products referencing RFRs and thus ensure the continuity of its business after the phasing out of IBOR, the Group SG updated its tools and processes. Moreover, the Group continues monitoring developments in the use of RFRs rates in order to meet its customers' needs.

### Migration of USD LIBOR, USD LIBOR Ice Swap Rate and some other benchmark rates (MIFOR, PHIREF, SOR, THBFIX and MosPrime)

The interest rate benchmark market reform is now achieved. At the end of October, the Group SG has completed all its stock of remediation on non-USD Libor and finalised 99.7% of its transactions on USD Libor. The outstanding position corresponds to contracts that are currently in the process of negotiation and are temporarily relying on USD synthetic Libor. The closing of this residual stock is expected by the end of December 2023 and at the latest well before the end of publication of USD synthetic Libor (September 2024). ▲

- market risk, since benchmark cessations for the followed rates have already happened, this risk has disappeared;
- operational risks in the execution of transactions' migration, all mass migrations have already been completed;
- regulatory risk, all of the Group's guidelines related to ceasing and alternative interest rate benchmarks have been set up and disseminated in the Group's business lines;
- conduct risk, with most negotiations finalised (99.7%), this risk has virtually disappeared. ▲

## 4.3 INTERNAL CONTROL FRAMEWORK

### 4.3.1 INTERNAL CONTROL

Internal control is part of a strict regulatory framework applicable to all banking institutions.

In France, the conditions for conducting internal controls in banking institutions are defined in the Order of 3 November 2014, modified by the Order of 25 February 2021. This Order, which applies to all credit institutions and investment companies, defines the concept of internal control, together with a number of specific requirements relating to the assessment and management of the various risks inherent in the activities of the companies in question, and the procedures under which the supervisory body must assess and evaluate how the internal control is carried out.

The Basel Committee has defined four principles – independence, universality, impartiality, and sufficient resources – which underpin the internal control carried out by credit institutions.

The Board of Directors ensures that Societe Generale has a solid governance system and a clear organisation ensuring:

- a well-defined, transparent and coherent sharing of responsibilities;
- effective procedures for the detection, management, monitoring and reporting of risks to which the Company could be exposed.

The Board tasks the Group's General Management with rolling out the Group's strategic guidelines to implement this set-up.

The Audit and Internal Control Committee is a Board of Directors' Committee that is specifically responsible for preparing the decisions of the Board in respect of internal control supervision.

As such, General Management and Risk Division submits reports to the Audit and Internal Control Committee on the internal control of the Group. The Committee monitors the implementation of remediation plans when it considers the risk level to be justified.

Internal control is based on a **body of standards and procedures**.

All Societe Generale Group activities are governed by rules and procedures contained in a set of documents referred to collectively as the "Standard Guidelines", compiled in the Societe Generale Code, which:

- set out the rules for action and behavior applicable to Group staff;
- define the structures of the businesses and the sharing of roles and responsibilities;
- describe the management rules and internal procedures specific to each business and activity.

The Societe Generale Code groups together the standard guidelines which, in particular:

- define the governance of the Societe Generale Group, the structures and duties of its Business Units and Services Units, as well as the operating principles of the cross-business systems and processes (Codes of Conduct, charters, etc.);
- set out the operating framework of an activity and the management principles and rules applicable to products and services rendered, and also define internal procedures.

The Societe Generale Code has force of law within the Group and falls under the responsibility of the Group Corporate Secretary.

In addition to the Societe Generale Code, operating procedures specific to each Group activity are applied. The rules and procedures in force are designed to follow basic rules of internal control, such as:

- segregation of functions;
- immediate, irrevocable recording of all transactions;
- reconciliation of information from various sources.

Multiple and evolving by nature, risks are present in all business processes. Risk management and control systems are therefore key to the Bank's ability to meet its targets.

The internal control system is represented by all methods which ensure that the operations carried out and the organisation and procedures implemented comply with:

- legal and regulatory provisions;
- professional and ethical practices;
- the internal rules and guidelines defined by the Company's management body of the undertaking in its executive function.

Internal control in particular aims to:

- prevent malfunctions;
- assess the risks involved, and exercise sufficient control to ensure they are managed;
- ensure the adequacy and effectiveness of internal processes, particularly those which help safeguard assets;
- detect irregularities;
- guarantee the reliability, integrity and availability of financial and management information;
- check the quality of information and communication systems.

The internal control system is based on **five basic principles**:

- the comprehensive scope of the controls, which cover all risk types and apply to all the Group's entities;
- the individual responsibility of each employee and each manager in managing the risks they take or supervise, and in overseeing the operations they handle or for which they are responsible;
- the responsibility of functions, in line with their expertise and independence, in defining normative controls and, for three of them, exercising second-level permanent control;
- the proportionality of the controls to the materiality of the risks involved;
- the independence of internal auditing.

The internal control framework is based on the “three lines of defence” model, in accordance with the Basel Committee and European Banking Authority guidelines:

- the **first line of defence** comprises all Group employees and operational management, both within the Business Units and the Services Units in respect of their own operations.

Operational management is responsible for risks, their prevention and their management (by putting in place first-level permanent control measures, amongst other things) and for implementing corrective or remedial actions in response to any deficiencies identified by controls and/or process steering;

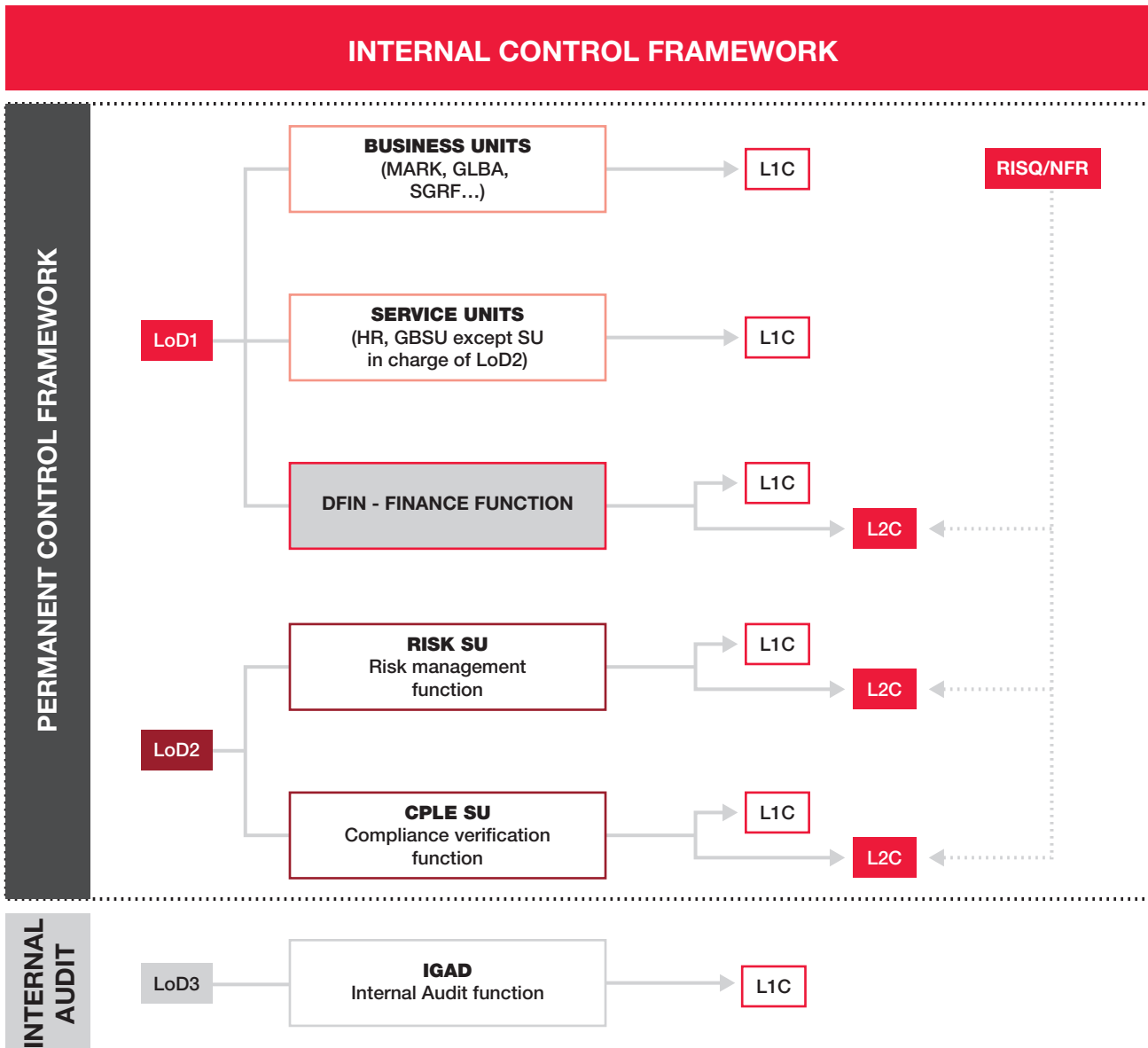
- the **second line of defence** is provided by the risk and compliance functions.

Within the internal control framework, operational management is responsible for verifying the proper and continuous running of the risk security and management operation functions through the effective application of established standards, defined procedures, methods and requested controls.

Accordingly, these functions must provide the necessary expertise to define in their respective fields the controls and other means of risk management to be implemented by the first line of defence, and to ensure that they are effectively implemented; they conduct second-level permanent control over all of the Group’s risks, based in particular on the controls they have defined, as well as those defined, if necessary, by other expert functions (e.g. sourcing, legal, tax, human resources, information system security, etc.) and by the businesses;

- the **third line of defence** is provided by the Internal Audit Department, which encompasses the General Inspection and Internal Audit functions. This department performs periodic internal audits that are strictly independent of the business lines and the permanent control function;

- internal control coordination**, which falls under the responsibility of the Chief Risk Officer, is also provided at Group level and is rolled out in each of the departments and core businesses.





The Chief Executive Officer is responsible for ensuring the overall consistency and effectiveness of the internal control system.

The purpose of the Group Internal Control Coordination Committee (GICCC) is to ensure the consistency and effectiveness of the Group's internal control, in response in particular to the obligation laid down in Art. 16 of the amended French Order of 3 November 2014. The Committee is chaired by the Chief Executive Officer, or in his absence, by a Deputy General Manager tasked with supervising the area under review. Organised by RISQ/NFR, the CCCIG convenes the Managers of the second line of defence (CPLÉ and RISQ), the Representatives appointed by the Heads of DFIN and RESG (including the Global CISO), the Manager of the third line of defence (IGAD), as well as the Heads of the level 2 permanent control central teams (RISQ/CTL, CPLÉ/CTL, DFIN/CTL).

The Committee meets approximately 20 times a year to deal with cross-cutting topics, as well as the annual review of each BU/SU.

Its roles and responsibilities are:

- provide a consolidated view of the Group's internal control framework to General Management;
- evaluate the Group's internal control framework in terms of effectiveness, consistency, and completeness;
- evaluate the operation Group's permanent control framework based on the analysis of the Group's quarterly permanent control dashboard, completed by cross-functional thematic reviews and by the independent reviews of RISQ and CPLÉ in their role as the Group's second line of defense;
- examine and validate the annual report of the Group's internal control ("RCI");
- define or validate the roles and responsibilities of permanent control stakeholders and of the GICCC and ICCG;
- validate the operational principles of permanent control and governance;
- validate the sections dealing with internal control in the SG Code;
- review and "challenge" the BU/SU permanent control framework, in particular, validate the target organisation of permanent control in the major and significant entities;
- review other cross-functional subjects related to the Group's permanent control:
  - (i) the permanent control budget,
  - (ii) validate of level 2 Control Plans,
  - (iii) other cross-functional subjects concerning all or part of the Group, in particular risks (including ESG topics), requiring an assessment of the effectiveness of preventive measures and controls; two subjects are examined annually, due to their importance and the attention they receive from the supervisory authorities:
    - control of information security framework, and
    - control of essential outsourced services;
- follow up the Group's permanent control framework with the permanent members of the Committee: review and comment on the status of the action plan prepared by RISQ/NFR and take appropriate decisions if necessary.

The GICCC is a decision-making body. It therefore has the authority to take appropriate measures to correct any deficiencies or weaknesses detected and communicated.

The GICCC is declined into BU/SU ICCCs, which are mandatory in each BU/SU (except IGAD) and in the most significant subsidiaries.

## Permanent control system

The Group's permanent control system comprises:

- the **first-level permanent control**, which is the basis of the Group's permanent control, is performed by the businesses. Its purpose is to ensure the security, quality, regularity and validity of transactions completed at operational level;
- the **second-level permanent control**, which is independent of the businesses and concerns three departments, *i.e.* the Compliance, Risk and Finance Departments.

### FIRST-LEVEL PERMANENT CONTROL

Permanent Level 1 controls, carried out on operations performed by BUs and the SUs, ensure the security and quality of transactions and the operations. These controls are defined as a set of provisions constantly implemented to ensure the regularity, validity, and security of the operations carried out at operational level.

The permanent Level 1 controls consist of:

- **any combination of actions and/or devices that may limit the likelihood of a risk occurring or reduce the consequences for the Company:** these include controls carried out on a regular and permanent basis by the businesses or by automated systems during the processing of transactions, automated or non-automated security rules and controls that are part of transaction processing, or controls included in operational procedures. Also falling into this category are the organisational arrangements (*e.g.*, segregation of duties) or governance, training actions, when they directly contribute to controlling certain risks;
- **controls performed by managers:** line managers control the correct functioning of the devices for which they are responsible. As such, they must apply formal procedures on a regular basis to ensure that employees comply with rules and procedures, and that Level 1 controls are carried out effectively.

Defined by a Group entity within its scope, Level 1 controls include controls (automated or manual) that are integrated into the processing of operations, proximity controls included in operating procedures, safety rules, etc. They are carried out in the course of their daily activities by agents directly in charge of an activity or by their managers. These controls aim to:

- ensure the proper enforcement of existing procedures and control of all risks related to processes, transactions and/or accounts;
- alert management in the event of identified anomalies or malfunctions.

Permanent Level 1 controls are set by management and avoid, as far as possible, situations of self-assessment. They are defined in the procedures and must be traced without necessarily being formalised, *e.g.* preventive automated controls that reject transactions that do not comply with system-programmed rules.

In order to coordinate the operational risk management system and the permanent Level 1 control system, the BUs/SUs use a specific department called CORO (Controls & Operational Risks Office Department).

## SECOND-LEVEL PERMANENT CONTROL

The permanent Level 2 control ensures that the Level 1 control works properly:

- the scope includes all permanent Level 1 checks, including managerial supervision checks and checks carried out by dedicated teams;
- this review and these audits aim to give an opinion on (i) the effectiveness of Level 1 controls, (ii) the quality of their implementation, (iii) their relevance (including, in terms of risk prevention), (iv) the definition of their *modus operandi*, (v) the relevance of remediation plans implemented following the detection of anomalies, and the quality of their follow-up, and thus contribute to the evaluation of the effectiveness of Level 1 controls.

The permanent level 2 control, control of the controls, is carried out by teams independent of the operational.

These controls are performed centrally by dedicated teams within Risk Service Unit (RISQ/CTL), Compliance Service Unit (CPL/CTL) and Finance Service Unit (DFIN/CTL) and locally by the second-level control teams within the BU/SUs or entities.

## Internal audit

The internal audit function is carried out within the Societe Generale Group (the “Group”) by the General Inspection and Internal Audit Service Unit (“IGAD”). The internal audit function is under the responsibility of the Group’s General Inspector.

The Internal Audit function contributes to Societe Generale Group’s internal control framework. It constitutes the third and final line of defense and ensures periodic control, strictly independent of the business lines and other internal control functions.

The internal audit function performed by IGAD, defined in accordance with IIA (Institute of Internal Auditors) standards, is an independent and objective activity that gives the Group assurance on the level of control of its risks and operations, provides advice to improve them and helps create added value. Through the exercise of this mandate, Inspection and Internal Audit help the Group to achieve its objectives by evaluating, through a systematic and methodical approach, its risk management, controls, and corporate governance processes and by making proposals to strengthen their effectiveness.

IGAD’s scope of operations includes Societe Generale SA and all Group entities, regardless of their area of activity. All the Group’s activities, operations, and processes, without exception, may be the subject of a mission conducted by the General Inspection Department or the Internal Audit Department. That said, entities in which the Group holds a minority stake are excluded from IGAD’s scope of intervention, including when Societe Generale exercises a significant influence, except when this stake is likely to have a significant impact on the Group’s risk management.

Outsourced activities also fall within the scope of the internal audit function.

The Group’s General Inspector reports directly to the Group’s Chief Executive Officer.

He meets regularly with the Chairman of the Board of Directors. The Internal Rules of the Board of Directors, updated in August 2023, provide that the General Inspector shall report to the Board of Directors

on his mission on the basis of presentations made beforehand to the Audit and Internal Control Committee. He presents the audit and inspection plans approved by the Group’s Chief Executive Officer for validation to the Board of Directors, after review by the Audit and Internal Control Committee.

The General Inspector is a permanent member of the Audit and Internal Control Committee, to which he regularly presents a summary of the activity of the General Inspection and Internal Audit as well as the review of the follow-up of the implementation of the recommendations issued by both the Audit and the General Inspection and the supervisors. The General Inspector is also a permanent member of the Risk Committee. He may be heard on any subject by these Committees at their request or on its initiative.

Finally, pursuant to the Board of Directors’ internal rules, the General Inspector may, if necessary, in the event of an actual or potential deterioration of risks, report directly to the Board of Directors, directly or through the Audit and Internal Control Committee, without referring to the Executive Managers.

In order to achieve its objectives, the General Inspection and Internal Audit Service Unit is provided with appropriate resources, proportionate to the challenges, both in terms of quality and quantity. In total, it comprises around 930 employees based at the Group’s head office, subsidiaries or branches (France and abroad).

The IGAD Service Unit is a hierarchically integrated directorate. The General Inspection Department, based at headquarters, operates throughout the Group. The Internal Audit Departments are each responsible for a defined scope of activities or risks. Whether located at headquarters or within entities (branches or subsidiaries), the audit teams are all attached to the IGAD Service Unit. Thanks to a matrix organisation, the main cross-cutting topics at Group level are covered. Depending on the resources and skills required, an audit assignment can bring together teams from different departments. IGAD has the possibility to involve any team of its choice in the execution of a mission within the Group.

The General Inspection and Internal Audit departments carry out their work from missions. In addition to the missions listed in its tour plan, the General Inspection may be asked to carry out specific studies or contribute to “due diligence” reviews in the event of the acquisition or disposal of entities or activities by the Group. This work is governed by procedures ensuring that the Inspection Department cannot subsequently find itself in a conflict-of-interest situation.

The General Inspection and Internal Audit Departments design their respective audit plans on a risk-based approach. Internal Audit combines this approach with the requirement to comply with a five-year audit cycle and determines the frequency of its interventions according to the level of risk of the scopes to be audited. While the General Inspection Department is not required to comply with an audit cycle, its work is considered for the compliance with the audit cycle.

The General Inspection and Internal Audit Departments are also involved in monitoring the implementation of supervisors’ recommendations as part of their independent positioning within the Group. This work continued in 2023 with regular presentations to the General Management – in coordination with the General Secretariat – and to the Audit and Internal Control Committee.

As required by the International Standards for Internal Audit, IGAD is subject to independent external certification by IFACI (French Institute of Audit and Internal Control).



## 4.3.2 CONTROL OF THE PRODUCTION AND PUBLICATION OF FINANCIAL MANAGEMENT INFORMATION

### The participants involved

There are many participants in the production of financial data:

- the **Board of Directors**, and more specifically its **Audit and Internal Control Committee**, has the task of examining the draft financial statements which are to be submitted to the Board, as well as verifying the conditions under which they were prepared and ensuring not only the relevance but also the consistency of the accounting principles and methods applied. The Audit and Internal Control Committee's remit also is to monitor the independence of the Statutory Auditors, and the effectiveness of the internal control, measurement, supervision and control systems for risk related to the accounting and financial processes. The Statutory Auditors meet with the Audit and Internal Control Committee during the course of their engagement;
- the **Group Finance Department** gathers the accounting and management data compiled by the subsidiaries and the Business Units/Services Units in a set of standardised reports. It consolidates and verifies this information so that it can be used in the overall management of the Group and disclosed to third parties (supervisory bodies, investors, etc.). It also has a team in charge of the preparation of the Group regulatory reports.

In the framework of these missions, it is in charge of:

- monitoring the financial aspects of the Group's capital transactions and its financial structure,
- managing its assets and liabilities, and consequently defining, managing and controlling the Group's financial position and structural risks,
- ensuring that the regulatory financial ratios are respected,
- defining accounting and regulatory standards, frameworks, principles and procedures for the Group, and ensuring that they are observed,
- verifying the accuracy of all financial and accounting data published by the Group;
- the **Finance Departments of subsidiaries and Business Units/Services Units** carry out certification of the accounting data and entries booked by the Back Offices and of the management data submitted by the Front Offices. They are accountable for the financial statements and regulatory information required at the local level and submit reports (accounting data, finance control, regulatory reports, etc.) to the Group Finance Department. They can perform these activities on their own or else delegate their tasks to Shared Service Centers operating in finance and placed under Group Finance Department governance;

- the **Risk Department** consolidates the risk monitoring data from the Group's Business Units/Services Units and subsidiaries in order to control credit, market and operational risks. This information is used in Group communications to the Group's governing bodies and to third parties. Furthermore, it ensures in collaboration with the Group Finance Department, its expert role on the dimensions of credit risk, structural liquidity risks, rates, exchange rates, on the issues of recovery and resolution and the responsibility of certain closing processes, notably the production of solvency ratios;
- the **Back Offices** are responsible for all support functions to front offices and ensure contractual settlements and deliveries. Among other responsibilities, they check that financial transactions are economically justified, book transactions and manage means of payment.

### Accounting and regulatory standards

Local financial statements are drawn up in accordance with local accounting standards, and the consolidated Group financial statements are prepared in accordance with the standards defined by the Group Finance Department, which are based on IFRS as adopted by the European Union.

The applicable standards on solvency and liquidity, promulgated by the Basel Committee, were translated into European law by a directive (CRD4) and a regulation (CRR). They were rounded out by the Regulation CRR2 and the Directive CRD5 which entered into force on 28 June 2019. These texts are supplemented by several delegated acts and implementation technical standards. The standard applicable to the TLAC and MREL ratios is defined by the regulation on bank resolution (CRR regulation and BRRD directive - Banking Recovery and Resolution Directive). As the Societe Generale Group is identified as a "financial conglomerate", it is subjected to additional supervision.

The Group Finance Department has dedicated teams that monitor the applicable standards and draft new internal standards to comply with any changes in the accounting and regulatory framework.

### Procedures for producing financial and accounting data

Each entity in the consolidation scope of the Group prepares its own accounting and management statements on a monthly basis or quarterly basis, according to the materiality of the entity. This information is then consolidated each month at Group level and published for the markets on a quarterly basis. Data reported are subject to analytical reviews and consistency checks performed by Finance Department or delegated to financial shared service centers acting under their responsibility and sent to the Group Finance Department. The Group Finance Department forwards the consolidated financial statements, Management Reports and regulatory statements to General Management and any interested third parties.

## Internal control procedures governing the production of financial and accounting data

Accounting data are compiled independently of the front offices and the sales teams.

The quality and objectivity of the accounting and management data are ensured by the separation of sales functions and all the functions of operational processing and follow-up of the operations: Back Offices and middle offices integrated into the Resources Department and teams in charge of producing the financial reports that are housed in the Finance Department. These teams carry out a series of controls defined by Group procedures on financial and accounting data, in particular:

- verification of the economic justification of all information reported;
- reconciliation of accounting and management data, using specific procedures, respecting the specified deadlines;
- for market activities, reconciliation between the accounting result, produced by the Finance Department and the economic result, produced by a dedicated expert department in the Risk Department.

Given the increasing complexity of the Group's financial activities and organisation, staff training and IT tools are regularly upgraded to ensure that the production and verification of accounting and management data are effective and reliable.

### SCOPE OF CONTROL

In practice, the internal control procedures implemented in the Group's businesses are designed to guarantee the quality of financial and accounting information, and notably to:

- ensure that the transactions entered in the Group's accounts are exhaustive and accurate;
- validate the valuation methods used for certain transactions;
- ensure that transactions are correctly assigned to the corresponding fiscal period and recorded in the accounts in accordance with the applicable accounting regulations, and that the accounting aggregates used to prepare the Group financial statements are compliant with the regulations in force;
- ensure the inclusion of all entities that must be consolidated in accordance with Group regulations;
- check that the operational risks associated with the production and transmission of accounting data through the IT system are correctly controlled, that the necessary adjustments are accurately performed, that the reconciliation of accounting and management data is satisfactory, and that the flows of cash payments and other items generated by transactions are exhaustive and adequate.

### CONTROL BY THE FINANCE DEPARTMENTS

The Finance Department of each subsidiary checks the accuracy and consistency of the financial statements with respect to the relevant accounting frameworks (local standards and IFRS for subsidiaries, as well as French standards for branches). It performs checks to guarantee the accuracy of the information disclosed.

The financial data received for consolidation from each subsidiary are drawn from corporate accounting data by the subsidiaries after they have been locally brought into line with Group accounting principles.

Each subsidiary must be able to explain the transition from the Company financial statements to the financial statements reported through the consolidation tool.

The Finance Departments of the Business Units/Services Units have a dedicated department for financial management and control.

The Finance Departments also rely on shared service centers that perform Level 1 controls necessary to ensure the reliability of accounting, tax and regulatory information on the financial statements they produce in accordance with local and IFRS standards and notably data quality and consistency checks (equity, securities, foreign exchange, financial aggregates from the balance sheet and income statement, deviations from standards), justification and certification of the financial statements under their responsibility, intercompany reconciliation of the financial statements, regulatory statement checks and verification of evidence of tax charges and balances (current, deferred and duties).

These controls are declared as part of the managerial supervision and Group accounting certification processes.

These controls allow the shared services centres to provide all necessary information to the Finance Departments of Business Units/Services Units and the Group Finance and Accounting Department to ensure the reliability and consistency of the accounts prepared.

These shared service centres are located in Paris, Bangalore and Bucharest.

### CONTROLS BY ALL OPERATIONAL STAFF INVOLVED IN THE PRODUCTION OF ACCOUNTING, FINANCIAL AND MANAGEMENT DATA

The operational staff monitor their activity *via* a permanent supervision process under the direct responsibility of their management teams, repeatedly verifying the quality of the controls carried out on completeness of accounting data and the associated accounting treatment.

### SUPERVISION BY THE GROUP FINANCE DEPARTMENT

Once the financial statements prepared by the entities have been restated according to Group standards, they are entered into a central database and processed to produce the consolidated statements.

The service in charge of consolidation in the Group Accounting Department checks that the consolidation scope complies with the applicable accounting standards and performs multiple checks on data received for consolidation purposes. These checks include:

- confirmation that the data collected are properly aggregated;
- verification of recurring and non-recurring consolidation entries;
- exhaustive treatment of critical points in the consolidation process;
- treatment of any residual differences in reciprocal or intercompany statements.

Last, this service ensures that the overall consolidation process has been conducted properly by performing analytical reviews of the summary data and verifying the consistency of the main aggregates of the financial statements. These checks are complemented by cross-functional analysis such as analysis of changes in shareholders' equity, goodwill, provisions and consolidated deferred taxes.

A team in this department is in charge of managing and coordinating the Group accounting certification framework to certify first-level controls on a quarterly basis (internal control certification).

The Group Finance Department has also a dedicated team, it which is responsible for ensuring second-level permanent controls on all Finance processes and for implementing the framework within the Group. Its mission is to ensure the effectiveness, quality and relevance of the Level 1 control framework by assessing it through process or activity reviews, testing controls and quarterly certifications. The team, reporting directly to the Group Finance Department, also reports functionally to the head of permanent control and non financial risks department (within Risk Department).

### **Internal audit and periodic control framework for accounting processes**

Internal Audit and the General Inspection define their audits and inspections using a risk-based approach and define an annual work program (Inspection and Audit plan schedule – *plan de tournée*). As part of their assignments, teams may verify the quality of the control environment contributing to the quality of the accounting and management data produced by the audited entities. They may check a certain number of accounts and assess the reconciliations between

accounting and management data, as well as the quality of the permanent supervision procedures for the production and control of accounting data. They also assess the performance of IT tools and the accuracy of manual processing.

The department in charge of auditing the Group's Central Departments is responsible for auditing the Group Finance Department. Within that Department, a distinct team, placed under the responsibility of a dedicated Audit Business Correspondent, monitors and animates audit work related to accounting and financial matters on a Group-wide basis. The team provides expertise in identifying the Group's main accounting risks and develops training sessions and methodologies to help share expertise in the auditing of accounting risks.

Audit missions carried out by IGAD contribute to the reliability of the Group's accounting information, as well as its subsidiaries.

Based on their findings, these teams issue recommendations to the parties involved in the production and control of accounting, financial and management data. Departments being assigned these recommendations are responsible for their implementation. A monitoring is performed by IGAD.

## 4.4 CAPITAL MANAGEMENT AND ADEQUACY

### 4.4.1 THE REGULATORY FRAMEWORK

**Audited I** Since January 2014, Societe Generale has been applied the new Basel III regulations implemented in the European Union through a regulation and a directive (CRR and CRD respectively).

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

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

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

The amendments concern in particular the following items:

- Leverage ratio: the minimum requirement of 3% to which will be added since January 2023, 50% of the buffer required as a systemic institution;

- Derivatives counterparty risk (SA-CCR(3)): the “SA-CCR” method is the Basel method replacing the old CEM(4) method for determining the prudential exposure on derivatives under the standardised approach;
- Large Exposure: the main change is the calculation of the regulatory limit (25%) on Tier 1 capital (instead of total capital), as well as the introduction of a specific cross-limit on systemic institutions (15%);
- TLAC: the ratio requirement for G-SIB is introduced in CRR. According to the Basel text, G-SIBs must comply with an amount of capital and eligible debt equal to the highest between 18% + risk-weighted assets buffers and 6.75% leverage since 2022.

In December 2017, the Group of Central Bank Governors and Heads of Banking Supervision (GHOS), which oversees the Basel Committee on Banking Supervision, approved regulatory reforms to complement Basel 3.

The transposition into European law of the finalisation of Basel 3 in CRR3 and CRD6 was completed at the end of 2023. The new rules will apply from 1 January 2025.

One of the main novelties is the introduction of a global output floor: the Group’s risk-weighted assets (RWA) will be applied a floor corresponding to a percentage of the sum of the individual risk types (credit, market and operational) computed according to the standard method. The output floor level will gradually increase from 50% in 2025 to 72.5% in 2030.

Regarding FRTB, for the SA-Standard Approach: the reporting has been effective since the third quarter of 2021. The full implementation of FRTB, including the rules on the boundary between the banking and trading portfolio, should be aligned with the entry into force of CRR3. Nevertheless, the EU legislators reserve the right to postpone this application (up to 2 years) depending on how it is applied in other jurisdictions (in particular the US). ▲

### 4.4.2 CAPITAL MANAGEMENT

**Audited I** As part of the management of its capital management, the Group ensures, under the monitoring of the Finance Department and the control of the Risk Department, that its solvency level is always compatible with the following objectives:

- maintaining its financial strength while respecting risk Appetite;

- maintaining its financial flexibility to its internal and external development;
- appropriate allocation of capital between its various business lines in accordance with the Group’s strategic objectives;
- maintaining the Group’s resilience in the event of stress scenarios;

- meeting the expectations of its various stakeholders: supervisors, debt and capital investors, rating agencies, and shareholders.

The Group therefore determines its internal solvency target, in accordance with these objectives and compliance with regulatory thresholds.

The Group has an internal capital adequacy assessment process that measures and explains changes in the Group's capital ratios over time, taking into account future regulatory constraints where appropriate.▲

This process is based on a selection of key metrics that are relevant to the Group in terms of risk and capital measurement, such as CET1, Tier1 and Total Capital ratios. These regulatory indicators are supplemented by an assessment of the coverage of internal capital needs by available internal capital and thus confirming via an economic perspective, the relevance of the targets set in the risk appetite. Besides, this assessment takes into account the constraints arising from the other metrics of the risk appetite, such as rating, MREL and TLAC or leverage ratio.

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

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

- French Retail Banking;
- International Retail Banking and Mobility & Leasing Services;
- Global Banking and Investor Solutions.

Each of the Group's core businesses accounts for around a third of total Risk-Weighted Assets (RWA), with a predominance of credit risk (84% of total Group RWA, including counterparty credit risk).

At 31 December 2023, Group RWA were up by 8% to EUR 389 billion, compared with EUR 362 billion at end-December 2022.

The trend traced by the business lines' RWA lies at the core of the operational management of the Group's capital trajectory based on a detailed understanding of the drivers of variations. Where appropriate, the General Management may decide, upon a proposal from the Finance Department, to implement managerial actions to increase or reduce the share of the business lines, for instance by validating the execution of synthetic securitisation or of disposals of performing or non-performing portfolios. The Group Capital Committee and the capital contingency plan provide General Management with framework analysis, governance and several levers in order to adjust the capital management trajectory.

### 4.4.3 SCOPE OF APPLICATION – PRUDENTIAL SCOPE

The Group's prudential reporting scope includes all fully consolidated entities according to accounting rules except for insurance entities, which are subject to separate capital supervision.

Whenever relevant, subsidiaries may be excluded from prudential reporting scope notably if the sum of balance sheet and off balance sheet commitments are lower than EUR 10 millions or 1% of the total

balance sheet and off balance sheet of the legal entity owning the equity. Legal entities excluded from the prudential reporting scope are subject to periodic reviews, at least annually.

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

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

**TABLE 1: DIFFERENCE BETWEEN ACCOUNTING SCOPE AND PRUDENTIAL REPORTING SCOPE**

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

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

**TABLE 2: RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS**

| Assets at 31.12.2023<br>(In EURm)  | Balance sheet as in published financial statements | Prudential restatements linked to insurance <sup>(1)</sup> | Prudential restatements linked to consolidation methods | Balance sheet under regulatory scope of consolidation | Reference to table 14 (CC1) |
|--|--|--|---|---|-----------------------------|
| Cash, due from banks   | 223,048  | (0)  | 0   | 223,048   |                             |
| Financial assets at fair value through profit or loss  | 495,882  | (100,787)  | (0)   | 395,095   |                             |
| Hedging derivatives  | 10,585   | (158)  | -   | 10,427  |                             |
| Financial assets at fair value through other comprehensive income  | 90,894   | (52,900)   | -   | 37,993  |                             |
| Securities at amortised cost   | 28,147   | (4,945)  | -   | 23,303  |                             |
| Due from banks at amortised cost   | 77,879   | (1,626)  | 23  | 76,275  | 1                           |
| <i>o.w. subordinated loans to credit institutions</i>  | 199  | (0)  | -   | 199   |                             |
| Customer loans at amortised cost   | 485,449  | 783  | (45)  | 486,187   |                             |
| Revaluation differences on portfolios hedged against interest rate risk  | (432)  | -  | -   | (432)   |                             |
| Investment and reinsurance contracts assets  | 459  | (459)  | -   | -   | -                           |
| Tax assets   | 4,718  | (211)  | 0   | 4,507   |                             |
| <i>o.w. deferred tax assets that rely on future profitability excluding those arising from temporary differences</i> | 1,873  | -  | (710)   | 1,163   | 2                           |
| <i>o.w. deferred tax assets arising from temporary differences</i>   | 1,818  | -  | 423   | 2,241   |                             |
| Other assets   | 69,765   | (107)  | 80  | 69,378  |                             |
| <i>o.w. defined-benefit pension fund assets</i>  | 49   | -  | -   | 49  | 3                           |
| Non-current assets held for sale   | 1,763  | -  | -   | 1,763   |                             |
| Investments accounted for using the equity method  | 227  | 4,205  | (68)  | 4,364   |                             |
| Tangible and intangible assets   | 60,714   | (883)  | 104   | 59,934  |                             |
| <i>o.w. intangible assets exclusive of leasing rights</i>  | 3,561  | -  | (26)  | 3,535   | 4                           |
| Goodwill   | 4,949  | (356)  | -   | 4,594   | 4                           |
| <b>TOTAL ASSETS</b>  | <b>1,554,045</b>                                   | <b>(157,443)</b>   | <b>94</b>   | <b>1,396,696</b>                                      |                             |

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

| Liabilities at 31.12.2023<br>(In EURm)   | Balance sheet as in published financial statements | Prudential restatements linked to insurance <sup>(1)</sup> | Prudential restatements linked to consolidation methods | Balance sheet under regulatory scope of consolidation | Reference to table 14 (CC1) |
|--|--|--|---|---|-----------------------------|
| Due to central banks   | 9,718  | -  | -   | 9,718   |                             |
| Financial liabilities at fair value through profit or loss                                   | 375,584  | (2,684)  | -   | 372,899   |                             |
| Hedging derivatives  | 18,708   | (4)  | -   | 18,705  |                             |
| Debt securities issued   | 160,506  | 338  | -   | 160,844   |                             |
| Due to banks   | 117,847  | (2,677)  | 49  | 115,219   |                             |
| Customer deposits  | 541,677  | 1309   | (122)   | 542,864   |                             |
| Revaluation differences on portfolios hedged against interest rate risk                      | (5,857)  | -  | -   | (5,857)   |                             |
| Tax liabilities  | 2,402  | (194)  | 0   | 2,208   |                             |
| Other Liabilities  | 93,658   | (9,715)  | 167   | 84,111  |                             |
| Non-current liabilities held for sale  | 1,703  | -  | -   | 1,703   |                             |
| Insurance contracts related liabilities  | 141,723  | (141,723)  | -   | 0   | -                           |
| Provisions   | 4,235  | (27)   | 1   | 4,209   |                             |
| Subordinated debts   | 15,894   | (808)  | -   | 15,086  |                             |
| <i>o.w. redeemable subordinated notes including revaluation differences on hedging items</i> | 14,682   | 1  | -   | 14,683  | 5                           |
| <b>TOTAL DEBTS</b>   | <b>1,477,798</b>                                   | <b>(156,186)</b>   | <b>95</b>   | <b>1,321,706</b>                                      |                             |
| Subtotal Equity, Group share   | 65,975   | (192)  | (0)   | 65,783  | 6                           |
| <i>Issued common stocks, equity instruments and capital reserves</i>                         | 30,110   | 1  | -   | 30,110  |                             |
| <i>Retained earnings</i>   | 32,892   | (193)  | (0)   | 32,698  |                             |
| <i>Net income</i>  | 2,493  | (0)  | -   | 2,493   |                             |
| <i>Unrealised or deferred capital gains and losses</i>                                       | 481  | (0)  | (0)   | 481   |                             |
| Minority interests   | 10,272   | (1,065)  | -   | 9,206   | 7                           |
| <b>TOTAL EQUITY</b>  | <b>76,247</b>                                      | <b>(1,257)</b>   | <b>(0)</b>  | <b>74,990</b>   |                             |
| <b>TOTAL LIABILITIES</b>   | <b>1,554,045</b>                                   | <b>(157,443)</b>   | <b>94</b>   | <b>1,396,696</b>                                      |                             |

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



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

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

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

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

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

**TABLE 3: ENTITIES OUTSIDE THE PRUDENTIAL SCOPE**

| Company                                     | Activity  | Country        |
|---|-----------|----------------|
| Antarius                                    | Insurance | France         |
| ALD RE Public Limited Company               | Insurance | Ireland        |
| Catalyst RE International LTD               | Insurance | Bermuda        |
| Sogelife                                    | Insurance | Luxembourg     |
| Sogecap                                     | Insurance | France         |
| Euro Insurances Designated Activity Company | Insurance | Ireland        |
| SG Luci                                     | Insurance | Luxembourg     |
| Komerční Pojistovna AS                      | Insurance | Czech Republic |
| La Marocaine Vie                            | Insurance | Morocco        |
| Oradea Vie                                  | Insurance | France         |
| SGL RE                                      | Insurance | Luxembourg     |
| Sogessur                                    | Insurance | France         |
| Société Générale RE SA                      | Insurance | France         |

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

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

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

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

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

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

The financing process of subsidiaries within the Group allows rapid repayments of loans between the parent company and its subsidiaries.



#### 4.4.4 REGULATORY CAPITAL

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

##### Common Equity Tier 1 capital

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

- ordinary shares (net of repurchased shares and treasury shares) and related share premium accounts;
- retained earnings;
- components of other comprehensive income;
- other reserves;
- minority interests limited by CRR/CRD;
- Deductions from Common Equity Tier 1 capital essentially involve the following:
  - estimated dividend payments;
  - goodwill and intangible assets, net of associated deferred tax liabilities;
  - unrealised capital gains and losses on cash flow hedging;
  - income on own credit risk;
  - deferred tax assets on tax loss carryforwards;
  - deferred tax assets on refundable tax credit;
  - deferred tax assets resulting from temporary differences beyond a threshold;
  - assets from defined benefit pension funds, net of deferred taxes;
  - any positive difference between expected losses on customer loans and receivables managed under the internal ratings-based (IRB) approach, and the sum of related value adjustments and collective impairment losses;
  - Pillar 1 NPL backstop;
  - expected losses on equity portfolio exposures;
  - value adjustments resulting from the requirements of prudent valuation;
  - securitisation exposures weighted at 1,250%, when these positions are excluded from the calculation of RWA.

##### Additional Tier 1 capital

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

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

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

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

##### Tier 2 capital

Tier 2 capital includes:

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

Deductions of Tier 2 capital essentially apply to the following:

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

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

**TABLE 4: CHANGES IN DEBT INSTRUMENTS ELIGIBLE FOR SOLVENCY CAPITAL REQUIREMENTS**

| (In EURm)                              | 31.12.2022    | Issues       | Redemptions    | Prudential supervision valuation haircut | Others       | 31.12.2023    |
|--|---------------|--------------|----------------|--|--------------|---------------|
| Debt instruments eligible for Tier 1   | 10,017        | 2,131        | (2,813)        | -  | (240)        | 9,095         |
| Debt instruments eligible for Tier 2   | 12,549        | 800          | (392)          | (1,546)                                  | (302)        | 11,110        |
| <b>TOTAL ELIGIBLE DEBT INSTRUMENTS</b> | <b>22,566</b> | <b>2,931</b> | <b>(3,205)</b> | <b>(1,546)</b>                           | <b>(542)</b> | <b>20,205</b> |

## Solvency ratios

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

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

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

The minimum Pillar 2 requirement (P2R) is set by the supervisor following the Supervisory Review and Evaluation Process (SREP). It has been standing at 2.14% until 31 December 2023. Starting from January 1st, 2024, this level will stand at 2.42% including the additional requirement regarding Pillar 2 prudential expectations on the provisioning of non-performing loans granted before 26 April 2019.

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

- the mean of the countercyclical buffer rates of each country, weighted by the relevant credit risk exposures in these countries. As of 2 January 2024, Societe Generale's countercyclical buffer is equal to 0.78%;
- the conservation buffer in force since 1 January 2016 with a maximum level standing at 2.50% since 1 January 2019;
- the Group's G-SIB buffer imposed by the Financial Stability Board (FSB), which is equal to 1%.

As at 31 December 2023, taking into account the combined regulatory buffers, the phased-in CET1 ratio level that would trigger the Maximum Distributable Amount (MDA) mechanism stands at 9.76%. It will stand at 10.22% from 2 January 2024.

**TABLE 5: BREAKDOWN OF PRUDENTIAL CAPITAL REQUIREMENT FOR SOCIETE GENERALE**

|   | 31.12.2023   | 01.01.2023   |
|---|--------------|--------------|
| Minimum requirement for Pillar 1                      | 4.50%        | 4.50%        |
| Minimum requirement for Pillar 2 (P2R) <sup>(1)</sup> | 1.20%        | 1.20%        |
| Minimum requirement for countercyclical buffer        | 0.56%        | 0.18%        |
| Minimum requirement for conservation buffer           | 2.50%        | 2.50%        |
| Minimum requirement for systemic buffer               | 1.00%        | 1.00%        |
| <b>Minimum requirement for CET1 ratio</b>             | <b>9.76%</b> | <b>9.39%</b> |

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

**TABLE 6: REGULATORY CAPITAL AND SOLVENCY RATIOS<sup>(1)</sup>**

| <i>(In EURm)</i>  | <b>31.12.2023</b> | <b>31.12.2022</b> |
|---|-------------------|-------------------|
| <b>Shareholders' equity (IFRS), Group share</b>   | <b>65,975</b>     | <b>66,451</b>     |
| Deeply subordinated notes   | (9,095)           | (10,017)          |
| Perpetual subordinated notes  | (0)               | (0)               |
| <b>Group consolidated shareholders' equity net of deeply subordinated and perpetual subordinated notes</b>                | <b>56,880</b>     | <b>56,434</b>     |
| Non-controlling interests   | 10,124            | 5,207             |
| Intangible assets   | (2,751)           | (2,161)           |
| Goodwill  | (4,622)           | (3,478)           |
| Dividends proposed (to the General Meeting) and interest expenses on deeply subordinated and perpetual subordinated notes | (1,095)           | (1,879)           |
| Deductions and regulatory adjustments   | (7,409)           | (5,484)           |
| <b>COMMON EQUITY TIER 1 CAPITAL</b>   | <b>51,127</b>     | <b>48,639</b>     |
| Deeply subordinated notes and preferred shares  | 9,095             | 10,017            |
| Other additional Tier 1 capital   | 408               | 209               |
| Additional Tier 1 deductions  | (120)             | (138)             |
| <b>TOTAL TIER 1 CAPITAL</b>   | <b>60,510</b>     | <b>58,727</b>     |
| Tier 2 instruments  | 11,110            | 12,549            |
| Other Tier 2 capital  | 257               | 238               |
| Tier 2 deductions   | (1,031)           | (1,790)           |
| <b>Total regulatory capital</b>   | <b>70,846</b>     | <b>69,724</b>     |
| <b>TOTAL RISK-WEIGHTED ASSETS</b>   | <b>388,825</b>    | <b>360,464</b>    |
| Credit and counterparty credit risk-weighted assets   | 326,182           | 300,694           |
| Market risk-weighted assets   | 12,518            | 13,747            |
| Operational risk-weighted assets  | 50,125            | 46,023            |
| <b>Solvency ratios</b>  |                   |                   |
| Common Equity Tier 1 ratio  | 13.15%            | 13.49%            |
| Tier 1 ratio  | 15.56%            | 16.29%            |
| Total capital ratio   | 18.22%            | 19.34%            |

(1) Ratios set in accordance with CRR2/CRD5 rules as published in June 2019, including Danish compromise for insurance, and taking into account the IFRS 9 phasing (fully-loaded CET1 ratio of 13.09% at 31 December 2023, the phasing effect being +6 bps).

The solvency ratio as at 31 December 2023 stood at 13.1% in Common Equity Tier 1 (13.5% at 31 December 2022) and 15.6% in Tier 1 (16.3% at 31 December 2022) for a total ratio of 18.2% (19.3% at 31 December 2022).

Group shareholders' equity at 31 December 2023 totalled EUR 65,9 billion (compared with EUR 66.4 billion at 31 December 2022).

After taking into account non-controlling interests and regulatory adjustments, CET1 regulatory capital was EUR 51,1billion at 31 December 2023, vs. EUR 48.6 billion at 31 December 2022. The Additional Tier One deductions mainly regard authorisations to buy back own Additional Tier 1 capital instruments as well as subordinated bank and insurance loans issued by the Group.

**TABLE 7: CET1 REGULATORY DEDUCTIONS AND ADJUSTMENTS**

| <i>(In EURm)</i>   | <b>31.12.2023</b> | <b>31.12.2022</b> |
|--|-------------------|-------------------|
| Unrecognised minority interests                                | (4,244)           | (3,326)           |
| Deferred tax assets  | (1,162)           | (1,068)           |
| Prudent Valuation Adjustment                                   | (782)             | (852)             |
| Adjustments related to changes in the value of own liabilities | (51)              | (245)             |
| Other  | (1,170)           | 7                 |
| <b>TOTAL CET1 REGULATORY DEDUCTIONS AND ADJUSTMENTS</b>        | <b>(7,409)</b>    | <b>(5,484)</b>    |

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

- any positive difference between expected losses on customer loans and receivables managed under the internal ratings-based (IRB) approach, and the sum of related value adjustments and impairment losses;

- Pillar 1 NPL backstop;
- unrealised gains and losses on cash flow hedges;
- assets from defined benefit pension funds, net of deferred taxes;
- securitisation exposures weighted at 1,250%, when these positions are excluded from the calculation of RWA.

## 4.4.5 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

The Basel III Accord has established the rules for calculating minimum capital requirements in order to more accurately assess the risks to which banks are exposed, taking into account the risk profile of

transactions *via* two approaches intended for determining RWA: a standardised approach and an advanced one based on internal methods modelling the counterparties’ risk profiles.

### Change in risk-weighted assets and capital requirements

TABLE 8: OVERVIEW OF RISK-WEIGHTED ASSETS

| (In EURm)  | Risk-weighted assets |                |                | Total own funds requirements |
|--|----------------------|----------------|----------------|------------------------------|
|  | 31.12.2023           | 30.09.2023     | 31.12.2022     | 31.12.2023                   |
| <b>Credit risk (excluding counterparty credit risk)</b>  | <b>296,912</b>       | <b>293,861</b> | <b>269,084</b> | <b>23,753</b>                |
| <i>o.w. standardised approach</i>  | 106,455              | 106,516        | 94,083         | 8,516                        |
| <i>o.w. Foundation IRB (FIRB) approach</i>   | 3,856                | 3,593          | 4,190          | 308                          |
| <i>o.w. slotting approach</i>  | 716                  | 348            | 667            | 57                           |
| <i>o.w. equities under the simple risk-weighted approach</i>   | 2,146                | 2,061          | 2,753          | 172                          |
| <i>o.w. other equities under IRB approach</i>  | 16,589               | 15,775         | 13,864         | 1,327                        |
| <i>o.w. Advanced IRB (AIRB) approach</i>   | 167,151              | 165,569        | 153,528        | 13,372                       |
| <b>Counterparty credit risk – CCR</b>  | <b>21,815</b>        | <b>22,796</b>  | <b>23,803</b>  | <b>1,745</b>                 |
| <i>o.w. standardised approach</i>  | 5,374                | 5,387          | 6,649          | 430                          |
| <i>o.w. internal model method (IMM)</i>  | 11,070               | 12,457         | 12,381         | 886                          |
| <i>o.w. exposures to a CCP</i>   | 1,572                | 1,591          | 918            | 126                          |
| <i>o.w. credit valuation adjustment – CVA</i>  | 3,013                | 2,831          | 2,805          | 241                          |
| <i>o.w. other CCR</i>  | 786                  | 530            | 1,050          | 63                           |
| <b>Settlement risk</b>   | <b>5</b>             | <b>1</b>       | <b>6</b>       | <b>0</b>                     |
| <b>Securitisation exposures in the non-trading book (after the cap)</b>  | <b>7,450</b>         | <b>7,574</b>   | <b>7,801</b>   | <b>596</b>                   |
| <i>o.w. SEC-IRBA approach</i>  | 1,978                | 2,213          | 2,706          | 156                          |
| <i>o.w. SEC-ERBA incl IAA</i>  | 4,228                | 4,196          | 4,023          | 338                          |
| <i>o.w. SEC-SA approach</i>  | 1,243                | 1,165          | 1,072          | 99                           |
| <i>o.w. 1,250%/deductions</i>  | -                    | -              | -              | -                            |
| <b>Position, foreign exchange and commodities risks (Market risk)</b>  | <b>12,518</b>        | <b>11,294</b>  | <b>13,747</b>  | <b>1 001</b>                 |
| <i>o.w. standardised approach</i>  | 3,305                | 1,632          | 1,932          | 264                          |
| <i>o.w. IMA</i>  | 9,214                | 9,662          | 11,816         | 737                          |
| <b>Large exposures</b>   | -                    | -              | -              | -                            |
| <b>Operational risk</b>  | <b>50,125</b>        | <b>48,701</b>  | <b>46,023</b>  | <b>4 010</b>                 |
| <i>o.w. basic indicator approach</i>   | -                    | -              | -              | -                            |
| <i>o.w. standardised approach</i>  | 4,759                | 3,968          | 1,290          | 381                          |
| <i>o.w. advanced measurement approach</i>  | 45,365               | 44,733         | 44,733         | 3 629                        |
| Amounts (included in the “credit risk” section above) below the thresholds for deduction (subject to 250% risk weight) | 6,646                | 6,513          | 7,319          | 532                          |
| <b>TOTAL</b>   | <b>388,825</b>       | <b>384,226</b> | <b>360,465</b> | <b>31,106</b>                |

**TABLE 9: RISK-WEIGHTED ASSETS (RWA) BY CORE BUSINESS AND RISK TYPE**

| (In EURbn)  | Credit and<br>counterparty credit | Market      | Operational | Total<br>31.12.2023 | Total<br>31.12.2022(R) |
|---|-----------------------------------|-------------|-------------|---------------------|------------------------|
| French Retail Banking   | 113.3                             | -           | 5.2         | 118.5               | 116.7                  |
| International Retail Banking and Mobility and<br>Leasing services | 122.2                             | 0.1         | 7.6         | 130.0               | 101.7                  |
| Global Banking and Investor Solutions                             | 78.7                              | 10.4        | 29.3        | 118.5               | 123.7                  |
| Corporate Centre  | 11.9                              | 1.9         | 8.0         | 21.8                | 20.3                   |
| <b>Group</b>  | <b>326.2</b>                      | <b>12.5</b> | <b>50.1</b> | <b>388.8</b>        | <b>362.4</b>           |

2022 figures have been restated, in compliance with IFRS 17 and IFRS 9 for insurance entities

As at 31 December 2023, RWA (EUR 388.8 billion) were distributed as follows:

- credit and counterparty credit risks accounted for 84% of RWA (of which 37% for International Retail Banking and Financial Services);
- market risk accounted for 3% of RWA (of which 83% for Global Banking and Investor Solutions);
- operational risk accounted for 13% of RWA (of which 58% for Global Banking and Investor Solutions).

#### 4.4.6 TLAC AND MREL RATIOS

The Total Loss Absorbing Capacity (TLAC) requirement which applies to Societe Generale is 18% of RWA since 1 January 2022, to which the conservation buffer of 2.5%, the G-SIB buffer of 1% and the countercyclical buffer must be added. As at 31 December 2023, the TLAC requirement thus stood at 22.06% of Group RWA.

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

As at 31 December 2023, Societe Generale reached a phased-in TLAC ratio of 28.4% excluding senior preferred debts. The phased-in ratio stands at 31.9% of RWA when considering the possibility to account for senior preferred debts up to 3.5% of RWA.

The TLAC ratio expressed as a percentage of leverage exposure is 8.7%.

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

Contrary to the TLAC ratio, the MREL requirement is tailored to each institution and regularly revised by the resolution authority. This requirement amounts to 25.7% in 2023. Throughout the year, Societe Generale complied with its requirements while MREL ratio as a percentage of RWA stands at 33.7% at the end of 2023.

Moreover, the MREL requirement as a percentage of leverage exposure amounts to 5.91% while the ratio stands at 9.2% at the end of 2023.

#### 4.4.7 LEVERAGE RATIO

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

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

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

At 31 December 2023, the leverage ratio of Societe Generale stood at 4.25% taking into account a Tier 1 capital amount of EUR 60.5 billion compared with a leverage exposure of EUR 1,422 billion (versus 4.37% at 31 December 2022, with EUR 58.7 billion and EUR 1,345 billion, respectively).

**TABLE 10: LEVERAGE RATIO SUMMARY AND TRANSITION FROM PRUDENTIAL BALANCE SHEET TO LEVERAGE EXPOSURE<sup>(1)</sup>**

| (In EURm)  | 31.12.2023       | 31.12.2022       |
|--|------------------|------------------|
| <b>Tier 1 capital<sup>(2)</sup></b>                              | <b>60,510</b>    | <b>58,727</b>    |
| <b>Total assets in prudential balance sheet<sup>(3)</sup></b>    | <b>1,396,696</b> | <b>1,339,864</b> |
| Adjustments for derivative financial instruments                 | 175)             | (7,197)          |
| Adjustments for securities financing transactions <sup>(4)</sup> | 13,888           | 15,156           |
| Off-balance sheet exposure (loan and guarantee commitments)      | 123,518          | 123,022          |
| Technical and prudential adjustments                             | (112,030)        | (125,976)        |
| <b>Leverage ratio exposure</b>                                   | <b>1,422,247</b> | <b>1,344,870</b> |
| <b>Leverage ratio</b>  | <b>4.25%</b>     | <b>4.37%</b>     |

(1) Ratio set in accordance with CRR2 rules and taking into account the IFRS 9 phasing (leverage ratio of 4.24% without phasing at 31 December 2023, the phasing effect being -1 bps).

(2) The capital overview is available in Table 3.

(3) The prudential balance sheet corresponds to the IFRS balance sheet less entities accounted for through the equity method (mainly insurance subsidiaries).

(4) Securities financing transactions: repurchase transactions, securities lending or borrowing transactions and other similar transactions.

(5) Change in the starting period.

## 4.4.8 RATIO OF LARGE EXPOSURES

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

The final rules of the Basel Committee on large exposures, transposed in Europe via CRR2, have been applicable since June 2021. The main

changes compared with CRR reside in the calculation of the regulatory limit (25%), henceforth expressed as a proportion of Tier 1 (instead of cumulated Tier 1 and Tier 2), and in the introduction of a cross-specific limit on systemic institutions (15%).

## 4.4.9 FINANCIAL CONGLOMERATE RATIO

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

At 31 December 2023, Societe Generale's financial conglomerate equity covered the solvency requirements for both banking and insurance activities.

At 30 June 2023, the financial conglomerate ratio was 139%, consisting of a numerator "Own funds of the Financial Conglomerate" of EUR 79.4 billion, and a denominator "Regulatory requirement of the Financial Conglomerate" of EUR 56.9 billion.

As at 31 December 2022, the financial conglomerate ratio was 144%, consisting of a numerator "Own funds of the Financial Conglomerate" of EUR 75.5 billion, and a denominator "Regulatory requirement of the Financial Conglomerate" of EUR 52.3 billion.

## 4.5 CREDIT RISK

**Audited I** Credit risk corresponds to the risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments.

This risk may be further amplified by individual, country and sector concentration risk. It includes:

- the risk linked to securitisation activities;
- the underwriting risk which is the risk of loss arising from debt syndication activities where the Bank fails to meet its final take target due to market conditions, inaccurate reading of investor demand, miscalculated credit profile of the borrower or credit deterioration of the borrower during the syndication phase of the loan/the bond. ▲

### 4.5.1 CREDIT RISK MONITORING AND SURVEILLANCE SYSTEM

#### General principles

**Audited I** Business Units translate the principles laid out in this section as necessary into credit policies, which must comply with all the following rules:

- a credit policy that defines lending criteria and, usually, limits on risk-taking by sector, type of loan, country/region or customer/customer category. These rules are defined particularly by the CORISQ and Credit Risk Committees (CRCs) and are drawn up in concert with the BU concerned;
- the credit policy forms part of the Group's risk management strategy in accordance with its risk appetite;
- credit policies concerning major issues must be periodically approved by DGLE and the Group Risk Committee (CORISQ). Those involving smaller issues or more specific in scope can be approved at BU level;
- credit policies rest on the principle that any commitment entailing credit risks depends on:
  - in-depth knowledge of the customer and their business,
  - an understanding of the purpose and nature of the transaction structure and the sources of income that will generate fund repayment,
  - the appropriateness of the transaction structure, to minimise risk of loss in the event of counterparty default;
- the analysis and the validation of the files, involving respectively and independently the responsibility of the Primary Customer Responsibility Unit (PCRU-SSC) and the dedicated risk units within the risk management function. To ensure a consistent approach to the Group's risk-taking, this PCRU-SSC and/or and this risk unit reviews all applications for authorisation relating to a given customer or category of customers except in the case of credit delegations granted by the PCRU-SSC and RISQ to certain SG entities, the monitoring being conducted on a consolidated customer basis for all these authorisations. The PCRU-SSC and risk unit must operate independently of each another;

- the allocation of rating or score, which is a key criterion of the granting policy. These ratings are validated by the dedicated risk unit. Particular attention is paid to the regular review of the ratings. On retail scope, cf. infra "Specificities of retail portfolios";
- for the non-retail scope, a delegation of authority regime, mainly based on the internal rating of counterparties, provides decision-making authority on the risk units on one hand and the PCRU-SSC on the other;
- proactive management and monitoring of counterparties whose situation has deteriorated to contain the risk of loss given a default of a counterparty. ▲

#### Governance

The main mission of the Risk Department is to draw up the document formalising and defining with the Finance Department the Group's risk appetite, a mechanism aimed at defining the acceptable level of risk given the Group's strategic objectives.

The Risk Department is responsible for implementing the system to manage and monitor risks, including cross-Group risks. The Risk Department exercises hierarchical and functional oversight of the Risk management function in charge of Group credit risk giving it a comprehensive view of all the Group's credit risks.

The Risk Department helps define risk policies in light of each core business targets and the associated risk issues. It defines or approves the methods and procedures used to analyse, measure, approve and monitor risks and the risk IT system and makes sure these are appropriate to the core businesses' needs. As second line of defence, various Risk Departments (for Retail Banking, Corporate and Investment Banking and Market activities) are also in charge of credit risk and as such responsible for the independent control as second line of defence. These consist in independently reviewing and comparing any credit application that exceeds the authority delegated to core businesses or local Risk Department teams. The Risk Department also assesses the quality of first-level credit reviews and takes any remedial action necessary.

The Risk Department also approves transactions and limits proposed by core business lines in respect of credit risk.



Finally, as part of its responsibilities as a second line of defence, the Risk Department carries out permanent controls of credit risks. As such, the Risk Department provides independent control as a second line of defence on the detection and monitoring of the overshoot resolution.

The monthly Risk Monitoring Report presented to CORISQ by the Risk Department comments among others on the evolution of the Group's credit portfolio and ensures compliance with the guidelines. Changes in the credit portfolio, changes in credit policy validated by CORISQ and respect for the Group's risk appetite are presented at least quarterly to the Risk Committee of the Board of Directors.

As part of the quarterly reporting to the Board of Directors and to the Risk Committee of the Board of Directors, an overview of the main credit risk metrics supplemented by details of the thresholds and limits where applicable is presented. The following metrics are in particular the subject of a presentation with a quarterly history: net cost of risk, NPL rate (non-performing loans), coverage rate, average credit quality of portfolios, outstanding corporates placed under surveillance (watchlist), supervision of corporate exposures by sector of activity, *Grands Risques Réglementaires* (major regulatory risk exposures), environmental indicators of portfolio alignment, etc.

A monthly version of the report intended for the Risk Committee of the Board of Directors also provides additional information at a Business Unit level or on certain financing activities. A summary of the thematic CORISQs is also presented.

As part of the monthly CORISQ reporting to General Management, a summary of the main credit files is presented. Thematic presentations also provide recurring clarifications on certain perimeters and activities: personal real estate loans, consumer credit, non-retail credit risk, sector limits, country risks, major regulatory risks (*Grands Risques Réglementaires*), environmental indicators of portfolio alignment, etc.

## Specificities of individual and professional portfolios (Retail)

**Audited I** Individual and professional portfolio (retail portfolio) have specific features in terms of risk management. This management is based on a statistical approach and on the use of tools and methods in the industrialisation of processes.

### STATISTICAL APPROACH

The retail portfolio is made up of a sum of exposures of low unit amounts, validated in a partially automated manner, which together constitute significant outstanding at Group level and therefore a high level of risk.

Given the high number and standardisation of retail clients commitments, aggregate monitoring is necessary at all levels of the Risk function in charge of credit risk. This mass monitoring of retail customer exposure is based on the use of a statistical risk approach and monitoring by homogeneous risk class or any other relevant axes (economic sectors for the Professionals for instance).

In these circumstances, the risk monitoring system for the Retail portfolio cannot rely on the same procedures or the same tools as for corporates.

For instance, any change in marketing policy (shortening probationary period for loyalty, delegation of lending decisions to brokers, increase in margins, etc.) can have a rapid and massive impact and must therefore be tracked by a system that allows all actors (i) to identify as quickly as possible where any deterioration in exposures is coming from and (ii) to take remedial action.

Even if the IFRS 9 standard authorizes a collective approach and if the Group has a statistical approach on retail customers for the evaluation of the expected loss, the increase in risk for the purposes of the classification into stages is identified on an individual basis for this clientele. The available parameters (operating accounts and late payments) generally allow the assessment of the significant increase in credit risk at the level of individual exposure. The collective approach is currently only used in a very small number of instances within the Group.

### IMPORTANCE OF TOOLS AND METHODS IN THE INDUSTRIALISATION OF PROCESSES

The Risk management function must support Business Units and subsidiary managers in managing their risks with an eye to:

- the effectiveness of lending policies;
- the quality of the portfolio and its development over the lifetime of exposures (from grant to recovery).

Risk Department structures its supervision around the following four processes:

- **granting:** this decision-making process can be more or less automated depending on the nature and complexity of the transactions, and hence the associated risk;
- **monitoring:** different entities use different systems for granting and managing retail risks systems (scoring, expert systems, rules, etc.) and an appropriate monitoring system must be in place for each to assess the appropriateness of the grant rules applied (notably *via* monitoring);
- **recovery:** recovery is an essential stage in the life cycle of Retail portfolio credits and makes a decisive contribution to our control of cost of risk. Whatever the organisation adopted (outsourcing, in-house collection, etc.), the establishment of an effective collection process is an essential element of good risk management. It makes a decisive contribution to controlling the cost of risk and limiting the level of our non-performing loans. If recovery is outsourced, it must conform to the Group's regulations governing outsourcing;
- **provisioning:** provisions against the Retail portfolio are decided at local level. They are calculated using the methodologies and governance methods defined and approved by the Risk Department. ▲

### Monitoring individual concentration

Société Générale complies with regulations governing large exposures (large regulatory risk exposure limit at 25% of eligible own funds). In addition, the Group has set a more restrictive internal limit of 10%. Since 30 September 2023, the High Council for Financial Stability imposes a supplementary capital requirement (systemic buffer) if the Group's exposure toward the most indebted companies established in France exceeds a limit of 5% of eligible own funds.

Internal systems are implemented to identify and manage the risks of individual concentrations, notably at credit origination. For example, concentration thresholds, based on the internal rating of counterparties, are set by a CORISQ and define the governance for validating the limits on Clients Groups falling under individual concentration monitoring. Exposure to groups of clients which are considered material are reviewed by the Large Exposure Committee chaired by the General Management. As part of the identification of its risks, the Group also carries out loss simulations by type of customer (on significant individual exposures that the Group could have).



The Group uses credit derivatives and insurances to reduce some exposures considered to be overly significant. Furthermore, the Group systematically seeks to share risks with other banking partners, at origination or through secondary sales, to avoid keeping a too large share in the banking pool, notably for large-companies.

## Monitoring country risk

Global country risk limits and/or exposure monitoring are established on the basis of internal ratings and country governance indices (the highest rated countries are not framed in limits or thresholds). Frameworks are strengthened according to the level of risk presented by each country.

The country limits and thresholds are validated annually by the General Management. They can be revised downwards at any time depending on the deterioration or anticipation of the deterioration of a country's situation.

The procedure for placing a country under alert is triggered in the event of a deterioration in the country risk or in anticipation of such a deterioration by the Risk Management Division.

## Sector monitoring

The Group regularly reviews its entire credit portfolio through analyses by business sector. To do this, it relies on industry sector studies (including a one-year anticipation of sectoral risk) and on sectoral concentration analyses.

In addition, the Group periodically reviews its exposures to the portfolio segments presenting a specific risk profile, at Group level or at Business Unit level. These identified sectors or sub-portfolios are, where appropriate, subject to specific supervision through portfolio exposure limits and specific granting criteria. The limits are monitored either at General Management level in the CORISQ at Risk Division level or at Business Unit management level depending on the materiality and the level of risk of the portfolios.

As a complement, targeted sector-based research and business portfolio analyses may be requested by General Management, the Risk Department and/or the businesses, depending on current affairs. In that respect, certain sectors, weakened in 2022 by the Russian-Ukrainian crisis and its effects (for example the energy sector in Europe) or that could be impacted in 2023 by the situation in the Middle East, have been subject to dedicated monitoring or a specific focus. Portfolios specifically monitored by the Group CORISQ include:

- individual and professional credit portfolio (retail) in metropolitan France. The Group defines in particular a risk appetite target concerning the minimum share covered by *Crédit Logement* guarantee for real estate loans granted to individuals in France;
- oil and gas sectors, on which the Group has defined a specific approach adapted to the different types of activities, sector's players or geographies commercial real estate scope (*i.e.* corporates acting mainly as investors or developers in the field of real estate activities, to the benefit of third parties), on which the Group has defined a framework for origination and monitoring of exposures and limits according to the different types of financing, geographical areas and/or activities;
- leveraged finance, for which the Group applies the definition of the scope and the management guidelines recommended by the ECB in 2017 (guidance on leveraged transactions). The Group continues to pay a particular attention to the Leverage Buy-Out (LBO) sub-portfolio, as well as to the highly-leveraged transactions segment;
- exposures on hedge funds is subject to a specific attention. The Group incurs risk on hedge funds through derivative transactions and its financing activity guaranteed by shares in funds. Risks related to hedge funds are governed by individual limits and global limits on market risks and wrong way risks;
- exposures on shadow banking are managed and monitored in accordance with the EBA guidelines published in 2015 which specify expectations regarding the internal framework for identifying, controlling and managing identified risks. CORISQ has set a global exposure threshold for shadow banking.

## Credit stress tests

With the aim of identifying, monitoring and managing credit risk, the Risk Department works with the businesses to conduct a set of specific stress tests relating to a country, subsidiary or activity. These specific stress tests combine both recurring stress tests, conducted on those portfolios identified as structurally carrying risk, and *ad hoc* stress tests, designed to recognize emerging risks. Some of these stress tests are presented to CORISQ and used to determine how to frame the corresponding the activities concerned.

Credit risk stress tests complement the global analysis with a more granular approach and allow fine-tuning of the identification, assessment and operational management of risk, including concentration. They allow to calculate the expected credit losses on exposures which have undergone an event of default and on exposures which have not undergone an event of default, in accordance with the method prescribed in the standard IFRS 9. The perimeter covered may include counterparty credit risk on market activities when relevant.

## Consideration of ESG risk factors in credit risk

For the Group, ESG risk factors do not constitute a new risk category but represent an aggravating factor of credit risk. Their integration is based on the governance and existing framework and follows a classical approach: Identification, Quantification, Definition of the risk appetite, Control and Mitigation of the risk.

ESG risk management is presented in Chapter 4.13 "Environmental, social and governance (ESG) risks" of this document.

## 4.5.2 CREDIT RISK HEDGING

### Audited | Guarantees and collateral

The Group uses credit risk mitigation techniques for both market and commercial banking activities. These techniques provide partial or full protection against the risk of debtor insolvency.

There are two main categories:

- personal guarantees are commitments made by a third party to replace the primary debtor in the event of the latter's default. These guarantees encompass the protection commitments and mechanisms provided by banks and similar credit institutions, specialised institutions such as mortgage guarantors (e.g. *Crédit Logement* in France), monoline or multiline insurers, export credit agencies, states in the context of the health crisis linked to Covid-19 and consequences of Ukraine conflict, etc. By extension, credit insurance and credit derivatives (purchase of protection) also belong to this category;
- collateral can consist of physical assets in the form of personal or real property, commodities or precious metals, as well as financial instruments such as cash, high-quality investments and securities, and also insurance policies.

Appropriate haircuts are applied to the value of collateral, reflecting its quality and liquidity.

In order to reduce its risk-taking, the Group is pursuing active management of its securities, in particular by diversifying them: physical collateral, personal guarantees and others (including Credit Default Swaps).

For information, the mortgage loans of retail customers in France benefit overwhelmingly from a guarantee provided by the financing company *Crédit Logement*, ensuring the payment of the mortgage to the Bank in the event of default by the borrower (under conditions of compliance with the terms of collateral call defined by *Crédit Logement*).

During the credit approval process, an assessment is performed on the value of guarantees and collateral, their legal enforceability and the guarantor's ability to meet its obligations. This process also ensures that the collateral or guarantee successfully meets the criteria set forth in the Capital Requirements Directive (CRD) and in the Capital Requirements Regulation (CRR).

The guarantors are subject to an internal rating updated at least annually. Regarding collateral, regular revaluations are made based on an estimated disposal value composed of the market value of the asset and a discount. The market value corresponds to the value at which the good should be exchanged on the date of the valuation under conditions of normal competition. It is preferably obtained based on comparable assets, failing this by any other method deemed relevant (example: value in use). This value is subject to haircuts depending on the quality of the collateral and the liquidity conditions.

Regarding collateral used for credit risk mitigation and eligible for the RWA calculation, it should be noted that 95% of guarantors are investment grade. These guarantees are mainly provided by *Crédit Logement*, export credit agencies, the French State (within the *Prêts Garantis par l'État* framework of the loans guaranteed by the French State) and insurance companies.

In accordance with the requirements of European Regulation No. 575/2013 (CRR), the Group applies minimum collateralisation frequencies for all collateral held in the context of commitments

granted (financial collateral, commercial real estate, residential real estate, other security interests, leasing guarantees).

More frequent valuations must be carried out in the event of a significant change in the market concerned, the default or litigation of the counterparty or at the request of the risk management function. In addition, the effectiveness of credit risk hedging policies is monitored as part of the LGD.

It is the responsibility of the risk management function to validate the operational procedures put in place by the business lines for the periodic valuation of collateral (guarantees and collateral), whether automatic valuations or on an expert opinion and whether during the credit decision for a new competition or during the annual renewal of the credit file.

The amount of guarantees and collateral is capped at the amount of outstanding loans less provisions, i.e. EUR 374.2 billion as at 31 December 2023 (compared with EUR 388.5 billion as at 31 December 2022), of which EUR 152.8 billion for retail customers and EUR 221.4 billion for other types of counterparties (compared with EUR 159.5 billion and EUR 229.1 billion as at 31 December 2022, respectively).

The outstanding loans covered by these guarantees and collateral correspond mainly to loans and receivables at amortised cost, which amounted to EUR 290.6 billion as at 31 December 2023, and to off-balance sheet commitments, which amounted to EUR 74.4 billion (compared with EUR 304.8 billion and EUR 75.2 billion as at 31 December 2022, respectively).

The amounts of guarantees and collateral received for performing outstanding loans (Stage 1) and under-performing loans (Stage 2) with payments past due amounted to EUR 3.8 billion as at 31 December 2023 (EUR 2.3 billion as at 31 December 2022), including EUR 1.2 billion on retail customers and EUR 2.6 billion on other types of counterparties (versus EUR 0.89 billion and EUR 1.4 billion at 31 December 2022 respectively).

The amount of guarantees and collateral received for non-performing outstanding loans as at 31 December 2023 amounted to EUR 5.6 billion (compared with EUR 5.8 billion as at 31 December 2022), of which EUR 1.5 billion on retail customers and EUR 4.1 billion on other types of counterparties (compared with EUR 1.4 billion and EUR 3.8 billion respectively as at 31 December 2022). These amounts are capped at the amount of outstanding.

### Use of credit derivatives to manage Corporate concentration risk

The Group may use credit derivatives in the management of its Corporate credit portfolio, primarily to reduce individual, sector and geographic concentrations and to implement a proactive risk and capital management approach.

Housed in the Corporate and Investment Banking arm, the Performance & Scarce Resources management (PSR) team works in close conjunction with the Risk Department and the businesses to reduce excessive portfolio concentrations, react quickly to any deterioration in the creditworthiness of a particular counterparty and recommend actions to improve the capital allocation. PSR is part of the department responsible for defining and effectively deploying the strategy, for monitoring performance and managing the scarce resources in the credit and loan portfolio.

Total outstanding purchases of protection through Corporate credit derivatives is stable at EUR 2.3 billion in nominal terms and a corresponding fair value of EUR -14.5 million at the end of December 2023 (compared to EUR 3.6 million at the end of December 2022). New operations have mainly been performed to reduce concentration risk (EUR 1.3 billion in nominal) and to a lower extend improve capital allocation (EUR 1 billion in nominal).

Over 2023, the credit default swaps (CDS) spreads of European investment grade issues (Itraxx index) experienced a significant change around an annual average of 78 bps (compared to 94 bps in 2022). The overall sensitivity of the portfolio (Price Value of a Basis Point) is slightly rising due to high market volatility.

The protection purchases (99% of outstanding as 31 December 2023) are mostly made against European clearing houses, and all against counterparties with "Investment Grade" ratings (rating at least equal to BBB-).

Moreover, the amounts recognised as assets (EUR 2 billion as at 31 December 2023 versus EUR 1.8 billion as at 31 December 2022) and liabilities (EUR 1 billion as at 31 December 2023 versus EUR 1.4 billion as at 31 December 2022) correspond to the fair value of credit derivatives mainly held under a transaction activity.

### Credit insurance

The Group has developed relationships with private insurers over the last several years to hedge some of its loans against commercial and political non-payment risks.

This activity is performed within a risk framework and monitoring system approved by the Group's General Management. The system is based on an overall limit for the activity, along with sub-limits by maturity, and individual limits for each insurance counterparty, the latter being furthermore required to meet strict eligibility criteria. There is also a limit for insured transactions in Non-Investment Grade countries. ▲

**TABLE 11: CREDIT RISK MITIGATION TECHNIQUES - OVERVIEW**

|  | 31.12.2023                            |                                     |                                |  |  |
|--|---------------------------------------|-------------------------------------|--------------------------------|--|--|
| (In EURm)                                | Exposures unsecured – Carrying amount | Exposures secured – Carrying amount | of which secured by collateral | of which secured by financial guarantees | of which secured by credit derivatives |
| Total loans                              | 510,238                               | 290,597                             | 123,170                        | 167,427                                  | -                                      |
| Total debt securities                    | 52,228                                | 9,278                               | 9,155                          | 124                                      | -                                      |
| <b>TOTAL EXPOSURES</b>                   | <b>562,466</b>                        | <b>299,876</b>                      | <b>132,325</b>                 | <b>167,551</b>                           | <b>-</b>                               |
| <i>of which non-performing exposures</i> | 3,362                                 | 5,422                               | 2,546                          | 2,876                                    | -                                      |
| <i>of which defaulted</i>                | 3,362                                 | 5,422                               | 2,546                          | 2,876                                    | -                                      |
|  | 31.12.2022                            |                                     |                                |  |  |
| (In EURm)                                | Exposures unsecured – Carrying amount | Exposures secured – Carrying amount | of which secured by collateral | of which secured by financial guarantees | of which secured by credit derivatives |
| Total loans                              | 492,418                               | 304,830                             | 128,393                        | 176,437                                  | -                                      |
| Total debt securities                    | 50,491                                | 8,444                               | 8,363                          | 81                                       | -                                      |
| <b>TOTAL EXPOSURES</b>                   | <b>542,909</b>                        | <b>313,274</b>                      | <b>136,756</b>                 | <b>176,518</b>                           | <b>-</b>                               |
| <i>of which non-performing exposures</i> | 3,362                                 | 5,042                               | 2,389                          | 2,653                                    | -                                      |
| <i>of which defaulted</i>                | 3,362                                 | 5,042                               | 2,389                          | 2,653                                    | -                                      |

### 4.5.3 IMPAIRMENT

Information relating to impairment can be found in Note 3.8 to the consolidated financial statements, which is part of Chapter 6 of the present Universal Registration Document.

## 4.5.4 RISK MEASUREMENT AND INTERNAL RATINGS

### General framework of the internal approach

Since 2007, Societe Generale has been authorised by its supervisory authorities to apply, for the majority of its exposures, the internal method (Internal Rating Based method – IRB) to calculate the capital required for credit risk.

The remaining exposures subject to the Standard approach mainly concern the portfolios of retail customers and SMEs (Small and Medium Enterprises) of the International Retail Banking activities. For exposures processed under the standard method excluding retail customers, which does not use the external note, the Group mainly uses external ratings from the Standard & Poor's, Moody's and Fitch rating agencies and the Banque de France. In the event that several Ratings are available for a third party, the second-best rating is applied.

In accordance with the texts published by the EBA as part of the "IRB Repair" program and following the review missions carried out by the ECB (TRIM – Targeted Review of Internal Models), the Group is reviewing its internal model system credit risk, so as to comply with these requirements, ensuring in particular:

- the simplification of the architecture of the models, and the improvement of its auditability: either by *ex nihilo* development of new models based on the New Definition of Default (NDoD), and natively integrating the expectations of the EBA and ECB, or by bringing certain existing models up to the new standards, or *via* RTLSA (Return To Less Sophisticated Approach) requests;
- improving the quality of data and its traceability throughout the chain;
- the right application of the roles and responsibilities of the LOD1 (first line of defense) and LOD2 (second line of defense) teams, particularly with regard to building and monitoring the system (ROE – Review Of Estimates);
- the rationalization and improvement of certain IT application bricks, particularly concerning the models referential and their monitoring;
- the establishment of a more complete normative base, and a more consistent relationship with the supervisor.

The remediation the changes of the IRB Group system are furthermore integrated into the Group roll-out plan.

As part of compliance with IRB Repair, evolutions to the rating systems and models have been and will be submitted to the ECB for validation.

**Audited I** To calculate its capital requirements under the IRB (Internal Rating Based) method, Societe Generale estimates the Risk-Weighted Assets (RWA) and the Expected Loss (EL) that may be incurred in light of the nature of the transaction, the quality of the counterparty (*via* internal rating) and all measures taken to mitigate risk.

The calculation of RWA is based on the Basel parameters, which are estimated using the internal risk measurement system:

- the Exposure at Default (EAD) value is defined as the Group's exposure in the event that the counterparty should default. The EAD includes exposures recorded on the balance sheet (such as loans, receivables, accrued income, etc.), and a proportion of off-balance sheet exposures calculated using internal or regulatory Credit Conversion Factors (CCF);
- the Probability of Default (PD): the probability that a counterparty will default within one year;
- the Loss Given Default (LGD): the ratio between the loss on an exposure in the event a counterparty defaults and the amount of the exposure at the time of the default.

The estimation of these parameters is based on a quantitative evaluation system which is sometimes supplemented by expert or business judgment.

In addition, a set of procedures sets out the rules relating to ratings (scope, frequency of review, grade approval procedure, etc.) as well as those for supervision, the review ROE – Review of Estimates – and the validation of models. These procedures allow, among other things, to facilitate critical human judgment, an essential complement to the models for non-retail portfolios.

The Group also takes into account:

- the impact of guarantees and credit derivatives, where applicable by substituting the PD, the LGD and the risk-weighting calculation of the guarantor for that of the obligor (the exposure is considered to be a direct exposure to the guarantor) in the event that the guarantor's risk weighting is more favorable than that of the obligor;
- collateral used as guarantees (physical or financial) taken into account *via* the LGD level. ▲

Societe Generale can also apply an IRB Foundation approach (where only the probability of default is estimated by the Bank, while the LGD and CCF parameters are determined directly by regulation) to a portfolio of specialised lending exposures, including those granted to the subsidiaries Franfinance Location, Sogelease and Star Lease.

Moreover, the Group has authorisation from the regulator to use the IAA (Internal Assessment Approach) method to calculate the regulatory capital requirement for ABCP (Asset-Backed Commercial Paper) securitisation.

In addition to the capital requirement calculation objectives under the IRBA method, the Group's credit risk measurement models contribute to the management of the Group's operational activities. They also constitute tools to structure, price and approve transactions and contribute to the setting of approval limits granted to business lines and the Risk function.

TABLE 12: SCOPE OF THE USE OF IRB AND SA APPROACHES

|   | 31.12.2023   |   |   |   |  |  |
|---|--|---|---|---|--|--|
| (In EURm)   | Exposure value as defined in Article 166 CRR for exposures subject to IRB approach | Total exposure value for exposures subject to the Standardised approach and to the IRB approach | Percentage of total exposure value subject to the permanent partial use of the SA (%) | Percentage of total exposure value subject to a roll-out plan (%) | Percentage of total exposure value subject to IRB approach (%) | of which percentage subject to AIRB approach (%) |
| Central governments or central banks  | 298,709  | 311,379   | 4.41%   | -   | 95.59%   | 95.58%   |
| <i>of which regional governments or local authorities</i>                     |  | 545   | 46.31%  | -   | 53.69%   | 53.69%   |
| <i>of which public sector entities</i>  |  | 43  | 97.68%  | -   | 2.32%  | 2.32%  |
| Institutions  | 39,736   | 41,062  | 8.45%   | 0.02%   | 91.53%   | 91.52%   |
| Corporates  | 297,908  | 325,944   | 11.65%  | 0.48%   | 87.88%   | 86.47%   |
| <i>of which Corporates – Specialised lending, excluding slotting approach</i> |  | 71,517  | 1.2%  | -   | 98.8%  | 98.80%   |
| <i>of which Corporates – Specialised lending under slotting approach</i>      |  | 1,039   | -   | -   | 100.00%  | 100.00%  |
| Retail  | 177,349  | 229,895   | 20.15%  | 2.32%   | 77.53%   | 77.53%   |
| <i>of which Retail – Secured by real estate SMEs</i>                          |  | 6,494   | 25.54%  | 0.24%   | 74.22%   | 74.22%   |
| <i>of which Retail – Secured by real estate non-SMEs</i>                      |  | 133,671   | 10.69%  | 0.47%   | 88.84%   | 88.84%   |
| <i>of which Retail – Qualifying revolving</i>                                 |  | 6,983   | 14.53%  | 25.35%  | 60.12%   | 60.12%   |
| <i>of which Retail – Other SMEs</i>   |  | 34,716  | 40.39%  | 1.91%   | 57.7%  | 57.70%   |
| <i>of which Retail – Other non-SMEs</i>                                       |  | 48,030  | 31.94%  | 4.68%   | 63.38%   | 63.38%   |
| Equity  | 5,714  | 7,138   | 19.95%  | -   | 80.05%   | 80.05%   |
| Other non-credit obligation assets  | 11,200   | 57,598  | 80.55%  | -   | 19.45%   | 19.45%   |
| <b>TOTAL</b>  | <b>830,616</b>   | <b>973,015</b>  | <b>15.34%</b>   | <b>0.71%</b>  | <b>83.95%</b>  | <b>83.47%</b>                                    |

TABLE 13: SCOPE OF APPLICATION OF THE IRB AND STANDARD APPROACHES FOR THE GROUP

|   | IRB approach  | Standard approach   |
|---|---|---|
| French Retail Banking and Private Banking           | Majority of French Retail Banking (including Boursorama) and Private Banking portfolios   | Some specific client or product types for which the modeling is currently not adapted SG Kleinwort Hambros subsidiary |
| International Retail Banking and Financial Services | Subsidiaries KB (Czech Republic), CGI, Fidelity, GEFA, SG Leasing SPA and Fraer Leasing SPA, SGEF Italy Car leasing (Ayvens – LeasePlan part) | Other international subsidiaries (in particular BRD, SG Maroc, Hanseatik) Car Leasing (Ayvens – ALD part)             |
| Global Banking and Investor Solutions               | Majority of Corporate and Investment Banking portfolios   | SGIL subsidiary, as well as specific client or product types for which the modeling is currently not adapted          |

## Credit risk measurement for wholesale clients

The Group has implemented the following system for Corporate (including specialised financing), Banking and Sovereign portfolios.

### RATING SYSTEM AND ASSOCIATED PROBABILITY OF DEFAULT

The rating system consists of assigning a score to each counterparty according to a specific internal scale per rating system (set of counterparties treated homogeneously whether in terms of granting, rating tool or recovery process). For perimeters on which an internal scale reviewed according to EBA IRB Repair standards has not yet been validated by the supervisor, each grade corresponds to a probability of default determined using historical series observed by Standard & Poor's for over more than twenty years.

The Group is in the process of deploying a multi-scale approach differentiated by rating system. Thus, beyond the historical scale used until now, a scale dedicated to the SME France portfolio is now used

(see indicative correspondence with the scales of the main external credit assessment organizations and the corresponding average default probabilities for these two scales).

The rating assigned to a counterparty is generally proposed by a model, and possibly adjusted by the LOD1, who then submits it for validation to the Risk Management function.

The counterparty rating models are structured in particular according to the type of counterparty (companies, financial institutions, public entities, etc.), geographic region and size of the Company (usually assessed through its annual revenue).

The Company rating models are underpinned by statistical models (regression methods) based on client default observations. They combine quantitative parameters derived from financial data that evaluate the Sustainability and solvency of companies and qualitative parameters that evaluate economic and strategic dimensions.

**TABLE 14: SOCIETE GENERALE'S HISTORICAL INTERNAL RATING SCALE AND INDICATIVE CORRESPONDING SCALES OF RATING EXTERNAL AGENCIES<sup>(1)</sup>**

| <i>Investment grade/<br/>Non-investment grade</i> | <b>Probability of<br/>default range</b>  | <b>Counterparty<br/>internal rating</b> | <b>Indicative<br/>equivalent<br/>Standard &amp;<br/>Poor's</b> | <b>Indicative<br/>equivalent<br/>Fitch</b> | <b>Indicative<br/>equivalent<br/>Moody's</b> | <b>1 year internal<br/>probability of<br/>default<br/>(average)</b> |
|---|--|---|--|--|--|---|
| Investment grade                                  | 0.00 to < 0.10   | 1                                       | AAA  | AAA  | Aaa  | 0.009%  |
|   |  | 2+                                      | AA+  | AA+  | Aa1  | 0.014%  |
|   |  | 2                                       | AA   | AA   | Aa2  | 0.020%  |
|   |  | 2-                                      | AA-  | AA-  | Aa3  | 0.026%  |
|   |  | 3+                                      | A+   | A+   | A1   | 0.032%  |
|   | 0.10 to < 0.15<br>0.15 to < 0.25<br>0.25 to < 0.50<br><b>0.50 to &lt; 0.75</b> | 3                                       | A  | A  | A2   | 0.036%  |
|   |  | 3-                                      | A-   | A-   | A3   | 0.061%  |
|   |  | 4+                                      | BBB+   | BBB+                                       | Baa1   | 0.130%  |
|   |  | 4                                       | BBB  | BBB  | Baa2   | 0.257%  |
|   |  | <b>4-</b>                               | <b>BBB-</b>  | <b>BBB-</b>                                | <b>Baa3</b>                                  | <b>0.501%</b>   |
| Non-investment grade                              | 0.75 to < 1.75   | 5+                                      | BB+  | BB+  | Ba1  | 1.100%  |
|   | 1.75 to < 2.5  | 5                                       | BB   | BB   | Ba2  | 2.125%  |
|   | 2.5 to < 5   | 5-                                      | BB-  | BB-  | Ba3  | 3.260%  |
|   |  | 6+                                      | B+   | B+   | B1   | 4.612%  |
|   | 5 to < 10  | 6                                       | B  | B  | B2   | 7.761%  |
|   | 10 to < 20   | 6-                                      | B-   | B-   | B3   | 11.420%   |
|   |  | 7+                                      | CCC+   | CCC+                                       | Caa1   | 14.328%   |
|   | 20 to < 30   | 7                                       | CCC  | CCC  | Caa2   | 20.441%   |
|   |  | 7-                                      | C/CC/CCC-  | CCC-                                       | Caa3   | 27.247%   |
|   | 30 to < 100  |   |  |  |  |   |

(1) The Group is in the process of implementing a multi-scale approach differentiated by rating system.



**TABLE 15: SOCIETE GENERALE'S INTERNAL RATING SCALE SPECIFIC TO SME PORTFOLIO AND INDICATIVE CORRESPONDING SCALES OF RATING EXTERNAL AGENCIES**

| <i>Investment grade/<br/>Non-investment grade</i> | <b>Counterparty<br/>internal rating</b> | <b>Indicative<br/>equivalent<br/>Standard &amp;<br/>Poor's</b> | <b>Indicative<br/>equivalent<br/>Fitch</b> | <b>Indicative<br/>equivalent<br/>Moody's</b> | <b>1 year internal<br/>probability of<br/>default<br/>(average)</b> |
|---|---|--|--|--|---|
| Investment grade                                  | 4+                                      | BBB+   | BBB+                                       | Baa1   | 0.276%  |
|   | 4                                       | BBB  | BBB  | Baa2   | 0.541%  |
|   | 4-                                      | BBB-   | BBB-                                       | Baa3   | 0.966%  |
| Non-investment grade                              | 5+                                      | BB+  | BB+  | Ba1  | 1.829%  |
|   | 5                                       | BB   | BB   | Ba2  | 3.220%  |
|   | 5-                                      | BB-  | BB-  | Ba3  | 4.830%  |
|   | 6+                                      | B+   | B+   | B1   | 7.671%  |
|   | 6                                       | B  | B  | B2   | 10.603%   |
|   | 6-                                      | B-   | B-   | B3   | 14.939%   |
|   | 7+                                      | CCC+   | CCC+                                       | Caa1   | 21.701%   |
| 7   | CCC                                     | CCC  | Caa2                                       | 27.232%                                      |   |
|   | 7-                                      | C/CC/CCC-  | CCC-                                       | Caa3   | 36.214%   |

**LGD MODELS**

The Loss Given Default (LGD) is an economic loss that is measured by taking into account all parameters pertaining to the transaction, as well as the fees incurred for recovering the receivable in the event of a counterparty default.

The models used to estimate the Loss Given Default (LGD) excluding retail clients are applied by regulatory sub-portfolios, type of asset, size and location of the transaction or of the counterparty, depending on whether or not collateral has been posted, and the nature thereof if applicable. This makes it possible to define homogeneous risk pools, particularly in terms of recovery, procedures and the legal environment.

These estimates are founded on statistics when the number of loans in default is sufficient. In such circumstances, they are based on recovery data observed over a long history. When the number of defaults is insufficient, the estimate is revised or determined by an expert.

**CREDIT CONVERSION FACTOR (CCF) MODELS**

For its off-balance sheet exposures, the Group is authorised to use the internal approach for "Term loan with drawing period" products and revolving credit lines.

TABLE 16: MAIN CHARACTERISTICS OF MODELS AND METHODS - WHOLESAL CLIENTS

| Parameter modeled                     | Portfolio/Category of Basel assets    | Number of methods, models  | Methodology<br>Number of years default/loss  |
|---------------------------------------|---------------------------------------|--|--|
| <b>Wholesale clients</b>              |                                       |  |  |
| <b>Probability of Default (PD)</b>    | Sovereigns                            | 1 method.  | Econometric method. Low default portfolio.   |
|                                       | Public sector entities                | 4 models according to geographic region.   | Statistical (regression)/expert methods for the rating process, based on the combination of financial ratios and a qualitative questionnaire. Low default portfolio.   |
|                                       | Financial institutions                | 11 models according to type of counterparty: banks, insurance, funds, financial intermediaries, funds of funds.                | Expert models based on a qualitative questionnaire. Low default portfolio.   |
|                                       | Specialised financing                 | 3 models according to type of transaction.   | Expert models based on a qualitative questionnaire. Low default portfolio.   |
|                                       | Large corporates                      | 9 models according to geographic region.   | Mainly statistical models (regression) for the rating process, based on the combination of financial ratios and a qualitative questionnaire. Defaults observed over a period of 8 to 10 years.                   |
|                                       | Small- and medium-sized companies     | 17 models according to the size of the Company and the geographic region.  | Mainly statistical models (regression) for the rating process, based on the combination of financial ratios and a qualitative questionnaire, behavioral score. Defaults observed over a period of 8 to 10 years. |
| <b>Loss Given Default (LGD)</b>       | Public sector entities – Sovereigns   | 6 models according to type of counterparty.  | Calibration based on historical data and expert judgments. Losses observed over a period of more than 10 years.  |
|                                       | Large corporates – Flat-rate Approach | 25 models Flat-rate approach according to type of collateral.  | Calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.  |
|                                       | Large corporates – Discount Approach  | 16 models Discount approach according to type of recoverable collateral.   | Statistical calibration based on historical market data adjusted by expert judgments. Losses observed over a period of more than 10 years.   |
|                                       | Small- and medium-sized companies     | 15 models Flat-rate approach according to type of collateral or unsecured.   | Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.  |
|                                       | Project financing                     | 9 models Flat-rate approach according to project type.   | Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.  |
|                                       | Financial institutions                | 5 models Flat-rate approach according to type of counterparty: banks, insurance, funds, etc. and the nature of the collateral. | Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.  |
|                                       | Other specific portfolios             | 12 models: factoring, leasing with option to purchase and other specific cases.  | Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.  |
| <b>Credit Conversion Factor (CCF)</b> | Large corporates                      | 5 models: term loans with drawing period, revolving credits, Czech Corporates.   | Models calibrated by segment. Defaults observed over a period of more than 10 years.   |
| <b>Expected Loss (EL)</b>             | Real estate transactions              | 2 models by slotting.  | Statistical model based on expert judgments and a qualitative questionnaire. Low default portfolio.  |



## MONITORING THE PERFORMANCE OF INTERNAL MODELS

Performance monitoring of the entire wholesale client credit system is performed *via* review exercises (ROE – Review Of Estimates) carried out by LOD1 (OGM – On Going Monitoring) or by LOD2 (AR – Annual Review).

During these reviews, are compared, among others, the PD, LGD and CCF estimates to actual results by portfolio, thus making it possible to measure the prudence of the risk parameters used in the IRB approach. These results may justify the implementation of actions or remediation plans if the system is deemed to be insufficient efficient or/and prudent.

OGM results and associated actions or/and remediation plans are presented to the Rating System Committee for discussion and approval

by the LOD1 stakeholders on a given Rating System. They are also shared to the LOD2 validation function, which for its part independently carries out annual review exercises (AR – Annual Review), whose results and conclusions are presented to the Expert Committee.

The results presented above cover the entire Group portfolios compare the estimated probability of default (arithmetic mean weighted by debtors) with the observed results (the historical annual default rate). The historical default rate was calculated on the basis of performing exposures over the period from 2008 to 2022.

The historic default rate remains stable across all the exposure classes. The estimated probability of default is higher than the historical default rates for all Basel portfolios and for most of the ratings. It should be noted that new internal models are being developed to comply with new regulatory requirements.

**TABLE 17: COMPARISON OF RISK PARAMETERS: ESTIMATED AND ACTUAL PD VALUES - WHOLESALE CLIENTS - IRBA**

| 31.12.2023                                |                         |                                  |  |                                 |   |   |
|---|-------------------------|----------------------------------|--|---------------------------------|---|---|
| Exposure class                            | Weighted average PD (%) | Arithmetic mean of debtor PD (%) | Historical average annual default rate (%) | Average annual default rate (%) | Number of debtors Year-end <sup>(1)</sup> | of which number of debtors in default during the year |
| Central banks and central administrations | 0.1%                    | 1.5%                             | 0.2%                                       | 0%                              | 570                                       | 0   |
| Institutions                              | 0.3%                    | 0.9%                             | 0.3%                                       | 0.2%                            | 3,652                                     | 9   |
| Corporates – SME                          | 3.4%                    | 4.1%                             | 3.1%                                       | 2.3%                            | 64,938                                    | 1,518   |
| Corporates – Specialised lending          | 1.3%                    | 2.8%                             | 1.8%                                       | 1.9%                            | 2,542                                     | 49  |
| Corporates – Others                       | 1.2%                    | 3.4%                             | 1.7%                                       | 1.0%                            | 30,074                                    | 292   |

(1) Performing exposures.

| 31.12.2022                                |                         |                                  |  |                                 |   |   |
|---|-------------------------|----------------------------------|--|---------------------------------|---|---|
| Exposure class                            | Weighted average PD (%) | Arithmetic mean of debtor PD (%) | Historical average annual default rate (%) | Average annual default rate (%) | Number of debtors Year-end <sup>(1)</sup> | of which number of debtors in default during the year |
| Central banks and central administrations | 0.5%                    | 1.1%                             | 0.2%                                       | 0.7%                            | 421                                       | 3   |
| Institutions                              | 0.4%                    | 0.8%                             | 0.3%                                       | 0.2%                            | 3,427                                     | 8   |
| Corporates – SME                          | 3.2%                    | 4.2%                             | 3.3%                                       | 1.9%                            | 61,004                                    | 1,166   |
| Corporates – Specialised lending          | 1.8%                    | 2.7%                             | 1.8%                                       | 1.6%                            | 2,407                                     | 39  |
| Corporates – Others                       | 1.4%                    | 3.9%                             | 1.7%                                       | 1.3%                            | 25,319                                    | 322   |

(1) Performing exposures.

**TABLE 18: COMPARISON OF RISK PARAMETERS: ESTIMATED AND ACTUAL PD VALUES - WHOLESAL CLIENTS - IRBF**

| 31.12.2023                                |                         |                                  |  |                                 |   |   |
|---|-------------------------|----------------------------------|--|---------------------------------|---|---|
| Exposure class                            | Weighted average PD (%) | Arithmetic mean of debtor PD (%) | Historical average annual default rate (%) | Average annual default rate (%) | Number of debtors Year-end <sup>(1)</sup> | of which number of debtors in default during the year |
| Central banks and central administrations | 0.0%                    | 0.1%                             | 0.0%                                       |                                 | 305                                       |   |
| Institutions                              | 0.2%                    | 1.4%                             | 0.2%                                       |                                 | 30  |   |
| Corporates – SME                          | 4.5%                    | 4.9%                             | 3.3%                                       | 2.9%                            | 12,935                                    | 370   |
| Corporates – Specialised financing        |                         |                                  |  |                                 |   |   |
| Corporates – Others                       | 2.6%                    | 3.9%                             | 1.9%                                       | 1.5%                            | 5,490                                     | 81  |

(1) Performing exposures.

| 31.12.2022                                |                         |                                  |  |                                 |   |   |
|---|-------------------------|----------------------------------|--|---------------------------------|---|---|
| Exposure class                            | Weighted average PD (%) | Arithmetic mean of debtor PD (%) | Historical average annual default rate (%) | Average annual default rate (%) | Number of debtors Year-end <sup>(1)</sup> | of which number of debtors in default during the year |
| Central banks and central administrations | 0.3%                    | 0.3%                             | 0.0%                                       |                                 | 11  |   |
| Institutions                              | 0.6%                    | 0.8%                             | 0.2%                                       |                                 | 18  |   |
| Corporates – SME                          | 3.4%                    | 4.6%                             | 3.4%                                       | 2.3%                            | 11,971                                    | 277   |
| Corporates – Specialised financing        |                         |                                  |  |                                 |   |   |
| Corporates – Others                       | 2.0%                    | 4.2%                             | 2.0%                                       | 1.7%                            | 6,259                                     | 108   |

(1) Performing exposures.

**TABLE 19: COMPARISON OF RISK PARAMETERS: ESTIMATED AND ACTUAL LGD WHOLESALE CLIENTS**

| Basel Portfolio                  | 31.12.2022              |   |
|----------------------------------|-------------------------|---|
|                                  | LGD IRBA <sup>(1)</sup> | Estimated losses excluding margin of prudence |
| Large corporates                 | 37%                     | 30%   |
| Small and medium sized companies | 40%                     | 25%   |

(1) Senior unsecured LGD.

The "observed EAD/IRBA EAD" ratio calculation method is being revised.

### Credit risk measurements of retail clients

The Group has implemented the following system for the retail portfolio made up of individual customers, SCIs (real estate investment companies – *Sociétés civiles immobilières*) and professional customers.

#### RATING SYSTEM AND ASSOCIATED PROBABILITY OF DEFAULT

The modeling of the probability of default of retail client counterparties is carried out specifically by each of the Group's subsidiaries using the IRBA method in consumer finance activities, equipment finance or in the Czech Republic. For French retail network, modelling is centralised within Group Risk Division. The models incorporate data on the account behavior of counterparties. They are segmented by type of customer and distinguish between retail customers, professional customers, very small businesses and real estate investment companies.

The counterparties of each segment are classified automatically, using statistical models, into homogeneous risk pools, each of which is assigned a probability of default. These estimates are adjusted by a safety margin to estimate as best as possible a complete default cycle, using a through-the-cycle (TTC) approach.

### LGD MODELS

The models for estimating the Loss Given Default (LGD) of retail customers are specifically applied by business line portfolio and by product, according to the existence or not of collateral.

The expected losses are estimated using internal long-term historical recovery data for exposures that have defaulted. These estimates are adjusted by safety margins in order to reflect the possible impact of a downturn.

### CCF MODELS

For its off-balance sheet exposures, Societe Generale applies its estimates for revolving loans and overdrafts on current accounts held by retail and professional customers.

TABLE 20: MAIN CHARACTERISTICS OF MODELS AND METHODS USED - RETAIL CLIENTS

| Parameter modeled                     | Portfolio/Category of Basel assets            | Number of models   | Methodology<br>Number of years of default/loss   |
|---------------------------------------|---|--|--|
| <b>Retail clients</b>                 |   |  |  |
| <b>Probability of Default (PD)</b>    | Residential real estate                       | 4 models according to entity, type of guarantee (security, mortgage), type of counterparty: individuals or professionals/VSB, real estate investment company (SCI).  | Statistical model (regression), behavioral score. Defaults observed over a period of more than five years.   |
|                                       | Other loans to individual customers           | 12 models according to entity and to the nature and object of the loan: personal loan, consumer loan, car loan, etc.   | Statistical model (regression), behavioral score. Defaults observed over a period of more than five years.   |
|                                       | Renewable exposures                           | 3 models according to entity and nature of the loan: overdraft on current account, revolving credit or consumer loan.  | Statistical model (regression), behavioral score. Defaults observed over a period of more than five years.   |
|                                       | Professionals and very small businesses (VSB) | 8 models according to entity, nature of the loan (medium- and long-term investment credits, short-term credit, car loans), and type of counterparty (individual or real estate investment company (SCI)).  | Statistical model (regression or segmentation), behavioral score. Defaults observed over a period of more than five years.   |
| <b>Loss Given Default (LGD)</b>       | Residential real estate                       | 8 models according to entity, type of guarantee (security, mortgage), and type of counterparty: individuals or professionals/VSB, real estate investment company (SCI).                                    | Statistical model of expected recoverable flows based on the current flows. Losses and recoverable flows observed over a period of more than 10 years.   |
|                                       | Other loans to individual customers           | 16 models according to entity and to the nature and object of the loan: personal loan, consumer loan, car loan, etc.   | Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years. |
|                                       | Renewable exposures                           | 5 models according to entity and nature of the loan: overdraft on current account, revolving credit or consumer loan.  | Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years. |
|                                       | Professionals and very small businesses       | 11 models according to entity, nature of the loan (medium- and long-term investment credits, short-term credit, car loans), and type of counterparty (individual or real estate investment company (SCI)). | Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years. |
| <b>Credit Conversion Factor (CCF)</b> | Renewable exposures                           | 8 calibrations by entity for revolving products and personal overdrafts.   | Models calibrated by segment over a period of observation of defaults of more than five years.   |
|                                       | Residential real estate                       | 4 calibrations by entity for real estate.  | CCF flat rate of 100%. Relevance of this flat rate CCF is confirmed through the draw-down rate observed over a period of more than five years.   |

## MONITORING THE PERFORMANCE OF INTERNAL MODELS

Performance monitoring of the entire system for retail portfolio is performed *via* review exercises carried out by LOD1 (OGM – On Going Monitoring) or by LOD2 (AR – Annual Review).

During these reviews, are compared, among others, the PD, LGD and CCF estimates to actual results by portfolio, thus making it possible to measure the prudence of the risk parameters used in the IRB approach. These results may justify the implementation of actions or remediation plans if the system is deemed to be insufficiently efficient or/and prudent.

OGM results and associated actions or/and remediation plans are presented to the Rating System Committee for discussion and approval by the LOD1 stakeholders on a given Rating System. They are also shared to the LOD2 validation function, which for its part independently carries out

annual review exercises (AR – Annual Review), whose results and conclusions are presented to the Experts Committee.

The results presented below cover all of the Group's portfolios. Backtests compare the estimated probability of default (arithmetic average weighted by the debtors) to the observed results (the historical annual default rate). The historical default rate was calculated on the basis of healthy outstandings over the period from 2010 to 2022. Creditors are included in accordance with the revised instructions of the EBA publication of 14 December 2016 (EBA/GL/2016/11).

In terms of risk monitoring, two effects were observed in 2023:

- On the one hand, the drop in outstandings on the PRO and PPI markets (amortization of PGE for the PRO market, and fall in production on real estate loans).
- On the other hand, an increase in defaults on PRO market linked to PGE.

In the Professional market, the deterioration in risk accelerated during the year in line with the repayment difficulties observed on PGE. It particularly focused on the building/construction, catering, and retail sectors. The close monthly monitoring made it possible to react as quickly as possible in order to tighten up the granting mechanism on the riskiest sectors of activity.

On real estate loans, production fell sharply in 2023 but risk indicators remain well-oriented, and the production coverage rate by Crédit Logement remains above the threshold set at 80%.

On consumer loans, credit scores were tightened in the first half of the year, limiting the upswing in risks.

**TABLE 21: COMPARISON OF ESTIMATED RISK PARAMETERS: ESTIMATED AND ACTUAL PD VALUES - RETAIL CLIENTS (IRBA)<sup>(1)</sup>**

| 31.12.2023                              |                         |                                  |  |                                 |                            |   |
|---|-------------------------|----------------------------------|--|---------------------------------|----------------------------|---|
| Exposure class                          | Weighted average PD (%) | Arithmetic mean of debtor PD (%) | Historical average annual default rate (%) | Average annual default rate (%) | Number of debtors Year-end | of which number of debtors in default during the year |
| Retail – Secured by real estate SME     | 3.0%                    | 1.5%                             | 2.0%                                       | 1.0%                            | 31,000                     | 307   |
| Retail – Secured by real estate non-SME | 0.7%                    | 0.8%                             | 0.8%                                       | 0.8%                            | 836,721                    | 6,530   |
| Retail – Qualifying revolving           | 2.7%                    | 1.9%                             | 1.9%                                       | 1.8%                            | 5,139,358                  | 90,478  |
| Retail – Other SME                      | 3.6%                    | 3.7%                             | 3.3%                                       | 3.8%                            | 375,774                    | 14,318  |
| Retail – Other non-SME                  | 2.4%                    | 2.9%                             | 3.0%                                       | 2.5%                            | 2,229,461                  | 56,199  |

| 31.12.2022                              |                         |                                  |  |                                 |                            |   |
|---|-------------------------|----------------------------------|--|---------------------------------|----------------------------|---|
| Exposure class                          | Weighted average PD (%) | Arithmetic mean of debtor PD (%) | Historical average annual default rate (%) | Average annual default rate (%) | Number of debtors Year-end | of which number of debtors in default during the year |
| Retail – Secured by real estate SME     | 1.2%                    | 1.4%                             | 2.1%                                       | 1.1%                            | 31,856                     | 359   |
| Retail – Secured by real estate non-SME | 0.7%                    | 0.9%                             | 0.8%                                       | 0.3%                            | 1,160,703                  | 3,104   |
| Retail – Qualifying revolving           | 2.4%                    | 2.5%                             | 1.9%                                       | 1.5%                            | 5,582,728                  | 85,477  |
| Retail – Other SME                      | 3.1%                    | 3.4%                             | 3.3%                                       | 2.8%                            | 553,086                    | 15,243  |
| Retail – Other non-SME                  | 2.3%                    | 3.7%                             | 3.2%                                       | 2.2%                            | 1,860,932                  | 40,748  |

(1) Performing exposures.

**TABLE 22: COMPARISON OF RISK PARAMETERS: ESTIMATED AND ACTUAL LGD AND EAD VALUES - RETAIL CLIENTS**

|  | 31.12.2023 |   |                        |
|--|------------|---|------------------------|
| Basel portfolio                                | A-IRB LGD  | Estimated losses excluding margin of prudence | Observed EAD/A-IRB EAD |
| Real estate loans (excl. guaranteed exposures) | 18%        | 13%   |                        |
| Revolving credits                              | 47%        | 23%   | 77%                    |
| Other loans to individual customers            | 30%        | 25%   |                        |
| VSB and professionals                          | 28%        | 18%   | 81%                    |
| <b>Total Group retail clients</b>              | <b>26%</b> | <b>19%</b>                                    | <b>79%</b>             |

The changes in EAD can be explained by the merger of BDDF-CDN (Vision 2025).

|  | 31.12.2022 |   |                        |
|--|------------|---|------------------------|
| Basel portfolio                                | A-IRB LGD  | Estimated losses excluding margin of prudence | Observed EAD/A-IRB EAD |
| Real estate loans (excl. guaranteed exposures) | 18%        | 12%   | -                      |
| Revolving credits                              | 49%        | 21%   | 79%                    |
| Other loans to individual customers            | 30%        | 25%   | -                      |
| VSB and professionals                          | 28%        | 19%   | 77%                    |
| <b>Total Group retail clients</b>              | <b>26%</b> | <b>19%</b>                                    | <b>79%</b>             |

## Governance of the modeling of credit risk

Credit own funds estimation models are subject to the global model risk management framework (see Chapter 4.12 "Model risk").

The first line of defence is responsible for designing, putting into production, using and monitoring models, in compliance with model risk management governance rules throughout the model lifecycle, which include for credit risk internal models traceability of development and implementation stages and annual backtesting. Depending on the specificities of each model family, in particular depending on the regulatory environment, the second line of defence (LOD2) may decide to perform the backtesting of the model family. In such case the LOD2 is responsible for defining a dedicated standard for the model family and informing the first line of defence (starting with the model owner) of the outcome of the backtesting.

The Model Risk Department, reporting directly to the Risk Department, acts as a second line of defence for all credit risk models. Independent model review teams rely, for the conduct of their missions, on principles of control of the theoretical robustness (assessment of the quality of the design and development) of the models, the conformity of the implementation and the use, the continuous follow-up of model relevance over time. The independent review process concludes with (i) a report summarising the scope of the review, the tests performed, the results of the review, the conclusions or recommendations and with (ii) Reviewing and Approval Committees (respectively *Comité Modèles* and *Comité Experts* in the case of credit risk models). The model control system gives rise to recurring reports to the Risk Department within the framework of various bodies and processes (Group Model Risk

Management Committee, Risk Appetite Statement/Risk Appetite Framework, monitoring of recommendations, etc.) and annually to the General Management (CORISQ). The Model Risk Department reviews, amongst others, new models, backtesting results and any change to the credit own funds estimation models. In accordance with the Delegated Regulation (EU) No. 529/2014 of 20 May 2014 relating to the follow-up of internal models used for own funds computation, any model change to the Group's credit risk measurement system is then subjected to two main types of notification to the competent supervisor, depending on the significant nature of the change laid down by this regulation itself:

- significant changes which are subject to a request for approval prior to their implementation;
- other changes which should be notified to the competent authorities: (i) prior to their implementation: changes, according to the criteria defined by the regulation, are notified to the Supervisor (*ex-ante* notification); barring a negative response, these may be implemented within a two months period; (ii) after their implementation: these changes are notified to the competent authorities after their implementation at least once a year, through a specific report (*ex-post* notification).

The Internal Audit Department, as a third line of defence, is responsible for periodically assessing the overall effectiveness of the model risk management framework (relevance of the model risk governance and efficiency of second line of defence activities) and performing the independent model audit.

## Climate risk – Measuring sensitivity to transition risk

**Audited I** Transition risk's impact on Societe Generale Corporate clients' credit risk has been identified as one of the main climate change-related risk for the Group.

To measure this impact, the Group has progressively integrated a Corporate Climate Vulnerability Indicator (CCVI), which is based on an Industry Climate Vulnerability Indicator (ICVI) concerning credit risk

assessments carried out on customers for whom a credit risk rating is carried out, excluding Financial Institutions.

The ICVI score reflects the vulnerability to climate change of the companies that are least advanced on climate strategies in each business sector. The CCVI is a function of the ICVI and a company climate questionnaire assessing the climate strategy of individual companies. ▲

(See section 4.13.4 "Incorporating the environment in the risk management framework").

## 4.5.5 QUANTITATIVE INFORMATION

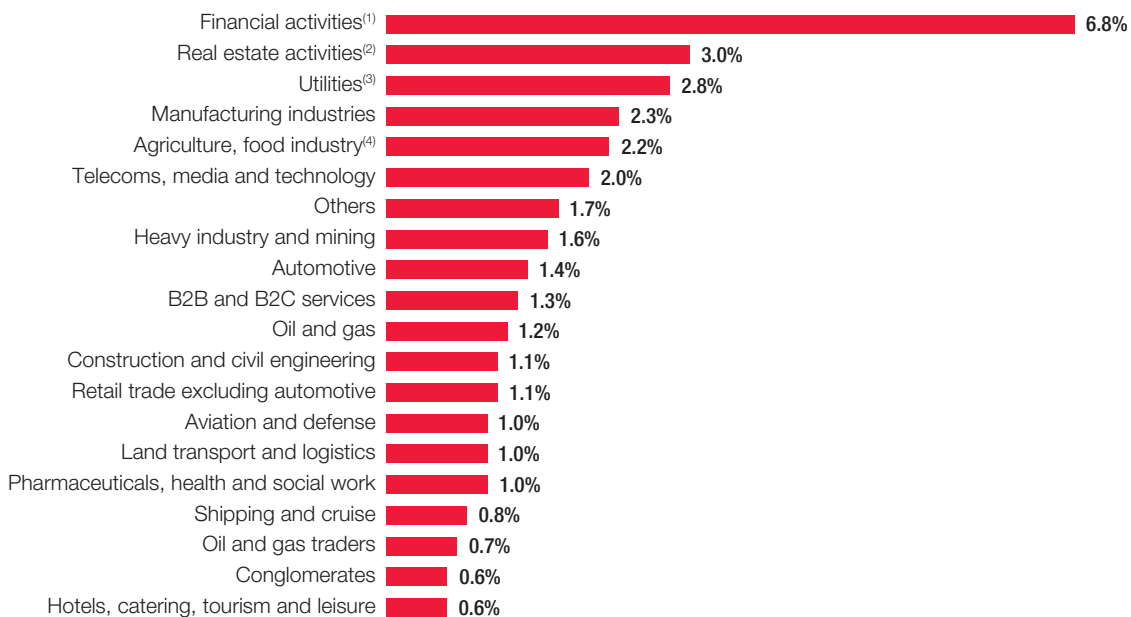
In this section, the measurement used for credit exposures is the EAD – Exposure At Default (on- and off-balance sheet). Under the Standardised Approach, the EAD is calculated net of collateral and provisions.

The grouping used is based on the main economic activity of counterparties. The EAD is broken down according to the guarantor's

characteristics, after taking into account the substitution effect (unless otherwise indicated).

More information available in sections 6.5 "Quantitative information" and 6.6 "Additional quantitative information on credit risk" in the Risk Report Pillar 3 document.

### SECTOR BREAKDOWN OF GROUP CORPORATE EXPOSURE ON TOTAL GROUP EXPOSURE (BASEL PORTFOLIO)



(1) Financial activities: Financial services, except insurance and pension funding; Insurance; Activities auxiliary to financial services and insurance.

(2) Real estate activities: Real estate developers; Real estate investors.

(3) Utilities: including energy activities (2.5%).

(4) Agriculture, food industry: including trading.

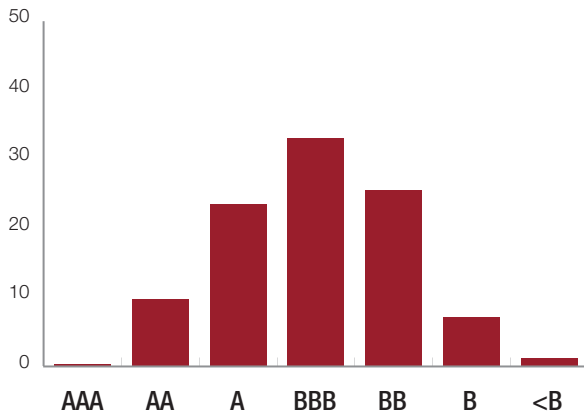
Heavy industry and mining: including trading activities.

The EAD of the Corporate portfolio is presented in accordance with the Basel rules (large corporates, including insurance companies, funds and hedge funds, SMEs, specialised financing, factoring businesses), based on the obligor's characteristics, before taking into account the substitution effect (credit risk scope: debtor, issuer and replacement risk).

At 31 December 2023, the Corporate portfolio amounted to EUR 393 billion (on- and off-balance sheet exposures measured in EAD). Two sectors account for 29% of this portfolio each (Financial services and Real Estate). The Group's exposure to its ten largest Corporate counterparties accounted for 4% of this portfolio.

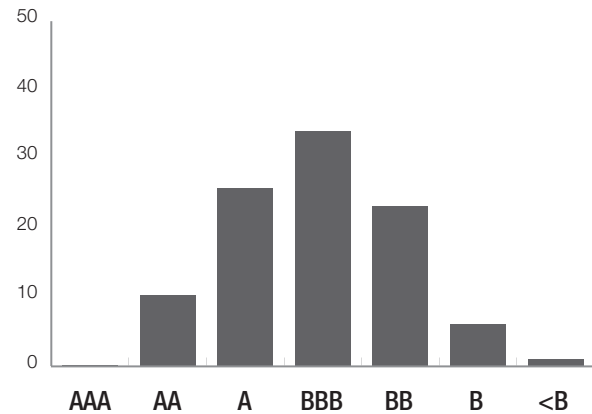
## Corporate and banking clients' exposure

**BREAKDOWN OF RISK BY INTERNAL RATING FOR CORPORATE CLIENTS AT 31 DECEMBER 2023 (AS % OF EAD)**



The scope includes performing loans recorded under the IRB method (excluding prudential classification criteria, by weight, of specialised financing) for the entire Corporate client portfolio, all divisions combined, and represents EAD of EUR 312 billion (out of total EAD for the Basel Corporate client portfolio of EUR 358 billion, standard method included). The breakdown by rating of the Group's Corporate exposure demonstrates the sound quality of the portfolio. It is based

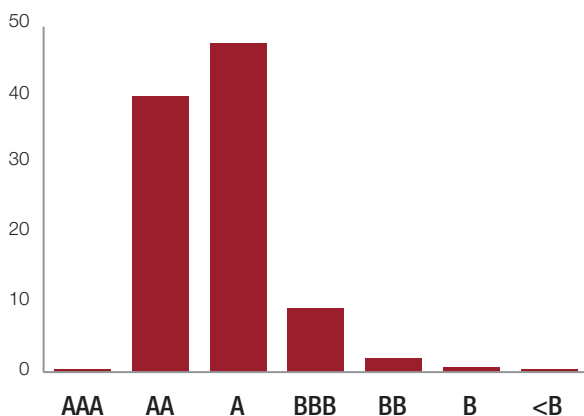
**BREAKDOWN OF RISK BY INTERNAL RATING FOR CORPORATE CLIENTS AT 31 DECEMBER 2022 (AS % OF EAD)**



on an internal counterparty rating system, presented above as its Standard & Poor's equivalent.

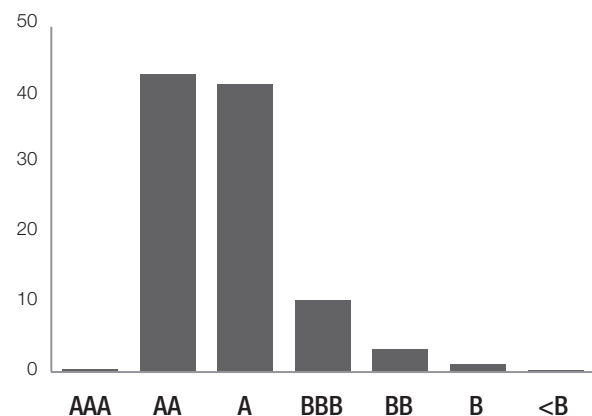
At 31 december 2023, the majority of the portfolio (67% of Corporate clients) had an investment grade rating, i.e. counterparties with an S&P-equivalent internal rating higher than BBB-. Transactions with non-investment grade counterparties were very often backed by guarantees and collateral in order to mitigate the risk incurred.

**BREAKDOWN OF RISK BY INTERNAL RATING FOR BANKING CLIENTS AT 31 DECEMBER 2023 (AS % OF EAD)**



The scope includes performing loans recorded under the IRB method for the entire Bank client portfolio, all divisions combined, and represents EAD of EUR 59 billion (out of total EAD for the Basel Bank client portfolio of EUR 98 billion, standard method included). The breakdown by rating of the Societe Generale Group's bank counterparty exposure demonstrates the sound quality of the portfolio.

**BREAKDOWN OF RISK BY INTERNAL RATING FOR BANKING CLIENTS AT 31 DECEMBER 2022 (AS % OF EAD)**



It is based on an internal counterparty rating system, presented above as its Standard & Poor's equivalent.

At 31 december 2023, exposure on banking clients was concentrated in investment grade counterparties (97% of exposure).



## Change in risk-weighted assets (RWA) and capital requirements for credit and counterparty credit risks

**TABLE 23: CHANGE IN RISK-WEIGHTED ASSETS (RWA) BY APPROACH (CREDIT AND COUNTERPARTY CREDIT RISKS)**

| (In EURm)  | RWA - IRB      | RWA - Standard | RWA - Total    | Capital requirements - IRB | Capital requirements - Standard | Capital requirements - total |
|--|----------------|----------------|----------------|----------------------------|---------------------------------|------------------------------|
| <b>RWA as at end of previous reporting period (31.12.2022)</b> | <b>198,572</b> | <b>99,311</b>  | <b>297,883</b> | <b>15,886</b>              | <b>7,945</b>                    | <b>23,831</b>                |
| Asset size   | (5,373)        | 6,842          | 1,469          | (430)                      | 547                             | 118                          |
| Asset quality  | (185)          | (429)          | (614)          | (15)                       | (4)                             | (49)                         |
| Model updates  | 8,023          | -              | 8,023          | 642                        | -                               | 642                          |
| Methodology and policy   | (2,218)        | -              | (2,218)        | (177)                      | -                               | (177)                        |
| Acquisitions and disposals                                     | 13,250         | 7,133          | 20,382         | 1,060                      | 571                             | 1,631                        |
| Foreign exchange movements                                     | (1,499)        | (266)          | (1,766)        | (0,120)                    | (21)                            | (141)                        |
| Other  | -              | -              | -              | -                          | -                               | -                            |
| <b>RWA as at end of reporting period (31.12.2023)</b>          | <b>210,570</b> | <b>112,591</b> | <b>323,161</b> | <b>16,846</b>              | <b>9,007</b>                    | <b>25,853</b>                |

The table above presents the data without CVA (Credit Valuation Adjustment).

The main effects explaining the EUR 25 billion increase in RWA (excluding CVA) over the year 2023 are the following:

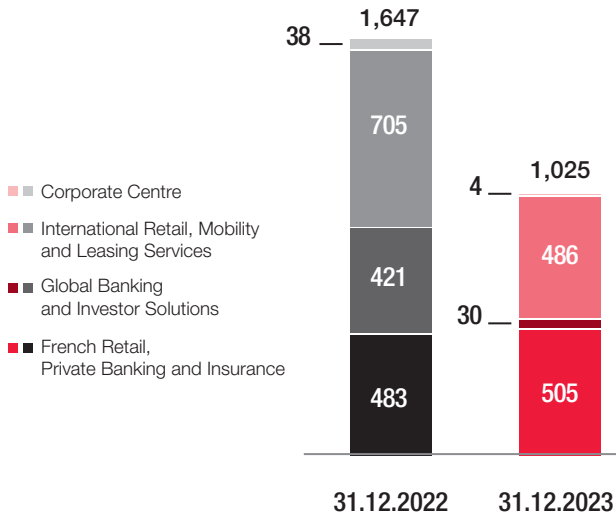
- an acquisition and disposal effect of EUR +20 billion mainly related to the acquisition of the entity LeasePlan;
- a methodological effect of EUR -2.0 billion mainly related to the computation of the financial maturities using the cash flows on the Undrawn revolving credit lines;
- a model effect of EUR +8 billion euros in line with the main scope's changes in 2023 : review of the agencies network resulting from the merger of Crédit du Nord and Société Générale and the acquisition of the entity LeasePlan;
- A foreign exchange effect of EUR -1.8 billion euros mainly linked to the depreciation of the US dollar against the euro.

The effects are defined as follows:

- asset size: organic changes in book size and composition (including the creation of new business lines and maturing loans) but excluding changes due to acquisitions and disposals of entities;
- asset quality: changes in the quality of the Bank's assets due to changes in borrower risk, such as rating grade migration or similar effects;
- model updates: changes due to model implementation, changes in model scope or any changes intended to address model weaknesses;
- methodology and policy: changes due to methodological changes in calculations driven by regulatory changes, including both revisions to existing regulations and new regulations;
- acquisitions and disposals: changes in book size due to acquisitions and disposals of entities;
- foreign exchange movements: changes arising from market fluctuations, such as foreign currency translation movements;
- other: this category is used to capture changes that cannot be attributed to any other categories.

## Net cost of risk

### CHANGE IN GROUP NET COST OF RISK (IN EURM)



The Group's net cost of risk in 2023 is EUR -1,025 million, down by 38% compared to 2022. This decrease is broken down into a moderate rise of cost of risk on defaulted outstandings (stage 3) at 20 bp compared to 17 bp in 2022 and limited reversals on performing exposures (stage 1/ stage 2) of -3 bp as a result of the decrease of Russian counterparty exposure, vs +12 bp in 2022.

The cost of risk (expressed in basis points on the average of outstandings at the beginning of the period for the four quarters preceding the closing, including operating leases) thus stands at 17 basis points for the year 2023 compared to 28 basis points in 2022.

- In **French Retail Banking**, the cost of risk remains stable at 20 basis points, the same figure as 2022. This NCR includes a reversal of -2 bps on performing exposures (vs an allowance of 4 bp in 2022).
- At 32 basis points in 2023 (compared to 52 basis points in 2022), the cost of risk of the International **Retail Banking and Mobility and Leasing services** division marks a sharp fall, which can be attributed to a lower level of NCR on defaulted outstandings (stage 3) combined with a reduction in the cost of risk on performing exposures (stage 1/stage 2, +1 bp compared to +15 bp in 2022).
- The cost of risk for **Global Banking and Investor Solutions** presents a very moderate level of +2 bp (compared to 23 basis points in 2022), the increase of NCR on defaulted exposures (11 bp compared to 4 bp in 2022), being more than compensated by the decrease of the NCR on performing exposures (-9 bp compared to +20 bp in 2022).

## Asset quality

**TABLE 24: ASSET QUALITY**

| (In EURbn)  | 31.12.2023  | 31.12.2022  |
|---|-------------|-------------|
| Performing loans  | 535.5       | 554.4       |
| inc. Stage 1 book outstandings <sup>(1)</sup>   | 480.5       | 494.2       |
| inc. Stage 2 book outstandings  | 39.4        | 43.6        |
| Non-performing loans  | 16.1        | 15.9        |
| inc. Stage 3 book outstandings  | 16.1        | 15.9        |
| Total gross book outstandings*  | 551.5       | 570.3       |
| <b>GROUP GROSS NON PERFORMING LOANS RATIO*</b>  | <b>2.9%</b> | <b>2.8%</b> |
| Provisions on performing loans  | 3.0         | 3.2         |
| inc. Stage 1 provisions   | 1.0         | 1.0         |
| inc. Stage 2 provisions   | 1.9         | 2.1         |
| Provisions on non-performing loans  | 7.4         | 7.7         |
| inc. Stage 3 provisions   | 7.4         | 7.7         |
| Total provisions  | 10.3        | 10.9        |
| <b>GROUP GROSS NON-PERFORMING LOANS RATIO<br/>(PROVISIONS ON NON-PERFORMING LOANS/NON-PERFORMING LOANS)</b>                     | <b>46%</b>  | <b>48%</b>  |
| <b>GROUP NET NON-PERFORMING LOANS RATIO<br/>(PROVISIONS ON NON-PERFORMING LOANS+GUARANTEES+COLLATERAL/NON-PERFORMING LOANS)</b> | <b>80%</b>  | <b>80%</b>  |

(1) Data restated excluding loans at fair value through profit or loss which are not eligible to IFRS 9 provisioning.

\* Figures calculated on on-balance sheet customer loans and advances, deposits at banks and loans due from banks, finance leases, excluding loans and advances classified as held for sale, cash balances at central banks and other demand deposits, in accordance with the EBA/ITS/2019/02 Implementing Technical Standards amending Commission Implementing Regulation (EU) No 680/2014 with regard to the reporting of financial information (FINREP). The NPL rate calculation was modified in order to exclude from the gross exposure in the denominator the net accounting value of the tangible assets for operating lease. Performing and non-performing loans include loans at fair value through profit or loss which are not eligible to IFRS 9 provisioning and so not split by stage. Historical data restated.

## Restructured debt

**Audited I** For the Societe Generale group, “restructured” debt refers to loans with amounts, terms or financial conditions contractually modified due to the borrower’s financial difficulties (whether these financial difficulties have already occurred or will definitely occur unless the debt is restructured). Societe Generale aligns its definition of restructured loans with the EBA one.

Restructured debt does not include commercial renegotiations involving customers for whom the Bank has agreed to renegotiate the debt in order to maintain or develop a business relationship, in accordance with credit approval rules and without any financial difficulties.

Any situation leading to a credit restructuring and involving a loss of value greater than 1% of the original debt or in which the customer’s ability to repay the debt according to the new schedule appears

compromised must result in the classification of the customer concerned in default. Basel and the classification of outstandings as impaired, in accordance with the EBA directives on the application of the definition of default according to Article 178 of European Regulation No. 575/2013. In this case, customers are kept in default as long as the Bank is uncertain about their ability to honor their future commitments and at least for one year from the date of the restructuring. In other cases, an analysis of the customer’s situation makes it possible to estimate his ability to repay according to the new schedule. If this ability is proved, the client can be remained in performing loans. Otherwise, the customer is also transferred to Basel default.

The total balance sheet amount of restructured debt at 31 December 2023 mainly corresponds to loans and receivables at amortised cost for an amount of EUR 5.8 billion. ▲

**TABLE 25: RESTRUCTURED DEBT**

| (In EURm)  | 31.12.2023   | 31.12.2022   |
|--|--------------|--------------|
| Non-performing restructured debt                       | 3,368        | 2,645        |
| Performing restructured debt                           | 3,218        | 4,779        |
| <b>GROSS AMOUNT OF RESTRUCTURED DEBT<sup>(1)</sup></b> | <b>6,586</b> | <b>7,425</b> |

(1) Composed of EUR 5.8 billion carried on the balance sheet and EUR 0.7 billion as off-balance sheet at 31 December 2023.

## 4.6 COUNTERPARTY CREDIT RISK

**Audited I** Counterparty credit risk (CCR) is driven by market transactions (derivatives transactions and repos). Counterparty credit risk is therefore a multidimensional risk, combining credit and market risks, in the sense that the future value of the exposure to a counterparty and its credit quality are uncertain and variable in time (credit component), whilst also being impacted by changes in market parameters (market component). Counterparty credit risk can be broken down into the following categories:

- default risk: it corresponds to the replacement risk to which the Societe Generale Group is exposed in the event of a counterparty's failure to comply with its payment obligations. In this case, following the counterparty's default SG must replace this transaction with a new transaction. Potentially, this must be done under stressed market conditions, with reduced liquidity and sometimes even facing a Wrong Way Risk (WWR);
- Credit Valuation Adjustment (CVA) risk: it corresponds to the variability of the value adjustment due to counterparty credit risk, which is the market value of the Counterparty Credit Risk (CCR) for derivatives and repos, that is an adjustment to the transaction price factoring in the credit quality of the counterparty. It is measured as the difference between the price of a contract with a risk-free counterparty and the price of the same contract factoring in the counterparty's default risk;
- risk on CCPs (Central Clearing Counterparty): it is related to the default of another clearing member of the central clearing house, which could result in losses for the Group on its contribution to the default fund.

Transactions involving counterparty credit risk include delivered pensions, securities lending and borrowing, and derivative contracts, whether they are dealt with principal activity or on behalf of third parties (agency activities or client clearing) in the context of market activities. ▲

### 4.6.1 DETERMINING LIMITS AND MONITORING FRAMEWORK

#### 4.6.1.1 Main principles

**Audited I** Counterparty credit risk is framed through a set of limits that reflect the Group's appetite for risk.

Counterparty credit risk management mainly relies on dedicated first and second lines of defence as described below:

- the first lines of defence (LoD1) notably include the business lines that are subject to counterparty credit risk, the Primary Client Responsibility Unit that is in charge of handling the overall relationship with the client and the group to which it belongs, dedicated teams within Global Banking & Advisory and Global Markets Business Units responsible for monitoring and managing the risks within their respective scope of activities;
- the Risk Department acts as a second line of defence (LoD2) through the setup of a counterparty credit risk control system, which is based on standardised risk measures, to ensure the permanent and independent monitoring of counterparty credit risks.

The fundamental principles of limit granting policy are:

- dedicated LoD1 and LoD2 must be independent of each other;
- the Risk Department has a division dedicated to counterparty credit risk management in order to monitor and analyse the overall risks of counterparties whilst taking into account the specificities of counterparties;
- a system of delegated authorities, mainly based on the internal rating of counterparties, confers decision-making powers to LoD1 and LoD2;
- the limits and internal ratings defined for each counterparty are proposed by LoD1 and validated by the dedicated LoD2<sup>(1)</sup>. The limits

may be set individually, at the counterparty level, or globally through framing a (sub) set of counterparties (for example: supervision of stress test exposures).

These limits are subject to annual or *ad hoc* reviews depending on the needs and changes in market conditions.

A dedicated team within the Risk Department is in charge of production, reporting and controls on risk metrics, namely:

- ensuring the completeness and reliability of the risk calculation by taking into account all the transactions booked by the transaction processing department;
- producing daily certification and risk indicator analysis reports;
- controlling compliance with defined limits, at the frequency of metrics calculation, most often on a daily basis: breaches of limits are reported to Front Office and dedicated LoD2 for remediation actions.

In addition, a specific monitoring and approval process is implemented for the most sensitive counterparties or the most complex categories of financial instruments.

#### 4.6.1.2 Comitology

While not a substitute for CORISQ or for the Risk Committee of the Board of Directors (see the section on Risk management governance), the Counterparty Credit Risk Committee (CCRC) closely monitors counterparty credit risk through:

- a global overview on exposure and counterparty credit risk metrics such as the global stress tests, the Potential Future Exposure PFE, etc., as well as focuses on specific activities such as collateralised financing, or agency business;

(1) For Hedge Funds and PTG (Proprietary Trading Group) counterparties, the rating proposal is delegated to LoD2.

- dedicated analysis on one or more risks or customer categories or frameworks or in case of identification of emerging risk areas.

This Committee, chaired by the Risk Department on a monthly basis, brings together representatives from the Global Banking and Investment Solutions (GBIS), from the Market Activities and the Global Banking and Advisory Business Units, but also departments that, within the risk management function, are in charge of monitoring counterparty credit risks on market transactions and credit risk. The CCRC also provides an opinion on the changes to the risk frameworks within its authority. The CCRC also identifies key CCR topics that need to be escalated to the management.

#### 4.6.1.3 Replacement risk

The Group frames the replacement risks by limits that are defined by credit analysts and validated by LoD2 based on the Group's risk appetite.

The limits are defined at the level of each counterparty and then aggregated at the level of each client group, each category of counterparties and finally consolidated at the entire Societe Generale Group portfolio level.

The limits used for managing counterparty credit risk are:

- defined at the counterparty level;
- consolidated across all products types authorised with the counterparty;
- established by maturity buckets to control future exposure using the Potential Future Exposure (PFE) measure also known as CVaR within Societe Generale;
- calibrated according to the credit quality and the nature of the counterparty, the nature/maturity of the financial instruments contemplated (FX transactions, repos transactions, security lending transactions, derivatives, etc.), and the economic understanding, the contractual legal framework agreed and any other risk mitigants.

The Group also considers other measures to monitor replacement risk:

- a multifactor stress test on all counterparties, which allows to holistically quantify the potential loss on market activities following market movements which could trigger a wave of defaults on these counterparties;
- a set of single-factor stress tests to monitor the general wrong-way risk (see section 4.6.3.3 on Wrong Way Risk).

#### 4.6.1.4 CVA (Credit Valuation Adjustment) risk

In addition to the replacement risk, the CVA (Credit Valuation Adjustment) measures the adjustment of the value of the Group's derivatives and repos portfolio in order to take into account the credit quality of the counterparties facing the Group (see section 4.6.3.2 "Credit Valuation Adjustment").

Positions taken to hedge the volatility of the CVA (credit, interest rate or equity instruments) are monitored through:

- sensitivity limits;
- stress test limits: scenarios representative of the market risks impacting the CVA (credit spreads, interest rates, exchange rates and equity) are applied to carry out the stress test on CVA.

The different indicators and the stress tests are monitored on the net amount (the sum of the CVA exposure and of their hedges).

#### 4.6.1.5 Risk on central counterparties

Clearing of transactions is a common market practice for Societe Generale, notably in compliance with the EMIR (European Market Infrastructure Regulation) regulations in Europe and the DFA (Dodd-Frank Act) in the United States, which require that the most standardised over-the-counter transactions be compensated *via* clearing houses approved by the authorities and subject to prudential regulation.

As a member of the clearing houses with which it operates, the Group contributes to their risk management framework through deposits into the default funds, in addition to margin calls.

The counterparty credit risk stemming from the clearing of derivatives and repos with central counterparties (CCP) is subject to a specific framework on:

- initial margins, both for house and client activities (client clearing);
- the Group's contributions to the CCP default funds (guarantee deposits);
- a stress test defined to capture the impact of a scenario where a major CCP member should default. ▲

See table "EAD and RWA on central counterparties" of section 4.6.3.4 "Quantitative Information" for more information.

## 4.6.2 MITIGATION OF COUNTERPARTY CREDIT RISK ON MARKET TRANSACTIONS

**Audited I** The Group uses various techniques to reduce this risk:

- the signing, in the most extensive way possible, of close-out netting agreements for over-the-counter (OTC) transactions and Securities Financing Transactions (SFT);
- the collateralisation of market operations, either through clearing houses for eligible products (listed products and certain of the more standardised OTC products), or through a bilateral margin call exchange mechanism which covers both current exposure (variation margins) but also future exposure (initial margins).

#### 4.6.2.1 Close-out netting agreements

Societe Generale's standard policy is to conclude master agreements including provisions for close-out netting.

These provisions allow on the one hand the immediate termination (close out) of all transactions governed by these agreements when one of the parties' defaults, and on the other hand the settlement of a net amount corresponding to the total value of the portfolio, after netting of mutual debts and claims. This balance may be the subject of a guarantee or collateralisation. It results in a single net claim owed by or to the counterparty.

In order to reduce the legal risk associated with documentation and to comply with key international standards, the Group documents these agreements under the main international standards as published by national or international professional associations such as International Swaps and Derivatives Association (ISDA), International Capital Market Association (ICMA), International Securities Lending Association (ISLA), French Banking Federation (FBF), etc.

These contracts establish a set of contractual terms generally recognised as standard and give way to the modification or addition of more specific provisions between the parties in the final contract, for example regarding the triggering events. This standardisation reduces implementation times and secures operations. The clauses negotiated by clients outside the bank's standards are approved by the decision-making bodies in charge of the master agreements standards – Normative Committee and/or Arbitration Committee – made up of representatives of the Risk Division, the Business Units, the Legal Division and other decision-making departments of the Bank. In accordance with regulatory requirements, the clauses authorising global close-out netting and collateralisation are analysed by the Bank's legal departments to ensure that they are enforceable under the legal provisions applicable to clients.

#### 4.6.2.2 Collateralisation

Most of over-the-counter transactions are collateralised. There are two types of collateral exchanges:

- initial margin (IM) or Independent Amount (IA<sup>(1)</sup>): an initial amount of collateral aiming at covering Potential Future Exposure (PFE), *i.e.* the unfavourable change in the Mark-to-Market of positions in the time period between the last collection of margins and the liquidation of positions following the counterparty default;
- variation margin (VM): collateral collected to cover current exposure arising from Mark-to-Market changes, used as an approximation of the actual loss resulting from the default of one of the counterparties.

All aspects of the margining regime are defined in collateral arrangements, such as credit support annexes (CSA<sup>(2)</sup>). The main features defined are:

- the scope covered (*i.e.* the nature of transactions allowed);
- the eligible collateral and the applicable haircut: main types of collateral exchanged are cash or high-quality and liquid assets according to the Group's policy, and are subject to a haircut, which is the valuation percentage applicable to each type of collateral, based on liquidity and price volatility of the underlying during both normal and stressed market conditions;

- the timing and frequency of the calculation of the margin call and exchanges, usually daily;
- the margin call thresholds if not under regulatory obligation;
- the Minimum Transfer Amount (MTA).

In addition, specific parameters or optional features can be defined depending on the type of counterparty/transaction, such as an additional guarantee amount (flat-rate increase of the exposure allowing the party making a margin call to be "over-collateralised"), or rating-dependent clauses, typically mutual in nature, where additional collateral is requested in case of a party's rating downgrade.

The Group monitors given and received collateral exchanges. In case of discrepancies between the parties with respect to margin call amounts, dedicated teams from the operations and the Risk Departments are in charge of analysing the impacted transactions to ensure they are correctly valued and of addressing the issue.

#### BILATERAL COLLATERAL EXCHANGE

The initial margin, historically very rare except with hedge funds, was generalised by EMIR and DFA regulations which introduced the mandatory use of master agreements and related CSA, prior to or when entering into an uncleared OTC derivatives transactions. It is now mandatory for the Group to exchange IM and VM for non-cleared OTC derivatives transactions with a large number of its counterparties (its financial counterparties and some non-financial counterparties above certain thresholds defined by the regulation, with compliance dates depending on the volume of transactions).

The Regulatory Technical Standards (RTS) on Initial Margin Model Validation (IMMV) under EMIR allows counterparties subject to mandatory bilateral collateral exchange requirements to waive these rules in certain circumstances. The Group has incorporated a waiver application process for intra-group entities into its risk management policies. The eligibility criteria for this waiver are framed and monitored as required by the Delegated Regulation.

#### CLEARING HOUSES

EMIR and DFA regulations have also required that the most standard over-the-counter derivatives transactions be compensated through clearing houses. The Group thus compensates its own operations (principal activity), but also client clearing activities (agency-type activity). Compensated derivatives are subject to systematic margin calls to mitigate counterparty credit risk, daily variation margins and initial margins, in order to cover current exposure and future exposure. ▲

#### OTHER MEASURES

In addition to margin requirements for some counterparties or mandatory clearing for the most standardised derivatives transactions, DFA and EMIR provide for an extensive framework for the regulation and transparency of OTC derivatives markets, such as reporting of OTC derivatives, timely confirmation or trade acknowledgement.

(1) IA (Independent Amount) is the same concept as initial margin, but applies to different perimeters (OTC swaps not cleared for IA).

(2) The Credit Support Annex (CSA) is a legal document under ISDA contract that regulates the management of collateral between two counterparties.



## 4.6.3 COUNTERPARTY CREDIT RISK MEASURES

### 4.6.3.1 Replacement risk

**Audited I** The measure of replacement risk is based on an internal model that determines the Group's exposure profiles. As the value of the exposure to a counterparty is uncertain and variable over time, we estimate the potential future replacement costs over the lifetime of the transactions. ▲

#### PRINCIPLES OF THE MODEL

The future fair value of market transactions with each counterparty is estimated from Monte Carlo models based on a historical analysis of market risk factors.

The principle of the model is to represent the possible future financial markets conditions by simulating the evolutions of the main risk factors to which the institution's portfolio is sensitive. For these simulations, the model uses different diffusion models to account for the characteristics inherent in the risk factors considered and uses a 10-year history for calibration.

The transactions with the various counterparties are then revalued according to these different scenarios at the different future dates until the maturity of the transactions, taking into account the terms and conditions defined in the contractual legal framework agreed and the credit mitigants, notably in terms of netting and collateralisation only to the extent we believe that the credit mitigants provisions are legally valid and enforceable.

The distribution of the counterparty exposures thus obtained allows the calculation of regulatory capital for counterparty credit risk and the economic monitoring of positions.

The Risk Department responsible for Model Risk Management at Group level, assesses the theoretical robustness (review of the design and development quality), the compliance of the implementation, the suitability of the use of the model and continuous monitoring of the relevance of the model over time. This independent review process ends with (i) a report that describes the scope of the review, the tests carried out, the results of the review, the conclusions or recommendations and (ii) review and approval Committees. This model review process gives rise to (i) recurring reports to the Risk Management Department within the framework of various Committees and processes (Group Model Risk Management Committee, Risk Appetite Statement/Risk Appetite Framework, monitoring of recommendations, etc.) and (ii) a yearly report to the Board of Directors (CORISQ).

#### REGULATORY INDICATOR

**Audited I** With respect to the calculation of capital requirements for counterparty credit risk, the ECB, following the Targeted Review of Internal Models, has renewed the approval for using the internal model described above to determine the Effective Expected Positive Exposure (EEPE) indicator.

For products not covered by the internal model as well as for entities in the Societe Generale Group that have not been authorised by the supervisor to use the internal model, the Group uses the market-price valuation method for derivatives<sup>(1)</sup> and the general financial security-based method for securities financing transactions (SFT<sup>(2)</sup>).

The effects of compensation agreements and collateralisation are taken into account either by their simulation in the internal model when such credit risk mitigant or guarantees meet regulatory criteria, or by applying the rules as defined in the market-price valuation method or the financial security-based method, by subtracting the value of the collateral.

These exposures are then weighted by rates resulting from the credit quality of the counterparty to compute the Risk Weighted Assets (RWA). These rates can be determined by the standard approach or the advanced approach (IRBA).

As a general rule, when EAD is modelled in EEPE and weighted according to IRB approach, there is no adjustment of the LGD according to the collateral received as it is already taken into account in the EEPE calculation. ▲

The RWA breakdown for each approach is available in the "Analysis of Counterparty Credit Risk Exposure by Approach" table in Section 4.6.3.4 "Quantitative Information".

#### ECONOMIC INDICATOR

For the economic monitoring of positions, Societe Generale relies mainly on a maximum exposure indicator determined from the Monte Carlo simulation, called internally Credit Value-at-Risk (CVaR) or PFE (Potential Future Exposure). This is the maximum amount of loss that could occur after eliminating 1% of the most adverse occurrences. This indicator is calculated at different future dates, which are then aggregated into segments, each of them being framed by limits.

In order to monitor the CCR in an aggregated way at the level of its customer portfolio, the Group relies mainly on two metrics:

- Global Adverse Stressed Loss (GASEL), a CCR measure designed to holistically monitor the risks induced by market activities. This stress test assumes sudden market movements (identical to those applied on MARK trading desks) triggering a general increase in the probability of default among all counterparties. The market scenarios used by GASEL are the same as those used to manage market risks.
- the stress test on collateralised financing activities (STT FinCollat) that measures the aggregate stressed loss across all counterparties for an activity with significant adverse correlation risks (wrong-way risk), as collateral generally has lower liquidity under stressed market conditions.

### 4.6.3.2 Credit Valuation Adjustment

#### MAIN PRINCIPLES

The CVA (Credit Valuation Adjustment) is an adjustment to marked-to-market of the derivatives and repos portfolio to take into account the credit quality of each counterparty facing the Group in the valuation. This adjustment is equivalent to the counterparty credit risk hedging cost usually based on in the Credit Default Swap (CDS) market.

For a specific counterparty, the CVA is determined on the basis of:

- the positive expected exposure to the counterparty, which is the average of the positive hypothetical future exposure values for a transaction, or a group of transactions, weighted by the probability that a default event will occur. It is mainly determined using risk neutral Monte Carlo simulations of risk factors that may affect the valuation of the derivatives transactions. The transactions are revalued through time according to the different scenarios, taking

<sup>(1)</sup> In this method, the EAD (Exposure At Default) relating to the Bank's counterparty credit risk is determined by aggregating the positive market values of all transactions (replacement cost) supplemented by an add-on factor.

<sup>(2)</sup> Securities Financing Transactions.

into account the terms and conditions defined in the contractual legal framework agreed, notably in terms of netting and collateralisation (*i.e.* that transactions with appropriate credit mitigants will generate lower expected exposure compared to transactions without credit mitigants);

- the probability of default of the counterparty, which is linked to the level of CDS spreads;
- the amount of losses in the event of default (LGD – Loss Given Default taking into account the recovery rate).

The Group calculates this adjustment for all counterparties which are not subject to a daily margin call or for which collateral only partially covers the exposure.

### CAPITAL REQUIREMENT FOR CVA RISK

The financial institutions are subject to the calculation of a capital requirement under the CVA, to cover its variation over ten days. The scope of counterparties is reduced to financial counterparties as defined in EMIR (European Market Infrastructure Regulation) or to certain Corporates that may use derivatives beyond certain thresholds and for purposes other than hedging.

The CVA charge is determined by the Group mainly using the advanced method:

- the positive expected exposure to the counterparty is mainly determined using the internal model described in section 4.6.3.1, which estimates the future exposure profiles to a counterparty, taking into account counterparty credit risk mitigants;
- the VaR and the Stressed VaR on CVA are determined using a similar methodology to the one developed for the calculation of the market VaR (see “Market risk” chapter). This method consists of an “historical” simulation of the change in the CVA due to fluctuations in the credit spreads observed on the counterparties in portfolio, with a confidence interval of 99%. The calculation is made on the credit spreads variation observed, on the one hand, over a one-year rolling period (VaR on CVA), and, on the other hand, over a fixed one-year historical window corresponding to the period of greatest tension in terms of credit spreads (stressed VaR on CVA);
- the capital charge is the sum of two elements: VaR on CVA and Stressed VaR on CVA multiplied by a coefficient set by the regulator, specific to each bank.

The positions not taken into account in the advanced method are subject to a capital charge determined through the standard method by applying a normative weighting factor to the product of the EAD (Exposure At Default) by a maturity calculated according to the rules defined by the CRR (Capital Requirement Regulation); see the “Transactions subject to own funds requirements for CVA risk” table in Section 4.6.3.4 “Quantitative Information” for the breakdown of CVA-related RWA between advanced and standard methods.

### CVA RISK MANAGEMENT

The management of this exposure and of this regulatory capital charge led the Bank to purchase hedging instruments such as Credit Default Swap (CDS) from large credit institutions on certain identified counterparties or on indices composed of identifiable counterparties. In addition to reducing credit risk, it decreases the variability of the CVA and the associated capital amounts resulting from fluctuations in counterparty credit spreads.

The CVA desk (or the Societe Generale Group) also handles instruments for hedging interest rate or foreign exchange risks, which helps to limit the variability of the CVA's share from positive exposure.

#### 4.6.3.3 Unfavorable correlation risk (wrong-way risk)

Wrong-way risk is the risk of the Group's exposure to a counterparty increasing significantly, combined with a simultaneous increase in the probability of the counterparty defaulting.

There are two different cases:

- general wrong-way risk arises when the likelihood of default by counterparties is positively correlated with general market risk factors;
- specific wrong-way risk arises when future exposure to a specific counterparty is positively correlated with the counterparty's probability of default due to the nature of the transaction with the counterparty.

Specific wrong-way risk, in the case of a legal link between the counterparty and the underlying of a transaction concluded with the counterparty, is subject to dedicated regulatory capital requirements, calculated on the perimeter of transactions carrying such risk. Furthermore, for counterparties subject to such a specific risk, the Potential Future Exposure (PFE) is also increased, so that the transactions allowed by the limits in place will be more constrained than in the absence of specific risk.

The general wrong-way risk is controlled *via* a set of stress tests applied to transactions made with a given counterparty, based on scenarios common with the market stress tests. This set-up is based on:

- a quarterly analysis of stress tests on all counterparties (financial institutions, corporates, sovereigns, hedge funds and proprietary trading groups) for principal and agency (client clearing) businesses, allowing to understand the most adverse scenarios related to a joint deterioration in the quality of counterparties and the associated positions;
- a weekly monitoring of dedicated single-factor stress tests for hedge fund counterparties and Proprietary Trading Groups, subject to limits at the counterparty level.



## 4.6.3.4 Quantitative Information

**TABLE 26: COUNTERPARTY CREDIT RISK EXPOSURE, EAD AND RWA BY EXPOSURE CLASS AND APPROACH**

Counterparty credit risk is broken down as follows:

| (In EURm)    | 31.12.2023    |               |               |               |               |              |                |                |               |
|--------------|---------------|---------------|---------------|---------------|---------------|--------------|----------------|----------------|---------------|
|              | IRB           |               |               | Standard      |               |              | Total          |                |               |
|              | Exposure      | EAD           | RWA           | Exposure      | EAD           | RWA          | Exposure       | EAD            | RWA           |
| Sovereign    | 19,885        | 19,885        | 137           | 21            | 21            | 22           | 19,906         | 19,906         | 159           |
| Institutions | 21,571        | 21,591        | 3,930         | 33,556        | 33,562        | 850          | 55,128         | 55,152         | 4,780         |
| Corporates   | 47,762        | 47,743        | 9,837         | 2,890         | 2,885         | 2,849        | 50,652         | 50,627         | 12,686        |
| Retail       | 47            | 47            | 6             | 9             | 9             | 6            | 56             | 56             | 12            |
| Other        | 13            | 13            | 7             | 3,581         | 3,580         | 1,165        | 3,594          | 3,594          | 1,172         |
| <b>TOTAL</b> | <b>89,279</b> | <b>89,279</b> | <b>13,916</b> | <b>40,058</b> | <b>40,057</b> | <b>4,893</b> | <b>129,337</b> | <b>129,336</b> | <b>18,809</b> |

| (In EURm)    | 31.12.2022     |                |               |               |               |              |                |                |               |
|--------------|----------------|----------------|---------------|---------------|---------------|--------------|----------------|----------------|---------------|
|              | IRB            |                |               | Standard      |               |              | Total          |                |               |
|              | Exposure       | EAD            | RWA           | Exposure      | EAD           | RWA          | Exposure       | EAD            | RWA           |
| Sovereign    | 26,228         | 26,226         | 235           | 2,551         | 2,551         | 33           | 28,779         | 28,777         | 267           |
| Institutions | 18,979         | 18,994         | 3,574         | 31,948        | 32,019        | 613          | 50,927         | 51,013         | 4,187         |
| Corporates   | 55,555         | 55,543         | 13,027        | 2,972         | 2,901         | 2,808        | 58,527         | 58,444         | 15,835        |
| Retail       | 68             | 68             | 7             | 21            | 21            | 14           | 89             | 89             | 21            |
| Other        | -              | -              | -             | 3,514         | 3,514         | 688          | 3,514          | 3,514          | 688           |
| <b>TOTAL</b> | <b>100,830</b> | <b>100,830</b> | <b>16,842</b> | <b>41,006</b> | <b>41,006</b> | <b>4,155</b> | <b>141,836</b> | <b>141,836</b> | <b>20,998</b> |

The tables above feature amounts excluding the CVA (Credit Valuation Adjustment) which represents EUR 3 billion of risk-weighted assets (RWA) at 31 December 2023 (vs. EUR 2.8 billion at 31 December 2022).

**TABLE 27: ANALYSIS OF COUNTERPARTY CREDIT RISK EXPOSURE BY APPROACH**

|   | 31.12.2023            |                                 |        |  |                        |                         |                |               |
|---|-----------------------|---------------------------------|--------|--|------------------------|-------------------------|----------------|---------------|
| (In EURm)   | Replacement cost (RC) | Potential future exposure (PFE) | EEPE   | Alpha used for computing regulatory exposure value | Exposure value pre-CRM | Exposure value post-CRM | Exposure value | RWA           |
| Original Exposure Method (for derivatives)                                | -                     | -                               |        | 1  | -                      | -                       | -              | -             |
| Simplified SA-CCR (for derivatives)                                       | -                     | -                               |        | 1  | -                      | -                       | -              | -             |
| SA-CCR (for derivatives)  | 1,454                 | 9,656                           |        | 1  | 43,003                 | 15,554                  | 15,609         | 5,374         |
| IMM (for derivatives and SFTs)  |                       |                                 | 33,477 | 2  | 637,412                | 58,584                  | 58,676         | 11,070        |
| <i>of which securities financing transactions netting sets</i>            |                       |                                 | 14,995 |  | 568,062                | 26,242                  | 26,289         | 2,247         |
| <i>of which derivatives and long settlement transactions netting sets</i> |                       |                                 | 18,014 |  | 69,335                 | 31,524                  | 31,569         | 8,821         |
| <i>of which from contractual cross-product netting sets</i>               |                       |                                 | 467    |  | 15                     | 818                     | 818            | 3             |
| Financial collateral simple method (for SFTs)                             |                       |                                 |        |  | 0                      | 0                       | 0              | 0             |
| Financial collateral comprehensive method (for SFTs)                      |                       |                                 |        |  | 34,426                 | 20,292                  | 20,292         | 911           |
| VaR for SFTs  |                       |                                 |        |  | 0                      | 0                       | 0              | 0             |
| <b>TOTAL</b>  |                       |                                 |        |  | <b>714,840</b>         | <b>94,430</b>           | <b>94,577</b>  | <b>17,354</b> |

|   | 31.12.2022            |                                 |        |  |                        |                         |                |               |
|---|-----------------------|---------------------------------|--------|--|------------------------|-------------------------|----------------|---------------|
| (In EURm)   | Replacement cost (RC) | Potential future exposure (PFE) | EEPE   | Alpha used for computing regulatory exposure value | Exposure value pre-CRM | Exposure value post-CRM | Exposure value | RWA           |
| Original Exposure Method (for derivatives)                                | -                     | -                               |        | 1  | -                      | -                       | -              | -             |
| Simplified SA-CCR (for derivatives)                                       | -                     | -                               |        | 1  | -                      | -                       | -              | -             |
| SA-CCR (for derivatives)  | 1,938                 | 35,665                          |        | 1  | 92,752                 | 52,644                  | 52,645         | 6,649         |
| IMM (for derivatives and SFTs)  |                       |                                 | 38,283 | 2  | 444,207                | 63,311                  | 63,348         | 12,381        |
| <i>of which securities financing transactions netting sets</i>            |                       |                                 | 18,727 |  | 370,235                | 29,089                  | 29,089         | 2,137         |
| <i>of which derivatives and long settlement transactions netting sets</i> |                       |                                 | 19,493 |  | 72,565                 | 34,113                  | 34,151         | 10,239        |
| <i>of which from contractual cross-product netting sets</i>               |                       |                                 | 62     |  | 1,407                  | 109                     | 109            | 5             |
| Financial collateral simple method (for SFTs)                             |                       |                                 |        |  | -                      | -                       | -              | -             |
| Financial collateral comprehensive method (for SFTs)                      |                       |                                 |        |  | 23,324                 | 11,291                  | 11,291         | 1,050         |
| VaR for SFTs  |                       |                                 |        |  | -                      | -                       | -              | -             |
| <b>TOTAL</b>  |                       |                                 |        |  | <b>560,282</b>         | <b>127,246</b>          | <b>127,284</b> | <b>20,080</b> |

**TABLE 28: EXPOSURES TO CENTRAL COUNTERPARTIES**

| (In EURm)  | 31.12.2023     |       | 31.12.2022     |     |
|--|----------------|-------|----------------|-----|
|  | Exposure value | RWA   | Exposure value | RWA |
| <b>Exposures to QCCPs (total)</b>  | -              | 1,380 |                | 918 |
| Exposures for trades at QCCPs (excluding initial margin and default fund contributions), of which:     | 9,125          | 183   | 7,443          | 149 |
| (i) OTC derivatives  | 1,800          | 36    | 2,190          | 44  |
| (ii) Exchange-traded derivatives   | 5,163          | 103   | 4,025          | 81  |
| (iii) SFTs   | 1,960          | 39    | 1,022          | 20  |
| (iv) Netting sets where cross-product netting has been approved  | 202            | 4     | 206            | 4   |
| Segregated initial margin  | 18,989         |       | 18,063         |     |
| Non-segregated initial margin  | 2,720          | 54    | 4,002          | 80  |
| Pre-funded default fund contributions  | 3,410          | 1,143 | 3,199          | 688 |
| Unfunded default fund contributions  | -              | -     | -              | -   |
| <b>Exposures to non-QCCPs</b>  | -              | 193   |                | -   |
| Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions), of which: | 18             | 18    | -              | -   |
| (i) OTC derivatives  | 3              | 3     | -              | -   |
| (ii) Exchange-traded derivatives   | 15             | 15    | -              | -   |
| (iii) SFTs   | 1              | 1     | -              | -   |
| (iv) Netting sets where cross-product netting has been approved  | -              | -     | -              | -   |
| Segregated initial margin  | 286            | -     | -              |     |
| Non-segregated initial margin  | 28             | 28    | -              | -   |
| Pre-funded default fund contributions  | 2              | 22    | -              | -   |
| Unfunded default fund contributions  | 10             | 125   | -              | -   |

**TABLE 29: TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK**

| (In EURm)  | 31.12.2023     |              | 31.12.2022     |              |
|--|----------------|--------------|----------------|--------------|
|  | Exposure value | RWA          | Exposure value | RWA          |
| Total transactions subject to the Advanced Method                                    | 32,137         | 2,233        | 36,947         | 2,222        |
| (i) VaR component (including the 3 × multiplier)                                     | -              | 291          |                | 329          |
| (ii) Stressed VaR component (including the 3 × multiplier)                           | -              | 1,942        |                | 1,893        |
| Transactions subject to the Standardised Method                                      | 8,626          | 780          | 8,665          | 582          |
| Transactions subject to the Alternative approach (based on Original Exposure Method) | -              | -            | -              | -            |
| <b>Total transactions subject to own funds requirements for CVA risk</b>             | <b>40,762</b>  | <b>3,013</b> | <b>45,612</b>  | <b>2,805</b> |

## 4.7 MARKET RISK

**Audited I** Market risk is the risk of loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters, and the correlations between them. These parameters include, but are not limited to, exchange rates, interest rates, the price of securities (equities or bonds), commodities, derivatives and other assets. ▲

### 4.7.1 ORGANISATION OF MARKET RISK MANAGEMENT

#### Main functions

**Audited I** Although primary responsibility for managing risk exposure relies on the Front Office managers, the supervision system comes under the Market Risk Department of the Risk Department, which is independent from the businesses.

The main missions of this department are:

- the definition and proposal of the Group's market risk appetite;
- the proposal of appropriate market risk limits by Group activity to the Group Risk Committee (CORISQ);
- the assessment of the limit requests submitted by the different businesses within the framework of the overall limits authorised by the Board of Directors and General Management, and based on the use of these limits;
- the permanent verification of the existence of an effective market risk monitoring framework based on suitable limits;
- coordination of the review by the Risk Department of the strategic initiatives of the Market Risk Department;
- the definition of the indicators used to monitor market risk;
- the daily calculation and certification of the market risk indicators, of the P&L resulting from market activities, based on formal and secure procedures, and then of the reporting and the analysis of these indicators;
- the daily monitoring of the limits set for each activity;
- the risk assessment of new products or market activities.

In order to perform its tasks, the department also defines the architecture and the functionalities of the information system used to produce the risk and P&L indicators for market transactions, and ensures it meets the needs of the different businesses and of the Market Risk Department. ▲

This department contributes to the detection of possible rogue trading operations through a monitoring mechanism based on alert levels (on gross nominal value of positions for example) applied to all instruments and desks.

#### Governance

Market risks oversight is provided by various Committees at different levels of the Group:

- the Risk Committee of the Board of Directors<sup>(1)</sup> is informed of the Group's major market risks; in addition, it issues a recommendation on the most substantial proposed changes in terms of market risk measurement and framework (after prior approval by the CORISQ); this recommendation is then referred to the Board of Directors for a decision;
- the Group Risk Committee<sup>(2)</sup> (CORISQ), chaired by the Chief Executive Officer of the Group (DGLE), is regularly informed of Group-level market risks. Moreover, upon a proposal from the Risk Department, it validates the main choices with regard to market risk measurement, as well as the key developments on the architecture and implementation of the market risk framework at Group level. The global market risk limits with a Board or DGLE delegation level are reviewed in CORISQ at least once a year;
- the market risks are reviewed during the Market Risk Committee<sup>(3)</sup> (MRC) led by the Market Risk Department, chaired by the Risk Department and attended by the Head of the Global Banking and Investor Solutions Division and the Head of the Global Markets Division. This Committee provides information on risk levels for the main risk indicators as well as for some specific activities pointed out depending on market or business driven events. It also provides an opinion on the market risk framework changes falling under the remit of the Risk Department. In this context, a systematic review of all the limits with a Head of the Risk Division level is organized at least once a year.

During these Committees, several metrics for monitoring market risks are reported:

- stress test measurements: Global Stress Test on market activities and Market Stress Test;
- regulatory metrics: Value-at-Risk (VAR) and Stressed Value-at-Risk (SVAR).

In addition to these Committees, detailed and summary market risk reports, produced on a daily, weekly, monthly or quarterly basis, either related to various Group levels or geographic areas, are sent to the relevant business line and risk function managers.

In terms of governance, within the Market Risk Department, the main functional and transversal subjects are dealt with during Committees organised according the nature of activity in question.

(1) The Risk Committee met eight times in 2023, covering topics related to market activities.

(2) 2 CORISQ meetings dedicated to market activities took place in 2023.

(3) The Market Risk Committee met 10 times in 2023.

## 4.7.2 MARKET RISK MONITORING PROCESS

### Market risk appetite

**Audited I** The business development strategy of the Group for market activities is primarily focused on meeting clients' needs, with a comprehensive range of products and solutions. The risk resulting from these market activities is strictly managed through a set of limits for several indicators:

- the Value-at-Risk (VaR) and stressed Value-at-Risk (sVaR): these global indicators are used for market risk calculations for RWA and for the day-to-day monitoring of the market risks incurred by the Group within the scope of its trading activities;
- stress test measurements, based on decennial shock-type indicators, which make it possible to restrict the Group's exposure to systemic risk and exceptional market shocks. These measurements can be global, multi-risk factor (based on historical or hypothetical scenarios), by activity or risk factor in order to take into account extreme risks on a specific market, or event-driven, to temporarily monitor a particular situation;
- sensitivity and nominal indicators used to manage the size of positions:
  - sensitivities are used to monitor the risk incurred locally on a given type of position (e.g. sensitivity of an option to changes in the underlying asset),
  - while nominal indicators are used for significant positions in terms of risk;
- additional indicators such as concentration risk or holding period, maximum maturity, etc. ▲

The Market Risk Department is responsible for the assessment and validation of the limit requests submitted by the different business lines. These limits ensure that the Group complies with the market risk appetite approved by the Board of Directors.

### Determining and monitoring limits

The choice and calibration of these limits ensure the operational transposition of the Group's market risk appetite through its organisation:

- these limits are allocated at various levels of the Group's structure and/or by risk factor;
- their calibration is determined using a detailed analysis of the risks related to the portfolio managed. This analysis may include various elements such as market conditions, specifically liquidity, position maneuverability, risk/rewards analysis, ESG criteria, etc.;
- regular reviews make it possible to manage risks according to the prevailing market conditions;
- specific limits, or even bans, may be put in place to manage risks for which the Group has little or no risk appetite.

The desk mandates and Group policies stipulate that the traders must have a sound and prudent management of positions and must respect the defined frameworks. The allowed transactions, as well as risk hedging strategies, are also described in the desk mandates. The limits set for each activity are monitored daily by the Market Risk Department. This continuous monitoring of the market risk profile is the object of regular discussions between the risk and business teams, further to which various risk hedging or mitigation initiatives may be taken by the Front Office in order to remain within the defined limits. In the event of a breach of the risk framework, and in compliance with the limits follow-up procedure, the Front Office must detail the reasons, and take the necessary measures to return within the defined framework, or otherwise request a temporary or permanent increase of limit if the client's request and if market conditions justify such a course of action.

The management and good understanding of the market risk to which the Group is exposed are thus ensured on the one hand (i) through the governance in place between the different sub-departments within the Risk Department and the business lines, but also on the other hand (ii) through the daily monitoring of consumption of the various limits in place, to which products/solutions distributed to customers contribute as well as various market-making activities.

## 4.7.3 MAIN MARKET RISK MEASURES

### Stress test assessment

**Audited I** Societe Generale monitors its exposure using stress test simulations to take into account exceptional market disruptions.

A stress test estimates the loss resulting from an extreme change in market parameters over a period corresponding to the time required to unwind or hedge the positions affected.

Two major metrics are defined and used:

- the Global Stress Test on market activities, which estimates the losses linked to market risks, market/counterparty cross-risk, and dislocation and carry risk on exotic activities, that could arise simultaneously in the event of a severe but plausible systemic crisis. This stress test is modeled on five scenarios;

- the Market Stress Test, which focuses solely on market risks, applying the same scenarios as the Global Stress Test and additional scenarios corresponding to different market conditions.

The various scenarios for those stress tests are reviewed by the Risk Division on a regular basis. These reviews are presented during dedicated biannual Committees, chaired by the Market Risk Department and attended by economists and representatives of Societe Generale's trading activities. These Committees cover the following topics: changes in scenarios (introduction, removal, shock review), appropriate coverage of the risk factors by the scenarios, review of the approximations made in terms of calculation, correct documentation of the whole process. The delegation level needed to validate the changes in stress test methodology depends on the impact of the change in question.

The Global Stress Test on market activities limits and the Market Stress Test limits play a central role in the definition and the calibration of the Group's appetite for market risk: these indicators cover all activities and the main market risk factors and related risks associated with a severe market crisis, this allows both to limit the overall amount of risk and to take into account any diversification effects.

This system is complemented by stress-testing frameworks on four risk factors on individual risk factors, in particular equities and interest rates, on which the Group has significant exposures.

## GLOBAL STRESS TEST ON MARKET ACTIVITIES

The Global Stress Test on market activities is the main risk indicator used on this scope. It covers all the risks on market activities that would occur simultaneously in case of a severe, but plausible, market crisis. The impact is measured over a short period of time with an expected occurrence of once per decade. The Global Stress Test uses five market scenarios and has three components, each of which are considered in each of the five scenarios in order to ensure consistency within the same scenario:

- market risk;
- dislocation and carry risks on exotic activities related to concentration effects and crowded trades;
- market/counterparty cross-risks arising in transactions with weak counterparties (hedge funds and proprietary trading groups).

The Global Stress Test corresponds to the least favorable results arising from the five scenarios and their respective components.

### Market risk component

It corresponds to:

- the results of the Market Stress Test<sup>(1)</sup> restricted to scenarios that could cause dislocation effects on market positions and default by weak counterparties. These scenarios all simulate a sharp fall in the equity markets and a widening in credit spreads which could trigger dislocation effects. Following the last review of the scenarios at the end of 2020, it was decided to use for the calculation of the stress test three theoretical scenarios (generalised (*i.e.* financial crisis scenario), eurozone crisis, general decline in risk assets) and two historical scenarios focusing respectively on the period of early October 2008 and early March 2020.

-This component includes the impact of the stress test scenario on the counterparty credit risk reserves (Credit Value Adjustment) and funding risk reserves (Funding Value Adjustment) whose variation in case of a crisis affects the trading activities.

### Dislocation and carry risk component

Additional market risks to those assessed in the Market Stress Test can occur in market situation in which one or more participants – generally structured products sellers – have concentrated or crowded trades. Dynamic risk hedging strategies can cause larger market dislocations than those calibrated in the Market Stress Test, and these dislocations can extend beyond the shock timeline used due to an imbalance between supply and demand.

Equity, credit, fixed income, currency and commodity trading activities are regularly reviewed to identify these areas of risk and to define a scenario that takes into account the specific features of each activity and position. Each scenario associated with an identified area of risk is added to the market risk component if – and only if – it is compatible with the market scenario in question.

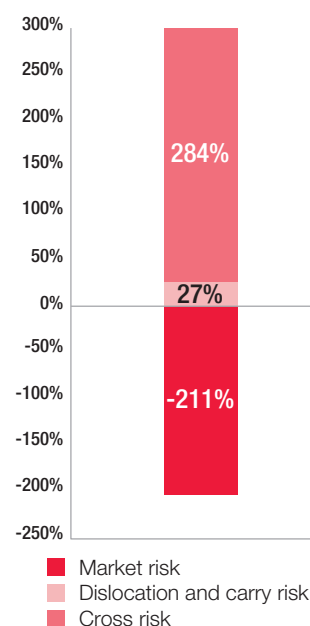
### Market/counterparty cross-risk component on weak counterparties

Some counterparties may be significantly affected by a major crisis on the financial markets and their probability of default may increase. The third component of the Global Stress Test therefore aims to take into account this increased risk on certain types of weak counterparties (hedge funds and proprietary trading groups).

Four measurements are used:

- **the collateralised financing stress test:** this stress test focuses on collateralised financing activities and more specifically on weak counterparties. It applies a dislocation shock to several asset classes with the assumption of extremely tight liquidity conditions. Collateral and counterparty default rates are stressed concomitantly, taking into account any consanguinity with the collateral posted;
- **the adverse stress test on hedge funds and proprietary trading groups (PTG):** this stress test applies three pairs of stress scenarios to all market transactions generating replacement regarding this type of counterparty. Each set of scenarios consists of a short-term scenario (scenario derived from the Market Stress Test) applied to positions with margin calls, and a long-term scenario (whose shocks are generally more severe) for positions without margin calls. Stressed current exposures are weighted by the probability of default of each counterparty and by the loss given default (LGD), then aggregated;
- **the adverse stress test on products whose underlying is a hedge fund:** this type of underlying poses a risk of illiquidity in the event of a crisis. The purpose of this stress test is to estimate the corresponding potential loss on transactions with this type of underlying and presenting a “gap risk”;
- **the Clearing House (CCP) Member stress test:** it estimates the potential loss in the event of a default of a CCP member of which Societe Generale is also a member. ▲

### AVERAGE CONTRIBUTION OF THE COMPONENTS IN 2023 GLOBAL STRESS TEST ON MARKET ACTIVITIES



(1) Measurement of the impact in the Net Banking Product in case of shocks to all risk factors (refer to description below).

## MARKET STRESS TEST

**Audited I** This metric focuses on market risk and estimates the loss resulting from shocks on the set of risk factors. This stress test is based on 12 scenarios<sup>(1)</sup>, three historical and nine hypothetical. The main principles are as follows:

- the scenario considered in the market stress test is the worst of the different scenarios defined;
- the shocks applied are calibrated on time horizons specific to each risk factor (the time horizon can range from five days for the most liquid risk factors to three months for the least liquid);
- risks are calculated every day for each of the Bank's market activities (all products together), using each of the historical and hypothetical scenarios.

### Historical scenarios

This method consists of an analysis of the major economic crises that have affected the financial markets: changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, etc.) during each of these crises have been analysed in order to define scenarios for potential variations in these main risk factors which, when applied to the Bank's trading positions, could generate significant losses. Accordingly, this approach makes it possible to determine the historical scenarios used for the calculation of the stress test. This set of scenarios is also the subject of regular reviews. In 2020, two new historical scenarios related to the Covid-19 crisis were integrated: a crisis scenario (marked by a decline in equity indices and an increase in credit spreads) as well as a rebound scenario (marked by an increase in equity indices and a decrease in credit spreads). In 2023, the historical rebound scenario in financial markets observed in 2020 was replaced by two hypothetical scenarios based on the same market context. Societe Generale is currently using three historical scenarios in the calculation of the stress test, which cover the periods from October to December 2008 and March 2020.

### Hypothetical scenarios

The hypothetical scenarios are defined with the Group's economists and are designed to identify possible sequences of events that could lead to a major crisis in the financial markets (e.g. European crisis, a drop in assets, etc.). The Group's aim is to select extreme but plausible events which would have major repercussions on all international

markets. Accordingly, Societe Generale has defined nine hypothetical scenarios. In 2023, an obsolete scenario corresponding to the Russian crisis of 1998 was replaced by a new theoretical scenario centered on an inflationary crisis and two new hypothetical scenarios corresponding to bull markets were added. ▲

## Regulatory indicators

### 99% VALUE-AT-RISK (VaR)

#### Methodology

**Audited I** The Internal VaR Model was introduced at the end of 1996 and has been approved by the French supervisor within the scope of the regulatory capital requirements. This approval was renewed in 2020 at the Target Review of Internal Models (TRIM).

The Value-at-Risk (VaR) assesses the potential losses on positions over a defined time horizon and for a given confidence interval (99% for Societe Generale). The method used is the "historical simulation" method, which implicitly takes into account the correlation between the various markets, as well as general and specific risk. It is based on the following principles:

- storage in a database of the risk factors that are representative of Societe Generale's positions (i.e. interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.). Controls are regularly performed in order to check that all major risk factors for the trading portfolio of the Group are taken into account by the internal VaR model;
- definition of 260 scenarios corresponding to one-day variations in these market parameters over a rolling one-year period; these scenarios are updated daily with the inclusion of a new scenario and the removal of the oldest scenario. There are three coexisting methods for modeling scenarios (relative shocks, absolute shocks and hybrid shocks), the choice between these methods for a given risk factor is determined by its nature and its historical trend;
- the application of these 260 scenarios to the market parameters of the day;
- revaluation of daily positions, on the basis of the 260 sets of adjusted market parameters: in most cases this calculation involves a full re-pricing. Nonetheless, for certain risk factors, a sensitivity-based approach may be used.

| Main risk factors | Description   |
|-------------------|---|
| Interest rates    | Risk resulting from changes in interest rates and their volatility on the value of a financial instrument sensitive to interest rates, such as bonds, interest rate swaps, etc.   |
| Share prices      | Risk resulting from variations in prices and volatility of shares and equity indices, in the level of dividends, etc.   |
| Exchange rates    | Risk resulting from the variation of exchange rates between currencies and of their volatility.   |
| Commodity prices  | Risk resulting from changes in prices and volatility of commodities and commodity indices.  |
| Credit Spreads    | Risk resulting from an improvement or a deterioration in the credit quality of an issuer on the value of a financial instrument sensitive to this risk factor such as bonds, credit derivatives (credit default swaps for example). |

Within the framework described above, the one-day 99% VaR, calculated according to the 260 scenarios, corresponds to the weighted average<sup>(2)</sup> of the second and third largest losses computed, without applying any weighting to the other scenarios.

(1) Including the scenarios used in the global stress tests on market activities.

(2) 39% of the second-highest risk and 61% of the third-highest risk.



The day-to-day follow-up of market risk is performed *via* the one-day VaR, which is calculated on a daily basis at various granularity levels. Regulatory capital requirements, however, oblige us to take into account a ten-day horizon, thus we also calculate a ten-day VaR, which is obtained by multiplying the one-day VaR aggregated at Group level by the square root of ten. This methodology complies with regulatory requirements and has been reviewed and validated by the supervisor.

The VaR assessment is based on a model and a certain number of conventional assumptions, the main limits of which are as follows:

- by definition, the use of a 99% confidence interval does not take into account losses arising beyond this point; VaR is therefore an indicator of the risk of loss under normal market conditions and does not take into account exceptionally significant fluctuations;
- VaR is computed using closing prices, meaning that intraday fluctuations are not taken into account;
- the use of a historical model is based on the assumption that past events are representative of future events and may not capture all potential events.

The Market Risk Department monitors the limitations of the VaR model by measuring the impacts of integrating a risk factor absent from the model (RNIME<sup>(1)</sup> process). Depending on the materiality of these missing factors, they may be capitalised. Other complementary measures also allow to control the limitations of the model.

The same model is used for the VaR computation for almost all of Global Banking & Investor Solution's activities (including those related to the most complex products) and the main market activities of Retail Banking and Private Banking. The few activities not covered by the VaR method, either for technical reasons or because the stakes are too low, are monitored using stress tests, and capital charges are calculated using the standard method or through alternative in-house methods. For example, the currency risk of positions in the banking book is not calculated with an internal model because this risk is not subject to a daily revaluation and therefore cannot be taken into account in a VaR calculation.

### Backtesting

The relevance of the model is checked through continuous backtesting in order to verify whether the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval. The results of the backtesting are audited by the Risk Department in charge of the validation of internal models, which, as second line of defence,

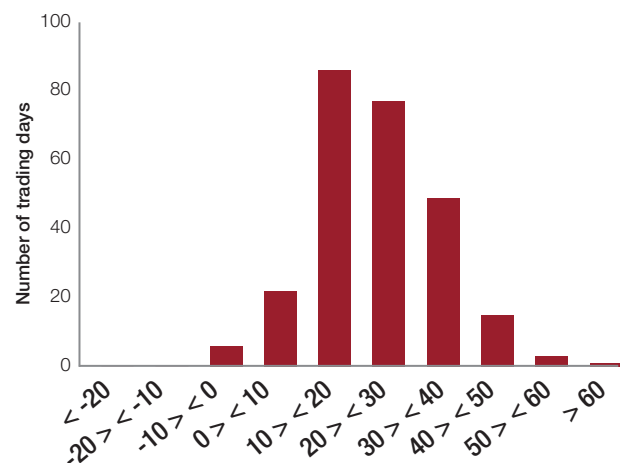
also assesses the theoretical robustness (from a design and development standpoint), the correctness of the implementation and the adequacy of the model use. The independent review process ends with (i) review and approval Committees and (ii) an Audit Report detailing the scope of the review, the tests performed and their outcomes, the recommendations and the conclusion of the review. The model control mechanism gives rise to reporting to the appropriate authorities.

In compliance with regulations, backtesting compares the VaR to the (i) actual and (ii) hypothetical change in the portfolio's value:

- in the first case (backtesting against "actual P&L"), the daily P&L<sup>(2)</sup> includes the change in book value, the impact of new transactions and of transactions modified during the day (including their sales margins) as well as provisions and values adjustments made for market risk;
- in the second case (backtesting against "hypothetical P&L"), the daily P&L<sup>(3)</sup> includes only the change in book value related to changes in market parameters and excludes all other factors. ▲

In 2023, we observed one breach against hypothetical P&L (in Q4).

### BREAKDOWN OF THE DAILY P&L OF MARKET<sup>(4)</sup> ACTIVITIES (2023, IN EURM)



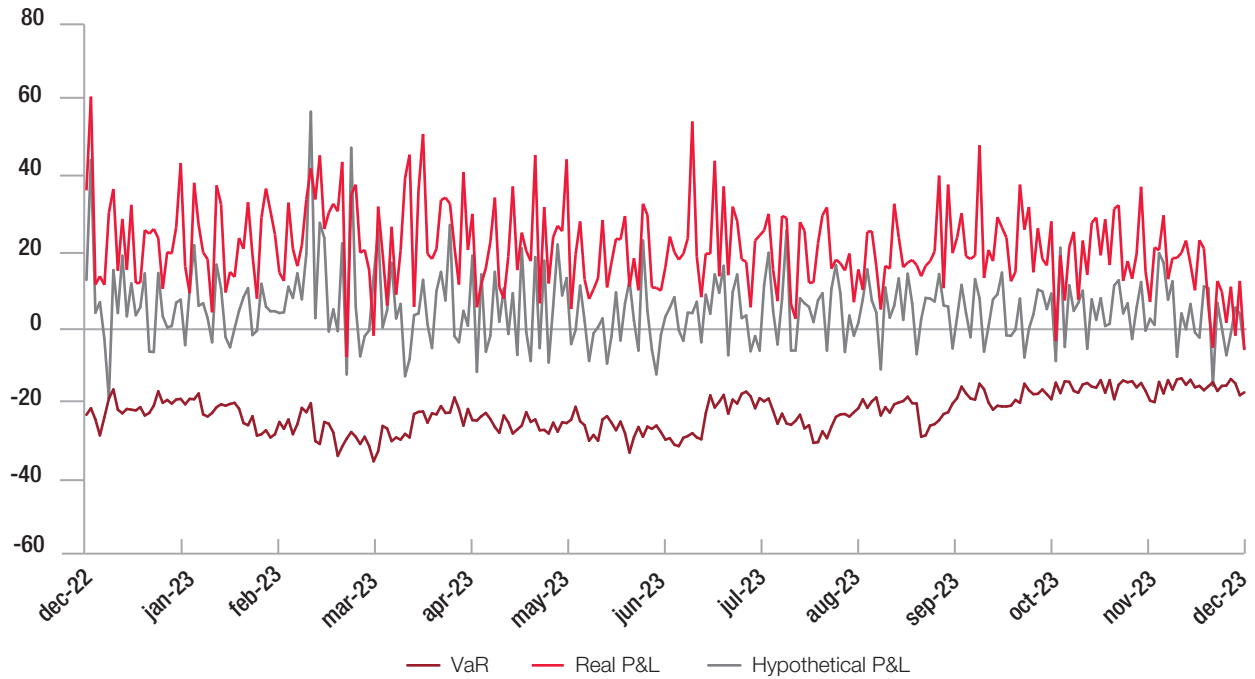
(1) Risk Not In Model Engine.

(2) "Actual P&L" by agreement hereinafter.

(3) "Hypothetical P&L" by agreement hereinafter.

(4) Actual P&L.



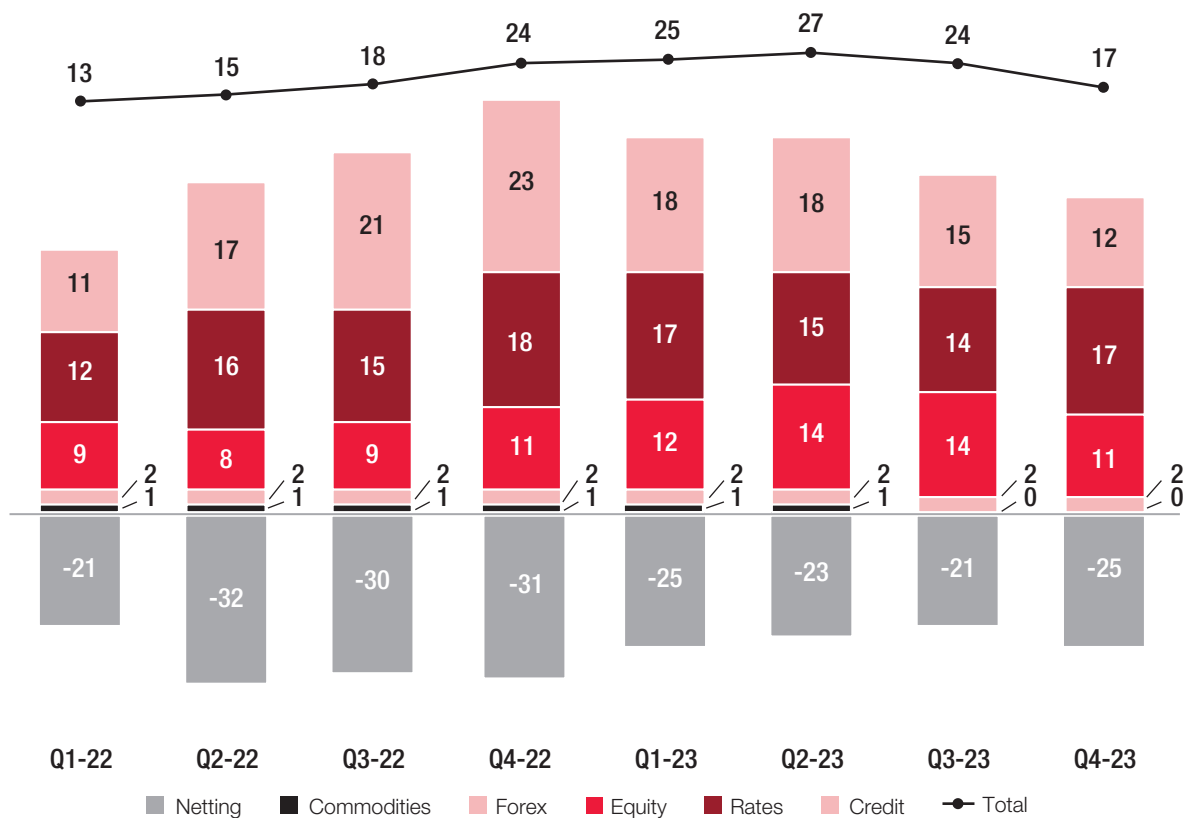
**TRADING VAR (ONE-DAY, 99%), DAILY ACTUAL<sup>(1)</sup> P&L AND DAILY HYPOTHETICAL<sup>(2)</sup> P&L OF THE TRADING PORTFOLIO (2023, IN EURM)**

**VaR Changes**
**TABLE 30: REGULATORY TEN-DAY 99% VAR AND ONE-DAY 99% VAR**

| (In EURm)     | 31.12.2023                           |                                    | 31.12.2022                           |                                    |
|---------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
|               | VaR<br>(10 days, 99%) <sup>(1)</sup> | VaR<br>(1 day, 99%) <sup>(1)</sup> | VaR<br>(10 days, 99%) <sup>(1)</sup> | VaR<br>(1 day, 99%) <sup>(1)</sup> |
| Period start  | 61                                   | 19                                 | 25                                   | 8                                  |
| Maximum value | 116                                  | 37                                 | 95                                   | 30                                 |
| Average value | 72                                   | 23                                 | 56                                   | 18                                 |
| Minimum value | 43                                   | 14                                 | 22                                   | 7                                  |
| Period end    | 52                                   | 16                                 | 75                                   | 24                                 |

(1) Over the scope for which capital requirements are assessed by the internal model.

(1) Daily result used for backtesting the VaR against the effective value of the portfolio as defined in the paragraph "Value-at-Risk 99% (VaR)".

(2) Daily result used for backtesting the VaR against the hypothetical value of the portfolio as defined in the paragraph "Value-at-Risk 99% (VaR)".

**AUDITED | BREAKDOWN BY RISK FACTOR OF TRADING VAR (ONE-DAY, 99%) - CHANGES IN QUARTERLY AVERAGE OVER THE 2022-2023 PERIOD (IN EURM)**


**Audited |** The VaR was riskier in 2023 (EUR 23 million versus EUR 18 million in 2022 on average), mainly due to the entry of new and more volatile scenarios following the deterioration of market conditions related to the banking crisis in March. The increase in risk is particularly evident in the Equities and Rates activities. ▲

### STRESSED VAR (SVAR)

**Audited |** The Internal Stressed VaR model (SVaR) was introduced at the end of 2011 and has been approved by the Regulator within the scope of the regulatory capital requirements on the same scope as the VaR. As with the VaR model, this approval was renewed in 2020 at the Target Review of Internal Models (TRIM).

The calculation method used for the 99% one-day SVaR is the same as the one for the VaR. It consists in carrying out an historical simulation with one-day shocks and a 99% confidence interval. Contrary to VaR, which uses 260 scenarios for one-day fluctuations over a rolling one-year period, SVaR uses a fixed one-year historical window corresponding to a period of significant financial tension.

Following a validation of the ECB obtained at the end of 2021, a new method for determining the fixed historical stress window is used. It consists in calculating an approximate SVaR for various risk factors selected as representative of the Societe Generale portfolio (related to equity, fixed income, foreign exchange, credit and commodity risks): these historical shocks are weighted according to the portfolio's sensitivity to each of these risk factors and aggregated to determine the period of highest stress for the entire portfolio<sup>(1)</sup>. The historical window used is reviewed annually. In 2023, this window was "September 2008-September 2009".

The ten-day SVaR used for the computation of the regulatory capital is obtained, as for VaR, by multiplying the one-day SVaR by the square root of ten.

As for the VaR, the Market Risk Department controls the limitations of the SVaR model by measuring the impact of integrating a risk factor absent from the model (RNIME process). Depending on the materiality of these missing factors, they may be capitalised. Other complementary measures also control the limitations of the model. The continuous backtesting performed on VaR model cannot be replicated to the SVaR model as, by definition, it is not sensitive to the current market conditions. However, as the VaR and the SVaR models rely on the same approach, they have the same advantages and limits.

The relevance of the SVaR is regularly monitored and reviewed by the Risk Department in charge of the validation of internal models, as a second line of defence. The independent review process ends with (i) review and approval Committees and (ii) an Audit 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.

SVaR increased on average in 2023 (EUR 37 million versus EUR 32 million in 2022). Slightly up over the year the SVaR has evolved with a variability comparable to that of 2022 mainly due to the activities on exotic equities. The level of the SVaR remains explained by the indexing and financing action activities, and by the interest rate scopes. ▲

(1) At the request of the ECB, a posteriori check is carried out to verify the relevance of this historical window by making calculations for full revaluation.

**TABLE 31: REGULATORY TEN-DAY 99% SVAR AND ONE-DAY 99% SVAR**

| (In EURm)     | 31.12.2023                                    |   | 31.12.2022                                    |   |
|---------------|---|---|---|---|
|               | Stressed VaR<br>(10 days, 99%) <sup>(1)</sup> | Stressed VaR<br>(1 day, 99%) <sup>(1)</sup> | Stressed VaR<br>(10 days, 99%) <sup>(1)</sup> | Stressed VaR<br>(1 day, 99%) <sup>(1)</sup> |
| Period start  | 92  | 29  | 96  | 30  |
| Maximum value | 189   | 60  | 165   | 52  |
| Average value | 114   | 36  | 101   | 32  |
| Minimum value | 64  | 20  | 55  | 17  |
| Period end    | 115   | 36  | 145   | 46  |

(1) Over the scope for which capital requirements are assessed by the internal model.

### IRC AND CRM

At end-2011, Societe Generale received approval from the Regulator to expand its internal market risk modeling system by including IRC (Incremental Risk Charge) and CRM (Comprehensive Risk Measure), for the same scope as for VaR. As with the VaR model, the approval of the IRC<sup>(1)</sup> model was renewed in 2020 at the Target Review of Internal Models (TRIM).

They estimate the capital charge on debt instruments that is related to rating migration and issuer default risks. These capital charges are incremental, meaning they are added to the charges calculated based on VaR and SVaR.

In terms of scope, in compliance with regulatory requirements:

- IRC is applied to debt instruments, other than securitisations and the credit correlation portfolio. In particular, this includes bonds, CDS and related derivatives;
- CRM exclusively covers the correlation portfolio, *i.e.* CDO tranches and First-to-Default products (FtD), as well as their hedging using CDS and indices.

Societe Generale estimates these capital charges using internal models<sup>(2)</sup>. These models determine the loss that would be incurred following especially adverse scenarios in terms of rating changes or issuer defaults for the year that follows the calculation date, without ageing the positions. IRC and CRM are calculated with a confidence interval of 99.9%: they represent the highest risk of loss obtained after eliminating 0.1% of the most unfavorable scenarios simulated.

The internal IRC model simulates rating transitions (including default) for each issuer in the portfolio, over a one-year horizon<sup>(3)</sup>. Issuers are classified into five categories: US-based companies, European companies, companies from other regions, financial institutions and sovereigns. The behaviours of the issuers in each category are correlated with one other through a systemic factor specific to each category. In addition, a correlation between these five systemic factors is integrated to the model. These correlations, along with the rating transition probabilities, are calibrated from historical data observed over the course of a full economic cycle. In case of change in an issuer's rating, the decline or improvement in its financial health is modeled by a shock in its credit spread: negative if the rating improves and positive in the opposite case. The price variation associated with each IRC scenario is determined after revaluation of positions *via* a sensitivity

approach, using the delta, the gamma as well as the level of loss in the event of default (Jump to Default), calculated with the market recovery rate for each position.

The CRM model simulates issuer's rating transitions in the same way as the internal IRC model. In addition, the dissemination of the following risk factors is taken into account by the model:

- credit spreads;
- basis correlations;
- recovery rate excluding default (uncertainty about the value of this rate if the issuer has not defaulted);
- recovery rate in the event of default (uncertainty about the value of this rate in case of issuer default);
- First-to-Default valuation correlation (correlation of the times of default used for the valuation of the First-to-Default basket).

These dissemination models are calibrated from historical data, over a maximum period of ten years. The price variation associated with each CRM scenario is determined thanks to a full repricing of the positions. In addition, the capital charge computed with the CRM model cannot be less than a minimum of 8% of the capital charge determined with the standard method for securitisation positions.

The internal IRC and CRM models are subject to similar governance to that of other internal models meeting the Pillar1 regulatory requirements. More specifically, an ongoing monitoring allows to follow the adequacy of IRC and CRM models and of their calibration. This monitoring is based on the review of the modeling hypotheses at least once a year. This review includes:

- a check of the adequacy of the structure of the rating transition matrices used for IRC and CRM models;
- a backtesting of the probabilities of default used for these two models;
- a specific backtesting of the amount of IRC in relation to any losses incurred as a result of the defaults or rating migrations noted;
- a check of the adequacy of the models for the dissemination of recovery rates, spread dissemination and dissemination of basic correlations used in the CRM calculation.

(1) The CRM model was not included in the Target Review of Internal Models.

(2) The same internal model is used for all portfolios for which an IRC calculation is required. The same is true for the portfolios on which a CRM calculation is performed. Note that the scope covered with internal models (IRC and CRM) is included in the VaR scope: only entities authorised for a VaR calculation via an internal model can use an internal model for IRC and CRM calculation.

(3) The use of a constant one-year liquidity horizon means that shocks that are applied to the positions to calculate IRC and CRM, are instantaneous one-year shocks. This hypothesis appears to be the most prudent choice in terms of models and capital, rather than shorter liquidity horizons.

Regarding the checks on the accuracy of these metrics:

- the IRC calculation being based on the sensitivities of each instrument – delta, gamma – as well as on the level of loss in the event of default (Jump to Default) calculated with the market recovery rate, the accuracy of this approach is checked against a full repricing every six months;
- such a check on CRM is not necessary as its computation is performed following a full repricing;
- these metrics are compared to normative stress tests defined by the regulator. In particular, the EBA stress test and the risk appetite exercise are performed regularly on the IRC metric. These stress tests consist of applying unfavorable rating migrations to issuers, shocking credit spreads and shocking rating transition matrices. Other stress tests are also carried out on an *ad hoc* basis to justify the correlation hypotheses between issuers and those made on the rating transition matrix;

- a weekly analysis of these metrics is carried out by the production and certification team for market risk metrics;
- the methodology and its implementation have been initially validated by the French Prudential and Resolution Supervisory Authority (*Autorité de Contrôle Prudentiel et de Résolution – ACPR*). Thereafter, a review of the IRC and the CRM is regularly carried out by the Risk Department in charge of the validation of internal models as second line of defence. This independent review process ends with (i) review and approval Committees and (ii) an Audit 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.

Moreover, regular operational checks are performed on the completeness of the scope's coverage as well as the quality of the data describing the positions.

**TABLE 32: IRC (99.9%) AND CRM (99.9%)**

(In EURm)

|   | 31.12.2023 | 31.12.2022 |
|---|------------|------------|
| <b>Incremental Risk Charge (99.9%)</b>    |            |            |
| Period start                              | 55         | 67         |
| Maximum value                             | 101        | 114        |
| Average value                             | 62         | 71         |
| Minimum value                             | 37         | 50         |
| Period end                                | 94         | 53         |
| <b>Comprehensive Risk Measure (99.9%)</b> |            |            |
| Period start                              | 37         | 41         |
| Maximum value                             | 95         | 133        |
| Average value                             | 46         | 51         |
| Minimum value                             | 26         | 39         |
| Period end                                | 29         | 42         |

## 4.7.4 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

### Allocation of exposures in the trading book

The on- and off-balance sheet items must be allocated to one of the two portfolios defined by prudential regulations: the banking book or the trading book.

The banking book is defined by elimination: all on- and off-balance sheet items not included in the trading book are included by default in the banking book.

The trading book consists of all positions in financial instruments and commodities held by an institution either for trading purposes or in order to hedge other positions in the trading book. The trading interest is documented as part of the traders' mandates.

The prudential classification of instruments and positions is governed as follows:

- the Finance Department's prudential regulation experts are responsible for translating the regulations into procedures, together with the Risk Department for procedures related to holding period and liquidity. They also analyse specific cases and exceptions. They share these procedures to the business lines;
- the business lines comply with these procedures as 1<sup>st</sup> line of defense (LOD1). In particular, they document the trading interest of the positions taken by traders;
- the Risk Department is the 2<sup>nd</sup> line of defense (LOD2).

The following controls are implemented in order to ensure that activities are managed in accordance with their prudential classification:

- new product process: any new product or activity is subject to an approval process that covers its prudential classification and regulatory capital treatment for transactions subject to validation;
- holding period: the Market Risk Department has designed a control framework for the holding period of certain instruments;

- liquidity: on a case-by-case basis or on demand, the Market Risk Department performs liquidity controls based on certain criteria (negotiability/transferability, bid/ask size, market volumes, etc.);
- strict process for any change in prudential classification, involving the business line and the Finance and Risk Divisions;
- internal audit: through its various periodic assignments, Internal Audit verifies or questions the consistency of the prudential classification with policies/procedures as well as the suitability of the prudential treatment in light of existing regulations.

### Quantitative information

At the end of September 2023, around 86% of Societe Generale capital requirements related to market risk are determined using an internal model approach. The standard approach is mainly used for positions with currency risk and not belonging to the prudential trading book, for positions of the Collective Investment Units (CIU) or securitisation positions as well as for the Group's subsidiaries that do not have access to the core IT tools developed internally. The main entities concerned are some International Retail Banking and Financial Services entities such as SG Maroc, SG Ghana, SG Algérie, BRD, SG Tunisie, etc.

Capital requirements for market risk decreased in 2023. This decrease is mainly reflected in VaR and capital add-ons, partially offset by an increase in risks calculated using the standard approach:

- The VaR capital requirement gradually decreased in 2023, mainly due to the decrease in the multiplier factor following the steady decline in the number of backtesting breaches in a rolling year.
- capital add-ons decreased, mainly due to the reserve variability, which is calculated over a 3-year rolling window and which has benefited from the gradual exit of the high variation scenarios of the Reserve Policies observed in 2020 during the COVID crisis.
- The risks calculated in the standard approach are increasing mainly due to the risks assessed for currency positions.

**TABLE 33: MARKET RISK CAPITAL REQUIREMENTS AND RWA BY RISK FACTOR**

| (In EURm)  | Risk-weighted assets |               |                | Capital requirement |              |             |
|--|----------------------|---------------|----------------|---------------------|--------------|-------------|
|  | 31.12.2023           | 31.12.2022    | Change         | 31.12.2023          | 31.12.2022   | Change      |
| VaR  | 1,992                | 3,504         | (1,512)        | 159                 | 280          | (121)       |
| Stressed VaR   | 5,604                | 6,886         | (1,282)        | 448                 | 551          | (103)       |
| Incremental Risk Charge (IRC)  | 1,173                | 811           | 362            | 94                  | 65           | 29          |
| Correlation portfolio (CRM)  | 445                  | 615           | (170)          | 36                  | 49           | (14)        |
| <b>Total market risk assessed by internal model</b>                        | <b>9,214</b>         | <b>11,816</b> | <b>(2,602)</b> | <b>737</b>          | <b>945</b>   | <b>208</b>  |
| Specific risk related to securitisation positions in the trading portfolio | 504                  | 150           | 354            | 40                  | 12           | 28          |
| Risk assessed for currency positions                                       | 1,918                | 987           | 931            | 153                 | 79           | 75          |
| Risks assessed for interest rates (excl. securitisation)                   | 550                  | 421           | 129            | 44                  | 34           | 10          |
| Risk assessed for ownership positions                                      | 333                  | 374           | (41)           | 27                  | 30           | (3)         |
| Risk assessed for commodities  | 0                    | 0             | 0              | 0                   | 0            | 0           |
| <b>Total market risk assessed by standard approach</b>                     | <b>3,305</b>         | <b>1,932</b>  | <b>(1,373)</b> | <b>264</b>          | <b>155</b>   | <b>110</b>  |
| <b>TOTAL</b>   | <b>12,518</b>        | <b>13,747</b> | <b>(1,229)</b> | <b>1,001</b>        | <b>1,100</b> | <b>(98)</b> |

**TABLE 34: MARKET RISK CAPITAL REQUIREMENTS AND RWA BY TYPE OF RISK**

| (In EURm)                                   | Risk-weighted assets |               | Capital requirement |              |
|---|----------------------|---------------|---------------------|--------------|
|   | 31.12.2023           | 31.12.2022    | 31.12.2023          | 31.12.2022   |
| Risk assessed for currency positions        | 2,179                | 1,336         | 174                 | 107          |
| Risk assessed for credit (excl. deductions) | 2,122                | 3,816         | 170                 | 305          |
| Risk assessed for commodities               | 18                   | 24            | 1                   | 2            |
| Risk assessed for ownership positions       | 3,459                | 5,403         | 277                 | 432          |
| Risk assessed for interest rates            | 4,740                | 3,168         | 379                 | 253          |
| <b>TOTAL</b>                                | <b>12,518</b>        | <b>13,747</b> | <b>1,001</b>        | <b>1,100</b> |

## 4.7.5 FINANCIAL INSTRUMENT VALUATION

Management risk related to the valuation of financial products relies jointly on the Markets Department and the team of valuation experts (Valuation Group) within the Finance Department that both embody the first line of defense and by the team of independent review of valuation methodologies within the Market Risk Department.

### Governance

Governance on valuation topics is enforced through three valuation Committees, both attended by representatives of the Global Markets Division, the Market Risk Department and the Finance Division:

- the Valuation Risk Committee meets quarterly to monitor and approve changes in the valuation risk management framework; monitor indicators on this risk and propose or set a risk appetite; evaluate the control system and the progress of recommendations; and finally, prioritize the tasks. This Committee is chaired by the Risk Department and organised by its independent review team of valuation methodologies;
- the Valuation Methodology Committee gathers whenever necessary to approve financial products valuation methodologies. This Committee, chaired by the Risk Department and organised by its independent review team of valuation methodologies, has global accountability with respect to the approval of the valuation policies;
- the MARK P&L Explanation Committee monthly analyses the main sources of economic P&L as well as changes in reserves and other accounting valuation adjustments. The analytical review of adjustments is carried out by the Valuation Group, which also provides a quarterly analytical review of adjustments under regulatory requirements for prudent valuation.

Lastly, a corpus of documents describes the valuation governance and specify the breakdown of responsibilities between the stakeholders.

### Valuation principles and associated controls

Market products at fair value are marked to market, when such market prices exist; otherwise, they are valued using parameter-based models, in compliance with the IFRS 13 principles defining fair value.

On the one hand, each model designed by the Front Office is subject to an independent review by the Market Risks Department as second line of defence that especially checks the conceptual relevance of the model, its performance (especially in case of stressed conditions) and its implementation. Following this review, the validation status of the model, its scope of use and the recommendations to be dealt with are formalised in a report.

On the other hand, the parameters used in the valuation models, whether they come from observable data on the markets or not, are described in marking policies<sup>(1)</sup> written by the Front Office and reviewed by the Market Risk Department. This system is complemented by specific controls carried out by the LOD1 (in particular the Independent Price Verification process performed by the Finance Department).

If necessary the resulting valuations are supplemented by reserves or adjustments (mainly covering liquidity, parameter or model uncertainties) the calculation methodologies of which are developed jointly by the Valuation Group and the Front Office and reviewed by the Market Risk Department. These adjustments are made under fair value accounting requirements or prudent valuation regulatory requirements. The latter aim to capture valuation uncertainty in accordance with the procedures prescribed by the regulations through additional valuation adjustments in relation to the fair value (Additional Valuation Adjustments or AVA) directly deducted from Common Equity Tier 1 capital.

<sup>(1)</sup> Document describing the parameter determination methodology.

## 4.8 STRUCTURAL RISKS – INTEREST RATE AND EXCHANGE RATE

**Audited I** Interest rate and foreign exchange risks are linked to:

- trading book activities;
- positions relating to long term employee benefit commitments and their hedging, which are monitored under a dedicated system;
- the Banking Book activities, including commercial transactions and their hedging, but excluding positions linked to employee commitments covered by the dedicated system. This is the Group's structural exposure to interest rate and foreign exchange risks. The general principle for managing structural interest rate and exchange rate risks within consolidated entities is to ensure that movements in interest and foreign exchange rates do not significantly threaten the Group's financial base or its future earnings.

The general principle for managing structural interest rate and exchange rate risks within consolidated entities is to ensure that movements in interest and foreign exchange rates do not significantly threaten the Group's financial base or its future earnings.

Within the entities, commercial and corporate centre operations must therefore be matched in terms of interest rates and exchange rates as much as possible. At the consolidated level, a structural foreign exchange position is maintained in order to minimise the variation of the Group's Common Equity Tier 1 (CET1) ratio to exchange rates fluctuations. ▲

### 4.8.1 ORGANISATION OF THE MANAGEMENT OF STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

**Audited I** The principles and standards for managing these risks are defined at the Group level. The entities are first and foremost responsible for managing these risks. The ALM (Asset and Liability Management) Department within the Group's Finance Division leads the control framework of the first line of defence. The ALM department of the Risk Department assumes the role of second line of defence supervision.

#### The Group ALM Committee, a General Management Body

The purpose of the Group ALM Committee is to:

- validate and ensure the adequacy of the system for monitoring, managing and supervising structural risks;
- review changes in the Group's structural risks through consolidated reporting;
- review and validate the measures and the adjustments proposed by the Group's Finance Department.

The Group ALM Committee gives delegation to the Global Rate Forex Committee chaired by the Finance Department and the Risk Division for the validation of frameworks not exceeding defined amounts.

#### The ALM Department, within the Group's Finance Division

The ALM (Asset and Liability Management) Department is responsible for:

- defining the structural risk policies for the Group and formalising risk Appetite to structural risks;
- analysing the Group's structural risk exposure and defining hedging strategies;

- monitoring the regulatory environment concerning structural risk;
- defining the ALM principles for the Group;
- defining the modelling principles applied by the Group's entities regarding structural risks;
- identifying, consolidating and reporting on Group structural risks;
- monitoring compliance with structural risk limits.

#### The ALM Risk Control Department within the Risk division

Within the Risk Division, the ALM Risk Department oversees structural risks and assesses the management system for these risks. As such, this department is in charge of:

- interest and foreign exchange rates risks identification of the Group;
- defining the steering indicators and overall stress test scenarios of the different types of structural risks and setting the main limits for the business divisions and the entities and Business Units (BU) and Service Units (SU);
- defining the normative environment of the structural risk metrics, modelling and framing methods.

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, he chairs the Model Validation Committee and the ALM Standards Validation Committee and thus ensures that the regulatory framework is correctly read and properly adapted to Société Générale environment.



## The entities and BU/SU are responsible for ALM risk management

Each entity, each BU/SU, manages its structural risks and is responsible for regularly assessing risks incurred, producing the risk report and developing and implementing hedging options. Each entity, each BU/SU is required to comply with Group standards and to adhere to the limits assigned to it.

As such, the entities and the BUs/SUs apply the standards defined at Group level and develop the models, with the support of the central modelling teams of the Finance Department.

An ALM manager reporting to the Finance Department in each entity, is responsible for monitoring these risks. This manager is responsible for reporting ALM risks to the Group Finance Department. All entities have an ALM Committee responsible for implementing validated models, managing exposure to interest rate and exchange rate risks and implementing hedging programs in accordance with the principles set out by the Group and the limits validated by the Finance Committee and the BU/SU ALM Committees. ▲

### 4.8.2 STRUCTURAL INTEREST RATE RISK

**Audited I** Structural interest rate risk is generated by commercial transactions and their hedging, as well as the management operations specific to each of the consolidated entities.

#### The Group's objective

The Group's objective is to ensure that each entity's exposure to interest rate risk remains within the Risk Appetite defined by the Group.

To this end, the Board of Directors, the Group ALM Committee, the Global Rate and Exchange Committee and the ALM Committees of the Business Units set variation limits (in terms of value and income) for the Group, the BUs/SUs and the entities respectively.

#### Measuring and monitoring of structural interest rate risk

The Supervisory Outlier Test (SOT) regulatory metrics are calculated and monitored at Group level by applying the rate shocks specified in EBA's RTS 2022/10 (including the post-shock rate floor). The Group's standards require the inclusion of commercial margins in the calculation of value metrics. For regulatory income metrics based on constant outstandings, outstandings migration assumptions are made, in particular between non-interest-bearing deposits and interest-bearing deposits.

Societe Generale uses several further indicators to measure the Group's overall interest rate risk. The three important indicators are:

- the variation of the net present value (NPV) to the risk of interest rate mismatch. It is measured as the variation of the net present value of the static balance sheet to a change in interest rates. This measure is calculated for all currencies to which the Group is exposed;
- the variation of the interest margin to changes in interest rates in various interest rate scenarios. It takes into account the variation generated by future commercial production;
- the change in market value (MVC: Market Value Change) of instruments recognised at fair value (mainly government bonds and derivatives not documented as hedging instruments from an accounting perspective) in various interest rate scenarios, measured over two years
- the variation of NPV to basis risk (risk associated with decorrelation between different variable rate indices).

Limits on these indicators are applicable to the Group, the BUs/SUs and the various entities. The Group perimeter is obtained as the sum of

the perimeters that constitute it. All these metrics are also calculated on a monthly basis over significant perimeters and the frameworks are monitored at the same frequency at Group level.

Limits on these indicators are applicable to the Group, the BUs/SUs and the various entities. Limits are set for shocks at +0.1% and for stressed shocks ( $\pm 1\%$  for value variation and  $\pm 2\%$  for income variation) without floor application. Only the variation of income over the first two years is framed. The measurements are computed monthly 10 months a year (with the exception of the months of January and July for which no Group-level closing is achieved). For value metrics, some limits are set for measurements made by taking into account only negative variations. An additional synthetic measurement of value variation – all currencies – is framed for the Group. In addition, a stressed value metric (application of an upward or downward shock differentiated by currency) is defined at Group level.

To comply with these frameworks, the entities combine several possible approaches:

- orientation of the commercial policy so as to offset interest rate positions taken on the asset and liability side;
- implementation of a swap operation or – failing this in the absence of such a market – use of a loan/borrowing operation;
- purchase/sale of options on the market to cover optional positions taken forwards our clients.

Assets and liabilities are analysed without prior allocation of resources to employment. The maturities of the outstandings are determined by taking into account the contractual characteristics of the operations, adjusted for the results of the modelling of customer behaviour (in particular for demand deposits, savings and early loan repayments), as well as a number of disposal agreements, including equity and own funds. The discount rate used for value management metrics includes liquidity spreads for balance sheet products.

As at 31 December 2023, the main models applicable for the calculation of interest rate risk measurements are models (sometimes dependent rate) on part of the deposits without a maturity date leading to an average duration of less than 5 years, the schedule may in some cases to reach the maximum maturity of 20 years.

The automatic balance sheet options are taken into account:

- either *via* the Bachelier formula or possibly from Monte-Carlo type calculations for value variation calculations;
- by taking into account the pay-offs depending on the scenario considered in the income variation calculations.

Hedging transactions are mainly documented in the accounting plan: this can be carried out either as micro-hedging (individual hedging of commercial transactions) or as macro-hedging under the IAS 39 “carve-out” arrangement (global backing of portfolios of similar commercial transactions within a Treasury Department; macro-hedging concerns essentially French retail network entities).

Macro-hedging derivatives are essentially interest rate swaps in order to maintain networks’ net asset value and result variation within limit frameworks, considering hypotheses applied. For macro-hedging documentation, the hedged item is an identified portion of a portfolio of commercial client or interbank operations. Conditions to respect in

order to document hedging relationships are reminded in Note 3.2 to the consolidated financial statements.

The Group also measures and controls its change in value due to the Credit Spread in the Banking Book for a shock of +0.1% applied to items measured at fair value and to all bond portfolios within the scope of consolidation. A shock differentiated according to the quality of the counterparty is under consideration as well as a review of the scope.

Finally, the Group measures and monitors the difference between the fair value and amortised cost of fixed income securities of the banking book. ▲

**TABLE 35: INTEREST RATE RISK OF NON-TRADING BOOK ACTIVITIES (IRRBB1)**

|                                    |                  | 31.12.2023                                    |  |
|------------------------------------|------------------|---|--|
|                                    |                  | Changes of the economic value of equity (EVE) | Changes of the net interest income (NII) |
| <i>(In EURm)</i>                   |                  |   |  |
| <b>Supervisory shock scenarios</b> |                  |   |  |
| 1                                  | Parallel up      | (1,821)                                       | 621                                      |
| 2                                  | Parallel down    | (1,231)                                       | (741)                                    |
| 3                                  | Steeper          | 1,621   |  |
| 4                                  | Flattener        | (2,110)                                       |  |
| 5                                  | Short rates up   | (1,890)                                       |  |
| 6                                  | Short rates down | 2,223   |  |

|                                    |                  | 31.12.2022 (R)                                |  |
|------------------------------------|------------------|---|--|
|                                    |                  | Changes of the economic value of equity (EVE) | Changes of the net interest income (NII) |
| <i>(In EURm)</i>                   |                  |   |  |
| <b>Supervisory shock scenarios</b> |                  |   |  |
| 1                                  | Parallel up      | (1,914)                                       | 375                                      |
| 2                                  | Parallel down    | (133)   | (1,102)                                  |
| 3                                  | Steeper          | 2,023   |  |
| 4                                  | Flattener        | (2,530)                                       |  |
| 5                                  | Short rates up   | (2,425)                                       |  |
| 6                                  | Short rates down | 2,527   |  |

*(R) restatement STE IRRBB.*

### 4.8.3 STRUCTURAL EXCHANGE RATE RISK

**Audited I** Structural exchange rate risk, understood as resulting from all transactions that do not belong to the Trading Book, results from:

- exposures related to net investments abroad in foreign currencies, i.e. in subsidiaries and branches. FX positions generated by an imperfect hedge are valued through other comprehensive income;
- exposures related to activities made by entities in currencies that are not their reporting currency;
- open positions taken on the balance sheet with the aim of making the CET1 ratio insensitive to changes in the exchange rate of currencies against the euro.

To achieve its objective of making the CET1 ratio insensitive to fluctuations in exchange rates against the euro, the following actions are taken:

- Group entities are asked to individually hedge the results related to activities in currencies other than their reporting currency;

- the foreign exchange position generated by investments in foreign holdings and branches, as well as by the conversion of their results into euros, is partially covered centrally: at the level of the Group Finance Division. Societe Generale retains a target exposure multiplied by the RWA generated in this currency in each RWA constituent currency equivalent to the level of the CET1 Target Group ratio and covers the balance by borrowings or forward foreign exchange transactions denominated in the currency of investments and recognised as investment hedging instruments (cf. Note 3.2).

For each currency, the difference between actual and target exposure is governed by limits validated by the Finance Committee and the Board of Directors.

Similarly, the sensitivities of the CET1 ratio to shocks of +/-10% per currency are framed. ▲

**TABLE 36: SENSITIVITY OF THE GROUP'S COMMON EQUITY TIER 1 RATIO TO A 10% CHANGE IN THE CURRENCY (IN BASIS POINTS)**

| Currency | Impact of a 10% currency depreciation on the Common Equity Tier 1 ratio |            | Impact of a 10% currency appreciation on the Common Equity Tier 1 ratio |            |
|----------|---|------------|---|------------|
|          | 31.12.2023  | 31.12.2022 | 31.12.2023  | 31.12.2022 |
| CHF      | (2.3)   | 0.6        | 2.4   | (0.6)      |
| CZK      | (0.7)   | 0.2        | 0.7   | (0.2)      |
| MAD      | 0.6   | (0.6)      | (0.6)   | 0.6        |
| RON      | (0.5)   | (0.4)      | 0.5   | 0.4        |
| RUB      | (0.3)   | (0.4)      | 0.3   | 0.4        |
| TND      | (0.3)   | 0.2        | 0.3   | (0.2)      |
| TRY      | (0.2)   | (0.1)      | 0.2   | 0.1        |
| USD      | (0.2)   | 0.3        | 0.2   | (0.3)      |
| XAF      | 0.2   | 0.4        | (0.2)   | (0.4)      |
| Autres   | (0.4)   | (0.8)      | 0.4   | 0.8        |

## 4.9 STRUCTURAL RISK – LIQUIDITY RISK

**Audited I** 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. ▲

### 4.9.1 OBJECTIVES AND GUIDING PRINCIPLES

**Audited I** 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, or 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.

### 4.9.2 THE GROUP’S PRINCIPLES AND APPROACH TO LIQUIDITY RISK MANAGEMENT

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 program, 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, etc.), supplemented by an assessment of the adequacy of the Group's liquidity.

### 4.9.3 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 defence, 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 defence functions, ensure the supervision of liquidity risks and evaluates the management system for these risks. As such, it is in charge of:
  - defining liquidity indicators and the setting of the main existing limits within the Group;
  - defining 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.▲

#### 4.9.4 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 37: LIQUIDITY RESERVE**

(In EURbn)

|  | 31.12.2023 | 31.12.2022 |
|--|------------|------------|
| Central bank deposits (excluding mandatory reserves)                     | 214        | 195        |
| HQLA securities available and transferable on the market (after haircut) | 74         | 59         |
| Other available central bank-eligible assets (after haircut)             | 28         | 24         |
| <b>TOTAL</b>   | <b>316</b> | <b>279</b> |

#### 4.9.5 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)<sup>(1)</sup>.

Societe Generale's LCR ratio has always been above 100%: 160% at the end of 2023 compared to 141% at the end of 2022. Since it came into force, the NSFR ratio has always been above 100% and stands at 119% at the end of 2023 compared to 114% at the end of 2022.

(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 has been 100% since 1 January 2018. The NSFR requirement included in CRR2 (EU) 2019/876 of 20 May 2019 has applied since June 2021. The required ratio is 100%.

## 4.9.6 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 38: BALANCE SHEET SCHEDULE**

### FINANCIAL LIABILITIES

|   |   | 31.12.2023 |          |         |         |         |
|---|---|------------|----------|---------|---------|---------|
| (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  |   | 9,718      | -        | -       | -       | 9,718   |
| Financial liabilities at fair value through profit or loss, excluding derivatives | Notes 3.1 and 3.4                             | 182,235    | 26,940   | 42,721  | 33,885  | 285,781 |
| Due to banks  | Note 3.6                                      | 62,586     | 43,357   | 10,724  | 1,179   | 117,846 |
| Customer deposits   | Note 3.6                                      | 481,894    | 36,166   | 19,976  | 3,641   | 541,677 |
| Securitised debt payables   | Note 3.6                                      | 35,963     | 27,977   | 67,755  | 28,811  | 160,506 |
| Subordinated debt   | Note 3.9                                      | 213        | 76       | 6,594   | 9,011   | 15,894  |

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.

|   |   | 31.12.2022 |          |         |         |         |
|---|---|------------|----------|---------|---------|---------|
| (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 and 3.4                             | 149,258    | 22,680   | 31,003  | 28,578  | 231,519 |
| Due to banks  | Note 3.6                                      | 49,817     | 39,643   | 42,217  | 1,334   | 133,012 |
| Customer deposits   | Note 3.6                                      | 475,608    | 27,232   | 23,101  | 4,822   | 530,763 |
| Securitised debt payables   | Note 3.6                                      | 34,158     | 24,030   | 46,583  | 28,405  | 133,176 |
| Subordinated debt   | Note 3.9                                      | 3          | -        | 6,063   | 9,882   | 15,947  |

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

| 31.12.2023   |   |         |          |         |         |         |
|--|---|---------|----------|---------|---------|---------|
| (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   |   | 222,324 | 205      | 340     | 178     | 223,047 |
| Financial assets at fair value through profit or loss, excluding derivatives | Note 3.4                                      | 390,461 | 21,886   | -       | -       | 412,347 |
| Financial assets at fair value through other comprehensive income            | Note 3.4                                      | 88,231  | 2,384    | -       | 279     | 90,894  |
| Securities at amortised cost   | Note 3.5                                      | 17,369  | 2,642    | 4,348   | 3,789   | 28,147  |
| Due from banks at amortised cost   | Note 3.5                                      | 64,911  | 3,426    | 8,585   | 957     | 77,879  |
| Customer loans at amortised cost   | Note 3.5                                      | 125,087 | 53,996   | 167,013 | 109,071 | 455,168 |
| Lease financing agreements <sup>(1)</sup>                                    | Note 3.5                                      | 3,296   | 6,174    | 16,793  | 4,018   | 30,281  |

(1) Amounts are presented net of impairments.

| 31.12.2022(R)  |   |         |          |         |         |         |
|--|---|---------|----------|---------|---------|---------|
| (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                                      | 330,591 | 19,785   | -       | -       | 350,376 |
| Financial assets at fair value through other comprehensive income            | Note 3.4                                      | 91,518  | 1,162    | -       | 280     | 92,960  |
| Securities at amortised cost   | Note 3.5                                      | 5,709   | 3,588    | 7,999   | 8,848   | 26,143  |
| Due from banks at amortised cost   | Note 3.5                                      | 58,614  | 1,599    | 7,487   | 471     | 68,171  |
| Customer loans at amortised cost   | Note 3.5                                      | 111,271 | 62,691   | 183,035 | 121,036 | 478,033 |
| Lease financing agreements <sup>(1)</sup>                                    | Note 3.5                                      | 2,760   | 6,014    | 15,663  | 4,165   | 28,602  |

(1) Amounts are presented 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 agreement, the following residual maturities were used for the classification of financial assets:

- assets measured at fair value through profit or loss, excluding derivatives (client-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 accounting classification): maturity of less than 3 months,

- positions measured mainly using unobservable market data (L3): maturity of 3 months to 1 year;
- 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

| 31.12.2023   |   |               |        |          |         |         |         |
|--|---|---------------|--------|----------|---------|---------|---------|
| (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                                      | -             | -      | 974      | 1,428   | -       | 2,402   |
| Revaluation difference on portfolios hedged against interest rate risk |   | (5,857)       | -      | -        | -       | -       | (5,857) |
| Other liabilities  | Note 4.4                                      | -             | 84,029 | 2,548    | 3,821   | 3,260   | 93,658  |
| Non-current liabilities held for sale                                  | Note 2.5                                      | -             | -      | 1,703    | -       | -       | 1,703   |
| Insurance contracts related liabilities                                | Note 4.3                                      | -             | 3,571  | 9,188    | 36,538  | 92,426  | 141,723 |
| Provisions   | Note 8.3                                      | 4,235         | -      | -        | -       | -       | 4,235   |
| Shareholders' equity   |   | 76,247        | -      | -        | -       | -       | 76,247  |

| 31.12.2022(R)  |   |               |         |          |         |         |         |
|--|---|---------------|---------|----------|---------|---------|---------|
| (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                                      | -             | -       | 806      | 839     | -       | 1,645   |
| Revaluation difference on portfolios hedged against interest rate risk |   | (9,659)       | -       | -        | -       | -       | (9,659) |
| Other liabilities  | Note 4.4                                      | -             | 100,649 | 1,987    | 2,832   | 1,847   | 107,315 |
| Non-current liabilities held for sale                                  | Note 2.5                                      | -             | -       | 220      | -       | -       | 220     |
| Insurance contracts related liabilities                                | Note 4.3                                      | -             | 3,616   | 9,152    | 36,869  | 86,239  | 135,875 |
| Provisions   | Note 8.3                                      | 4,579         | -       | -        | -       | -       | 4,579   |
| Shareholders' equity   |   | 73,326        | -       | -        | -       | -       | 73,326  |

## OTHER ASSETS

|   |   | 31.12.2023    |        |          |         |         |        |
|---|---|---------------|--------|----------|---------|---------|--------|
| (In EURm)   | 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 |   | (433)         | -      | -        | -       | -       | (433)  |
| Other assets  | Note 4.4                                      | -             | 69,765 | -        | -       | -       | 69,765 |
| Tax assets  | Note 6  | 4,717         | -      | -        | -       | -       | 4,717  |
| Deferred profit-sharing   |   | -             | -      | -        | -       | -       | -      |
| Investments accounted for using the equity method                       |   | -             | -      | -        | -       | 227     | 227    |
| Tangible and intangible fixed assets                                    | Note 8.4                                      | -             | -      | -        | -       | 60,714  | 60,714 |
| Goodwill  | Note 2.2                                      | -             | -      | -        | -       | 4,949   | 4,949  |
| Non-current assets held for sale  | Note 2.5                                      | -             | 43     | 1,692    | 13      | 16      | 1,764  |
| Investments of insurance companies                                      | Note 4.3                                      | -             | 60     | 36       | 143     | 220     | 459    |

|   |   | 31.12.2022 (R) |        |          |         |         |         |
|---|---|----------------|--------|----------|---------|---------|---------|
| (In EURm)   | 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                                      | -              | 82,315 | -        | -       | -       | 82,315  |
| Tax assets  | Note 6  | 4,484          | -      | -        | -       | -       | 4,484   |
| 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                                      | -              | -      | -        | -       | 33,958  | 33,958  |
| Goodwill  | Note 2.2                                      | -              | -      | -        | -       | 3,781   | 3,781   |
| Non-current assets held for sale  | Note 2.5                                      | -              | 1      | 1,049    | 15      | 17      | 1,081   |
| Insurance contract assets   | Note 4.3                                      | -              | 7      | 21       | 89      | 236     | 353     |

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 five years.
5. Provisions and shareholders' equity are not scheduled.

## 4.10 OPERATIONAL RISK

In line with the Group's Risk taxonomy, operational risk is one of the non-financial risks monitored by the Group. Operational risk is the risk of losses resulting from inadequacies or failures in processes, personnel or information systems, or from external events.

Societe Generale's operational risk classification is divided into seven event categories:

- commercial dispute;
- compliance and other dispute with authorities;
- errors in pricing or risk evaluation including model error;
- execution errors;
- fraud and other criminal activities;
- loss of operating environment/capability;
- IT system interruptions.

This classification ensures consistency throughout the system and enabling cross-business analyses throughout the Group (see section 4.10.2), particularly on the following risks:

- risks related to information and communication technologies and security (cybercrime, IT systems failures, etc.);

- risks related to outsourcing of services and business continuity;
- risks related to the launch of new products/services/activities for customers;
- non-compliance risk (including legal and tax risks) represents the risk of legal, administrative or regulatory sanctions, material financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with national or European legislation, regulations, rules, related self-regulatory organisation standards, and Codes of Conduct applicable to its banking activities;
- reputational risk arises from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Group's ability to maintain or engage in business relationships and to sustain access to sources of financing;
- misconduct risk resulting from actions (or inaction) or behaviour of the Bank or its employees inconsistent with the Group's Code of Conduct, which may lead to adverse consequences for our stakeholders, or place the Bank's Sustainability or reputation at risk.

The framework relating to the risks of non-compliance, reputation and inappropriate conduct is detailed in Chapter 4.11 "Compliance risk".

### 4.10.1 ORGANISATION OF OPERATIONAL RISK MANAGEMENT

#### Governance

The Group operational risk management framework, other than non-compliance risks detailed in Chapter 4.11 "Compliance risk" is structured around a three-level system comprising:

- a first line of defence in each core Business Units/Service Units, responsible for applying the framework and putting in place controls that ensure risks are identified, analysed, measured, monitored, managed, reported and contained within the limits set by the Group-defined risk appetite;
- a second line of defence, namely the Non-Financial Risk and permanent control Department in the Group's Risk Division, in charge of the management of operational risks frameworks.

As such, the Non-Financial Risk and permanent control Department:

- conducts a critical examination of the BU/SUs management of operational risks (including fraud risk, risks related to information systems and information security, and risks related to business continuity and crisis management),
- sets regulations and procedures for operational risk systems and production of cross Group analyses,
- produces risk and oversight indicators for operational risk frameworks.

To cover the entire Group, the Non-Financial Risk and permanent control Department has a central team supported by regional hubs. The regional hubs report back to the department, providing all information necessary for a consolidated overview of the Bank's risk profile that is holistic, prospective and valid for both internal oversight purposes and regulatory reporting.

The regional hubs are responsible for implementing the Operational Risk Division's briefs in accordance with the demands of their local regulators.

The Non-Financial Risk and permanent control Department communicates with the first line of defence through a network of operational risk correspondents in each Business/Service Units.

Concerning risks specifically linked to business continuity, crisis management and information, of persons and property, the Non-Financial Risk and permanent control Department carries out the critical review of the management of these risks in connection with the Group Security Division. Specifically, regarding IT risks, the Non-Financial Risk and permanent control Department carries out the critical review of the management of these risks in connection with the Resources and Digital Transformation Department;

- a third line of defence in charge of internal audits, carried out by the General Inspection and Audit Division.

## First and second-level control

The implementation and monitoring of the operational risk management framework is part of the Group's internal control framework:

- level 1 control is performed as part of operations within each SG Group BU/SU/entity, including managerial supervision and operational controls. This permanent control framework is supervised by the Normative Controls Library (NCL), which brings together, for the entire Group, the control objectives defined by the expertise functions, the business lines, in connection with the second lines of defence;
- level 2 control is carried out by dedicated teams in the Risk Division to carry out this mission on operational risks covering the risks specific to the various businesses (including operational risks related to credit and market risks), as well as the risks associated with purchases, communication, real estate, human resources and information system.

## Risk related to security of persons and property

Protecting persons and property, and compliance with the laws and regulations governing security are major objectives for Societe Generale Group. It is the mission of the Group Security Division to manage human, organisational and technical frameworks that guarantee the smooth operational functioning of the Group in France and internationally, by reducing exposure to threats (in terms of security and safety) and reducing their impact in the event of crisis.

The security of persons and property encompasses two very specific areas:

- security, which comprises all the human, organisational and technical resources combined to deal with technical, physical, chemical and environmental accidents that can harm people and property;
- safety, which comprises all the human, organisational and technical resources combined to deal with spontaneous or premeditated acts aimed at harming or damaging the Bank with the intent of obtaining psychological and/or financial profit.

The management of all these risks is based on operational risk systems and the second line of defence is provided by the Risk Department.

## Risks related to information and communication technology (ICT) and security risks

Given the importance for the Group of its information system and the data it conveys and the continuous increase in the cybercriminal threat, the risks related to information and communication technologies (ICT) and to security are major for Societe Generale. Their supervision, integrated into the general operational risk management system, is steered as the first line of defence by a dedicated area of expertise (Information and Information Systems Security – ISS) and the second line of defence is provided by the Risk Department. They are subject to specific monitoring by the management bodies through sessions dedicated to Group governance (Risk Committee, CORISQ, CCCIG, ISCO) and a quarterly dashboard which presents the risk situation and action plans on the main information and communication technologies risks.

The Group Security Department, housed within the General Secretariat, is responsible for protecting information. The information provided by customers, employees and also the collective knowledge and know-how of the bank constitute Societe Generale's most valuable information resources. To this end, it is necessary to put in place the human, organisational and technical mechanisms which make it possible to protect the information and ensure that it is handled, communicated to and shared by only the people who are authorised to know.

The person in charge of risks related to information and communication technologies (ICT) and security of information systems is housed at the Corporate Resources and Digital Transformation Division. Under the functional authority of the Head of Group Security, he recommends the strategy to protect digital information and heads up the IT Security Department. The IT security framework is aligned with the market standards (NIST, ISO 27002, ISO 27001, ISO 27035), and implemented in each Business/Service Unit. Societe Generale policies and process tend to be compliant with their requirements and conducts regular control on this compliance.

Risk management associated with cybercrime is carried out through the tri-annual Information Systems Security (ISS) master plan.

In order to take into account the development of the cyber threat, in a sustainable way on SG Group and in line with the Group strategy, with a budget of EUR 1 billion is allocated over the four coming years, the 2024-2026 cyber security strategy is structured around five pillars that guide actions out to 2026:

- decrease the SG Group's exposure to cyber risk by increasing protection levels and response capacity. In particular, by improving the deployment of key cyber risk controls through a commitment of Executive Committee members on results;
- empower SG staff with regard to cyber security, ensuring that core security rules are fully enforced, in particular by ensuring production of Group's assets are secured by design;
- improve the operational efficiency of cyber security teams by optimizing more automated and more preventive cyber controls, to reduce the run cost and deploy additional protection measures;
- support business transformation with the appropriate involvement of cyber security teams, to anticipate new trends (e.g. Artificial Intelligence or blockchain);
- improve the human resources management of the sector, in particular on developing the skills and attractiveness of the Group's security function.

At the operational level, the Group relies on a CERT (Computer Emergency Response Team) unit in charge of incident management, security watch and the fight against cybercrime. This team uses multiple sources of information and monitoring, both internal and external. Since 2018, this unit has also been strengthened by the establishment of an internal Red Team whose main tasks are to assess the effectiveness of the security systems deployed and to test the detection and reaction capabilities of the defence teams (Blue Teams) during an exercise simulating a real attack. The services of the Red Team enable the Group to gain a better understanding of the weaknesses in the security of the Societe Generale information system, to help in the implementation of global improvement strategies, and also to train cybersecurity defence teams. CERT works closely with the Security Operation Center (SOC), which is in charge of detecting security events and processing them.

A team at the Resources and Digital Transformation Department is in charge of ensuring the consistency of the implementation of operational risk management systems and their consolidation for IT processes. The main tasks of the team are as follows:

- identify and evaluate the major IT risks for the Group, including extreme risk scenarios (e.g. cyberattack, failure of a provider), to enable the Bank to improve its knowledge of its risks, be better prepared for extreme risk scenarios and better align their investments with their IT risks;
- produce the indicators that feed the IT risks monitoring dashboard, intended for management bodies and Information Systems Directors. They are reviewed regularly with the second line of defence in order to remain aligned with the IS and SSI strategy and their objectives;
- more generally, ensure the quality and reliability of all devices addressing IT operational risks. Particular attention is paid to the permanent control system for its IT risks, which is based on the definition of normative IT and security controls and the support of the Group in the deployment of managerial supervision on this topic. Since 2022, the SSI normative controls were reviewed, i.e. around 200 controls covering cyber topics in addition to the IT controls already in place. The IS/SSI Departments monitor the deployment of these controls across the Group, the progress of which is aligned with the objectives set by the Group.

In terms of awareness, a multilingual online training module on information security is mandatory for all internal Group staff and for all service providers who use or access our information system. It was updated in early 2023 in order to incorporate changes to the new Group Information Security Policy.

## Risks related to fraud (including non-authorised market activities)

The supervision of fraud risk, whether internal or external, is integrated into the general operational risk management framework which allows the identification, assessment, mitigation and monitoring of the risk, whether it is potential or actual.

It is steered in the first line of defence by dedicated expert teams working on fraud risk management, in addition to the teams in charge of operational risk management specific to each of the banking businesses. These teams are in charge of the definition and operational implementation of the means of raising awareness, preventing, detecting and dealing with frauds. The second line of defence is provided by the Non-Financial Risks and permanent control Department with a fraud risk manager. The second line defines and verifies compliance with the principles of fraud risk management in conjunction with the first line teams, and ensures that the appropriate governance is in place.

Finally, the teams, whether they are in the first or second line of defence, work jointly with teams of experts in charge of information security, the fight against cyber crime, know your client (KYC), anti-money laundering and combating corruption. Likewise, the teams work closely with the teams in charge of credit risk and market risk. The sharing of information contributes to the identification and increased responsiveness in the presence of a situation of proven fraud or weak signals. This active collaboration makes it possible to initiate investigative measures, blocking attempted fraud or initiating the recovery of funds or the activation of associated guarantees and insurance payments in the event of successful fraud.

### 4.10.2 OPERATIONAL RISK MONITORING PROCESS

The Group's main frameworks for controlling operational risks are as follows:

- collection and analysis of internal operational losses and significant incidents that do not have a financial impact;
- risk and control self-assessment (RCSA);
- oversight of key risk indicators (KRI);
- development of scenario analyses;
- analysis of external losses;
- framework of new products and services;
- management of outsourced services;
- crisis management and business continuity;
- management of risks related to information and communication technologies (ICT).

#### Collection of internal operational losses and significant incidents without any financial impact

Internal losses and significant incidents without any financial impact are compiled throughout the Group. The process:

- monitors the cost of operational risks as they have materialised in the Group and establishes a historical data base for modelling the calculation of capital to be allocated to operational risk;

- learns from past events to minimise future losses.

#### Analysis of external losses

External losses are operational losses data shared within the banking sector. These external data include information on the amount of actual losses, the importance of the activity at the origin of these losses, the causes and circumstances and any additional information that could be used by other establishments to assess the relevance of the event as far as they are concerned and enrich the identification and assessment of the Group's operational risk.

#### Risk and control self-assessment

Under the Risk and Control Self-Assessment (RCSA), each manager assesses the exposure to operational risks of its activities within its scope of responsibility, in order to improve their management.

The method defined by the Group consists of taking a homogeneous approach to identifying and evaluating operational risks and frameworks to control these risks, in order to guarantee consistency of results at Group level. It is based notably on Group repositories of activities and risks in order to facilitate a comprehensive assessment.

The objectives are as follows:

- identifying and assessing the major operational risks (in average amount and frequency of potential loss) to which each activity is exposed (the intrinsic risks, *i.e.* those inherent in the nature of an activity, while disregarding prevention and control systems). Where necessary, risk mapping established by the functions (*e.g.* Compliance, Information Systems Security, etc.) contributes to this assessment of intrinsic risks;
- assessing the quality of major risk prevention and mitigation measures;
- assessing the risk exposure of each activity that remains once the risk prevention and mitigation measures are taken into account (the “residual risk”), while disregarding insurance coverage;
- remedying any shortcomings in the prevention and control systems, by implementing corrective action plans and defining key risk indicators; if necessary, in the absence of an action plan, risk acceptance will be formally validated by the appropriate hierarchical level;
- adapting the risk insurance strategy, if necessary.

The exercise includes, in particular, risks of non-compliance, tax risks, accounting risks, risks related to information systems and their security, as well as those related to human resources.

## Key risk indicators

Key risk indicators (KRIs) supplement the overall operational risk management system by providing a dynamic view (warning system) of changes in business risk profiles.

Their follow-up provides managers of entities with a regular measure of improvements or deteriorations in the risk and the environment of prevention and control of activities within their scope of responsibility.

KRIs help BU/SU/Entities and the Senior Management proactively and prospectively manage their risks, taking into account their tolerance and risk appetite.

An analysis of Group-level KRIs and losses is presented to the Group’s Executive Committee on a quarterly basis in a specific dashboard.

## Analyses of scenarios

The analyses of scenarios serve two purposes: informing the Group of potential significant areas of risk and contributing to the calculation of the capital required to cover operational risks.

These analyses make it possible to build an expert opinion on a distribution of losses for each operational risk category and thus to measure the exposure to potential losses in scenarios of very severe severity, which can be included in the calculation of the prudential capital requirements.

In practice, various scenarios are reviewed by experts who gauge the severity and frequency of the potential impacts for the Group by factoring in internal and external loss data as well as the internal framework (controls and prevention systems) and the external environment (regulatory, business, etc.). Analyses are performed either at Group level (cross-business scenarios) or at business level.

Governance is established in particular to:

- enable approval of the annual scenarios update program by Senior Management through the Group Risk Committee (CORISQ);

- enable approval of the scenarios by the businesses (for example during the Internal Control Coordination Committees of the BUs and SUs concerned or during *ad hoc* meetings) and a challenge of scenario analyses by LoD2;
- conduct an overall review of the Group’s risk hierarchy and of the suitability of the scenarios by CORISQ.

## New product Committees

Each division submits its plans for a new product and services to the New Product Committee. The Committee, jointly coordinated by a representative of the Group Risk Division and a representative of the relevant businesses division, is a decision-making body which decides the production and marketing conditions of new products and services to clients.

The Committee aims to ensure that, before the launch of any product or service, or before any relevant changes to an existing product or service, all types of induced risks (among them, credit, market, liquidity and refinancing, country, operational, legal, accounting, tax, financial, information systems risks as well as the risks of non-compliance, reputation, protection of personal data, corporate social and environmental responsibility risks, etc.) have been identified, assessed and, if necessary, subjected to mitigation measures allowing the acceptance of residual risks.

## Management of outsourced services

Some banking services are outsourced outside the Group or within the Group (*e.g.* in our shared service centres). These two subcontracting channels are supervised in a manner adapted to the risks they induce.

The management framework for outsourced services ensures that the operational risk linked to outsourcing is controlled, and that the terms imposed by the Group under the sub-contracting agreement are respected.

The objectives are to:

- decide on outsourcing with knowledge of the risks taken; the entity remains fully responsible for the risks of the outsourced activity;
- monitor outsourced services until they are completed, ensuring that operational risks are controlled;
- map the Group’s outsourcing activities with an identification of the activities and BUs concerned in order to prevent excessive concentrations on certain service providers.

## Crisis management and business continuity

Crisis management and business continuity measures aim to minimise as much as possible the impact of potential disasters on clients, staff, activities or infrastructures, and thus to preserve the Group’s reputation and image as well as its financial strength.

Business continuity is managed by developing in each Societe Generale Group entity, organisations, procedures and resources that can deal with natural or accidental damage, or acts of deliberate harm, with a view to protect their personnel, assets and activities and to allow the provision of essential services to continue, if necessary, temporarily in reduced form, then restoring service to normal.



### 4.10.3 OPERATIONAL RISK MEASUREMENT

Since 2004, Societe Generale has used the Advanced Measurement Approach (AMA) allowed by the Capital Requirements Directive to measure operational risk. This approach, implemented across the main Group entities, notably makes it possible to:

- identify the businesses that have the greatest risk exposures;
- identify the types of risk that have the greatest impact on the Group's risk profile and overall capital requirements;
- enhance the Group's management of operational risks.

#### Operational risk modeling

The statistical method used by the Group for operational risk modeling is based on the Loss Distribution Approach (LDA) for AMA internal model.

Under this approach, operational risks are modeled using segments, each segment representing a type of risk and a Group core business. The frequency and severity of operational risks, based on past internal losses, external losses, the internal and external environment, and scenario analyses, are estimated and the distribution of annual losses is calculated for each segment. This approach is supplemented by cross-business scenario analyses that measure cross-business risks for core businesses, such as cybercriminality and the flooding of the river Seine.

Aside from the individual risks associated with each segment or cross-business scenario analysis, the model takes into account the diversification between the various types of risk and the core

businesses, dependency effects between extreme risks as well as the effect of insurance policies taken out by the Group. The Group's regulatory capital requirements for operational risks within the scope covered by the (AMA) internal model are then defined as the 99.9% quantile of the Group's annual loss distribution.

For some Group entities, notably in retail banking activities abroad, the standard method is applied: the calculation of capital requirements is defined as the average over the last three years of a financial aggregate based on the Product Net Banking multiplied by factors defined by the regulator and corresponding to each category of activity. To make the calculation, all of the Group's business lines are broken down into the eight regulatory activities.

Societe Generale's total capital requirements for operational risks were EUR 4.0 billion at the end of 2023, representing EUR 50 billion in risk-weighted assets. This assessment includes the capital requirement of AMA and Standard perimeters.

#### Insurance cover in risk modeling

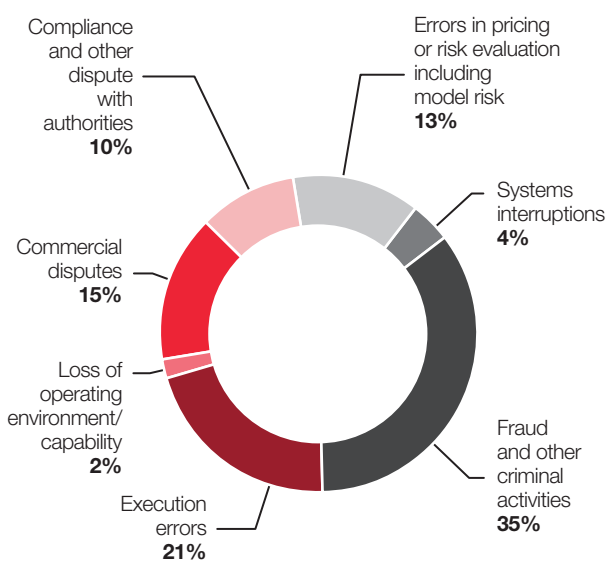
In accordance with regulations, Societe Generale incorporates risk cover provided by insurance policies when calculating regulatory capital requirements for operational risks, within the limit of 20% of said requirements. These insurance policies cover part of the Group's major risks, *i.e.* civil liability, fraud, fire and theft, as well as systems interruptions.

Risk reduction through insurance policies resulted in a 6.4% decrease in total capital requirements for operational risks.

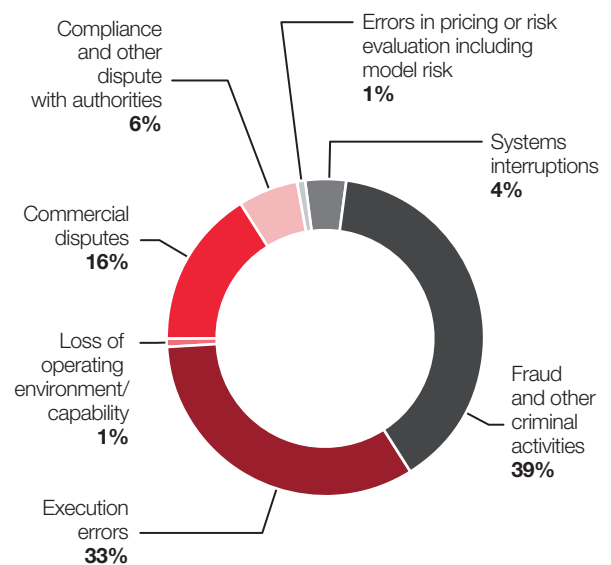
#### Quantitative data

The following charts break down operating losses by risk category for the 2019-2023 period.

**OPERATIONAL RISK LOSSES:  
BREAKDOWN BY SOCIETE GENERALE  
RISK EVENT TYPE - AMOUNTS**



**OPERATIONAL RISK LOSSES:  
BREAKDOWN BY SOCIETE GENERALE  
RISK EVENT TYPE - NUMBER OF EVENTS**



Over the past five years, Societe Generale's operational risks have, on average, concentrated on five types, accounting for 94% of the Group's total operating losses:

- fraud and other criminal activities represented 35% of the amount of operating losses over the period. They are mainly composed of external frauds on financing files (falsified financial statements by the client, theft or misappropriation of collateral/guarantees, etc.), fraud on manual means of payment (electronic payments, transfers and cheques) and supplier fraud on financed equipment. To be noted a decrease of 20% in 2023 compared to 2022 due to the absence of new significant case.;
- execution errors represented 21% of total operational losses, thereby constituting the second leading cause of loss for the Group; The decrease trend that began in 2021, continued in 2023 thanks to the proper execution of the remediation plans;

- commercial disputes, the third largest category, represented 15% of the Group's operational losses over the period; Increased in 2023 is due to the settlement of old cases;
- pricing or risk assessment errors, including model risk, represent 13% of the total amount of losses.;
- litigation with authorities represented 10% of total Group operating losses.

The other categories of Group operational risk (activities not authorised on the markets, system interruptions, loss of operating environment/capability) were still relatively insignificant, representing on average 6% of the Group's losses over the 2019 to 2023 period.

## 4.10.4 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

Societe Generale's capital requirements for operational risk are mainly calculated using the Advanced Measurement Approach (AMA) via its internal model (91% in 2023).

The amount of RWA on the AMA scope increased in 2023

(EUR +4.1 billion, i.e. +8.9%). This increase is mainly linked to LeasePlan integration.

The following table breaks down the Group's risk-weighted assets and the corresponding capital requirements at 31 December 2023.

**TABLE 39: WEIGHTED EXPOSURES AND CAPITAL REQUIREMENTS FOR OPERATIONAL RISK BY APPROACH**

| (In EURm)  | 31.12.2023         |            |            | Own funds requirements | Risk-weighted assets |
|--|--------------------|------------|------------|------------------------|----------------------|
|  | Relevant indicator |            |            |                        |                      |
| Banking activities   | 31.12.2021         | 31.12.2022 | 31.12.2023 |                        |                      |
| Banking activities subject to basic indicator approach (BIA)                               | -                  | -          | -          | -                      | -                    |
| Banking activities subject to standardised (TSA)/alternative standardised (ASA) approaches | 2,351              | 3,087      | 2,563      | 381                    | 4,759                |
| Subject to TSA   | 2,351              | 3,087      | 2,563      |                        |                      |
| Subject to ASA   | -                  | -          | -          | -                      | -                    |
| Banking activities subject to advanced measurement approaches AMA                          | 23,980             | 27,186     | 29,640     | 3,629                  | 45,365               |

Historical data including the updates, reflecting some changes in the scope of entities, which occurred during the year.

| (In EURm)  | 31.12.2022         |            |            | Own funds requirements | Risk-weighted assets |
|--|--------------------|------------|------------|------------------------|----------------------|
|  | Relevant indicator |            |            |                        |                      |
| Banking activities   | 31.12.2020         | 31.12.2021 | 31.12.2022 |                        |                      |
| Banking activities subject to basic indicator approach (BIA)                               | -                  | -          | -          | -                      | -                    |
| Banking activities subject to standardised (TSA)/alternative standardised (ASA) approaches | 1,184              | 1,337      | 1,245      | 103                    | 1,290                |
| Subject to TSA   | 1,184              | 1,337      | 1,245      |                        |                      |
| Subject to ASA   | -                  | -          | -          | -                      | -                    |
| Banking activities subject to advanced measurement approaches AMA                          | 21,964             | 23,980     | 27,186     | 3,579                  | 44,733               |

(1) Historical data including the updates, reflecting some changes in the scope of entities, which occurred during the year.



## 4.10.5 OPERATIONAL RISK INSURANCE

### General policy

Since 1993, Societe Generale has implemented a global policy of hedging Group operational risks through insurance.

This consists of searching the market for the most extensive cover available for the risks incurred and enabling all entities to benefit from such cover wherever possible. Policies are taken out with leading insurers. Where required by local legislation, local policies are taken out, which are then reinsured by insurers that are part of the global program.

In addition, special insurance policies may be taken out by entities that perform specific activities.

A Group internal reinsurance company intervenes in several policies in order to pool high-frequency, low-level risks between entities. This approach contributes to the improvement of the Group's knowledge and management of its risks.

### Description of main general risk coverage

Buildings and their contents, including IT equipment, are insured at their replacement value. The guarantee covering acts of terrorism abroad has been renewed.

Liability other than professional liability (*i.e.* relating to operations, Chief Executive Officers and Directors, etc.) is covered. The amounts insured vary from country to country, according to operating requirements.

### Description of main risks arising from operations

Insurance is only one of the measures used to offset the consequences of the risks inherent in the Group's activity. It complements the Group's risk management policy.

#### THEFT/FRAUD

These risks are included in the "Banker's Blanket Bond" policy that insures all the Group's financial activities around the world.

Internal fraud (committed by an employee or by a third party acting with the aid of an employee) and external fraud (committed by a third party acting alone), with the intent to obtain illicit personal gain or to harm the Group, are covered.

#### PROFESSIONAL LIABILITY

The consequences of any legal action in respect of staff or managers in the Group's subsidiaries professional activities are insured under a global policy.

#### CYBERATTACKS

A cyber risk insurance policy has been taken out amid an environment not specific to the banking sector which is seeing a rapid development of new forms of crime mainly involving breach of data or the compromise, unavailability or destruction of computer systems.

## 4.11 COMPLIANCE

Compliance risk is considered a non-financial risk, in keeping with the Group's risk taxonomy.

Acting in compliance means understanding and observing the external and internal rules that govern our banking and financial activities. These rules aim to ensure a transparent and balanced relationship between the Bank and its stakeholders. Compliance is the cornerstone of trust between the Bank, its clients, its supervisors and its staff.

Compliance with rules is the responsibility of all Group employees, who must demonstrate compliance and integrity on a daily basis. The rules must be clearly expressed, and staff have been informed and/or trained to understand them properly.

The compliance risk prevention system is based on shared responsibility between the operational entities and the Group Compliance Department:

- the operational entities (BUs and SUs) must incorporate into their daily activities compliance with laws and regulations, the rules of professional best practice and the Group's internal rules;
- the Compliance Department manages the Group's compliance risk prevention system. It ensures the system's consistency and efficiency, while also developing appropriate relationships (liaising with the General Secretariat) with bank supervisors and regulators. This independent department reports directly to General Management.

To support the businesses and supervise the system, the Compliance Department is organised into:

- **Standards and Consolidation teams** responsible for defining the normative system and oversight guidelines, consolidating them at

Group level, as well as defining the target operational model for each compliance risk;

- **Core Business/Business Compliance teams** which are aligned across the Group's major business lines (Corporate and Investment Bank, French Retail Banking, International Retail Banking, Private Banking and Corporate Divisions), responsible for the relationship with BU/SUs, including deal flow, advisory, and risk oversight of BU/SUs;
- teams responsible for **cross-business functions**;
- teams responsible for **second-level controls**.

The Compliance Department is organised into three main compliance risk categories, for which it plays a standard-setting role:

- **financial security**: know your client (KYC); compliance with the rules and regulations on international sanctions and embargoes; anti-money laundering and combating the financing of terrorism (AML/CFT), including reporting suspicious transactions to the appropriate financial intelligence authority when necessary;
- **regulatory risks**, which cover in particular: client protection, anti-bribery and corruption, ethics and conduct, compliance with tax transparency regulations (based on knowledge of the customers' tax profile), compliance with corporate social responsibility regulations and Group commitments, market integrity, compliance with prudential regulations in collaboration with the Risk Department, joint coordination with HRCO of the Group's Culture & Conduct issues (conduct in particular);
- **protection of data**, including personal data and in particular those of customers.

| Financial crime risks |   |                       | Regulatory risks  |                  |                  |   |                                 |                           |
|-----------------------|---|-----------------------|-------------------|------------------|------------------|---|---------------------------------|---------------------------|
| Know Your Customers   | Anti-Money Laundering & Counter Terrorism Financing | Sanctions & Embargoes | Client Protection | Market Integrity | Tax Transparency | Anti-Corruption & Bribery, Ethics & Conduct | Corporate Social Responsibility | Data protection & digital |

Compliance has set up an extensive compulsory training programme for each of these risk categories, designed to raise awareness of compliance risks among all or some employees. The completion rates for these training modules are monitored closely by the Group at the highest level.

In addition to its LoD2 function regarding the aforementioned risks, Compliance oversees the regulatory system for all regulations applicable to credit institutions, including those implemented by other departments, such as prudential regulations.

## 4.11.1 COMPLIANCE

### Financial security

#### KNOW YOUR CLIENT (KYC)

Today Societe Generale's KYC system is essentially robust in the wake of the Group's remediation and transformation programmes aimed at bringing the system to the required level over the past five years. The year 2023 was marked in particular by strengthened procedures for the continuous detection of clients or beneficial owners who have acquired the status of Politically Exposed Person (PEP) or of Relative and Close Associate, and by the continued roll-out of the Group's solution to identify Negative News.

#### ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM (AML/CFT)

The Group implements all the measures related to Directive (EU) 2015/849 on anti-money laundering and counter-terrorism financing (referred to as "the 5th Anti-Money Laundering Directive"), as well as European Regulation 2015/847 on the quality of payment information and the Order of 6 January 2021 on the system and internal controls to fight money laundering and terrorism financing.

Moreover, it has launched or continued several internal initiatives aimed at making its system even more robust. In particular, these initiatives involve the optimisation of transaction surveillance scenarios and the development of more sophisticated tools to detect suspicious or unusual transactions, based on technology like big data and machine learning. The implementation of these so-called new-generation tools saw major progress in 2023, in particular at BoursoBank and in International Retail Banking activities.

#### FINANCIAL EMBARGOES AND SANCTIONS

The global environment was marked in 2023 by stronger sanctions imposed on Russia by various jurisdictions (the European Union, the US, the UK, etc.) on account of the war against Ukraine. The implementation of these sanctions remains very complex and may generate high operational risk for financial institutions. Accordingly, the Societe Generale Group continues to closely supervise transactions involving Russia to ensure compliance with international sanctions.

Following the dismissal of the Deferred Prosecution Agreement in December 2021 by the US authorities, the Group took further measures to bolster its Embargoes/Sanctions system, which continues to be regularly reviewed by an independent consultant appointed by the FRB.

### Regulatory compliance risk

#### CUSTOMER PROTECTION

Customer protection is a major challenge for the Societe Generale Group, which is committed to respecting and protecting the interests of its customers.

The prevention of financial vulnerability (early detection), banking inclusion (the right to hold an account) and the unbundling of insurance taken out on a real estate loan remain priorities. These measures were supplemented by the application of the Lemoine Act, which stipulates that any request to replace a contract must be processed within 10 days.

Information provided to customers was strengthened with new rules on ESG (Environmental and Social Governance) labelling and designations.

The Group continues to implement significant measures to improve its system in terms of:

- strengthening internal rules regarding key aspects of customer protection (marketing rules, especially for sustainable investment,

cross-border sales, customer claims, conflicts of interest, product governance, protection of customers' assets, along with compensation and qualification of employees);

- specific training and increased staff awareness; the importance the Group places on this issue is widely addressed in the Group's Code of Conduct;
- adapting tools to regulatory requirements as a matter of necessity (managing conflict of interest mapping, integrating customer preferences in terms of sustainable investment, etc.).

#### Customer claims

Processing a claim is a commercial act that impacts customer satisfaction. Accordingly, it has received extensive coverage in the Code of Conduct.

Updated in 2023, the "Customer claim processing" Group instruction incorporates the recommendations of the national supervisor (French Prudential Supervisory and Resolution Authority – ACPR) and the regulatory requirements (MIF2, DDA and DSP – the Payment Services Directive) relative to the strengthening of customer protection measures at European level. The Bank's businesses have an *ad hoc* governance, an organisation, human resources and applications, formalised procedures, and quantitative monitoring indicators.

Independent mediation supplements this internal system. Mediation aims to settle disputes amicably and the Group notifies customers of their recourse to it using multiple media in particular by the existence of a permanent notice on the last page of their bank account statements. Every entity involved is obliged to comply with the independent mediator's decision.

#### Conflicts of interest

The Group has a clear normative framework (updated in 2023) in place to prevent and manage conflicts of interest. This framework specifies the principles and mechanisms that have been implemented. It is a robust system that tackles various types of potential conflicts of interest: those of Group entities that may arise in the course of business, whether with respect to customers or other third parties (suppliers, etc.); those of employees when their personal activities and interests conflict with their professional activities. The system is supplemented by the annual reporting of conflicts of interest (*Déclaration des Conflits d'intérêts* – DACI) regarding people most exposed to the risks of corruption. Societe Generale gives priority to their customers' interests under all circumstances. If in some instances this system does not appear to remove the risk of conflicts of interest with reasonable certainty and in accordance with local regulations, Societe Generale shall either refrain from carrying out the transaction or, insofar as confidentiality requirements allow, inform the client or prospect of the general nature or source of conflict of interest. The customer can then make an informed decision.

#### Product governance

Systematic reviews ahead of and during the marketing process ensure compliance with product governance obligations. As product originator, SG sets up Product Review Committees to ensure the target market has been defined correctly and, if not, to adjust it accordingly. As distributor, Societe Generale checks that the criteria match the customers' situation and communicates with product originators to track products during their life cycle. SG's investment services policy includes new offers in terms of sustainable finance, the supervision of crypto-assets, and detailed notes on the target markets of the main instruments produced or distributed by each business.

## Vulnerable customers

Societe Generale has established practices and usages to comply with legislation vis-à-vis vulnerable customers, in particular customers benefiting from the offer tailored to financially challenged customers. To contribute to the national effort to boost the purchasing power of French citizens in difficult financial circumstances, the Group added to its practices by introducing additional measures in 2019, notably by

- i) freezing bank fees;
- ii) capping bank intervention fees for vulnerable clients; and
- iii) organising follow-up and support suited to the situation of customers experiencing difficulties in the wake of recent events. These measures are closely monitored and covered in action plans aimed at identifying financially vulnerable customers.

## MARKET INTEGRITY

The market integrity laws and regulations adopted in recent years, together with their latest changes, have been included in a robust risk hedging system implemented in the Societe Generale Group.

The rules of conduct, the organisational principles and the oversight and control measures are in place and regularly assessed. Moreover, extensive training and awareness-raising programmes are provided to all Group employees.

This system was strengthened in 2023, notably by:

- the roll-out of tools enabling to record electronic communications on platforms like WhatsApp for persons targeted by orders issued by the US authorities (SEC and CFTC) against several banking institutions, such as SG SA and SGAS;
- ramping up the supervision of market abuse risk generated by transactions executed using access information provided by the markets;
- updating the compliance management system for derivatives, which are subject to ever-changing regulations that go hand-in-hand with business and technology developments;
- addressing the escalation in and ongoing changes to regulatory requirements regarding transaction reporting, along with the need to improve data quality.

## TAX TRANSPARENCY AND EVASION

Societe Generale Group's principles on combating tax evasion are governed by the Tax Code of Conduct. The code is updated periodically and approved by the Board of Directors after review by the Executive Committee. It is publicly available via the Bank's institutional investor portal (<https://www.societegenerale.com/sites/default/files/documents/code-conduct/tax-code-of-conduct-of-societe-generale-group-uk.pdf>). The previous version from 2017 was updated in December 2023.

The five main principles of the Code of Conduct are as follows:

- Societe Generale has a responsible tax policy that forms part of its overall strategy;
- Societe Generale ensures compliance with the applicable tax rules in all countries where the Group operates, in accordance with international conventions and national laws;
- in its customer relationships, Societe Generale ensures that customers are informed of their tax obligations relating to transactions carried out with the Group (insofar as this information is

authorised by the applicable laws and regulations). The Group complies with the reporting obligations that apply to it as bookkeeper and in any other way;

- in its relations with the tax authorities, Societe Generale is committed to strictly respecting tax procedures and ensures that it maintains responsible and transparent relations;
- Societe Generale prohibits tax evasion and the abuse of rights, whether in the Group or by its subsidiaries, and does not encourage or facilitate tax evasion for its customers. Societe Generale also prohibits any transaction not based on sound economic grounds and driven solely by tax considerations, whether for its own account or for its customers.

The tax strategy and its guiding principles are approved by the Board of Directors. Measures for monitoring compliance with the tax strategy and risks are presented to the Board of Directors (or a delegate Committee) at least once a year.

The Group is committed to a strict policy with regard to tax havens. No new Group entity may be established in a state or territory on the official French list of ETNCs<sup>(1)</sup> (*États et territoires non coopératifs* in French). Moreover, the Group undertakes to cease operating entities in said countries unless their activities are mainly regional in nature. Internal rules have also been in place since 2013 to monitor an expanded list of countries or territories.

The Group adheres to the Organisation for Economic Co-operation and Development's (OECD) Transfer Pricing recommendations and applies the principle of competitive neutrality in order to ensure that its intra-group transactions are made under arm's length conditions and do not result in the transfer of any indirect benefits. However, where local regulations differ from these recommendations, the former shall prevail in all relations with the relevant government and be properly documented.

The Group publishes information on its entities and activities annually on a country-by-country basis (*cf section 2.13 - pages 73 - 74*) and confirms that its presence in a number of countries is for commercial purposes only, and not to benefit from special tax provisions. The Group complies with the tax transparency rules for its own account (CbCR - country-by-Country Reporting) and has included the principle of transparent tax communications in its Code of Conduct. Societe Generale complies with client tax transparency standards. The Common Reporting Standard (CRS) enables tax authorities to be systematically informed of income received abroad by their tax residents, including where the accounts are held in asset management structures. Societe Generale also complies with the requirements of the United States FATCA (Foreign Account Tax Compliance Act), which aims to combat tax evasion involving foreign accounts or entities held by US taxpayers. The Group has implemented the European Directive DAC6, which requires the reporting of cross-border tax planning arrangements. Last, the Group is studying the new tax transparency standards on digital assets ahead of their upcoming implementation, in particular the CARF (Crypto-Asset Reporting Framework), changes to the CRS standard, and the new European Directive in this regard, known as DAC8 (Directive on Administrative Cooperation 8).

Importantly, the account-keeping entities of the Private Banking business line are established exclusively in countries with the strictest tax transparency rules imposed by G20 member countries and the OECD. Assets deposited in Private Banking books are subject to enhanced scrutiny using comprehensive due diligence procedures to ensure they are tax compliant.

In accordance with regulatory requirements, Societe Generale also includes tax fraud in its anti-money laundering procedures.

(1) Including the European black list

## ANTI-CORRUPTION MEASURES

Societe Generale is fully committed to fighting corruption, in particular by participating in the Wolfsberg Group and the Global Compact.

The Group applies the strict principles included in its Code of Conduct and its "Anti-Corruption and Influence Peddling Code". It promotes a culture of compliance with zero tolerance for corruption.

The body of standards governing the fight against corruption is reviewed annually and covers:

- Know Your Third Party requirements (due diligence of customers, suppliers and partners alike, especially beneficiaries of patronage and sponsorship initiatives);
- human resources (recruitment, mobility, professional assessment, remuneration, disciplinary framework);
- gifts, business meals and external events;
- identification and training of employees most exposed to corruption risks;
- interest representation activities;
- contractual policy;
- mergers and acquisitions;
- right to whistleblow;
- conflict of interest situations, documented in dedicated records within each Group entity.

The anti-corruption system implemented is a solid solution that includes:

- preventative measures:
  - corruption risk mapping,
  - policies and procedures,
  - regular training at all levels (senior management, most exposed persons, all employees),
  - awareness-raising and communication to governance bodies;
- detection measures:
  - a whistleblowing system updated in 2023 following the Wasserman Law; see Chapter 5.5, "Duty of Care Plan",
  - periodic and permanent monitoring of specific anti-corruption accounting and operational controls,
  - internal audits;
- reporting and steering *via* a specific governance and key indicators.

The Societe Generale Group also has several tools at its disposal, such as the tool for declaring gifts and invitations (GEMS), the tool for whistleblowing management (WhistleB), the annual conflict of interest declaration tool (DACI), and the tool for selecting risky manual accounting entries (OSERIS).

## SUSTAINABILITY RISK

European financial regulations have seen significant changes from a social and environmental perspective, in particular with:

- the entry into force in March 2021 of Regulation (EU) 2019/2088 – SFDR on Sustainability-related disclosures in the financial services sector;
- the Taxonomy Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment; and
- the entry into force in January 2022 of the Delegated Regulation of 4 June 2021 supplementing the Taxonomy Regulation.

The Compliance Department is developing the normative framework relative to the European Union regulations on sustainable investment and producing deliverables pertaining to normative documentation, training, controls and supervision to help the business lines to comply with regulations. An e-learning module on sustainable investment was made compulsory for more than 30,000 Group employees.

Over and above the regulations, the Group is making voluntary, public commitments in this area (refer to 306 - 307) To manage the implementation of the environmental and social risk management system and ensure the Group's commitments are upheld, the Compliance Division introduced the following measures to:

- develop normative controls;
- deploy e-learning on environmental and social risk management. The training was made compulsory for all employees having a direct or indirect relationship with corporate customers and was distributed to more than 70,000 Group employees;
- define an environmental and social escalation procedure with respect to corporate customers to set out the criteria requiring business lines to reach out to the Compliance Division and, where applicable, the Arbitration Committee chaired by General Management, to onboard a company in situations likely to present a reputation risk arising from environmental or social factors.

## Data protection

### PERSONAL DATA PROTECTION

Societe Generale is especially sensitive to personal data protection. The governance of personal data processing within the Societe Generale Group was strengthened when the General Data Protection Regulation (GDPR) came into force.

A governance and normative framework have been defined for the data protection system which applies to entities within the scope of the GDPR.

The supervision of personal data protection risk is taken into account notably through impact analyses carried out pursuant to regulations when the data processing is likely to generate a high risk for the rights and freedoms of the people concerned. In general, Societe Generale analyses the compliance of its personal data processing and takes risk mitigating measures aligned with their sensitivity.

When Societe Generale communicates personal data to its partners, it applies the necessary governance to meet regulatory requirements and its customers' legitimate expectations with contractual obligations requiring said partners to implement the necessary personal data protection measures.

Moreover, before transferring the personal data outside of the European Economic Area, Societe Generale Group entities subject to the GDPR conduct an impact analysis considering the laws and practices of the destination countries to assess whether the level of personal data protection in the country of destination is essentially equivalent to that of the EU, and whether additional measures (especially safety and organisational measures) should be implemented prior to the transfer.

When using legitimate interest as legal grounds for the transfer of data, Societe Generale performs an analysis to check that the interests sought do not create an imbalance that adversely affects the rights and interests of the persons whose data are being processed.



Information systems for people (such as customers, employees - including external ones, shareholders, supplier employees), in compliance with the RGPD, are made available and cover the type of data collected, the data collected, the purpose of the data processing, the categories of recipients of the data, the existence of data transfer (where applicable), the data retention period and the rights of the persons concerned, as well as how those rights can be exercised.

Moreover, the Group has made dedicated efforts to increase staff awareness *via* specialised training. The e-learning module was rolled out to all employees working in the relevant entities and completed by 98% of them at the end of 2023.

In accordance with the applicable regulations, the Societe Generale Group has appointed a Data Protection Officer (DPO) who reports to the Head of Group Compliance (the latter is a member of the Group's Executive Committee). The DPO is the main contact person for the Personal Data Protection Authority (*Commission Nationale de l'Informatique et des Libertés* – CNIL). The DPO is also responsible for ensuring sound Group compliance for personal data protection.

The DPO works with a network of local DPOs and correspondents throughout the Group entities, which he or she supervises and coordinates by way of a dedicated Committee. The DPO is tasked with performing regular reviews of certain risk indicators, notably the number and nature of personal data leaks, and the internal training course completion rate.

The risk indicators are reported to the Group's Compliance Committees for personal data protection. The information gathered from the permanent controls, compliance controls and periodic controls (control framework based on the three lines of defence) are also monitored by the appropriate Compliance Committees.

A risk assessment exercise is carried out periodically by the Compliance Department. This risk assessment exercise includes a dedicated questionnaire on personal data protection, which aims to assess an activity's inherent risk level and the strength of its risk mitigation system from a personal data protection perspective.

Data purge, performed in accordance with personal data protection regulations, forms part of Data Records Management and the process of storing evidence of the Group's activity (see paragraph below).

## DATA RECORDS MANAGEMENT

Societe Generale Group is required to archive information that could provide evidence of its activities, in accordance with the laws and regulations applicable in its countries of operation.

Data Records Management (DRM) is defined as all actions, tools and methods aimed at identifying, storing, retrieving and managing the final disposition of all information providing evidence of its activities. It ensures the traceability of the Group's activities by preserving records held in compliance with the legal, regulatory, contractual and business rules applicable to the relevant activities, and by destroying them at the end of their retention period (purge), except in specific, duly justified cases (e.g., under pre-litigation or litigation retention procedures).

Three DRM principles must be observed and implemented in a proportionate manner for all archived records: integrity, traceability and access.

DRM governance is covered by a specific Group-wide policy published in the SG Code.

## Other regulatory risks

### MANAGEMENT OF REPUTATION RISK

Management of reputation risk is coordinated by the Compliance Department, which:

- supports the Compliance Control Officers of the businesses in their strategy for preventing, identifying, assessing and controlling reputation risk;
- develops a reputation risk dashboard that is communicated quarterly to the Risk Committee of the Board of Directors, based on information from the businesses/Business Units and support functions/Service Units (in particular the Human Resources, Communications, Legal, Corporate Social Responsibility, etc.);
- performs the Secretariat role for the Customer Acceptance Committee (CAC) whose role is to approve the onboarding or continuing relationship with certain customers which are subject to an arbitration request between the businesses and control functions;
- is a permanent member of the Complex Transactions and Reputation Risk Committee (CTRC), tasked with reviewing and approving the legal, regulatory, tax, compliance and/or reputation risk that may arise from the involvement of a Group entity or Group employees in a complex transaction or from a product, transaction, service or activity with a customer or counterparty.

Moreover, Chief Compliance Officers dedicated to Business Units take part in the various bodies (New Product Committees or NPC, *ad hoc* Committees, etc.) organised to approve new types of transactions, products, projects or customers, and formulate a written opinion as to their assessment of the level of risk of the planned initiative, and notably the reputation risk.

### CORPORATE COMPLIANCE

In addition to its second-line-of-defence function with regard to the aforementioned areas, the Compliance Department has continued to strengthen the supervision of the Group's regulatory system in coordination with the Risk, Finance, Legal and Human Resources Departments. This oversight relies on the Corporate Compliance Framework, which aims to ensure the Group's compliance with all regulations, including those implemented by other departments, namely control functions or independent expert functions.

To this end, a document setting out the Compliance function's roles and responsibilities with respect to implementing its remit is formalised and approved by the stakeholders.

In this regard, the Group concentrated on three priority themes in 2023: prudential compliance, competition law compliance, and remuneration. It will pursue its efforts in 2024 across other themes.

### COMPLIANCE INCIDENTS

In accordance with regulatory requirements, the Societe Generale Group has a system to centrally manage compliance incidents which is governed by a regularly updated body of standards.

The procedure for reporting incidents is governed by an *ad hoc* governance, together with Compliance Incident Committees (CIC). These are held monthly with an intermediate level for the business lines and a consolidated level for the Group, which addresses the most significant incidents. These bodies promote information sharing between members regarding any malfunctions that may occur, and the methods used to resolve them.

The presentation of these incidents in the CICs for the purposes of compliance risk supervision and steering is routinely accompanied by long-term remedial action plans to prevent future incidents from recurring. Once all the remedial action plans have been finalised, a compliance incident may be closed upon formal approval by the CIC.

Major compliance incidents within the Group are reported on a quarterly basis:

- to the executive arm of the Group Compliance Committee;
- to the supervisory arm of the Risk Committee of the Board of Directors in a Group Compliance dashboard;
- to the French Prudential and Resolution Supervisory Authority (ACPR).

### STATUS OF THE COMPLIANCE REMEDIATION PLAN IN THE WAKE OF AGREEMENTS SIGNED WITH FRENCH AND US AUTHORITIES

In June 2018, Societe Generale entered into agreements with the US Department of Justice (DOJ) and the US Commodity Futures Trading Commission (CFTC) to resolve their investigations into IBOR submissions, and with the DOJ and the French Financial Prosecutions Department (*Parquet National Financier* - PNF) to resolve their investigations into certain transactions involving Libyan counterparties.

In November 2018, Societe Generale entered into agreements with the US authorities to resolve their investigations into certain US dollar transactions involving countries, persons or entities subject to US economic sanctions.

As part of these agreements, the Bank committed to enhance its compliance system in order to prevent and detect any violation of anti-corruption and bribery, market manipulation and US economic sanction regulations, and any violation of New York state laws. The Bank also committed to enhance corporate oversight of its economic sanction's compliance programme. Against this background, the Bank defined and rolled out a programme to implement all these commitments and strengthen its compliance system in the relevant areas.

On 30 November and 2 December 2021, after three years of remediation, the US Federal Court terminated legal proceedings by the DOJ, which confirmed that Societe Generale had complied with obligations relating to the deferred prosecution agreements (DPA) of June and November 2018. In December 2020, the PNF resolved proceedings against Societe Generale and acknowledged that Societe Generale had fulfilled its obligations with respect to the public interest judicial convention.

In terms of compliance with the OFAC sanctions regime, closing the legal proceedings did not terminate the Orders signed in 2018 with the Federal Reserve Bank and the NY DFS. In this respect, the Bank continues to be regularly reviewed by an independent consultant responsible for assessing the strength of its compliance programme in terms of sanctions and embargoes.

### STATUS OF THE US COMPLIANCE REMEDIATION PLAN

On 19 November 2018, Societe Generale Group and its New York branch (SGNY) entered into an agreement (enforcement action) with the NY State Department of Financial Services regarding the SGNY anti-money laundering compliance programme. This agreement requires the Group to (i) submit an enhanced anti-money laundering programme, (ii) submit an anti-money laundering governance plan, and (iii) perform an external audit in 2020.

By way of background, on 14 December 2017, Societe Generale and SGNY on the one hand, and the Board of Governors of the Federal Reserve on the other hand, agreed to a Cease-and-Desist order (the "Order") regarding the SGNY compliance programme to adhere to the Bank Secrecy Act ("BSA") and its anti-money laundering ("AML") obligations (the "Anti-Money Laundering Compliance Program"), and regarding some aspects of its know your client (KYC) programme.

This Cease-and-Desist Order signed on 14 December 2017 with the US Federal Reserve supersedes the Written Agreement entered into in 2009 between Societe Generale Group and SGNY on the one hand, and the US Federal Reserve and the New York State Financial Services Department on the other.

On 17 December 2019, Societe Generale SA and SGNY signed an agreement with the Federal Reserve Bank of New York (FRB) regarding its compliance risk management. The agreement included the submission and approval by the FRB, followed by the implementation, of:

- (i) an action plan to strengthen supervision by the US Risk Committee of the compliance risk management programme,
- (ii) an action plan to improve the compliance risk management programme in the US, and
- (iii) changes to the internal audit programme concerning compliance risk management audits in the US.

At the end of 2023, Societe Generale had made considerable progress in the delivery of the remedial actions.

## 4.11.2 LITIGATION

The information pertaining to risks and litigation is included in Note 9 to the consolidated financial statements, page 616.

## 4.12 MODEL RISK

Many choices made within the Group are based on quantitative decision support tools (models). Model risk is defined as the risk of adverse consequences (including financial consequences) due to decisions reached based on results of internal models. The source of model risk may be linked to errors in development, implementation or use of these models and can take the form of model uncertainty or errors in the implementation of model management processes.

### 4.12.1 MODEL RISK MONITORING

The Group is fully committed to maintaining a solid governance system in terms of model risk management in order to ensure the efficiency and reliability of the identification, design, implementation, modification monitoring processes, independent review and approval of the models used. An MRM (“Model Risk Management”) Department in charge of controlling model risk was created within the Risk Department in 2017. Since then, the model risk management framework has been consolidated and structured and is based today on the following device.

#### Actors and responsibilities

The model risk management system is implemented by the three independent lines of defence, which correspond to the responsibility of the business lines in risk management, to the review and independent supervision and evaluation of the system and which are segregated and independent to avoid any conflict of interest.

The device is as follows:

- the first line of defence (LoD1), which brings together several teams with diverse skills within the Group, is responsible for the development, implementation, use and monitoring of the relevance over time of the models, in accordance with model risk management system; these teams are housed in the Business Departments or their Support Departments;
- the second line of defence (LoD2) is made up of governance teams and independent model review teams, and supervised by the “Model Risk” Department within the Risk Department;
- the third line of defence (LoD3) is responsible for assessing the overall effectiveness of the model risk management system (the relevance of governance for model risk and the efficiency of the activities of the second line of defence) and independent audit of models: it is housed within the Internal Audit Department.

#### Governance, steering and monitoring

A MRM Committee chaired by the Risk Director meets at least every three months to ensure the implementation of the management system and monitor the risk of models at Group level. Within the second line of defence and the “Model risk” Department, a governance team is in charge of the design and management of the model risk management system at Group level.

As such:

- the normative framework applicable to all of the Group’s models is defined, applied when necessary to the main families of models to provide details on the specifics, and maintained while ensuring the consistency and homogeneity of the system, its integrity and its compliance with regulatory provisions; this framework specifies in particular the definition of expectations with regard to LoD1, the principles for the model risk assessment methodology and the definition of guiding principles for the independent review and approval of the model;
- the identification, recording and updating of information of all models within the Group (including models under development or recently withdrawn) are carried out in the model inventory according to a defined process and piloted by LoD2;
- the monitoring and reporting system relating to model risk incurred by the Group in Senior Management has been put in place. The appetite for model risk, corresponding to the level of model risk that the Group is ready to assume in the context of achieving its strategic objectives, is also formalised through statements relating to risk tolerance, translated under form of specific indicators associated with warning limits and thresholds.



## Model life cycle and review and approval process

For each model, risk management is based on compliance with the rules and standards defined for the entire Group by each LoD1 player, it is guaranteed by an effective challenge from LoD2 and a uniform approval process.

The need to examine a model is assessed according to the level of model risk, its model family and applicable regulatory requirements. The independent review by the second line of defence is triggered in particular for new models, periodic model reviews, proposals to change models and transversal reviews in response to a recommendation:

- it corresponds to all the processes and activities which aim to verify the conformity of the functioning and use of the models with respect to the objectives for which they were designed and to the applicable regulations, on the basis of the activities and controls implemented by LoD1;
- it is based on certain principles aimed at verifying the theoretical robustness (evaluation of the quality of the design and development of the model), the conformity of the implementation and use, and the relevance of the monitoring of the model;
- it gives rise to an Independent Review Report, which describes the scope of the review, the tests carried out, the results of the review, the conclusions or the recommendations.

The approval process follows the same approval scheme for all models, the composition of governance bodies being able to vary according to the level of model risk, the family of models, the applicable regulatory requirements and the Business Units/Service Units in which model is applicable. Responsible for LoD2, the approval process consists of two consecutive instances:

- the Review Authority which aims to present the conclusions identified by the review team in the Independent Review Report and to discuss, allowing for a contradictory debate between LoD1 and LoD2. Based on the discussions, LoD2 confirms or modifies the conclusions of the Review Report, including the findings and recommendations, without being limited thereto;
- the Approval Authority, a body which has the power to approve (with or without reservation) or reject the use of a model, changes made to the existing model or continuous monitoring of the relevance of the model along the time proposed by the LoD1, from the Independent Review Report and the minutes of the Review Authority.

## 4.13 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS

### 4.13.1 INTRODUCTION

#### Definition

ESG Risk (Environmental, Social, and Governance Risk) can be defined as the negative materialisation of current or prospective ESG factors through SG counterparties or invested assets. ESG factors may negatively impact SG' financial performance by materialising through risk types, such as credit risk, which are primarily affected by an institution's exposure to its counterparties and invested assets.

The Group's risk management framework is continuously reviewed and updated to take these new challenges into account.

ESG risks are seen as aggravating factors to the traditional categories of risks (credit risk, counterparty risk, market risk, non-financial risks, structural risk, business and strategy risks, as well as other types of risk and other risk factors). They could have an impact on the Group's activities, results and financial situation in the short, medium, and long term. These risk categories are closely interconnected and must be addressed as a whole.

The individual components of ESG risks can be defined as follows:

- **environmental risks** correspond to the risk of materialisation of environmental factors that may adversely affect the financial performance or solvency of a sovereign or individual entity. Environmental factors are those related to the quality and proper functioning of the natural environment and natural systems. They include factors such as climate change, biodiversity\*, energy consumption and waste management. Environmental risks could have an adverse financial impact through a range of risk drivers, classed as follows:
  - **physical risk**, which refers to the current or potential financial impact of physical environmental factors on the Group, its counterparties or its invested assets,
  - **transition risk**, which refers to current or potential impact of the transition to a more environmentally sustainable economic model on the Group, its financial position, counterparties or invested assets;
- **social risks** correspond to the risk of materialisation of social factors that may adversely affect the financial performance or solvency of a sovereign or individual entity. Social factors are those related to the

rights, well-being and interests of people and communities. They include factors such as (in)equality, health, inclusiveness, labour relations, workplace health & safety and well-being, human capital and communities;

- **governance risks** correspond to the risk of materialisation of governance factors that may adversely affect the financial performance or solvency of a sovereign or individual entity. Governance factors are those related to governance practices (executive leadership, executive pay, audits, internal control, fiscal policy, Board of Director independence, shareholder rights, integrity, etc.) and to how companies and entities take environmental and social factors into account in their policies and procedures.

The Group analyses the potential adverse impact of ESG risk factors on its counterparties or invested assets as part of a **double materiality assessment**:

- **environmental and social materiality**, which could stem from the impact of the Group's economic and financial activities on the environment and on human rights; and
- **financial materiality**, which could stem from the impact of ESG factors on the Group's economic and financial activities across the entire value chain (upstream and downstream) and affecting the value (profitability) of these activities.

The Group added ESG risk factors to its risk taxonomy in 2021, based on the "EBA Report on management and supervision of ESG risks for credit institutions and investment firms" (2021) and the "ECB Guide on climate-related and environmental risks" (2020). Their description was revised in 2022 to include physical and transition risks as environmental risk factors and to incorporate the concept of double materiality. In 2023, the definition of double materiality was revised to highlight how the concept applies to assessing financial materiality.

With a view to satisfying the Pillar 3 requirements for qualitative disclosures on ESG risks, this part of Chapter 4 explains how the Group has developed a framework to mitigate such risks. A table of cross-references to the Declaration of Extra-Financial Performance is provided in Chapter 9 (see page 732).

Precise definition is given to words followed by an asterisk. These definitions are presented in the Glossary, page 764.

### 4.13.2 ANALYTICAL APPROACH TO EXTRA-FINANCIAL RISK FACTORS

As part of its internal risk management framework, Societe Generale drew up a risk typology (see page 191). It lists the main risk factors that could have a material impact on its business, profitability, solvency or access to financing, and as a result, which could in turn impact the risks in the framework.

To address impacts on the environment, human rights and fundamental freedoms, the risk mapping is supplemented by a risk assessment exercise undertaken under the *Duty of Care plan* (see page 404) comprising three interlinked assessments of the impact on the Group's activities, employees and suppliers.

In addition to the materiality matrix (see Chapter 5, *Dialogue with stakeholders*, page 359), which provides clarification on stakeholder expectations to inform the Group's strategic analysis, the Group has conducted a specific assessment to identify extra-financial risks. Based on the results of this assessment, it has ranked its main extra-financial risk factors according to two criteria: their potential severity and how likely they are to materialise. In doing so, the assessment considered intrinsic risk, *i.e.* the risk level before any steps are taken to minimise its impact. A time frame was applied to certain risk factors, in that a risk may be perceived as low today but intensify in the future. The methodology and findings of this assessment were submitted to the independent third-party auditor when the assessment was conducted and remain valid for the purposes of this document.

The following intrinsic extra-financial risk factors were identified as being the most significant for the Group:

- cyber risks and IT breakdown (see section 4.1.5.1 *Cyber risk*, page 200; and section 4.1.5.3 *IT breakdown*, page 201);
- non-compliance and fraud risks (see section 4.1.5.2 *Non compliance risk*, page 201 and section 4.1.5.4 *Fraud risk*, page 201);

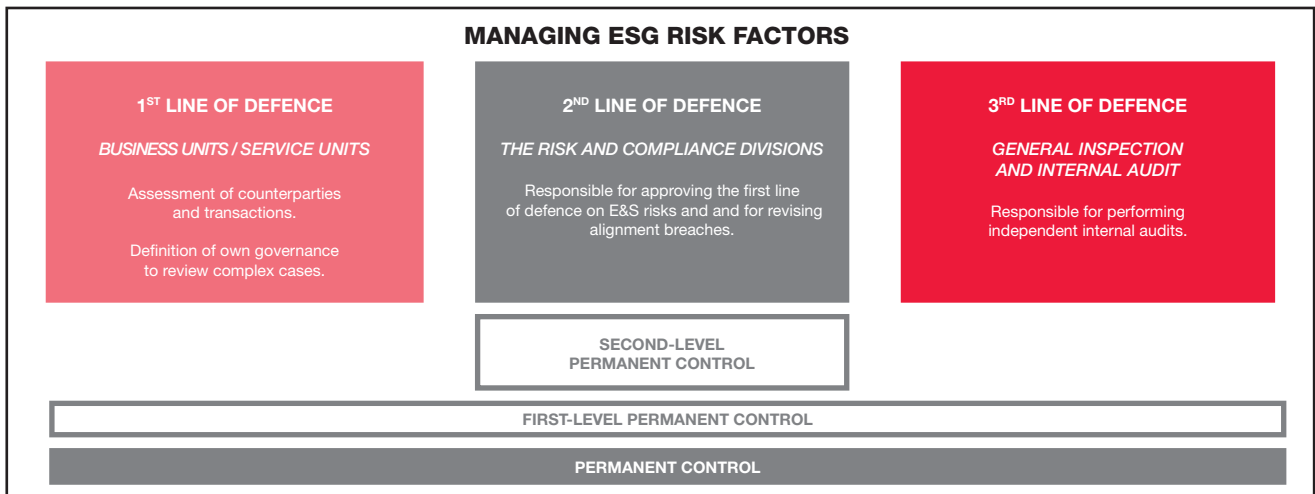
- ESG risks (see section 4.1.1.5 *ESG risks*, page 195);
- non-compliance with regulations or health and safety standards (see Chapter 5, *Being a responsible employer / Risk related to working conditions*, page 375);

A number of moderate extra-financial risk factors were also identified:

- E&S (environmental and social) issues that may affect the Group's credit risk, especially climate-related issues, *i.e.* transition risks and physical risks. These risks could escalate over time and subsequently join the list of more significant risk factors (see Chapter 4.13.6 *Incorporating the environment in the risk management framework*, page 313);
- inappropriate employee conduct, *e.g.*, non-compliance with the Group's Code of Conduct and Guidelines (see Chapter 5, *Being a responsible employer / Risks relating to non-compliance with labour regulations and the Group's own labour rules*, page 381);
- and more specifically in relation to Human Resources management, the risk of a lack of qualified staff (see Chapter 5, *Being a responsible employer / Risks relating to a lack of qualified staff*, page 369).

## Application of the principles of separation of responsibilities in the lines of defence

Governance of ESG risks was stepped up in 2019 with the inclusion of actual or potential E&S risks and ESG risk factors in the Group's normative documentation (see Chapter 3, page 75, Chapter 5, *Incorporating CSR at the highest level of governance*, page 328).



How ESG risk factors are managed is reviewed at all three lines of defence – the first line of defence (LoD1\*), the second line of defence (LoD2\*) and the third line of defence (LoD3\*) – and the relevant expert functions.

Business Units (BUs) and Service Units (SUs) integrate ESG factors in all strategic decisions, management tools and operating processes used in their activities as part of their CSR strategy and to manage ESG risks. The BUs/SUs are tasked with:

- identifying and assessing the ESG risk factors stemming from their activities;
- complying with the commitments approved at Group level.

The second line of defence (LoD2\*) against ESG risk factors calls on expert functions and is led by the Risk Division and the Group Compliance Division.

The Risk Division is responsible for oversight and cross-business monitoring of ESG risk factors:

- it defines and implements cross-cutting systems for managing ESG risk factors to analyse financial materiality (risk, materiality, stress test, assessment, reporting and more) and supervises application by the first line of defence (LoD1\*);
- to analyse environmental, social and governance materiality, it issues the LoD2\* opinion on the system for assessing and monitoring these risks and checks implemented by the first line of defence (LoD1\*).

The ESG by Design programme, under the auspices of the Risk Division and co-sponsored by the Sustainable Development Department, aims to provide leadership and support for Business Units (BUs), Service Units (SUs) in rolling out the ESG strategy in all Group activities and processes, and to manage environment – especially climate – and social risks. The programme covers setting up action plans and coordinating reviews of operating processes in the BUs and SUs.

The Group Compliance Department is the second line of defence in charge of the risks of non-compliance with the Group's voluntary commitments and reputation risk factors (this is the risk that arises from a negative perception that could adversely impact the Group's ability to maintain or engage in business relationships and to sustain access to sources of financing). To do this, it ensures compliance with sustainable investment regulations and the Group's voluntary commitments in relation to environmental and social issues connected with sourcing and activities (sector policies), as mentioned in the Group-wide risk taxonomy.

The two second line of defence actors contribute to regulatory intelligence on ESG issues in their respective areas.

The third line of defence (LoD3\*) is ensured by the Group General Inspection and Audit Department.

The Sustainable Development Department is responsible for:

- providing the expertise to promote continuous improvement in the Group's permanent control framework, specifically in relation to ESG risk;
- providing ESG inputs for Group normative documentation;
- proposing a model for measuring the environmental and social impact of the Group's activities, strategic objectives and strategic adaptation plans to General Management. As the second line of defence, the Risk Division and Group Compliance Division review the model and issue an opinion on it.

The Sustainable Development Department also gives an opinion on compliance with the Group's sector policies or other commitments on clients or transactions, and, where relevant, provides the clarifications requested by the second lines of defence.

The Finance Division produces the financial and extra-financial ESG indicators. It also contributes to Sustainability regulatory intelligence. More specifically, it is responsible for regulatory intelligence on accounting in banks: it identifies potential changes in the accounting function to incorporate ESG (such as accounting for the Bank's carbon footprint) and build the ESG dimension into its other processes: Societe Generale Group's budget and financial trajectory; allocation and management of scarce resources (RWA and liquidity), exposure to sensitive industries, commercial incentives and investor relations, as well as the production of internal management indicators, including the aggregation of proprietary indicators, in addition to the regulatory and voluntary indicators already covered.

A department in the Finance Division tasked with reporting and metrics produces ESG metrics and indicators.

The department in charge of the permanent control framework and coordinating internal control is tasked with updating the APRC (Activities, Processes, Risks and Controls) reference framework as needed to take account of ESG risk factors.

## Committees

ESG risk management is handled by a number of Committees at Board, Executive, Service Units and function level. The specialised Committees responsible for central oversight of internal control and risk management, chaired by General Management, are presented in section 4.2.3 *Risk management organisation*, page 211 of this URD.

At Board level, presentations on management of ESG risk factors are made on the request of a member of the Board's committees when reports are being presented by Business Units (BUs) and Service Units (SUs) some of which may include an assessment of the environmental and social consequences, or a review of indicators in the context of the risk appetite defined for the Group.

The Board of Directors sets the guidelines for the Group's activities, ensures they are implemented by General Management and reviews them at least once a year; these guidelines incorporate the main thrusts of its policy on corporate and social responsibility. This proposition is first reviewed by the Risk Committee for risk aspects, the Audit and Internal Control Committee for the review of financial and extra-financial communications, the Compensation Committee for aspects pertaining to the compensation of corporate officers and the Nomination and Corporate Governance Committee for governance questions (including internal Group governance). For more information see Chapter 3 *Board of Directors and CSR*, page 98.

The Board of Directors' **Risk Committee** is tasked with examining:

- risks related to implementation of its CSR commitments by the Group;
- the impact of ESG risk factors on the Bank's financial materiality, management of ESG risk factors and their impact on prudential risks, and Societe Generale's compliance risks, especially via the materiality exercise. ESG financial materiality issues are submitted to the Risk Division based on the indicators produced by Finance. The Risk Committee monitors CSR-related risks on a quarterly basis and also reviews the results of all climate stress tests.

**The Audit and Internal Control Committee** reviews all financial and extra-financial communication documentation relating to CSR, *i.e.*, Duty of care, Declaration of Extra-Financial Performance) before they are submitted to the Board of Directors for approval.

**The Compensation Committee** submits to the Board of Directors the selected CSR criteria for the remuneration of corporate officers.

**The Nomination and Corporate Governance Committee** prepares discussion material to enable the Board of Directors to deal optimally with CSR issues. Using the Directors' skills matrix it examines the Board's skills requirements each year in terms of expertise and the various CSR-related topics. It draws the necessary conclusions on the recruitment processes in place and the training on offer.

In addition to helping to define strategy, the **Non-voting Director** assists all the Board's Committees when they discuss CSR-related issues. The Board of Directors ruled to apply the principle of extending the Non-voting Director's remit to all CSR issues.

At executive level, managing ESG risk factors is included in the following Committees' terms of reference:

- Responsible Commitments Committee (CORESP):

established in 2019 and chaired by the Deputy Chief Executive Officer, it met eight times in 2023. Meeting agendas addressed aligning the corporate credit portfolio with trajectories compatible with achieving carbon neutrality in 2050, as part of the Group's membership of the UNEP-FI Net Zero Banking Alliance (NZBA) since 2021. The Group set new alignment targets in 2023 for a number of sectors: Cement, Oil & Gas, Automotive, Steel, Commercial Real estate, Aluminium and Shipping (for more information, see Chapter 5, *Aligning origination policies and credit portfolios in various sectors*, page 337). As is its practice every year, the CORESP kept abreast of progress with the Group's work on impacts, dependencies, and nature-based risks and opportunities, and approved the next steps;

- Group Risk Committee (CORISQ):

the CORISQ regularly reviews of extra-financial risks, such as IT systems failure (including cyber crime risk), and unethical business practices, including corruption, tax evasion and money laundering. It tracks the ESG risk indicators monitored as part of the Bank's risk appetite on a quarterly basis. The CORISQ extended its credit risk analysis on credit portfolios to include environmental factors, adding references where necessary to environmental risks in the credit application forms reviewed. Certain regulatory aspects were presented to the CORISQ. Moreover, climate risks regularly appear on the agenda for its meetings with the Board throughout the year (at least quarterly). Regular reporting to the Board of Directors' Risk Committee is in place for all

such matters. The Risk Committee's Activity Report for the year can be found in Chapter 3, *Activity Report of the Risk Committee for 2023*, page 103. The CORISQ Reports to both General Management and the Board of Directors.

In the Service Units and functions, ESG risks can be addressed on request during one of the Committee meetings within their scopes. The Expert Committee is chaired by the Risk Division and approves ESG standards.

Expert Committees were established by both the second lines of defence:

- the **RISQ ESG Guidelines Expert Committee** is chaired by the Risk Division. Its purpose is to approve the internal ESG standards developed based on the policies and regulations that concern the scope of the Risk second line of defence. It interprets the regulations and policies (especially as regards portfolio alignment metrics and Pillar 3 rules);

- the **CPL ESG Guidelines Expert Committee** is chaired by the Group Compliance Division. Its purpose is to review and approve normative choices for the internal application of E&S sector policies, taking account of the E&S General Principles and the Group's three cross-cutting position statements;

In addition, the **Credit Risk Committee (CRC)**, a Cross-Business Committee chaired by the Risk Division that deals with the entire credit scope within the Group, has been delegated responsibility by General Management to review some of the scopes assigned to the Group CORISQ in the past, such as the sector limits for some industries. ESG aspects are addressed where appropriate.

## 4.13.3 MANAGING E&S RISKS

Managing E&S risks is an integral part of the processes governing how the Group conducts business. Societe Generale identifies negative impacts as part of the risk identification process for the Duty of Care Plan and the identification of reputational risk arising from ESG risk factors. It has a preventive policy in place to prevent risks occurring or to mitigate them.

### 4.13.3.1 Environmental and Social (E&S) General Principles and sector policies

The **E&S General Principles** apply to all financial and banking transactions and services provided by Societe Generale entities. They set out the framework applicable to the Group's activities, addressing the potential ESG impact of the associated product and service offerings.

The E&S General Principles and annexes are available on the Group's corporate website (<https://www.societegenerale.com/sites/default/files/documents/2021-03/environmental-social-general-principles.pdf>). The document comprises **three statements on major cross-sector issues**:

- human rights;
- climate; and
- biodiversity\*.

These statements set out the main reference standards on these issues and include an undertaking from Societe Generale to comply with those standards and encourage its clients to do likewise. They also detail the various initiatives the Group has joined with a view to making these issues a more central component of its economic activities.

**The sector policies, referred to as E&S policies**, define the standards that the Group intends to implement in potentially sensitive sectors from an E&S or ethics perspective, based on its mapping of actual or potential E&S risks. The E&S policies are publicly available on the Group's corporate website (<https://www.societegenerale.com/en/responsability/ethics-and-governance>). They cover industrial agriculture and forestry, mines, dams and hydroelectric power, oil and gas, thermal power stations, thermal coal, defence and security, shipping, civil nuclear power, and as of 2023, tobacco. The E&S General Principles and policies are updated in line with regulatory, scientific or societal developments, observed best practices and the Group's strategy.

The E&S policies all follow the same structure: they identify the actual or potential E&S risk factors, list the reference standards applicable to the sector or field in question, specify the scope of the activities covered (sub-sectors, financial and banking products and services) and may also define criteria in respect of each sector or field for:

- the Group's corporate clients (excluding financial institutions and sovereigns);
- dedicated transactions: products and services with a known underlying (for example, asset or project finance);
- investment activities; or
- specific products or services, such as agricultural commodity derivatives.



The policies may include different types of criteria for each of the above-listed categories:

- **E&S exclusion criteria** are designed to exclude from the Group's activities certain types of corporate client, issuer, dedicated transactions, banking or financial products or services associated with underlying practices or activities with the potential to cause damage to the environment and/or violate human rights, and where improvement within a reasonable timeframe is not possible;
- **E&S priority assessment criteria** serve to identify priority risk factors requiring a targeted and systematic response as part of the assessment process. Clients that do not satisfy the assessment criteria are granted a reasonable timeframe in which to improve their practices (steps required may include a formal action plan or the signature of contractual undertakings). For specific transactions and projects, satisfying these criteria must be a prerequisite for moving beyond the development phase. When providing dedicated advisory services ahead of project development, the Group must assess the client's commitment to developing a project that will satisfy these criteria;
- **other E&S assessment criteria** are designed to identify other risk factors inherent to the sector in question that also need to be considered as part of an extra-financial assessment, and to set out the associated best practices the Group wishes to promote.

The Oil & Gas sector policy was updated in 2023 to reflect the Group's new commitments. As of 1 January 2024, the Group will no longer provide financial products and services to any private company that earns practically all its income from upstream oil and gas activities. It will withdraw its entire dedicated services offering from new oil and gas field projects for which the final investment decision was received after 31 December 2021.

The Group has also adopted a new tobacco sector policy:

- it will stop providing new banking and financial products and services to tobacco producers that generate more than 25% of their income streams from tobacco products; and
- the Group's entities that manage assets (directly or on behalf of third parties) and the Group's insurance entities exclude tobacco companies from their investment universe in accordance with their investment policies.

#### 4.13.3.2 Operational implementation procedures

Actual or potential ESG risk management procedures have been in place within the Group for several years for the day-to-day conduct of business. The idea behind the implementation process is to integrate E&S risk management into existing risk management processes, such as transactional, onboarding and periodic client review processes. Accordingly, ESG concerns continued to be phased in to BU and SU credit and reputation risk management policies and processes in 2023. The framework for managing E&S risks extends over several levels: corporate clients, dedicated transactions, products and services, and securities issuers, in three main stages:

- **E&S risk identification:** this step entails identifying whether the counterparty's activities or the transaction with that counterparty could represent an actual or potential E&S risk. This is done primarily by checking whether the counterparty or its underlying activities are on the E&S exclusion list or the E&S identification list, whether they are the subject of any E&S-related controversy and whether they are covered by one or more sector policies. This

process is designed to confirm compliance with the criteria from the sector policies. In addition to these checks, governance due diligence is conducted as part of KYC (Know Your Client) procedures and measures to counter corruption, financing of terrorism, tax evasion and money laundering.

An E&S identification list is updated by in-house experts on a regular basis and sent to all businesses concerned. This internal list details any projects, company, activity sectors or countries that are the object of severe controversy or public campaigns on the part of civil society for E&S reasons, irrespective of whether they are financed by Societe Generale. The purpose of this internal list is to alert the operational teams to potential concerns ahead of the client and transaction review process, so that they can be prepared to carry out a more in-depth E&S assessment of any transactions and clients concerned.

In addition to the E&S identification list, there is also an exclusion list that includes companies excluded under certain E&S policies, which is likewise regularly updated and sent out to the operational teams at least once a year. Societe Generale has pledged that it will not knowingly supply banking or financial services to such companies, their parent companies or their subsidiaries. New tools to beef up this risk identification process are being developed and will be added over time to verify exclusion lists, check the sector policies that apply and help identify new negatives;

- **E&S assessment (of counterparties or transactions identified as presenting actual or potential E&S risks):** when actual or potential E&S risks are identified, the business line assesses compliance with the criteria from the applicable E&S policy (IES) and the Group's other ESG commitments, and weighs up the severity of any E&S controversies. This assessment may include a prospective analysis of these criteria. A policy setting out Group-wide guidelines for assessing adverse E&S information is applicable since June 2022. Based on the conclusions of the assessment, an E&S opinion is then issued. The opinion may be positive, conditional (subject to contractual conditions, action plans, restrictions) or negative. The time horizon of the assessment depends on the financial transactions in view with the party (short-term: 0–2 years, medium-term: 3–5 years or long-term: > 5 years);
- **E&S actions:** E&S mitigation actions, which are subject to regular monitoring, may be recommended to mitigate the risks identified.

E&S assessments and actions are reviewed by the second line of defence, either the Risk or Compliance Division, depending on the process (a separate procedure gives guidelines for escalation to Compliance). and may, where necessary, be mediated by General Management in the Group Client Acceptance Committee or the Complex Transactions and Reputational Risks Committee. The Business Units are also phasing monitoring and controls into their processes for managing actual or potential E&S risks.

In addition to identifying, assessing and defining actions to mitigate potential negative impacts, these processes also serve to identify counterparties and transactions for positive impact financing regarding sustainable development. This two-prong approach underpins Societe Generale's Sustainable and Positive Impact Finance (SPIF/SPI; see Chapter 5.1.3, *A Bank that supports its clients*, page 347).

To ensure a smooth and systematic roll-out of this framework for managing actual or potential E&S risks across the Group, a new compulsory online training module was rolled out in 2021 for all BUs and SUs covered by the framework. It is available in 11 languages, ensuring that the same content is consistently available to everyone in the Group wherever it operates.

### 4.13.3.3 Operational implementation in the Group's Business Units

The procedures for assessing client and transaction ESG risks were revamped in 2022 and 2023 in the ESG by Design programme (for more information on the programme, see Chapter 2, *ESG by Design programme*, page 55).

Under the auspices of the Risk Division and co-sponsored with the Sustainable Development Division, this transformational programme sets out to assist the Group's BUs and SUs to manage risks originating from ESG by establishing action plans to review, optimise and update existing processes.

In 2023, the programme involved clarifying the first line of defence (LoD1\*) roles and responsibilities for Global Banking ESG reviews. The standardised procedures associated with this process were updated and roll-out in the BUs and SUs commenced.

Group entities are responsible for managing and controlling ESG risk factors in their respective scopes. They adapt the Group framework to their activities and transpose it in their own processes. Each entity's management team ensures the operational roll-out and implementation of these obligations within their scope, including the allocation of resources and expertise required.

In terms of process governance, Group entities:

- develop and implement procedures to mitigate the consequences of ESG risk factors. These procedures are tailored to the context, their activities and to specific local characteristics, according to the Group's principles and guidelines presented in the section on risk factors;
- incorporate management of ESG risk factors into existing processes (especially for credit decisions, client onboarding, etc.) and take them into account in resource allocations (IT, human resources, appraisals, etc.);
- appoint one or more ESG risk factor coordinators within their organisation;
- arrange employee training on ESG procedures to implement the ESG risk factor management system described in the Group's normative documentation;
- implement Level 1 controls on ESG risk factor management as part of the processes for which they are responsible;
- propose responses to the Sustainable Development Department and take part in meetings with stakeholders, including civil society;
- monitor, steer and report regularly on the key indicators for implementing the ESG risk management system defined by the Risk and Compliance Divisions and the Sustainable Development Department. These indicators may be specified in the entity's ESG procedures;
- ensure portfolios are aligned (decarbonisation of client financing portfolios) as defined at Group level;
- integrate management of ESG risk factors into the first line of defence's (LoD1) current processes. More specifically, the procedures for client onboarding and updating KYC, as well as transaction processing procedures (credit decisions), need to be updated to take account of aggravating ESG risk factors. Entities are responsible for implementing these changes in accordance with the Group's corpus of normative documentation;

- adjust their permanent control systems to cover ESG risk factors as effectively as possible;
- as relevant within the scope of their activities, roll out:
  - an ESG risk factor expertise hub to support the teams on the ground, and specify the breakdown of roles and responsibilities between the Front Office and the expert hub in the ESG assessment process,
  - a client management unit responsible for relations with the client group, and therefore also for its ESG assessment,
  - the BU's/SU's own governance bodies (local or BU), with inputs from Compliance, Risk and Communication, or existing bodies (such as a client acceptance committee, and/or transactions/services committee, or new products committee). This governance is a necessary step before any escalation (approval or arbitration) to General Management;
- contribute to updating the Group's ESG standards when requested by DGLE/RSE.

In 2020, **Corporate and Investment Banking** set the objective of producing an E&S assessment of all Corporate clients across all sectors. The purpose is to gain a better understanding of their portfolios so as to be able to support clients in their transition. A team of E&S specialists is there to back up the commercial teams to perform the E&S analyses.

Another specific team of ESG specialists helps the sales teams assess and understand the E&S impacts of transactions, which reflects the Group's voluntary pledges, notably in its E&S policies and the Equator Principles.

Corporate and Investment Banking has also voluntarily implemented procedures over the past several years to manage the E&S risks associated with dedicated projects and assets not currently covered by the Equator Principles, namely in capital market transactions (equity or debt), mergers and acquisitions, and acquisition financing.

Throughout 2023, **Private Banking** continued to consolidate and centralise CSR/ESG governance for its entire scope (France, Private Banking Europe and United Kingdom). Changes in 2023 include: expanding the Ethics Committee, whose remit now covers all Private Banking pillars; establishing a Sector Policies Committee, and finalising measures to bring its investment processes into compliance with European regulations on sustainable investment (SFDR, MifID II).

Private Banking continued to fine-tune its exclusion policies (already applied to its investment universe) to also exclude activities related to non-conventional oil and gas.

It continued its campaign to raise employee awareness of E&S risks:

- more than 90% of staff received training in ESG/CSR issues (CSR e-learning modules, Level 1);
- close to 40% attended "Climate Fresco" workshops to make them more aware of environmental and climate risks; accelerated ESG certification for its Management experts.

**French Retail Banking** updated and improved its main E&S assessment process for corporate clients, including the operating method for ESG assessments. Corporate clients with revenue in excess of EUR 7.5 million are assessed during the onboarding stage; companies with annual consolidated revenue of more than EUR 7.5 million that have a line of credit are assessed through annual reviews, while medium-term loans for amounts in excess of EUR 50 million are assessed at the grant stage. This scope is set to be gradually expanded between now and 2025. Retail Banking's CSR team tracks progress towards achieving CSR goals and produces metrics, including for ESG risk management.

In **International Retail Banking**, the appointment of E&S experts goes back to 2019 in the two regional divisions in sub-Saharan Africa and in both structured finance platforms in North Africa. Appointments were made in 2023 in Polynesia in both subsidiaries (SG Polynesia and SG New Caledonia), as well as in the main subsidiaries in Eastern Europe and in Asia. These expert hubs support local sales departments and work closely with the experts at Group and Business Unit level.

The Group's normative documentation has been transposed into a procedure for the Business Unit covering subsidiaries in Africa and overseas France. The Group's subsidiaries **in Europe** (BRD, KB) have also transposed the Group's normative documentation into their own respective normative documentation, ensuring compliance with local laws. Procedures are implemented in line with Group standards. Employees in these subsidiaries were offered training on E&S policies.

2023 was a watershed year in Africa and overseas. Operational deployment continued according to the existing procedure, together with groundwork to prepare for the staged alignment of the BU's system for conducting client E&S assessments with the RACI matrix (definition of who does what in the client and transaction E&S assessment process); Group tools were incorporated in the client onboarding and client review procedures. The new Corporate Climate Vulnerability Indicator (CCVI) was introduced in July 2023.

E&S experts have been tightening up due diligence processes on projects covered by the Equator IV Principles. Through their work and with the help of other in-house or external experts, they have also been working on improving and adding to their own skills.

Within Financial Services, **Societe Generale Equipment Finance (SGEF)** intends to continuously improve and adapt the E&S risk assessment framework, which is already in place for counterparties (clients/vendors) and transactions. These changes are being implemented in the ESG by Design programme in accordance with regulatory obligations.

At Ayvens, client E&S risk identification has been part of KYC processes for several years, in ALD Automotive entities. Corporate E&S experts conduct in-depth E&S assessments of priority clients. For more information, see ALD's Declaration of Extra-Financial Performance: [https://www.ayvens.com/-/media/ayvens/public/cp/files/newsroom-download-centre/pdfs-newco/sustainability/universal-registration-document/ald2022\\_urd\\_en\\_mel.pdf](https://www.ayvens.com/-/media/ayvens/public/cp/files/newsroom-download-centre/pdfs-newco/sustainability/universal-registration-document/ald2022_urd_en_mel.pdf). Extending this process to include LeasePlan commenced in 2023 with a check to verify that clients were not on the exclusion lists, which will continue in 2024.

## KEY INDICATORS RELATED TO E&S EVALUATION PROCESS OF CLIENTS AND TRANSACTIONS WITHIN BUSINESS UNITS

|  | 2021   | 2022   | 2023                 |
|--|--------|--------|----------------------|
| <b>For the Group</b>   |        |        |                      |
| Total number of clients (Group level) that underwent an E&S review   | 4,743  | 7,800  | 5,254 <sup>(1)</sup> |
| Total number of dedicated transactions that underwent an E&S assessment  | 1,277  | 894    | 1,398                |
| <i>o/w total number of dedicated signed transactions reviewed within the scope of the Equator Principles</i>   | 103    | 67     | 106                  |
| Number of people trained in E&S risk management  | 41,142 | 38,000 | 45,000               |
| <b>Global Banking &amp; Advisory (GLBA)</b>  |        |        |                      |
| Number of dedicated signed transactions covered by an E&S review (scope of the Equator Principles <sup>(2)</sup> and as part of Societe Generale's voluntary commitments)                  | 134    | 83     | 132                  |
| Amount of new financing for dedicated transactions having undergone an E&S assessment (scope of the Equator Principles and as part of Societe Generale's voluntary commitments) (in EURbn) | 7.2    | 8.5    | 10.0                 |
| Total number of clients (Group level) that underwent an E&S assessment   | 199    | 296    | 736                  |
| <b>French Retail Banking</b>   |        |        |                      |
| Total number of clients (Group level) that underwent an E&S assessment   | 3,813  | 6,912  | 3,560 <sup>(1)</sup> |
| <b>International Retail Banking</b>  |        |        |                      |
| Total number of clients (Group level) that underwent an E&S assessment   | 728    | 592    | 958                  |

(1) Change in the methodology.

(2) For more detailed information, see the Equator Principles report here :

[https://wholesale.banking.societegenerale.com/fileadmin/user\\_upload/Wholesale/pdf/equator-principles/EQUATOR\\_PRINCIPLES\\_REPORT\\_2022.pdf](https://wholesale.banking.societegenerale.com/fileadmin/user_upload/Wholesale/pdf/equator-principles/EQUATOR_PRINCIPLES_REPORT_2022.pdf).



#### 4.13.3.4 Additional E&S risk management processes related to the specific characteristics of certain Group activities

Some businesses, in light of their specific characteristics, implement their own E&S risk management processes in addition to those imposed by the Group on all activities.

**Societe Generale Private Banking** applies its own exclusion lists to its net investment universe to manage ESG risks – issuers subject to a particularly severe ESG controversy (MSCI red flags) as well as those with the poorest ESG ratings (see Private Banking's investment policy, which specifies the application scope of these exclusions: [https://www.societegenerale.lu/fileadmin/user\\_upload/SGLUX/DOCUMENTS/SGPB/SGPB\\_Investment\\_Policy\\_-\\_Sustainability\\_Risk\\_and\\_Adverse\\_Impacts.pdf](https://www.societegenerale.lu/fileadmin/user_upload/SGLUX/DOCUMENTS/SGPB/SGPB_Investment_Policy_-_Sustainability_Risk_and_Adverse_Impacts.pdf)).

Following on from its responsible investor approach, Societe Generale Private Banking, through its two asset management companies, has a proxy voting policy for voting rights attached to securities held by the collective investment schemes (AIFs and UCITS) it manages. This Proxy Voting Policy is reviewed annually to consider any legal developments or changes in Corporate Governance Codes and market practices that may have occurred over the year. It is approved by an internal governance committee: the Voting and Engagement Committee. The policy is publicly available on the websites of the management company, SG 29 Haussmann: [https://sgpwm.societegenerale.com/fileadmin/user\\_upload/sgpwm/SRI\\_regulatory/Stewardship\\_Policy\\_SGPWM\\_2023.pdf](https://sgpwm.societegenerale.com/fileadmin/user_upload/sgpwm/SRI_regulatory/Stewardship_Policy_SGPWM_2023.pdf) and Societe Generale Private Wealth Management: ([https://sg29haussmann.societegenerale.com/sites/default/files/documents/202103/user\\_upload/SG29H/pdf/reglementation/Politique\\_d\\_engagement\\_et\\_de\\_vote\\_2023\\_SG29\\_ENG.pdf](https://sg29haussmann.societegenerale.com/sites/default/files/documents/202103/user_upload/SG29H/pdf/reglementation/Politique_d_engagement_et_de_vote_2023_SG29_ENG.pdf)).

In 2023, in accordance with the European Sustainable Finance Disclosure Regulation (SFDR), Societe Generale Private Banking updated its policies for managing Sustainability risk. The links to these documents have been included in the Statement related to Sustainability risks and adverse impacts on Sustainability factors, available here: <https://www.societegenerale.com/sites/default/files/documents/2023-07/statement-related-to-sfdr-obligations.pdf>.

In **Insurance activities**, risk factors are managed through the risk management and internal control systems. The aims of these systems are, respectively, to:

- manage risk at all times through identification and assessment, followed by the implementation of appropriate mitigating measures, where necessary;
- prevent malfunctions, ensure the suitability and effectiveness of internal processes, and guarantee the reliability, integrity and availability of financial, prudential and management information. These systems are based in particular on policies approved by the Sogécap Board of Directors which define the principles, processes and procedures implemented, as well as the governance and key metrics, for each type of risk.

More information on risk management and internal control systems can be found on pages 21 *et seq.* of the Solvency Reports on the life insurance business (in French): [https://www.assurances.societegenerale.com/uploads/tx\\_bisgnews/SOGECAP\\_RSSF\\_2022\\_01.pdf](https://www.assurances.societegenerale.com/uploads/tx_bisgnews/SOGECAP_RSSF_2022_01.pdf), and for the non-life insurance activity on pages 18 *et seq.*: [https://www.assurances.societegenerale.com/uploads/tx\\_bisgnews/SOGESSUR\\_Entite\\_RSSF\\_01.pdf](https://www.assurances.societegenerale.com/uploads/tx_bisgnews/SOGESSUR_Entite_RSSF_01.pdf).

### 4.13.4 INCORPORATING ESG RISK FACTORS IN THE RISK MANAGEMENT FRAMEWORK - GENERAL PRINCIPLES

#### 4.13.4.1 Introduction and definitions

ESG risk factors are not a new category of risk for the Group, but rather an aggravating factor for existing categories, such as credit risk, counterparty risk, market risk, operational risk, insurance and structural risk (including liquidity). This approach is aligned with current European supervisory and regulatory standards.

As aggravating factors for the other risks already addressed by the Group's risk management framework, ESG risk factors are managed based on the existing governance framework and processes in a standard approach: **identification, quantification, definition of risk appetite, control and mitigation**.

The risk classes that are already covered by its risk management framework (credit risk, counterparty risk, market risk, etc.) are detailed in other sections of Chapter 4, Risk and Capital Adequacy (p. 189 and following) and relate to the financial materiality of environmental risks.

**ESG factors** cover environmental, social or governance issues that generate a positive or negative impact on a sovereign or individual entity's financial performance or solvency.

**Risk drivers** are the mechanisms by which ESG factors can generate adverse financial impacts through their transmission channels. The

factors for environmental, social and governance risks and the transmission channels identified are presented below in sections 4.13.5.1 Definition of environmental risks (page 313), 4.13.6.1 Definition of social risks (page 319), and 4.13.7.1 Definition of governance risks (page 321).

**Transmission channels** are the causal chains that explain how risk factors impact banks through their counterparties and the assets they hold. They fall into two categories:

- microeconomic transmission channels (direct channels), which include the causal chains by which climate risk factors affect (i) banks' individual counterparties (households, corporates and sovereigns) and their assets; and (ii) the banks themselves, through their operations or their financing capacity, as well as through impacts on their own financial assets (such as bonds, single-name CDS and equities).

Examples of such impacts include: lower real estate values, erosion of household wealth, lower return from assets, higher insurance premiums, increased compliance and legal costs, rise in other costs, material damage and disruption to activities, loss of market share, negative impact on the Company's image, and financial contagion (market losses and tighter credit conditions);

- macroeconomic transmission channels (indirect channels) are the mechanisms by which climate risk factors affect macroeconomic factors, such as labour productivity and economic growth, and how these, in turn, can impact banks through their effect on the economy in which banks operate. Macroeconomic transmission channels also capture the effects on macroeconomic market variables such as risk-free interest rates, inflation, commodities and foreign exchange rates.

Examples of these effects include: lower profitability, weaker demand, lower output and effects linked to exchange rates and interest rates.

The information in this and the following sections concerns **financial materiality**. Environmental materiality is considered when it might have an impact on financial materiality.

The information spans all ESG risks. The specific information concerning Environment, Social and Governance is set out in sections 4.13.5 Incorporating Environmental risk factors in the risk management framework (page 313), 4.13.6 Incorporating social risk factors in the risk management framework (page 319), and 4.13.7 Incorporating governance risk factors in the risk management framework (page 321).

#### 4.13.4.2 Identifying risks induced by ESG factors

Risk identification is based on a dual process: the annual risk identification process (risk inventory), and the continuous risk identification process.

ESG risk factors are considered in both processes.

##### ANNUAL RISK IDENTIFICATION PROCESS

The Group defines a list of risk drivers and transmission channels to be reviewed before each annual risk identification exercise. The list is drawn up according to changes in the regulations, reference documents issued (BRI, EBA, ECB and others) and the process of continuous risk identification.

Working from this information, the Group conducts a qualitative exercise to identify short-, medium- and long-term ESG risk factors (drawing on expert judgement) related to the transmission channels.

For each risk category, it performs a materiality assessment using the materiality thresholds defined for the Group. The Group examines its exposures and uses available tools (such as sensitivity analysis, heat maps and stress test results) to compare the estimated income loss against the Group's materiality threshold.

It assesses the impact of the individual risk factors on the risk categories analysed, and over a short-, medium- and long-term horizon.

The assessments are then aggregated to give an overall picture of the impact of ESG risk factors on all risk categories and risk factors defined in the internal risk taxonomy.

##### CONTINUOUS RISK IDENTIFICATION PROCESS

The continuous risk identification process is part of day-to-day risk management in the Group. It is based on a number of processes with the aim of assessing, quantifying and reporting risks when a risk is likely to be deemed material. The continuous risk identification process feeds into the annual risk process. Hence, risks induced by ESG factors are included in this process at Group level.

Continuous risk identification is an integral part of day-to-day Group management and draws on a range of processes and governance systems, including:

- **Governance of risk management**, which comprises:
  - the Responsible Commitments Committee (CORESP), insofar as alignment commitments are also a way of managing transition risk and, in part, reputation risk,
  - the Group-level CORISQs and Credit Risk Committees (CRC), both of which include climate and environmental risks,
  - the New Product Committees (NPC), which include climate and environmental risks in their own processes,
  - where relevant, other Group Committees handling certain risks that are not reviewed in the CORISQ, but which may be relevant for ESG topics: the Assets and Liabilities Committee (ALCO), the Finance Committee (COFI) or the Compliance Committee (COMCO);
- **dedicated risk assessment**, which comprises:
  - a review on loan origination, taking ESG issues into account through a client questionnaire and calculating a CCVI (Corporate Climate Vulnerability Indicator) score for transition risk,
  - continuous monitoring of Group exposures (portfolio review, limit monitoring, client or market position monitoring, operational surveillance),
  - a cross-business approach, through the work of the Economic and Sector Studies Department, tracking Key Risk Indicators (KRI), etc.

#### 4.13.4.3 Materiality assessment

The impact of ESG factors was assessed for each risk category and each risk factor, taking into account potential mitigants. The overall assessment is based on the least favorable score per risk factor. For example, if the impact of at least one risk factor on the risk category is high, then high will be mentioned.

The following table gives a summary of the materiality assessment by risk level conducted in 2023. This information is subject to change as additional studies provide new insights as part of a review underway at the beginning of 2024. A summary of the potential impacts identified is provided for "high" impacts.

## MATERIALITY ASSESSMENT SUMMARY

| Type of risk                       | Impact  | Time horizon | Identification of risks (summary)  |
|------------------------------------|---------|--------------|--|
| Credit risk                        | High    | ST MT LT     | Transition environmental risk factors can have a significant impact on credit risk through higher costs, lower collateral performance and weaker demand. The impacts primarily concern the Corporate portfolio.<br>Physical environmental risk factors could also have a significant impact on credit risk.  |
| Compliance and legal risk          | High    | ST MT LT     | Rapid regulatory, behavioural and technological changes could lead to higher compliance costs to adapt the Bank's processes, as well as higher legal costs as standards are tightened.   |
| Liquidity and funding risks        | High    | ST MT LT     | Climate and environmental risks could have a negative impact on the Group's liquidity indicators and financing capacity over all time horizons.<br>ESG risk factors could push up compliance costs, generate an adverse impact on corporate image, leading to lower profitability and a drop in demand, which, in turn, could affect the Group's assets and financing capacity.  |
| Business and strategic risks       | High    | MT LT        | Transition, social and governance risks could have a negative impact on the Group's image and profitability, given that a significant share of revenues from non-financial counterparties is generated in industries that contribute to climate change.  |
| Reputational risk                  | High    | ST MT LT     | The increasing frequency and severity of incidents linked to physical risks, together with higher expectations on the part of many stakeholders could generate reputational risk.<br>Factors related to the Group's corporate governance (concerning management of environmental and social risks and non-compliance with the Group's corporate governance framework and code) could be a source of reputational risk. |
| Counterparty risk                  | Average | ST MT LT     |  |
| Operational risk                   | Average | ST MT LT     |  |
| Model risk                         | Average | MT           |  |
| Market risk for the banking book   | Average | ST           |  |
| Market Risk                        | Low     | ST MT LT     |  |
| Risk related to employees benefits | Low     | ST MT LT     |  |
| Risk related to insurance          | Low     | ST MT        |  |
| Risk related to leasing activities | Low     | ST MT        |  |
| Investment risk                    | Low     | ST MT        |  |
| Country risk                       | Low     | ST MT        |  |
| Step-in risk                       | Low     | ST MT        |  |

## 4.13.5 INCORPORATING ENVIRONMENTAL FACTORS IN THE RISK MANAGEMENT FRAMEWORK

### 4.13.5.1 Definition of environmental risks

The Group uses the risk terminology suggested by the Task Force on Climate-related Financial Disclosure (TCFD) to describe climate, and by extension, environment risks: physical risks and transition risks.

Environmental factors are those related to the quality and proper functioning of the natural environment and natural systems. They could lead to adverse financial consequences as a result of a range of risk factors, which can be categorised as follows:

- **physical risks:** stemming from the physical effects of climate change and damage to the environment (associated with economic actors' dependence on ecosystem\* services). Physical risks may materialise at local level (as a result of natural disasters in a specific area), or at sector level (related to climate events or biodiversity\*, such as water shortages) with impacts across the entire value chain. They can be categorised as follows:
  - acute risks: arising from extreme weather events, such as floods, heat waves or fires, and from acute environmental destruction (as a result of chemical pollution or an oil spill), (short to long term);
  - chronic risks: associated with gradual shifts in climate (such as rising average temperatures and rising average sea levels), gradual loss of ecosystem\* services (from pesticide use that causes a gradual decline in pollinators, reduced soil fertility and lower agricultural output), (medium to long term);
- **transition risks:** associated with uncertainty about the timing and speed of an economy's adjustment to a low-carbon and more environmentally sustainable economic model. This journey involves major legal, regulatory, technological and market changes to mitigate and adapt to climate change and protect the environment and ecosystems\*. These risks may be affected by the following factors:

- policy: potentially disorderly policy measures to tackle climate or mitigation strategies could have an impact on asset prices in carbon-intensive sectors (short to medium term),
- technology: developments in technology could render existing technologies obsolete or uncompetitive; they could affect their affordability and influence the price of replacement products. Such developments in technology could trigger asset revaluations (short to long term),
- client and investor preferences and behaviour: environmental impacts could influence the Group's counterparties' clients, with a knock-on effect on the counterparties' credit quality (business slowdown, reputational damage, etc.) (short to long term).

### 4.13.5.2 Identification of environmental risks

Unless stated otherwise, the following two sections deal with monitoring of climate risks specifically, which is the most advanced process for addressing environmental risks.

Environmental risks are identified as part of the process to identify ESG risks set out in section 4.13.4.2 Identifying ESG-induced risk factors above.

(See also Risk identification process and Risk quantification and stress test system, in section 4.2.2 Risk appetite – General framework (page 209) in this Universal Registration Document for more information).

The table below shows the link established between environmental risk drivers and the Group's risk taxonomy in the materiality assessment exercise. This information shows the factors identified in 2023 and is subject to change as additional studies provide new insights.

## LINKS BETWEEN ENVIRONMENT RISK DRIVERS AND RISK CATEGORIES

| Risk taxonomy                       | Environment risk drivers  |   |
|-------------------------------------|---|---|
|                                     | Physical risk   | Transition risk   |
| <b>Credit risk</b>                  | <ul style="list-style-type: none"> <li>■ Lower output</li> <li>■ Loss of market share</li> <li>■ Increased costs (especially insurance costs)</li> <li>■ Economy: severe supply chain tensions</li> </ul>   | <ul style="list-style-type: none"> <li>■ Increased costs</li> <li>■ Decline in asset performance</li> <li>■ Loss of market share</li> <li>■ Economic slowdown: weaker demand</li> </ul>   |
| <b>Counterparty risk</b>            | <ul style="list-style-type: none"> <li>■ Financial contagion: market losses (such as equity markets and debt markets)</li> <li>■ Loss of market share</li> <li>■ Decline in asset performance</li> <li>■ Sudden pressure on sovereigns</li> <li>■ Economy: severe supply chain tensions</li> </ul>  | <ul style="list-style-type: none"> <li>■ Decline in asset performance</li> <li>■ Increased costs</li> <li>■ Loss of market share</li> <li>■ Negative impact on corporate image</li> <li>■ Economy: inability to adapt to changing consumer preferences, difficulty shifting business model</li> </ul>   |
| <b>Market Risk</b>                  | <ul style="list-style-type: none"> <li>■ Reduction in real estate values and household wealth</li> <li>■ Increased costs</li> <li>■ Material damage and disruption to business</li> <li>■ Stress on sovereigns</li> <li>■ Financial contagion: losses in the market (such as equity markets and debt markets)</li> <li>■ Damage to material goods and corporate/public infrastructure causing disruption for local businesses with contamination spreading to other sectors of the economy</li> </ul> | <ul style="list-style-type: none"> <li>■ Financial contagion: market losses (such as equity markets and debt markets)</li> <li>■ Stress on sovereigns</li> <li>■ Decline in asset performance</li> <li>■ Loss of market share</li> <li>■ Increased costs</li> <li>■ Negative impact on corporate image.</li> <li>■ Economy: changes in production, demand and sales (with lower profitability), difficulties shifting business model</li> </ul> |
| <b>Non-financial risk</b>           | <ul style="list-style-type: none"> <li>■ Material damage and disruption to business</li> </ul>  | <ul style="list-style-type: none"> <li>■ Increased compliance cost</li> </ul>   |
| <b>Structural risk</b>              | <ul style="list-style-type: none"> <li>■ Economic slowdown (exchange rate effect, interest rate effect)</li> <li>■ Material damage and disruption to business</li> <li>■ Increased costs</li> <li>■ Decline in household wealth</li> <li>■ Economy: lower output</li> </ul>   | <ul style="list-style-type: none"> <li>■ Economic slowdown (exchange rate effect, interest rate effect)</li> <li>■ Increased compliance and other costs, negative impact on corporate image</li> <li>■ Economic slowdown: lower profitability, weaker demand</li> </ul>   |
| <b>Business and strategic risks</b> | <ul style="list-style-type: none"> <li>■</li> </ul>   | <ul style="list-style-type: none"> <li>■ Increased costs, loss of market share</li> </ul>   |
| <b>Other types of risk</b>          | <ul style="list-style-type: none"> <li>■ Material damage</li> <li>■ Lower real estate values</li> </ul>   | <ul style="list-style-type: none"> <li>■ Material damage, Negative impact on corporate image, Economic slowdown: weaker demand, lower profitability</li> <li>■ Decline in asset performance</li> <li>■ Lower real estate values</li> <li>■ Economic slowdown: weaker demand, higher costs</li> </ul>  |
| <b>Reputation risk</b>              | <ul style="list-style-type: none"> <li>■ Negative impact on corporate image</li> </ul>  | <ul style="list-style-type: none"> <li>■ Negative impact on corporate image</li> </ul>  |
| <b>Step-in risk</b>                 | <ul style="list-style-type: none"> <li>■ Material damage and disruption to business</li> </ul>  | <ul style="list-style-type: none"> <li>■ Increased costs</li> <li>■ Loss of market share</li> <li>■ Economic slowdown: weaker demand, lower profitability,</li> </ul>   |

The December 2023 *Climate and Alignment Report*<sup>(1)</sup> outlines the Group's ESG strategy. Furthermore, work is currently under way on business environment scan aspects, in order to strengthen the process of identifying the main implications (opportunities and threats) of climate and environmental risks on the activities of the Group's Business Units. Furthermore, as part of the review of the Group's

strategic planning system (effective challenge process), the consideration of climate and environmental risks was the subject of particular attention in order to provide the Group with a mechanism for systematic analysis and integration of the impact of Climate & Environmental risks into the Group's business strategy.

(1) <https://www.societegenerale.com/sites/default/files/documents/CSR/climate-and-alignment-report.pdf>

## SCENARIOS

Strategic planning requires the use of forward-looking scenarios. It is impossible to predict the magnitude of climate risks and when they might materialise with total certainty, regardless of the region in question. Political and societal choices, as well as future technological developments, can all have an influence. This is why it is important to consider how various situations might affect climate risks and opportunities.

Analysing different scenarios is a way of exploring a series of possible future states related to climate change and offers a logical foundation on which to base reasoning and strategy for those possible futures. It is an approach designed to minimise the risk of bias introduced through expert judgements and can help forge connections with existing frameworks as they are built out. Scenarios are also used in the stress tests described in section 4.13.5.4 Quantifying climate risks and stress tests.

In recent years, the Economic and Sector Studies Department has been deepening its climate analysis as regards the macro and sectoral impact to include climate considerations, carbon pricing and economic and environment policy actions into the Group economic scenario, with a more granular sector approach.

The Economic and Sector Studies Department also has an advisory role: it makes recommendations to the Environmental Risks Committee on the most appropriate scenarios for its risk assessment exercises.

### 4.13.5.3 Risk appetite and climate risks

The information specific to ESG factor relating to Risk appetite is presented in the section Measures to manage ESG risk factors of section 4.2.1 Risk appetite, page 204.

As part of its monitoring of ESG risk appetite indicators, the Group follows the tracking and escalation process described in the Group Risk Appetite Framework, which consists of notifying General Management, in case of excess.

The alignment metrics monitored for the Group's risk appetite are also used to monitor our portfolio alignment commitments for both thresholds and targets. Note that the thresholds are based on the trajectory of the reference scenario.

In addition, information on sectoral policies is presented in the first part of section 4.13 (page 303) and on alignment issues in section 5.1.2.6, Aligning the activities with pathways consistent with maximum temperature rise of 1.5°C (pages 336) in this Universal Registration Document.

### 4.13.5.4 Quantifying climate risks and stress tests

Stress testing for climate risk is a valuable tool to assess how resilient institutions are to changes in the market. The set of scenarios includes future developments in the energy transition, carbon emissions trajectories or severe climate events.

The Group has made significant progress in recent years with developing and onboarding of tools and methodologies to include climate risk in its overall stress tests.

The Group was included the ECB's climate risk stress test exercise in the first half of 2022. The European Central Bank designed the first climate resilience stress test covering the European economy to help supervisory authorities and financial institutions to assess the impacts of climate risks on companies and banks over the next 30 years.

Three modules formed the basis of the exercise, including one module stressing credit and market risk under different short- and long-term scenarios and covering both physical and transition risks, as well as questionnaires on operational and reputational risks.

The ECB presented these stress tests as a joint learning exercise aimed at enhancing both banks' and supervisors' capacity to assess this risk. Participation in the exercise and the feedback received from the ECB provided important leverage for the Group to improve how it takes climate risk factors into account in the Group's stress test framework, and to accelerate the development and formal drafting of its methodology.

In 2022, the Group approved the principle of including a climate stress test based on different scenarios in its stress test framework, at least once a year. The tests are over medium and long time horizons and cover transition and physical risks in an overall or ad hoc (a specific portfolio) approach.

In line with this principle, it conducted internal climate stress tests on credit risk in 2023. These test exercises simulated credit losses in a number of scenarios over different time horizons:

- a three-year scenario covering transition risk aimed at capturing credit losses caused by sector rating shocks generated by shifting the economy towards a low-carbon trajectory;
- two other one-year-horizon scenarios to assess the physical risks the Group is exposed to, looking at the risks of drought, heat waves and flood.

The impacts of ESG risk factors were included in the ICAAP in 2022 and the results of the ECB's climate risk stress test conducted in 2022 were included in the economic outlook. In 2023, ESG risk factors were given even greater prominence as the Group expanded its economic outlook and added a normative outlook (including the price of carbon in its budget scenario).

Turning to liquidity risk, a comprehensive study commenced in 2023 to identify the impact of ESG risks on the Group's liquidity position and risks, their materiality and potential outflows relative to liquidity buffers. The Group conducted an initial stress in 2023 – a reverse stress test – based on an expert calculation of cash outflows in the most exposed sectors of the economy, according to the Economic and Sector Research Department.

Note that the impact of environmental risk on the capital and liquidity risk profile will be assessed in stages in 2024, in accordance with the stages set by the supervisor. The Group plans to publish the results when the assessment is completed.

### 4.13.5.5 Processes and tools for identifying and measuring climate risks and mitigation

The following processes and tools – currently at varying stages of maturity – all help the Group consider the impact of transition and physical risks on a range of risk factors and portfolios.

The Group uses a range of tools and indicators to measure, manage and mitigate environmental risks:

- alignment measures: the Group has publicly set nine alignment targets in its climate strategy (thermal coal, oil and gas, power generation, cement, commercial real estate, shipping, automotive, steel and aluminium);



- tools to assess the climate vulnerability of counterparties (Corporate Climate Vulnerability Indicator or CCVI), industries (Industry Climate Vulnerability Indicator or ICVI) and sovereigns (the Sovereign Climate Vulnerability Indicator or SCVI) (see section 4.13.5.6 Biodiversity\* and nature risks);
- E&S guidelines and general policies: the Group has developed an E&S risk management framework based on its E&S General Principles, sector policies and exclusion lists.

To date credit ratings do not natively include environmental factors. The Group has adopted tools developed to shed light on risks associated with environmental factors (ICVI, CCVI, etc.) and procedures, which include the option to take account of the impact of ESG factors when calculating counterparties' credit rating (based on duly justified expert opinion).

It may also define limits applicable to certain portfolios (for example, targets have been set for portfolios related to coal financing). Setting up these limits requires a specific methodology and governance. When it comes to this type of commitment, the Risk Division is the second line of defence (LoD2\*) and is involved in the more overall governance of implementation and monitoring of the Group's commitments, working with the BUs concerned and the Group's Sustainable Development Department.

As it develops its strategy and NZBA (Net Zero Banking Alliance) commitments, the Group is steadily improving how it defines its targets and limits to tackle environmental risks. This means that these targets and limits will be disclosed according as it progresses with its portfolio alignment strategy.

With respect to real estate collateral, an internal instruction was issued to LoD1\* and LoD2\* in November 2023 to include ESG factors in their valuation. It rolled out its data collection process for the Energy Performance Certificate (EPC) – a key component in assessing transition risk – within the Group and circulated guidelines on how this risk should be taken into account when considering whether to grant loans.

The Group also conducted studies on other types of collateral to determine a scope for the incorporation of ESG factors in their valuation. For priority movable collateral (Airlines and Shipping), an instruction is being drafted on how to incorporate ESG factors. The Group will continue to work on other forms of collateral in 2024.

When it comes to estimating expected credit losses, upwards or downwards adjustments may need to be made to the results obtained using the existing models, based on the sector in question. A qualitative analysis of the potential impact of climate risks on the calculation of expected credit losses in the review of these adjustments, whenever compatible with the provisioning horizon. (See also Note 3.8 Impairment and provisions on page 502 of the Notes to the financial statements in this Universal Registration Document).

## ENVIRONMENT VULNERABILITY INDICATORS

**Vulnerability indicators** are used to assess climate risks. They are used to measure the transition and physical environmental risks (climate change, biodiversity\* loss, freshwater depletion and more) to which sovereigns, industries and corporates are exposed. They measure current vulnerability and the capacity to adapt to transition and physical risks, emphasising the trajectory to 2030 and the ability to continue on that pathway to 2050 (and beyond).

The Group has identified the impact of climate transition risk on the credit risk of Societe Generale's corporate clients as one of the main environmental risks it faces. It was therefore the first area of focus for the Group when developing its environment risk framework.

To measure this impact, the Group phased in a Corporate Climate Vulnerability Indicator (CCVI), which is based on an Industry Climate Vulnerability Indicator (ICVI), to the credit risk assessments it performs on the clients it rates, excluding financial institutions.

The first versions of the CCVI and ICVI were released in 2017 and 2019, respectively. A second version of the CCVI was released in July 2023, which links the two indicators to deliver more consistent and comparable results between industries. There is also the option to link to the Sovereign Climate Vulnerability Indicator (SCVI) for assessing sovereign risk. The new methodology allows greater differentiation between corporates and takes their climate disclosures & strategy into consideration. It also provides for tracking performance over time.

There is no change to how the new methodology is governed compared with the first version of CCVI (proposal by LOD1\*, approval by LOD2\*, compliance with existing Group governance for the allocation of roles and responsibilities).

## INDUSTRY CLIMATE VULNERABILITY INDICATOR (ICVI)

The ICVI score reflects the climate transition vulnerability of those corporates that have made the least progress on climate strategy in each sector. It is based on the IEA's NZE 2050 Orderly scenario and applies to all sectors (excluding financial activities), divided into 111 uniformly and globally defined segments. Using a documented questionnaire, independent experts calculated a final ICVI transition score on a scale of -5 to +5, drawing on both qualitative and quantified inputs. The ICVI score is based on an evaluation of four factors: emissions at risk, costs at risk, revenue at risk and assets at risk.

The approach extends from end to end of the value chain (Scopes 1, 2 and 3), since transition risks can impact many aspects of the counterparty's business (its supply chain, operations, assets and market).

### ICVI AND CCVI RATING SCALE

|                       |                   |                  |          |                    |         |                    |          |                  |                   |                       |
|-----------------------|-------------------|------------------|----------|--------------------|---------|--------------------|----------|------------------|-------------------|-----------------------|
| EXTREMELY<br>NEGATIVE | ULTRA<br>NEGATIVE | VERY<br>NEGATIVE | NEGATIVE | FAIRLY<br>NEGATIVE | NEUTRAL | FAIRLY<br>POSITIVE | POSITIVE | VERY<br>POSITIVE | ULTRA<br>POSITIVE | EXTREMELY<br>POSITIVE |
| -5                    | -4                | -3               | -2       | -1                 | 0       | 1                  | 2        | 3                | 4                 | 5                     |

## FACTORS CONSIDERED BY THE INDUSTRY CLIMATE VULNERABILITY INDICATOR (ICVI)

|                              | Sensitivity   | Adaptability   |
|------------------------------|---|--|
| <b>Macro-environment</b>     | <ul style="list-style-type: none"> <li>■ Economic dependence on sectors exposed to climate risk</li> <li>■ Economic dependence on emissions-intensive sectors</li> <li>■ Dependence on subsidies</li> <li>■ Regulated market</li> </ul>   | <ul style="list-style-type: none"> <li>■ Flexibility in fiscal and monetary support policies</li> <li>■ Degree of development</li> </ul>   |
| <b>Supply chain</b>          | <ul style="list-style-type: none"> <li>■ Supplier's natural resource consumption intensity</li> <li>■ Supplier's emissions intensity</li> <li>■ Supplier's ability to pass on costs</li> </ul>  | <ul style="list-style-type: none"> <li>■ Producer's ability to make changes in its supply chains</li> <li>■ Producer's ability to switch to low-carbon suppliers or inputs</li> </ul>  |
| <b>Operations and assets</b> | <ul style="list-style-type: none"> <li>■ Impact of weather conditions and natural resources availability/price on production (productivity, yields, costs)</li> <li>■ Suitability of engineering &amp; design for adverse weather conditions</li> <li>■ Producer's emissions intensity</li> <li>■ Asset's capital intensity</li> <li>■ Insurance availability and coverage</li> </ul> | <ul style="list-style-type: none"> <li>■ Producer's ability (technical and financial) to adapt facilities for operation in adverse climate conditions</li> <li>■ Producer's ability (technical and financial) to reduce emissions, at a reasonable cost</li> <li>■ Producer's capacity (technical and financial) to develop new products/technologies</li> </ul> |
| <b>Market</b>                | <ul style="list-style-type: none"> <li>■ Dependence of consumption on weather conditions</li> <li>■ Availability of alternative low-carbon products or services</li> <li>■ Market elasticity on price</li> <li>■ Diversification in sales</li> <li>■ Consumption emissions intensity</li> </ul>   | <ul style="list-style-type: none"> <li>■ Producer's capacity to change customer base</li> <li>■ Producer's capacity (technical and financial) to develop new low-carbon products/technologies</li> <li>■ Producer's ability to pass on costs</li> </ul>  |

## CORPORATE CLIMATE VULNERABILITY INDICATOR (CCVI)

In addition to an industry's characteristics, a counterparty's transition risk also depends on its own specific characteristics and in its climate strategy.

The CCVI is derived from the ICVI and a corporate climate questionnaire. The same 11-level scale, ranging from extremely negative to extremely positive, is used to assess the counterparty's transition risk. Climate transition factors specific to the counterparty may give a higher rating compared to its industry as a whole.

The corporate climate questionnaire assesses individual corporates' climate strategy through:

- the quality of their disclosures on GHG emissions (scopes 1, 2 and 3, historical depth available) and energy use;
- the credibility of their targets:
  - for decarbonising their activity: targets in place, possibility of certification by an independent third party, client's involvement in material environmental controversies,
  - green revenues and opportunities: reporting on the share of revenue from green sources, marketing of low-carbon products,

- green investments: significance of their investments to decarbonise existing activities;

- governance of climate issues (inclusion in the Company's strategy, level of supervision, incentive policies, processes to identify climate risks and opportunities, engagement policies).

The CCVI is defined in parallel with internal credit rating and will be reviewed on an annual basis.

If the result is a significantly negative CCVI score, discussions must take place with the client covering their transition strategy, business model and capacity to finance the transition, and an action plan decided. A summary of the discussions is sent to LOD2\*. The interview can also be an opportunity to offer support for the client's transition.

A phased roll-out of this second version of the CCVI, launched during 2023, is under way. Priority is given to rating counterparties identified as the most exposed to climate transition risk (those with the most negative ICVI scores) to which the Group has significant exposure. At the very least, all counterparties for which a CCVI score has yet to be calculated are rated on the basis of an ICVI. Discussions are started with counterparties with negative CCVI scores.



## SOVEREIGN CLIMATE VULNERABILITY INDICATOR (SCVI)

The Sovereign Climate Vulnerability Indicator (SCVI) expresses how vulnerable a country is to climate-related risks, with a view to assessing the direct impact on the associated country risk, *i.e.* on the country's ability and willingness to honour its external debt commitments.

Developed in-house, the SCVI assesses vulnerability to both physical and transition risks and is designed for use with a range of different climate change scenarios. It is based on publicly available and well recognised data sources (World Bank, Food and Agriculture Organization, etc.). For each variable, countries are ranked from least vulnerable (0) to most vulnerable (1) and the indicator is then calculated as an average of these rankings. Data availability and update frequency remain a challenge. The scope of application of the SCVI will be extended according as data becomes increasingly available. At present, it covers 114 countries, equivalent to 96% of global GDP and 88% of the global population. Countries not covered are those for which the data are not currently available:

- the physical risk score ranks countries according to their vulnerability to both extreme weather events and physical changes caused by rising global temperatures, since climate-related issues are likely to adversely impact their public and external finances. The score calculation includes data on water resources published by countries and on the share of their population living at altitudes of less than five metres;
- the transition risk score ranks countries according to their vulnerability to the risks associated with the transition to a lower-carbon economy, which could adversely affect public and external solvency in two ways: (i) due to the cost associated with such a transition, and (ii) due to the opportunity cost of stranded assets, which may translate into lower foreign exchange revenues for instance, which drags down a country's external metrics. The data taken into account when establishing this score include, for example, data on the country's dependency on energy imports and on how carbon intensive its economy is.

## IDENTIFYING HOW PHYSICAL RISK AFFECTS CREDIT RISK

The Group is developing its analysis of physical risks, based on both internal tools and external solutions.

It initially opted to focus on developing its own in-house tools to identify physical climate-related risks. R&D work on the impacts physical risks can have on its portfolios began with the French retail mortgage portfolio and was then extended.

Stress tests were developed based on these findings. In 2022, the Group took part in the ECB's stress tests, gaining valuable insights for its study on the physical risks that affect its Corporate portfolio. In 2023 the Group conducted an internal climate stress test on physical risks on credit (examining two types of climate events).

However, pinpointing the location of assets remains a significant challenge. To address this, the Group has stepped up how much information it collects on loan origination and gathers additional information to deepen its data pool. For assets not financed by the Group, it is harder to locate infrastructure and sites held by the Group's corporate borrowers. The Group has reached out to external partners

and data providers to resolve these difficulties, improve the location of its counterparties' assets and identify the relevant climate issues that arise as a result.

The disclosure of Pillar 3 data on physical risks has also served to improve understanding of related climate issues. The Risk Report – Pillar 3 details the methodology used.

The Group is committed to a process of continuous and gradual improvement, with the ultimate aim of more robust and comprehensive identification and quantification of physical risks.

Lastly, for physical climate risk, the Group has developed an Industry Climate Vulnerability Indicator (ICVI), which it will translate into a Corporate Climate Vulnerability Indicator (CCVI).

## TREATING PHYSICAL RISK AS PART OF THE GROUP'S OPERATIONAL RISK

Societe Generale defines operational risk as the risk of losses resulting from human error, external events, or inadequacies or failures in processes or systems. It assesses the physical risks to its assets and operations as part of its operational risk monitoring. The Group performs analysis region by region and the results feed into its business continuity plans (BCPs) designed to address local risks. A climate event could impact some or all of its facilities and human or technical resources. The Group has thus developed an approach to assess how climate change could affect its most sensitive sites and data centres by increasing the risks of flooding, heatwaves and black-outs, as well as the consequences of such events (for staff, buildings and IT) as covered by its existing BCPs. For certain specific locations, the Group's assessment includes additional scenarios, such as typhoons and heavy rains in Hong Kong, or hurricanes and snowstorms in New York. Some of these scenarios (such as flooding from the Seine in France or flooding of Chennai in India) are included in the internal models used to calculate operational risk capital requirements.

## DATA ISSUES

Data and data analysis are key in enabling financial institutions to identify and manage climate risks. High quality data are a prerequisite to successfully quantifying and assessing such risks.

The Group gathers data from various sources: counterparties, public databases, research institutes and data providers. It is continually striving to expand its supplier base (with a view to obtaining better data on certain sectors) and adopt the right data collection processes (especially for energy performance certificates) so as to achieve optimal data coverage.

However, the challenges remain significant in terms of improving the completeness and quality of the data. To a certain extent, the Group is limited by what its corporate counterparties choose to report.

The application of proxies also remains necessary in certain cases in the event of data not being available.

Quarter after quarter, the Group strives to improve the quality and completeness of the data it gathers, with additional data quality controls and indicators in the business lines and at Head Office. These data gathering campaigns provide valuable insights into how data is defined and used, as well as on underlying normative aspects, thus preparing the target.

The Group's target for data is predicated on the very rigorous choice of gradually and fully integrating data into its existing repositories and applications to:

- make the use of ESG data structurally secure;
- have the option to roll out quality checks on a large scale;
- provide the option to overhaul its processes and information system.

Initial data collected on this target mode through this medium- to long-term strategy will be available from 2024. It will continue to be rolled out over the coming years.

#### 4.13.5.6 Biodiversity-related and nature-related risks

Biodiversity\* plays a key role in regulating the Earth's system. When it is threatened, this in turn poses a threat to our planet's habitability (NGFS, 2022). From a financial stability perspective, there are two main ways in which biodiversity\* loss poses a potentially significant threat:

- first, economic activity and financial assets are dependent upon the ecosystem\* services provided by biodiversity\* and the environment: this raises the prospect of physical risks to finance if these services are undermined;
- second, economic activity and financial assets in turn have impacts on biodiversity\* and could therefore face risks from the transition to a nature-positive global economy.

(See also section 5.1.2.1, Taking action and building a sustainable future together (page 334) and section 5.1.2.10, Nature (page 342).

The Group has already begun looking into its risks in relation to biodiversity and nature. In addition to the climate vulnerability indicators (detailed in section 4.13.5), the Group has developed a dedicated nature-related indicator (biodiversity\* and ecosystems\*, water resources and pollution).

### 4.13.6 INCORPORATING THE SOCIAL FACTORS IN THE RISK MANAGEMENT FRAMEWORK

#### 4.13.6.1 Definitions of social risk

Social risk factors can be defined as social issues that could adversely affect the financial performance or solvency of a sovereign or individual entity. They encompass the rights, well-being and interests of individuals and communities and include factors such as (in)equality, health, inclusion, labour relations, workplace health and safety, human capital and communities.

The main drivers of social risk:

- environmental risks: The continuous degradation of the environment intensifies social risks, for example when climate-related physical changes or water stress affects a region or population groups. Environmental degradation can exacerbate migration flows, as well as social and political unrest in the most affected regions – with repercussions and potentially more devastating contagion for the whole world. Environmental risks can be a source of social risks: the potential impact of the technological and regulatory changes introduced in response to climate change can have a knock-on effect

#### INDUSTRY CLIMATE VULNERABILITY INDICATOR (INVI)

The purpose of the Industry Nature Vulnerability Indicator (INVI) is to measure the vulnerability of each industry to nature-related risks, as well as their capacity to adapt to them (for both transition and physical risks). It does not include climate aspects to avoid duplication with the ICVI.

The INVI aims to provide an initial assessment of financial materiality. In other words what impact physical and transition nature-related risks might have on revenues, costs and the value of assets in a particular industry, taking the industry's capacity for adaptation into consideration.

The INVI score reflects where the most exposed companies stand in relation to physical and transition risks.

The ranking applies across all industries (excluding financial activities and conglomerates), split into 71 uniformly and globally defined segments. For each of these segments, internal experts calculated a final INVI score on a scale from -5 to +5, based on two documented questionnaires:

- a physical INVI questionnaire, structured according to the three major ecosystem\* service categories (supply, regulation and maintenance, and cultural);
- an INVI transition questionnaire, organized into categories based on the nature-based impacts of the economic activities, with reference to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) classification of the main direct drivers of biodiversity\* losses, excluding climate change (which is covered by the ICVI): land and sea use change, pollution, over-exploitation of natural resources and invasive species.

The INVI methodology and sector ratings were finalised in the second half of 2023.

on labour markets, which could amplify social risks, especially in industries such as coal;

- change in social policy reflecting the transformation toward more inclusive and fair societies. For example, stakeholders who fail to respect employment rights could see an impact of the social changes that require new policies, such as safer and healthier workplaces. Contracting parties that apply a lower standard of employment rights (or other social standards) or that operate a business or depend on suppliers that operate in a country with poor protections for workers could face increased compliance costs in the future, which could have an impact on their financial position;
- change in market trends: some policy measures were introduced in response to social pressure demanding equal pay for equal work, balanced representation, and diversity. Other policies are expected to be introduced over the next few years to achieve the SDG 2030 social objectives and targets. They could constitute a risk for companies who have yet to prepare or are unwilling to adapt. Such companies could find themselves in the firing line, facing complaints, legal proceedings, market pressure and/or reputational damage.

### 4.13.6.2 Incorporating social risks in the Group's processes

Identifying social risks is part of the process to identify ESG risks set out in section 4.13.4.2 Identifying ESG-induced risk factors, presented above.

The table below shows the link established between social risk factors and the Group's risk taxonomy in the materiality assessment exercise.

This information lists the factors identified in 2023 and is subject to change as additional studies provide new insights.

The assessment of social risk drivers was mainly qualitative. It should be noted that a qualitative analysis was performed of the impact of these factors on credit and market risks using existing idiosyncratic metrics (on the underlying assumption that social risk factors would have an impact on a given name but without systematic contagion to an industry or a region).

#### LINKS BETWEEN SOCIAL RISK DRIVERS AND RISK CATEGORIES

| Risk taxonomy                       | Social risk drivers   |
|-------------------------------------|---|
| <b>Credit risk</b>                  | <ul style="list-style-type: none"> <li>■ Negative impact on corporate image</li> </ul>  |
| <b>Market Risk</b>                  | <ul style="list-style-type: none"> <li>■ Financial contagion: market losses (such as equity markets and debt markets)</li> <li>■ Tighter credit conditions</li> <li>■ Economy: changes in production, demand and sales, leading to lower profitability, difficulties shifting business model</li> </ul> |
| <b>Non-financial risk</b>           | <ul style="list-style-type: none"> <li>■ Higher legal and compliance costs</li> <li>■ Increased other costs</li> <li>■ Negative impact on corporate image</li> <li>■ Economy: lower output</li> </ul>   |
| <b>Structural risk</b>              | <ul style="list-style-type: none"> <li>■ Negative impact on corporate image</li> <li>■ Material damage and disruption to business</li> <li>■ Increased other costs</li> <li>■ Increased compliance costs</li> <li>■ Economy: lower profitability, weaker demand</li> </ul>                              |
| <b>Business and strategic risks</b> | <ul style="list-style-type: none"> <li>■ Negative impact on corporate image</li> </ul>  |
| <b>Other types of risk</b>          | <ul style="list-style-type: none"> <li>■ Increased compliance cost</li> <li>■ Economy: lower output</li> </ul>  |
| <b>Reputation risk</b>              | <ul style="list-style-type: none"> <li>■ Negative impact on corporate image</li> </ul>  |
| <b>Step-in risk</b>                 | <ul style="list-style-type: none"> <li>■ Negative impact on corporate image</li> </ul>  |

#### COUNTERPARTY ESG ASSESSMENT - SOCIAL RISK

Societe Generale publishes most of the information given below on its website. Readers will find it in the sections explaining the general principles of the Group's Environment and Social policy<sup>(1)</sup> and its E&S sector policies<sup>(2)</sup>.

The Group's ESG assessments of its counterparties is scaffolded by these Environment and Social general principles, which provide a general framework to verify respect for basic human rights and care for the environment.

With regard to social and human rights risks, the Principles are built around the Universal Declaration of Human Rights (1948) and the fundamental conventions of the International Labour Organization. They cover the following topics in particular:

- forced labour and slavery;
- child labour;
- respect for indigenous peoples and their cultural heritage;
- rights of ownership;
- discrimination;

- freedom of association;
- health and safety;
- decent working conditions, remuneration and social protection
- right to privacy.

In making these commitments, the Group's objective is twofold: limit potential direct adverse social impacts, and encourage transactions and clients that make a positive impact to sustainable development.

The Group has developed the procedures and tools it needs to ensure it delivers on its social commitments in its financing operations, human resources management and supply chain. It uses customised tools to research public controversies rooted in social issues.

Credit approval procedures include an assessment of environmental and social criteria, using specific tools, based both on the Group's knowledge of its counterparties and on research into public controversies sparked by social issues.

(1) <https://www.societegenerale.com/en/responsibility/ethics-and-governance>

(2) <https://www.societegenerale.com/sites/default/files/documents/2020-10/environmental-and-social-general-guidelines-oct2016.pdf>

For most E&S-sensitive sectors, the Group has put in place E&S sector policies to provide guidelines for ensuring that the Group's commitments on social issues are met through priority assessment criteria.

It also keeps and regularly updates an exclusion list of companies it does not do business with, either because of involvement in or a link to banned or controversial weapons, or pursuant to the E&S assessment

procedure (because of the use of forced labour, for example). This exclusion list has been added to the financial crime compliance tool and is available throughout the Group.

The Group is also committed to the Equator Principles<sup>(1)</sup> to ensure that all direct project financing transactions adhere to these principles, which include a social dimension.

## 4.13.7 INCORPORATING GOVERNANCE FACTORS IN THE RISK MANAGEMENT FRAMEWORK

### 4.13.7.1 Definitions of governance risks

Governance risk factors may be defined as the risk of counterparty governance issues arising that may adversely affect the financial performance or solvency of a sovereign or individual entity. They encompass governance practices, including executive management, compensation of senior management, audits, internal controls, tax evasion, independence of the Board, shareholder rights, bribery and corruption, as well as how companies or entities address environmental and social risk drivers in their policies and procedures.

The main drivers of governance risk are:

- shortcomings in how environmental and social questions are managed. For example, a Code of Conduct considered to be weak, or a failure to act to counter money-laundering in a given company can hamper its resources (financial and non-financial), which could in turn affect and its performance and return potential. Moreover, were the weak Code of Conduct to be made public, clients and investors could lose confidence in the Company, leading to penalties and legal costs, which could affect its ability to do business in the long term.
- non-compliance with corporate governance frameworks or codes.

### 4.13.7.2 Incorporating governance risks in the Group's processes

Identifying governance risks is part of the process to identify ESG risks set out in section 4.13.4.2 Identifying ESG-induced risk factors, presented above.

The table below shows the link established between governance risk factors and the Group's risk taxonomy in the materiality assessment exercise. This information shows the factors identified in 2023 and is subject to change as additional studies provide new insights.

The assessment of governance risk factors was qualitative in the main. Please note that a qualitative analysis was performed of the impact of these factors on credit and market risks using existing idiosyncratic metrics (on the underlying assumption that governance risk factors would have an impact on a given name but without systematic contagion to an industry or a region).

### LINKS BETWEEN GOVERNANCE RISK DRIVERS AND RISK CATEGORIES

| Risk taxonomy                | Governance risk drivers   |
|------------------------------|---|
| Credit risk                  | <ul style="list-style-type: none"> <li>■ Negative impact on corporate image</li> </ul>  |
| Market Risk                  | <ul style="list-style-type: none"> <li>■ Negative impact on corporate image</li> </ul>  |
| Non-financial risk           | <ul style="list-style-type: none"> <li>■ Higher legal costs</li> <li>■ Increased other costs</li> <li>■ Economy: lower output</li> </ul>                    |
| Structural risk              | <ul style="list-style-type: none"> <li>■ Negative impact on corporate image</li> <li>■ Economy: lower output</li> </ul>                                     |
| Business and strategic risks | <ul style="list-style-type: none"> <li>■ Negative impact on corporate image</li> </ul>  |
| Other types of risk          | <ul style="list-style-type: none"> <li>■ Lower real estate values</li> <li>■ Negative impact on corporate image</li> <li>■ Economy: lower output</li> </ul> |
| Reputation risk              | <ul style="list-style-type: none"> <li>■ Negative impact on corporate image</li> </ul>  |
| Step-in risk                 | <ul style="list-style-type: none"> <li>■ Negative impact on corporate image</li> </ul>  |

(1) <https://equator-principles.com/>

## COUNTERPARTY ESG ASSESSMENT – GOVERNANCE RISK

In its Environmental and Social General Principles, the Group addresses governance and other ethical risks (embargoes and sanctions, terrorism, corruption and bribery, resource appropriation, tax evasion and data protection). It manages these risks through purpose-developed internal processes (including the process for assessing clients). These processes and procedures are founded on principles of ethical business conduct and compliance with

regulations. Assessing these risks consistently involves fact-finding to research sensitive information using specific tools. Evaluating its clients' governance systems also includes internal governance aspects as part of counterparty credit analyses.

Sector policies also make clear that governance risks are considered in the KYC (Know Your Client) and other compliance procedures to make sure that the Group complies with applicable laws and regulations, including exclusions based on international sanctions.

## 4.14 OTHER RISKS

### 4.14.1 RISK RELATED TO INSURANCE ACTIVITIES

Refer to Financial Statements in Chapter 6 - Note 4.3 Insurance activities.

### 4.14.2 INVESTMENT RISK

The Group has limited appetite for financial shareholdings in proprietary private equity operations. The types of acceptable private equity operations chiefly involve:

- commercial support for the network through the private equity business of the Group's retail banking network in France and certain foreign subsidiaries;
- shareholdings in innovative companies, either directly or through private equity funds;
- shareholdings in financial services companies such as Euroclear and Crédit Logement.

Private equity investments are managed directly by the networks concerned (the Group's retail bank in France and foreign subsidiaries) and are capped at EUR 25 million. Any investments above this threshold must be approved by the Group Strategy Department based on a file submitted by the Business Unit in conjunction with its Finance Department. The file must set out arguments justifying an investment of the allotted size, with details of:

- the projected outcome;
- the expected profitability based on the consumption of the associated capital;
- the investment criteria (typology, duration, etc.);
- the risk analysis;
- the proposed governance.

The Group's General Management must approve the investment amount if it exceeds EUR 50 million and must base its decision on the opinion delivered by the Strategy Department, the Finance Department, the General Secretariat and the Compliance Department. At least once a year, the relevant Business Unit must submit a status report to the Strategy Department tracking the operations and the use of the allocated investment amount.

Other private equity minority investments undergo a dedicated validation process for both the investment and divestment phases. They are approved by the Heads of the Business Units and the entities concerned, by their Finance Department and the Strategy Department. Approval must also be sought from the Group's General Management for amounts over EUR 50 million, and from the Board of Directors for amounts exceeding EUR 250 million. These files are assessed by the Strategy Department with the assistance of experts from the Services Units and Business Units involved in the operation, comprising at least the Finance Department, the General Secretariat's Legal and Tax Departments and the Compliance Department. The assessment is based on:

- a review of the proposed shareholding;
- the context of the investment and the reasons for going ahead with it;
- the structuring of the operation;
- its financial and prudential impacts;
- an evaluation of the identified risks and the resources employed to track and manage them.

### 4.14.3 RISK RELATED TO OPERATING LEASING ACTIVITIES

Risk related to operating leasing activities is the risk of management of the goods leased (including the risk on residual value mainly, and risk on the value of the repair, maintenance and tires to a lesser extent), excluding the operational risk.

#### Residual value risk

Through its Specialised Financial Services Division, mainly in its long-term vehicle leasing subsidiary, the Group is exposed to residual value risk (where the net resale value of an asset at the end of the leasing contract is less than initially expected).

#### RISK IDENTIFICATION

Societe Generale Group holds, inside in Ayvens Business Unit (automobile leasing activity), cars on its balance sheet with a risk related to the residual value of these vehicles at the moment of their disposals. This residual value risk is managed by Ayvens. The Ayvens business unit is the result of the merger between ALD Automotive and LeasePlan (entity acquired by the Societe Generale group on 22 May 2023).

The Group is exposed to potential losses in a given reporting period caused by (i) the resale of vehicles associated with leases terminated in the reporting period where the used car resale price is lower than its net book value and (ii) additional depreciation booked during the lease term if the expected residual values of its vehicles decline below the contractual residual value. The future sales results and estimated losses are affected by external factors like macroeconomic, government policies, environmental and tax regulations, consumer preferences, new vehicles pricing, etc.

Ayvens gross operating income derived from car sales totaled EUR 349.5 million at 31 December 2023 (including the impacts of reduction in depreciation costs and LeasePlan's Purchase Price Allocation<sup>(1)</sup>) versus EUR 747.6 million at 31 December 2022 (at this date, only ALD Automotive entity was considered).

#### RISK MANAGEMENT

The residual value setting procedure defines the processes, roles and responsibilities involved in the determination of residual values that will be used by Ayvens as a basis for producing vehicle lease quotations.

A Residual Value Review Committee is held at least twice a year within each operating entity of Ayvens. This Committee debates and decides residual values, considering local market specificities, documenting its approach, ensuring that there is a clear audit trail.

A central Ayvens Risk team validates the proposed residual values prior to their being notified to the operating entities and updated in the local quotation system. This team informs Ayvens' regional Directors, group Chief Risk and Compliance Officer (CRCO) and/or other ExCo members in case of disagreements.

Additionally, the fleet revaluation process determines an additional depreciation in countries where an overall loss on the portfolio is identified. This process is performed locally twice a year for operating entities owning more than 10,000 cars (once a year for smaller entities) under the supervision of the Ayvens' central Risk Department and using common tools and methodologies. This depreciation is booked in accordance with accounting standards.

### 4.14.4 STRATEGIC RISKS

Strategic risks are defined as the risks inherent in the choice of a given business strategy or resulting from the Group's inability to execute its strategy. They are monitored by the Board of Directors, which approves the Group's strategic trajectory and reviews them at least once a year. Moreover, the Board of Directors approves strategic investments and any transaction (particularly disposals and acquisitions) that could significantly affect the Group's results, the structure of its balance sheet or its risk profile.

Strategic steering is carried out under the authority of General Management, by the General Management Committee (which meets weekly without exception), by the Group Strategy Committee and by the Strategic Oversight Committees of the Business Units and Service Units. The composition of these various bodies is set out in the Corporate Governance chapter of the present document, Chapter 3 (see pages 75 and following). The Internal Rules of the Board of Directors (provided in Chapter 3 of the present document, at page 75) lay down the procedures for convening meetings.

### 4.14.5 CONDUCT RISK

The Group is also exposed to conduct risk through all of its core businesses. The Group defines conduct risk as resulting from actions (or inaction) or behaviours of the Bank or its employees, inconsistent with the Group's Code of Conduct, which may lead to adverse consequences for its stakeholders, or place the Bank's sustainability or reputation at risk.

Stakeholders include in particular the clients, employees, investors, shareholders, suppliers, the environment, markets and countries in which the Group operates.

See also "Culture & Conduct programme" (see page 332 - 333).

(1) as per IFRS 3 "Business combinations"



## 6.1 CONSOLIDATED FINANCIAL STATEMENTS

The amounts for 2022 have been restated (identified by a “R”) following the first retrospective application of IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments” by the insurance subsidiaries (see Note 1).

### 6.1.1 CONSOLIDATED BALANCE SHEET - ASSETS

| <i>(In EUR m)</i>   |                        | <b>31.12.2023</b> | <b>31.12.2022 R</b> | <b>01.01.2022 R</b> |
|---|------------------------|-------------------|---------------------|---------------------|
| Cash, due from central banks  |                        | 223,048           | 207,013             | 179,969             |
| Financial assets at fair value through profit or loss                   | Notes 3.1, 3.2 and 3.4 | 495,882           | 427,151             | 446,717             |
| Hedging derivatives   | Notes 3.2 and 3.4      | 10,585            | 32,971              | 13,592              |
| Financial assets at fair value through other comprehensive income       | Notes 3.3 and 3.4      | 90,894            | 92,960              | 112,695             |
| Securities at amortised cost  | Notes 3.5, 3.8 and 3.9 | 28,147            | 26,143              | 24,149              |
| Due from banks at amortised cost  | Notes 3.5, 3.8 and 3.9 | 77,879            | 68,171              | 57,204              |
| Customer loans at amortised cost  | Notes 3.5, 3.8 and 3.9 | 485,449           | 506,635             | 497,233             |
| Revaluation differences on portfolios hedged against interest rate risk | Note 3.2               | (433)             | (2,262)             | 131                 |
| Insurance and reinsurance contracts assets                              | Note 4.3               | 459               | 353                 | 380                 |
| Tax assets  | Note 6                 | 4,717             | 4,484               | 4,747               |
| Other assets  | Note 4.4               | 69,765            | 82,315              | 90,045              |
| Non-current assets held for sale  | Note 2.5               | 1,763             | 1,081               | 27                  |
| Investments accounted for using the equity method                       |                        | 227               | 146                 | 95                  |
| Tangible and intangible fixed assets                                    | Note 8.3               | 60,714            | 33,958              | 32,848              |
| Goodwill  | Note 2.2               | 4,949             | 3,781               | 3,741               |
| <b>TOTAL</b>  |                        | <b>1,554,045</b>  | <b>1,484,900</b>    | <b>1,463,573</b>    |

## 6.1.2 CONSOLIDATED BALANCE SHEET - LIABILITIES

| <i>(In EUR m)</i>   |                        | <b>31.12.2023</b> | <b>31.12.2022 R</b> | <b>01.01.2022 R</b> |
|---|------------------------|-------------------|---------------------|---------------------|
| Due to central banks  |                        | 9,718             | 8,361               | 5,152               |
| Financial liabilities at fair value through profit or loss              | Notes 3.1, 3.2 and 3.4 | 375,584           | 304,175             | 311,703             |
| Hedging derivatives   | Notes 3.2 and 3.4      | 18,708            | 46,164              | 10,425              |
| Debt securities issued  | Notes 3.6 and 3.9      | 160,506           | 133,176             | 135,324             |
| Due to banks  | Notes 3.6 and 3.9      | 117,847           | 133,011             | 139,177             |
| Customer deposits   | Notes 3.6 and 3.9      | 541,677           | 530,764             | 509,133             |
| Revaluation differences on portfolios hedged against interest rate risk | Note 3.2               | (5,857)           | (9,659)             | 2,832               |
| Tax liabilities   | Note 6                 | 2,402             | 1,645               | 1,573               |
| Other liabilities   | Note 4.4               | 93,658            | 107,315             | 105,973             |
| Non-current liabilities held for sale                                   | Note 2.5               | 1,703             | 220                 | 1                   |
| Insurance contracts related liabilities                                 | Note 4.3               | 141,723           | 135,875             | 150,562             |
| Provisions  | Note 8.2               | 4,235             | 4,579               | 4,850               |
| Subordinated debts  | Note 3.9               | 15,894            | 15,948              | 15,959              |
| <b>TOTAL LIABILITIES</b>  |                        | <b>1,477,798</b>  | <b>1,411,574</b>    | <b>1,392,664</b>    |
| <b>SHAREHOLDER'S EQUITY</b>   |                        |                   |                     |                     |
| <b>Shareholders' equity, Group share</b>                                |                        |                   |                     |                     |
| Issued common stocks and capital reserves                               | Note 7.1               | 21,186            | 21,248              | 21,913              |
| Other equity instruments  |                        | 8,924             | 9,136               | 7,534               |
| Retained earnings   |                        | 32,891            | 33,816              | 36,624              |
| Net income  |                        | 2,493             | 1,825               | -                   |
| <b>SUB-TOTAL</b>  |                        | <b>65,494</b>     | <b>66,025</b>       | <b>66,071</b>       |
| Unrealised or deferred capital gains and losses                         | Note 7.3               | 481               | 945                 | (973)               |
| <b>SUB-TOTAL EQUITY, GROUP SHARE</b>                                    |                        | <b>65,975</b>     | <b>66,970</b>       | <b>65,098</b>       |
| Non-controlling interests   |                        | 10,272            | 6,356               | 5,811               |
| <b>TOTAL EQUITY</b>   |                        | <b>76,247</b>     | <b>73,326</b>       | <b>70,909</b>       |
| <b>TOTAL</b>  |                        | <b>1,554,045</b>  | <b>1,484,900</b>    | <b>1,463,573</b>    |



### 6.1.3 CONSOLIDATED INCOME STATEMENT

| <i>(In EUR m)</i>   |          | <b>2023</b>   | <b>2022 R</b> |
|---|----------|---------------|---------------|
| Interest and similar income <sup>(1)</sup>  | Note 3.7 | 53,087        | 30,738        |
| Interest and similar expense  | Note 3.7 | (42,777)      | (17,897)      |
| Fee income  | Note 4.1 | 10,063        | 9,400         |
| Fee expense   | Note 4.1 | (4,475)       | (4,183)       |
| Net gains and losses on financial transactions <sup>(1)</sup>   |          | 10,290        | 866           |
| <i>o/w net gains and losses on financial instruments at fair value through profit or loss</i>             | Note 3.1 | 10,327        | 1,044         |
| <i>o/w net gains and losses on financial instruments at fair value through other comprehensive income</i> |          | (9)           | (152)         |
| <i>o/w net gains and losses from the derecognition of financial instruments at amortised cost</i>         |          | (28)          | (26)          |
| Income from insurance activities  | Note 4.3 | 3,539         | 3,104         |
| Expenses from insurance services  | Note 4.3 | (1,978)       | (1,606)       |
| Income and expenses from reinsurance held   | Note 4.3 | 17            | (19)          |
| Net Finance income or expenses from insurance contracts issued <sup>(1)</sup>                             | Note 4.3 | (6,285)       | 4,030         |
| Net Finance income or expenses from reinsurance contracts held  | Note 4.3 | 5             | 45            |
| Cost of credit risk of financial assets from insurance activities   | Note 3.8 | 7             | 1             |
| Income from other activities  | Note 4.2 | 21,005        | 13,301        |
| Expenses from other activities  | Note 4.2 | (17,394)      | (10,625)      |
| <b>Net banking income</b>   |          | <b>25,104</b> | <b>27,155</b> |
| Other operating expenses  | Note 5   | (16,849)      | (16,425)      |
| Amortisation, depreciation and impairment of tangible and intangible fixed assets                         |          | (1,675)       | (1,569)       |
| <b>Gross operating income</b>   |          | <b>6,580</b>  | <b>9,161</b>  |
| Cost of risk  | Note 3.8 | (1,025)       | (1,647)       |
| <b>Operating income</b>   |          | <b>5,555</b>  | <b>7,514</b>  |
| Net income from investments accounted for using the equity method   |          | 24            | 15            |
| Net income/expense from other assets  |          | (113)         | (3,290)       |
| Value adjustments on goodwill   | Note 2.2 | (338)         | -             |
| <b>Earnings before tax</b>  |          | <b>5,128</b>  | <b>4,239</b>  |
| Income tax  | Note 6   | (1,679)       | (1,483)       |
| <b>Consolidated net income</b>  |          | <b>3,449</b>  | <b>2,756</b>  |
| Non-controlling interests   | Note 2.3 | 956           | 931           |
| <b>Net income, Group share</b>  |          | <b>2,493</b>  | <b>1,825</b>  |
| Earnings per ordinary share   | Note 7.2 | 2.17          | 1.50          |
| Diluted earnings per ordinary share   | Note 7.2 | 2.17          | 1.50          |

(1) The Interest and similar income and Net gains and losses on financial transactions lines include in particular the gains and losses on the investments of insurance activities. These amounts must be assessed by taking into account the financial gains and losses arising from the measurement of the insurance and reinsurance contracts associated with these investments, which are presented in the Net financial income or expenses of the insurance contracts issued (see Note 4.3).

## 6.1.4 STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

| <i>(In EUR m)</i>   | <b>2023</b>  | <b>2022 R</b> |
|---|--------------|---------------|
| <b>Consolidated net income</b>  | <b>3,449</b> | <b>2,756</b>  |
| <b>Unrealised or deferred gains and losses that will be reclassified subsequently into income</b>     | <b>(166)</b> | <b>578</b>    |
| Translation differences   | (356)        | 1,820         |
| <i>Revaluation differences for the period</i>   | (429)        | 1,278         |
| <i>Reclassified into income</i>   | 73           | 542           |
| Revaluation of debt instruments at fair value through other comprehensive income <sup>(1)</sup>       | 2,402        | (10,849)      |
| <i>Revaluation differences for the period</i>   | 2,374        | (11,029)      |
| <i>Reclassified into income</i>   | 28           | 180           |
| Revaluation of insurance contracts at fair value through other comprehensive income <sup>(1)</sup>    | (2,134)      | 10,050        |
| Revaluation of hedging derivatives  | (68)         | (610)         |
| <i>Revaluation differences of the period</i>  | (36)         | (482)         |
| <i>Reclassified into income</i>   | (32)         | (128)         |
| Related tax   | 10           | 167           |
| <b>Unrealised or deferred gains and losses that will not be reclassified subsequently into income</b> | <b>(177)</b> | <b>539</b>    |
| Actuarial gains and losses on defined benefit plans   | 12           | 92            |
| Revaluation of own credit risk of financial liabilities at fair value through profit or loss          | (257)        | 671           |
| Revaluation of equity instruments at fair value through other comprehensive income                    | 1            | (26)          |
| Related tax   | (67)         | (198)         |
| <b>Total unrealised or deferred gains and losses</b>  | <b>(343)</b> | <b>1,117</b>  |
| <b>Net income and unrealised or deferred gains and losses</b>   | <b>3,106</b> | <b>3,873</b>  |
| <i>o/w Group share</i>  | 2,085        | 3,080         |
| <i>o/w non-controlling interests</i>  | 1,021        | 793           |

(1) The Revaluation of the debt instruments at fair value through other comprehensive income" line includes the revaluation gains and losses on the investments of the insurance activities measured at fair value through other comprehensive income. Their net amounts must be perceived taking into account the financial gains and losses from the revaluation of the insurances contracts associated with these investments; these gains and losses are presented in the line Revaluation of insurance contracts at fair value through other comprehensive income (see Note 4.3).

## 6.1.5 CHANGES IN SHAREHOLDERS' EQUITY

| (In EUR m)   | Shareholders' equity, Group share         |                          |                   |                         |  |                |                           |   |
|--|---|--------------------------|-------------------|-------------------------|--|----------------|---------------------------|---|
|  | Issued common stocks and capital reserves | Other equity instruments | Retained earnings | Net income, Group share | Unrealised and deferred gains and losses | Total          | Non-controlling interests | Total consolidated shareholder's equity |
| <b>At 1 January 2022</b>   | <b>21,913</b>                             | <b>7,534</b>             | <b>36,412</b>     | -                       | (792)                                    | <b>65,067</b>  | <b>5,796</b>              | <b>70,863</b>                           |
| Effect of the application of IFRS 17 and IFRS 9 for insurance subsidiaries (see Note 1)                | -   | -                        | 212               | -                       | (181)                                    | 31             | 15                        | 46                                      |
| <b>At 1 January 2022 R</b>   | <b>21,913</b>                             | <b>7,534</b>             | <b>36,624</b>     | -                       | <b>(973)</b>                             | <b>65,098</b>  | <b>5,811</b>              | <b>70,909</b>                           |
| Increase in common stock and issuance/redemption and remuneration of equity instruments                | (233)                                     | 1,602                    | (590)             | -                       | -  | 779            | (33)                      | 746                                     |
| Elimination of treasury stock  | (524)                                     | -                        | (66)              | -                       | -  | (590)          | -                         | (590)                                   |
| Equity component of share-based payment plans  | 92  | -                        | -                 | -                       | -  | 92             | -                         | 92                                      |
| 2022 R Dividends paid (see Note 7.2)   | -   | -                        | (1,371)           | -                       | -  | (1,371)        | (754)                     | (2,125)                                 |
| Effect of changes of the consolidation scope   | -   | -                        | (88)              | -                       | -  | (88)           | 543                       | 455                                     |
| <b>Sub-total of changes linked to relations with shareholders</b>                                      | <b>(665)</b>                              | <b>1,602</b>             | <b>(2,115)</b>    | -                       | -  | <b>(1,178)</b> | <b>(244)</b>              | <b>(1,422)</b>                          |
| 2022 R Net income  | -   | -                        | -                 | 1,825                   | -  | 1,825          | 931                       | 2,756                                   |
| Change in unrealised or deferred gains and losses  | -   | -                        | -                 | -                       | 1,255                                    | 1,255          | (138)                     | 1,117                                   |
| Other changes*   | -   | -                        | (693)             | -                       | 663                                      | (30)           | (4)                       | (34)                                    |
| <b>Sub-total</b>   | -   | -                        | <b>(693)</b>      | <b>1,825</b>            | <b>1,918</b>                             | <b>3,050</b>   | <b>789</b>                | <b>3,839</b>                            |
| <b>At 31 December 2022 R</b>   | <b>21,248</b>                             | <b>9,136</b>             | <b>33,816</b>     | <b>1,825</b>            | <b>945</b>                               | <b>66,970</b>  | <b>6,356</b>              | <b>73,326</b>                           |
| Allocation to retained earnings  |   |                          |                   |                         |  |                |                           |   |
| <b>At 1 January 2023</b>   | <b>21,248</b>                             | <b>9,136</b>             | <b>33,816</b>     | <b>1,825</b>            | <b>945</b>                               | <b>66,970</b>  | <b>6,356</b>              | <b>73,326</b>                           |
| Increase in common stock and issuance/redemption and remuneration of equity instruments (see Note 7.1) | (1,133)                                   | (212)                    | (1,143)           | -                       | -  | (2,488)        | (70)                      | (2,558)                                 |
| Elimination of treasury stock (see Note 7.1)   | 961                                       | -                        | (62)              | -                       | -  | 899            | -                         | 899                                     |
| Equity component of share-based payment plans  | 110                                       | -                        | -                 | -                       | -  | 110            | -                         | 110                                     |
| 2023 Dividends paid (see Note 7.2)   | -   | -                        | 1,362             | -                       | -  | 1,362          | 499                       | 1,861                                   |
| Effect of changes of the consolidation scope (see Note 7.1)  | -   | -                        | (34)              | -                       | -  | (34)           | 3,523                     | 3,489                                   |
| <b>Sub-total of changes linked to relations with shareholders</b>                                      | <b>(62)</b>                               | <b>(212)</b>             | <b>(2,601)</b>    | -                       | -  | <b>(2,875)</b> | <b>2,954</b>              | <b>79</b>                               |
| 2023 Net income  | -   | -                        | -                 | 2,493                   | -  | 2,493          | 956                       | <b>3,449</b>                            |
| Change in unrealised or deferred gains and losses  | -   | -                        | -                 | -                       | (408)                                    | (408)          | 65                        | (343)                                   |
| Other changes  | -   | -                        | (205)             | -                       | -  | (205)          | (59)                      | (264)                                   |
| <b>Sub-total</b>   | -   | -                        | <b>(205)</b>      | <b>2,493</b>            | <b>(408)</b>                             | <b>1,880</b>   | <b>962</b>                | <b>2,842</b>                            |
| <b>At 31 December 2023</b>   | <b>21,186</b>                             | <b>8,924</b>             | <b>32,891</b>     | <b>2,493</b>            | <b>481</b>                               | <b>65,975</b>  | <b>10,272</b>             | <b>76,247</b>                           |

\* Includes the reallocation to Unrealised and deferred gains and losses recognised directly in equity of the currency translation adjustment on US dollar financial assets classified as net investment in a foreign operation.

## 6.1.6 CASH FLOW STATEMENT

(In EUR m)

|  | 2023            | 2022 R           |
|--|-----------------|------------------|
| <b>Consolidated net income (I)</b>   | <b>3,449</b>    | <b>2,756</b>     |
| Amortisation expense on tangible and intangible fixed assets (including operational leasing)   | 7,710           | 5,342            |
| Depreciation and net allocation to provisions  | (346)           | (18)             |
| Net income/loss from investments accounted for using the equity method   | (24)            | (15)             |
| Change in deferred taxes   | 209             | 209              |
| Net income from the sale of long-term assets and subsidiaries  | (101)           | (168)            |
| Other changes  | 4,748           | 5,368            |
| <b>Non-cash items included in net income and other adjustments excluding income on financial instruments at fair value through profit or loss (II)</b> | <b>12,196</b>   | <b>10,718</b>    |
| Income on financial instruments at fair value through profit or loss   | (379)           | 11,739           |
| Interbank transactions   | (18,239)        | (11,795)         |
| Customers transactions   | 23,841          | 3,632            |
| Transactions related to other financial assets and liabilities   | 9,753           | 28,161           |
| Transactions related to other non-financial assets and liabilities   | 6,802           | (6,130)          |
| <b>Net increase/decrease in cash related to operating assets and liabilities (III)</b>   | <b>21,778</b>   | <b>25,607</b>    |
| <b>Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III)</b>  | <b>37,423</b>   | <b>39,081</b>    |
| Net cash inflow (outflow) related to acquisition and disposal of financial assets and long term investments  | (206)           | 578              |
| Net cash inflow (outflow) related to tangible and intangible fixed assets  | (11,867)        | (9,579)          |
| <b>Net cash inflow (outflow) related to investment activities (B)</b>  | <b>(12,073)</b> | <b>(9,001)</b>   |
| Cash flow from/to shareholders   | (3,928)         | (712)            |
| Other net cash flow arising from financing activities  | 26              | 498              |
| <b>Net cash inflow (outflow) related to financing activities (C)</b>   | <b>(3,902)</b>  | <b>(214)</b>     |
| Effect of changes in foreign exchange rates on cash and cash equivalents (D)   | (2,320)         | 2,354            |
| <b>Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C) + (D)</b>   | <b>19,128</b>   | <b>32,220</b>    |
| Cash, due from central banks (assets)  | 207,013         | 179,969          |
| Due to central banks (liabilities)   | (8,361)         | (5,152)          |
| Current accounts with banks (see Note 3.5)   | 34,672          | 28,205           |
| Demand deposits and current accounts with banks (see Note 3.6)   | (10,455)        | (12,373)         |
| <b>Cash and cash equivalents at the start of the year</b>  | <b>222,869</b>  | <b>190,649</b>   |
| Cash, due from central banks (assets)  | 223,048         | 207,013          |
| Due to central banks (liabilities)   | (9,718)         | (8,361)          |
| Current accounts with banks (see Note 3.5)   | 39,798          | 34,672           |
| Demand deposits and current accounts with banks (see Note 3.6)   | (11,131)        | 10,455           |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>241,997</b>  | <b>(222,869)</b> |
| <b>Net inflow (outflow) in cash and cash equivalents</b>   | <b>19,128</b>   | <b>32,220</b>    |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 6.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 7 February 2024.

### NOTE 1 SIGNIFICANT ACCOUNTING PRINCIPLES

#### NOTE 1.1 Introduction



##### ACCOUNTING STANDARDS

Under European Regulation 1606/2002 of 19 July 2002 on the application of International Accounting Standards, the Societe Generale group (“the Group”) prepared its consolidated financial statements for the year ended 31 December 2023 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date. The Group includes the Societe Generale parent company (including the Societe Generale foreign branches) and all the entities in France and abroad that it controls either directly or indirectly (subsidiaries and joint arrangements) or on which it exercises significant influence (associates).

These standards are available on the European Commission website.

In accordance with the transitional measures provided by IFRS 9, the Group has elected to continue accounting for hedging transactions under IAS 39 as adopted by the European Union, including the provisions related to macro-fair value hedge accounting (IAS 39 “carve-out”).



##### FINANCIAL STATEMENTS PRESENTATION

As the IFRS framework does not specify a standard model, the format of the primary financial statements used is consistent with the format proposed by the French Accounting Standard Setter, the *Autorité des Normes Comptables* (ANC), under Recommendation No. 2022-01 of 8 April 2022.

The disclosures provided in the notes to the consolidated financial statements focus on information that is both relevant and material to the financial statements of the Societe Generale group, its activities, and the circumstances in which it conducted its operations during the period under review.

The Group publishes its Annual Financial Report 2023 using the European Single Electronic Format (ESEF) as defined by the amended Delegated Regulation (EU) 2019/815.



##### PRESENTATION CURRENCY

The presentation currency of the consolidated financial statements is the euro.

The figures reported in the financial statements and in the notes are expressed in millions of euros, unless otherwise specified. The effect of rounding may generate discrepancies between the figures reported in the financial statements and those reported in the Notes.

**NOTE 1.2 New accounting standards applied by the Group as of 1 January 2023**

IFRS 17 “Insurance Contracts”

Amendments to IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments”

Amendments to IAS 1 “Disclosure of Accounting Policies”

Amendments to IAS 8 “Definition of Accounting Estimates”

Amendments to IAS 12 “Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

Amendments to IAS 12 “International Tax Reform – Pillar 2 Model Rules”

Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback” (early application)

**IFRS 17 “INSURANCE CONTRACTS” – AMENDMENTS TO IFRS 17 PUBLISHED ON 25 JUNE 2020 AND AMENDMENTS TO IFRS 17 AND IFRS 9 PUBLISHED ON 9 DECEMBER 2021**

The impacts of the first application of IFRS 17 and IFRS 9 by the insurance subsidiaries are presented in paragraph 4 below.

**AMENDMENTS TO IAS 1 “DISCLOSURE OF ACCOUNTING POLICIES”**

The aim of these amendments is to help companies improve the materiality of the information on accounting policies disclosed in the Notes to the financial statements and the usefulness of that information to investors and financial statement users.

The Group takes into account these amendments for the preparation of its consolidated financial statements.

**AMENDMENTS TO IAS 8 “DEFINITION OF ACCOUNTING ESTIMATES”**

The aim of these amendments is to facilitate distinguishing between changes in accounting methods and changes in accounting estimates.

The Group takes into account these amendments for the preparation of its consolidated financial statements.

**AMENDMENTS TO IAS 12 “INCOME TAXES – DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION”**

These amendments clarify and narrow the scope of the exemption provided by the IAS 12 “Income Tax” standard allowing institutions not to recognise any deferred tax at the initial recognition of an asset or a liability. Are excluded from the exemption scope all leases and decommissioning obligations for which companies recognise both an asset and a liability and will now have to recognise deferred taxes.

The aim of these amendments is to reduce heterogeneity in the recognition of the deferred taxes related to leases and to decommissioning obligations.

Since the date of first application of IFRS 16 “Leases”, the Group has been considering the rights of use and the lease-related debt as a single transaction. Consequently, on the initial recognition date, the amount of deferred tax asset offsets the amount of deferred tax liability. The net temporary differences arising from later variations in the right of use and lease debt subsequently result in the recognition of a deferred tax. This amendment thus has no impact on the Group’s consolidated financial statements.

**AMENDMENTS TO IAS 12 “INTERNATIONAL TAX REFORM – PILLAR 2 MODEL RULES”**

These amendments introduce a mandatory temporary exemption from the recognition of deferred income tax assets and liabilities stemming from the OECD Pillar 2 rules and apply retrospectively for the financial years beginning on or after 1 January 2023.

This exemption involves specific reporting requirements for the consolidated financial statements.

The Group has put in place a project structure in order to identify the impacts of these amendments to conform with the new obligations imposed by the latter in relation to the OECD’s Pillar 2 global tax reform (see Note 6).

**AMENDMENTS TO IFRS 16 “LEASE LIABILITY IN A SALE AND LEASEBACK”**

These amendments provide clarifications on the subsequent measurement of leaseback transactions when the initial sale of the asset meets the criteria of IFRS 15 (“Revenue from contract with customers”) to be recognised as a sale. These amendments specify in particular how to subsequently assess the lease liability resulting from these leaseback transactions, made of variable lease payments that do not depend on an index or a rate.

These amendments have no impact on the Group’s consolidated financial statements.

### NOTE 1.3 Accounting standards, amendments or interpretations to be applied by the Group in the future

The IASB published accounting standards and amendments, some of which have not yet been adopted by the European Union as at 31 December 2023. Their application is required for the financial years

beginning on or after 1 January 2024 at the earliest or on the date of their adoption by the European Union. They have thus not been applied by the Group as at 31 December 2023.

The provisional timetable for the application of these standards is as follows:

|             |  |
|-------------|--|
| <b>2025</b> | <ul style="list-style-type: none"> <li>• Amendments to IAS 21 “Lack of Exchangeability”</li> </ul> |
|-------------|--|

#### AMENDMENTS TO IAS 21 “LACK OF EXCHANGEABILITY”

Published on 15 August 2023.

These amendments specify the situations in which a currency is considered convertible, and the procedure for assessing the exchange rate of a non-convertible currency. They also detail the supplementary information to provide in the Notes to the financial statements for non-convertible currencies.

These amendments will be consolidated in IAS 21 “The Effects of Changes in Foreign Exchange Rates” and IFRS 1 “First-time Adoption of IFRS” in March 2024.

The impact of these amendments is currently being analysed.

### NOTE 1.4 Initial application of IFRS 17 “Insurance contracts” and of IFRS 9 “Financial instruments” to insurance subsidiaries

IFRS 17 “Insurance Contracts”, issued on 18 May 2017 and modified by the 25 June 2020 and 9 December 2021 Amendments, replaces IFRS 4 “Insurance Contracts” which allowed, in particular, insurance contracts to be recognised using methods set out by the local accounting regulations.

On 23 November 2021, the European Commission (EC) published in the Official Journal, Commission Regulation (EU) 2021/2036 of 19 November 2021 adopting IFRS 17 “Insurance Contracts”. This adoption included the possibility for European companies not to apply the requirement laid out in the standard to group some insurance contracts by annual cohort for their measurement; this exemption will be reassessed by the European Commission by 31 December 2027 at the latest.

Since 1 January 2023, the Group has been applying IFRS 17. On that same date, the Group’ insurance subsidiaries started applying IFRS 9 “Financial Instruments” for the first time; this application had been delayed as a result of the possibilities offered by the Amendments to IFRS 17 and to IFRS 4 issued by the IASB on 25 June 2020 and extended by Regulations (EU) 2017/1988 and 2020/2097 of the European Commission.

On 8 September 2022, the European Union adopted the amendments to IFRS 17 published by the IASB on 9 December 2021 with the aim of improving the usefulness of the comparative information about financial assets presented on the initial application of IFRS 17 and IFRS 9.

The main consequences of the application of IFRS 17 concern:

- the measurement of insurance contracts, materialised mainly as liabilities on the balance sheet: their value will be updated on each closing date based on a re-estimate of the future cash flows related to their fulfilment. This re-estimate will take account, in particular, of market data in relation to financial elements and the behaviour of policyholders;
- the recognition of the margin: although the profitability of the insurance contracts remains unchanged, the pace of recognition of the margin in the income statement is modified. Any expected profit is deferred in the balance sheet and spread in the income statement over the coverage period of the insurance contracts. Conversely, any expected loss is immediately recognised in the income statement upon its initial recognition or in subsequent measurements; and
- the presentation of the income statement: the operating expenses attributable to the fulfilment of insurance contracts is hence presented in reduction of the net banking income as Insurance service expenses and thus does not impact the total operating expenses on the consolidated income statement anymore.



## TRANSITIONAL AND INITIAL APPLICATION REQUIREMENTS

### IFRS 17 standard

The initial application of IFRS 17 on 1 January 2023 is retrospective and the comparative data of the 2022 financial year have been restated.

The differences in measurement of the insurance assets and liabilities resulting from the retrospective application of IFRS 17 as at 1 January 2022 are presented directly in equity.

The retrospective measurement of these assets and liabilities, and in particular of the different insurance contract portfolios, may be subject to simplified alternate approaches when the necessary data are not all available. The standard then allows for the use of:

- either a modified retrospective approach that provides, based on reasonable information available at no cost or undue effort, measurements that are as close as possible to those that would result from the retrospective application of the standard;
- or an approach based on the fair value of the insurance contracts portfolios as at 1 January 2022.

The Group has applied a modified retrospective approach for the savings life insurance contracts and savings retirement contracts which represent the large majority of its contracts. Protection-Property and casualty contracts were subject to a full retrospective approach. For Protection-Provident contracts a retrospective approach, either full or modified, has been applied on a case-by-case basis.

The measurement of the insurance contracts made on a current basis, taking into account the time value of money and the financial risks related to future cash flows, required to adjust the measurement of some assets held to back the contracts in order to reduce the possible accounting mismatches.

Since 1 January 2023, initial application date of IFRS 17, the Group is measuring at fair value the investment properties held by insurance companies to back the insurance contracts issued. These are investment properties held as part of the management of insurance contracts with direct participations features.

IFRS 17 requires to include in the measurement of the insurance contracts general operating expenses (personnel expenses, amortisation expenses for fixed assets and other operating expenses) directly attributable to the fulfilment of contracts and to present them as Insurance service expenses in the net banking income.

The Group's insurance subsidiaries systematically identify in the fulfilment cash flows of their contracts the amount of administrative costs they expect to bear. These administrative costs are presented under Insurance service expenses in the net banking income. Consequently, the administrative costs presented by nature on the consolidated income statement are reduced by the amounts allocated to the fulfilment of the insurance contracts.

Furthermore, the Group's banking entities sell, through their retail networks, the insurance contracts issued by the Group's insurance subsidiaries and thus invoice fees to these entities. These fees cover the costs incurred by the banking entities plus a margin. As this invoicing takes place between

Group-controlled entities, the internal margin received by the banking entity and incurred by the insurance entity is eliminated in the consolidated accounts. The administrative costs incurred by the banking entities for the distribution of contracts are regarded as expenses directly attributable to the fulfilment of the contracts and are thus incorporated into the measurement of the contracts and presented under the "Insurance service expenses" heading. The contractual service margin of the insurance contracts distributed by the Group's banking entities is thus determined by taking into account both the costs incurred by the distributing banking entity (excl. internal margin) and the other directly attributable costs incurred by the insurance entity.

### IFRS 9 standard

The initial application of IFRS 9 by the Group's insurance subsidiaries as at 1 January 2023 is retrospective.

For the sake of consistency with the IFRS 17 transition arrangements, and in order to provide more relevant and useful information, the Group has restated the comparative figures of the 2022 financial year related to the relevant financial instruments of its insurance subsidiaries (including the financial instruments derecognised during the 2022 financial year in accordance with IFRS 17 amendment which allows the presentation of comparative information concerning a financial asset as if IFRS 9 had previously been applied to that asset).

Following the retrospective application of IFRS 9 as at 1 January 2022, the differences in measurement (including the impairment for credit risk) of the financial assets and liabilities impacted are recognised directly in equity.

### New presentation of the financial statements

On the balance sheet, the accounting outstanding amounts related to insurance contracts, previously booked under Other assets, Insurance contracts related liabilities and Other liabilities are now presented under Insurance and reinsurance contracts assets and Insurance and reinsurance contracts liabilities.

The accounting outstanding amounts related to the financial instruments and investments properties of insurance activities, previously booked on the assets side under Investments of insurance companies and on the liabilities side under Insurance contracts related liabilities, are now presented under the different headings of the balance sheet according to their classification and valuation technique.

In the consolidated income statement, in the net banking income, the income and expenses related to the insurance contracts issued and the reinsurance contracts were previously grouped under Net income from insurance activities. These income and expenses are now measured and recognised according to IFRS 17, and presented in the net banking income under the following headings:

- income from insurance contracts issued;
- insurance service expenses;
- income and expenses from reinsurance contracts held;
- net finance income or expenses from insurance contracts issued; and
- net finance income or expenses from reinsurance contracts held.

The incomes and expenses related to the financial instruments of insurance activities, previously presented under Net income from insurance activities, are now presented under the consolidated income statement headings dedicated to the valuation of financial instruments, with the exception of the expenses and incomes related to credit risk which are presented in the net banking income under Cost of credit risk of the financial assets related to insurance activities.

Furthermore, in the context of the application of IFRS 17, the Group has modified the presentation of the general operating expenses in the consolidated income statement to improve the readability of the Group's performance. The Other general operating expenses heading now includes the amounts previously presented under Personnel expenses and Other operating expenses, from which are deducted the

general operating expenses related to insurance contracts that will henceforth be presented under the Insurance service expenses heading in the net banking income.

### IMPACTS ON THE GROUP'S BALANCE SHEET AND PERFORMANCE

The following tables reconcile the balance sheet as at 31 December 2021, presented taking into account the application of IAS 39 and IFRS 4 by the insurance subsidiaries, and the balance sheet as at 1 January 2022, presented taking into account the application of IFRS 9 and IFRS 17. The tables also include the balance sheet as at 31 December 2022 restated as a result of the application of IFRS 9 and IFRS 17.

|  | Balances<br>as at<br>31.12.2021 | IFRS 9 reclassifications                        |  |   | Other reclassifications |   | Reclassified<br>balances |
|--|---------------------------------|---|--|---|-------------------------|---|--------------------------|
|  |                                 | of available<br>for-sale<br>financial<br>assets | of loans and<br>receivables<br>regarding<br>their<br>business<br>model | of non-SPPI<br>loans and<br>receivables | Others                  |   |                          |
| <i>(In EUR m)</i>  |                                 |   |  |   |                         |   |                          |
| Cash, due from central banks   | 179,969                         | -   | -  | -                                       | -                       | - | 179,969                  |
| Financial assets at fair value through profit or loss                            | 342,714                         | 15,879  | -  | 2,085                                   | 85,826                  |   | 446,504                  |
| Hedging derivatives  | 13,239                          | -   | -  | -                                       | 353                     |   | 13,592                   |
| Financial assets at fair value through other comprehensive income                | 43,450                          | 67,632  | 1,454  | -                                       | -                       |   | 112,536                  |
| Securities at amortised cost   | 19,371                          | 4,975   | -  | -                                       | 22                      |   | 24,368                   |
| Due from banks at amortised cost   | 55,972                          | -   | -  | -                                       | 1,232                   |   | 57,204                   |
| Customer loans at amortised cost   | 497,164                         | -   | -  | -                                       | 69                      |   | 497,233                  |
| Revaluation differences on portfolios hedged against interest rate risk          | 131                             | -   | -  | -                                       | -                       |   | 131                      |
| Investments of insurance companies   | 178,898                         | (88,486)  | (1,454)  | (2,085)                                 | (86,873)                |   | -                        |
| <i>Financial assets at fair value through profit or loss (trading portfolio)</i> | 211                             | -   | -  | -                                       | (211)                   |   |                          |
| <i>Financial assets at fair value through profit or loss (fair value option)</i> | 84,448                          | -   | -  | -                                       | (84,448)                |   |                          |
| <i>Hedging derivatives</i>   | 353                             | -   | -  | -                                       | (353)                   |   |                          |
| <i>Available-for-sale financial assets</i>                                       | 88,486                          | (88,486)  | -  | -                                       | -                       |   |                          |
| <i>Due from banks</i>  | 4,771                           | -   | (1,454)  | (2,085)                                 | (1,232)                 |   |                          |
| <i>Customer loans</i>  | 69                              | -   | -  | -                                       | (69)                    |   |                          |
| <i>Held-to-maturity financial assets</i>   | 22                              | -   | -  | -                                       | (22)                    |   |                          |
| <i>Real estate investments</i>   | 538                             | -   | -  | -                                       | (538)                   |   |                          |
| Insurance and reinsurance contracts assets                                       |                                 |   |  |   |                         |   |                          |
| Tax assets   | 4,812                           | -   | -  | -                                       | -                       |   | 4,812                    |
| Other assets   | 92,898                          | -   | -  | -                                       | (1,167)                 |   | 91,731                   |
| Non-current assets held for sale   | 27                              | -   | -  | -                                       | -                       |   | 27                       |
| Deferred profit-sharing  | -                               | -   | -  | -                                       | -                       |   | -                        |
| Investments accounted for using the equity method                                | 95                              | -   | -  | -                                       | -                       |   | 95                       |
| Tangible and intangible fixed assets   | 31,968                          | -   | -  | -                                       | 538                     |   | 32,506                   |
| Goodwill   | 3,741                           | -   | -  | -                                       | -                       |   | 3,741                    |
| <b>TOTAL ASSETS</b>  | <b>1,464,449</b>                | <b>-</b>  | <b>-</b>   | <b>-</b>                                | <b>-</b>                |   | <b>1,464,449</b>         |

|   | E  |                                  |   | F  |   |            | G                 |            | H           | Balances as at<br>01.01.2022 R | Balances as at<br>31.12.2022 R |
|---|--|----------------------------------|---|--|---|------------|-------------------|------------|-------------|--------------------------------|--------------------------------|
|   | Adjustment of book value<br>related to investments |                                  |   | Adjustment of book value<br>related to insurance contracts |   |            | Deferred<br>taxes |            |             |                                |                                |
|   | Reclassi-<br>fied<br>balances                      | Reclassifi-<br>cation<br>effects | Impair-<br>ment and<br>provisions<br>for credit<br>risk | IFRS 4<br>derecogni-<br>tion                               | IFRS 17 insurance<br>contracts accounting |            |                   |            |             |                                |                                |
|   |  |                                  | Total   | through<br>reserves  | Through<br>OCI                            | Total      |                   |            |             |                                |                                |
| (In EUR m)  |  |                                  |   |  |   |            |                   |            |             |                                |                                |
| Cash, due from<br>central banks   | 179,969  | -                                | -   | -  | -   | -          | -                 | -          | -           | 179,969                        | 207,013                        |
| Financial assets at fair<br>value through profit or<br>loss                   | 446,504  | 213                              | -   | 213  | -   | -          | -                 | -          | -           | 446,717                        | 427,151                        |
| Hedging derivatives   | 13,592   | -                                | -   | -  | -   | -          | -                 | -          | -           | 13,592                         | 32,971                         |
| Financial assets at fair<br>value through other<br>comprehensive income       | 112,536  | 159                              | -   | 159  | -   | -          | -                 | -          | -           | 112,695                        | 92,960                         |
| Securities at amortised<br>cost   | 24,368   | (218)                            | (1)   | (219)  | -   | -          | -                 | -          | -           | 24,149                         | 26,143                         |
| Due from banks at<br>amortised cost   | 57,204   | -                                | -   | -  | -   | -          | -                 | -          | -           | 57,204                         | 68,171                         |
| Customer loans at<br>amortised cost   | 497,233  | -                                | -   | -  | -   | -          | -                 | -          | -           | 497,233                        | 506,635                        |
| Revaluation differences<br>on portfolios hedged<br>against interest rate risk | 131  | -                                | -   | -  | -   | -          | -                 | -          | -           | 131                            | (2,262)                        |
| Investments of<br>insurance companies   | -  |                                  |   |  |   |            |                   |            |             |                                |                                |
| Insurance and<br>reinsurance contracts<br>assets                              | -  |                                  |   |  |   | 355        | 25                | 380        | -           | 380                            | 353                            |
| Tax assets  | 4,812  | -                                | -   | -  | -   | -          | -                 | -          | (65)        | 4,747                          | 4,484                          |
| Other assets  | 91,731   | -                                | (0)   | -  | (1,702)                                   | 16         | -                 | 16         | -           | 90,045                         | 82,315                         |
| Non-current assets held<br>for sale   | 27   | -                                | -   | -  | -   | -          | -                 | -          | -           | 27                             | 1,081                          |
| Deferred profit-sharing   | -  | -                                | -   | -  | -   | -          | -                 | -          | -           | -                              | -                              |
| Investments accounted<br>for using the equity<br>method                       | 95   | -                                | -   | -  | -   | -          | -                 | -          | -           | 95                             | 146                            |
| Tangible and intangible<br>fixed assets                                       | 32,506   | 356                              | -   | 356  | (14)                                      | -          | -                 | -          | -           | 32,848                         | 33,958                         |
| Goodwill  | 3,741  | -                                | -   | -  | -   | -          | -                 | -          | -           | 3,741                          | 3,781                          |
| <b>TOTAL ASSETS</b>   | <b>1,464,449</b>                                   | <b>510</b>                       | <b>(1)</b>  | <b>509</b>   | <b>(1,716)</b>                            | <b>371</b> | <b>25</b>         | <b>396</b> | <b>(65)</b> | <b>1,463,573</b>               | <b>1,484,900</b>               |

|  |                                       |  |   |             |  |   |                     |                   |                  |              | Balances<br>as at<br>01.01.2022 R | Balances<br>as at<br>31.12.2022 R |
|--|---------------------------------------|--|---|-------------|--|---|---------------------|-------------------|------------------|--------------|-----------------------------------|-----------------------------------|
|  | I                                     | J  |   |             | K  |   |                     | L                 |                  | M            |                                   |                                   |
|  | Reclassifi-<br>cations <sup>(1)</sup> | Adjustment of book value<br>related to investments |   |             | Adjustment of book value<br>related to insurance contracts |   |                     | Deferred<br>taxes |                  |              |                                   |                                   |
| (In EUR m)   | Balances at<br>31.12.2021             | Reclassifi-<br>cation<br>effects                   | Impair-<br>ment and<br>provisions<br>for credit<br>risk | Total       | IFRS 4<br>derecogni-<br>tion                               | IFRS 17 insurance<br>contracts accounting | through<br>reserves | through<br>OCI    | Total            |              |                                   |                                   |
| Due to central banks   | 5,152                                 | -  | -   | -           | -  | -   | -                   | -                 | -                | -            | 5,152                             | 8,361                             |
| Financial liabilities at<br>fair value through<br>profit or loss                   | 307,563                               | 4,140  | -   | -           | -  | -   | -                   | -                 | -                | -            | 311,703                           | 304,175                           |
| Hedging derivatives  | 10,425                                | -  | -   | -           | -  | -   | -                   | -                 | -                | -            | 10,425                            | 46,164                            |
| Debt securities<br>issued  | 135,324                               | -  | -   | -           | -  | -   | -                   | -                 | -                | -            | 135,324                           | 133,176                           |
| Due to bank  | 139,177                               | -  | -   | -           | -  | -   | -                   | -                 | -                | -            | 139,177                           | 133,011                           |
| Customer deposits  | 509,133                               | -  | -   | -           | -  | -   | -                   | -                 | -                | -            | 509,133                           | 530,764                           |
| Revaluation<br>differences on<br>portfolio hedged<br>against interest rate<br>risk | 2,832                                 | -  | -   | -           | -  | -   | -                   | -                 | -                | -            | 2,832                             | (9,659)                           |
| Tax liabilities  | 1,577                                 | -  | -   | -           | -  | -   | -                   | -                 | -                | (4)          | 1,573                             | 1,645                             |
| Other liabilities  | 106,305                               | -  | -   | -           | -  | (360)                                     | 28                  | -                 | 28               | -            | 105,973                           | 107,315                           |
| Non-current<br>liabilities held for<br>sale  | 1                                     | -  | -   | -           | -  | -   | -                   | -                 | -                | -            | 1                                 | 220                               |
| Insurance contracts<br>related liabilities   | 155,288                               | (4,140)  | -   | -           | -  | (151,148)                                 | -                   | -                 | -                | -            | -                                 | -                                 |
| <i>Underwriting<br/>reserves of<br/>insurance<br/>companies</i>                    | 151,148                               | -  | -   | -           | -  | (151,148)                                 | -                   | -                 | -                | -            | -                                 | -                                 |
| <i>Financial liabilities<br/>of insurance<br/>companies</i>                        | 4,140                                 | (4,140)  | -   | -           | -  | -   | -                   | -                 | -                | -            | -                                 | -                                 |
| Insurance and<br>reinsurance<br>contracts liabilities                              | -                                     | -  | -   | -           | -  | -   | 144,936             | 5,626             | 150,562          | -            | 150,562                           | 135,875                           |
| Provisions   | 4,850                                 | -  | -   | -           | -  | -   | -                   | -                 | -                | -            | 4,850                             | 4,579                             |
| Subordinated debts   | 15,959                                | -  | -   | -           | -  | -   | -                   | -                 | -                | -            | 15,959                            | 15,948                            |
| <b>TOTAL LIABILITIES</b>   | <b>1,393,586</b>                      | <b>-</b>   | <b>-</b>  | <b>-</b>    | <b>-</b>   | <b>(151,508)</b>                          | <b>144,964</b>      | <b>5,626</b>      | <b>150,590</b>   | <b>(4)</b>   | <b>1,392,664</b>                  | <b>1,411,574</b>                  |
| <b>Shareholders'<br/>equity</b>  |                                       |  |   |             |  |   |                     |                   |                  |              |                                   |                                   |
| <b>Shareholders'<br/>equity, Group share</b>                                       |                                       |  |   |             |  |   |                     |                   |                  |              |                                   |                                   |
| Issued common<br>stocks and capital<br>reserves                                    | 21,913                                | -  | -   | -           | -  | -   | -                   | -                 | -                | -            | 21,913                            | 21,248                            |
| Other equity<br>instruments  | 7,534                                 | -  | -   | -           | -  | -   | -                   | -                 | -                | -            | 7,534                             | 9,136                             |
| Retained earnings  | 30,631                                | 5,781  | 3,318   | (20)        | 3,298  | 140,983                                   | (143,944)           | -                 | (143,944)        | (125)        | 36,624                            | 33,816                            |
| Net income   | 5,641                                 | (5,641)  | -   | -           | -  | -   | -                   | -                 | -                | -            | -                                 | 1,825                             |
| <b>SUB-TOTAL</b>   | <b>65,719</b>                         | <b>140</b>   | <b>3,318</b>  | <b>(20)</b> | <b>3,298</b>   | <b>140,983</b>                            | <b>(143,944)</b>    | <b>-</b>          | <b>(143,944)</b> | <b>(125)</b> | <b>66,071</b>                     | <b>66,025</b>                     |
| Unrealised or<br>deferred capital<br>gains and losses                              | (652)                                 | (140)  | (2,810)   | 19          | (2,791)  | 8,143                                     | -                   | (5,600)           | (5,600)          | 67           | (973)                             | 945                               |
| <b>SUB-TOTAL EQUITY,<br/>GROUP SHARE</b>   | <b>65,067</b>                         | <b>-</b>   | <b>508</b>  | <b>(1)</b>  | <b>507</b>   | <b>149,126</b>                            | <b>(143,944)</b>    | <b>(5,600)</b>    | <b>(149,544)</b> | <b>(58)</b>  | <b>65,098</b>                     | <b>66,970</b>                     |
| Non-controlling<br>interests   | 5,796                                 | -  | 2   | (0)         | 2  | 666                                       | (649)               | (1)               | (650)            | (3)          | 5,811                             | 6,356                             |
| <b>TOTAL EQUITY</b>  | <b>70,863</b>                         | <b>-</b>   | <b>510</b>  | <b>(1)</b>  | <b>509</b>   | <b>149,792</b>                            | <b>(144,593)</b>    | <b>(5,601)</b>    | <b>(150,194)</b> | <b>(61)</b>  | <b>70,909</b>                     | <b>73,326</b>                     |
| <b>TOTAL</b>   | <b>1,464,449</b>                      | <b>-</b>   | <b>510</b>  | <b>(1)</b>  | <b>509</b>   | <b>(1,716)</b>                            | <b>371</b>          | <b>25</b>         | <b>396</b>       | <b>(65)</b>  | <b>1,463,573</b>                  | <b>1,484,900</b>                  |

(1) This column includes the allocation to retained earnings of 2021 net income and gains and losses recognised directly in equity that will not be reclassified subsequently to income.

## DESCRIPTION OF THE RECLASSIFICATIONS MADE FOR THE FINANCIAL INSTRUMENTS AND OTHER INVESTMENT ASSETS AS AT 1 JANUARY 2022 (COLUMNS A, B, C, D AND I)

### Reclassification of available-for-sale financial assets (column A)

Applying IFRS 9 causes the disappearance of the Available-for-sale financial assets accounting category. Consequently, the instruments previously included in this category have been reclassified under IFRS 9 accounting headings according to the characteristics of their contractual cash flows and their business model.

The Available-for-sale assets of insurance companies included, as at 31 December 2021, debt securities (bonds and equivalent securities) for EUR 74,084 million and equity securities (shares and equivalent securities) for EUR 14,402 million.

Basic debt securities (financial instruments, whose contractual cash flows are solely payments of principal and interests) were reclassified as follows:

- debt securities held as part of a business model whose objective is to hold assets in order to collect contractual cash flows business model were reclassified as Financial assets at amortised cost for EUR 4,975 million. These are mainly debt securities acquired for the purpose of reinvesting the own funds of insurance subsidiaries;
- debt securities held as part of a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets business model were reclassified as Financial assets at fair value through other comprehensive income for EUR 67,632 million. These debt securities are mainly acquired for the management of insurance contracts.

Non-basic debt securities and equity securities were reclassified into Financial assets at fair value through profit or loss for EUR 15,879 million. These securities are held for the purpose of managing insurance contracts.

### Reclassification of loans and receivables (columns B, C and D)

Basic loans and receivables (financial instruments whose contractual cash flows are Solely Payments of Principal and Interests) were reclassified as follows:

- loans and receivables held as part of a business model whose objective is to hold assets in order "to collect contractual cash flows" business model were reclassified as Due from banks at amortised cost for EUR 1,232 million and as Customer loans at amortised cost for EUR 69 million (column D);
- loans and receivables held as part of a business model whose objective is achieved by both "collecting contractual cash flows and selling financial assets" business model were reclassified as Financial assets at fair value through other comprehensive income for an amount of EUR 1,454 million. These loans and receivables are Due from banks (column B).

Non-basic loans and receivables were reclassified as Financial assets at fair value through profit or loss for EUR 2,085 million (column C).

Financial instruments reclassified as Financial assets at fair value through other comprehensive income or as Financial assets at fair value through profit or loss are mainly bonds recognised at amortised cost following the amendment of IAS 39 in 2008. This amendment provided, under certain conditions, the option to reclassify Available-for-sale Financial Assets into the Loans and Receivables category.

### Other reclassifications (columns D and I)

In addition to the reclassifications described above, the other reclassifications are intended to reallocate the remaining outstanding amounts related to insurance activities to the accounting items commonly used by the rest of the Group.

The financial assets at fair value through profit or loss of the trading portfolio of the insurance subsidiaries (EUR 211 million) on the one hand, the financial assets measured at fair value through profit or loss under the fair value option (EUR 84,448 million) on the other hand, and an asset resulting from a indexed co-insurance agreement, previously shown under other assets (EUR 1,167 million), have been reclassified under Financial assets at fair value through profit or loss. Included in these financial assets, EUR 69,383 million of non-basic instruments have thus been transferred under Financial assets measured mandatorily at fair value through profit or loss; they mainly consist in underlying financial assets of unit-linked contracts previously measured at fair value using the fair value option under IAS 39 to eliminate accounting mismatches with the related insurance liabilities.

Hedging derivatives were reclassified into the corresponding heading for EUR 353 million.

Real estate investments were reclassified as Tangible and intangible fixed assets for EUR 538 million.

Financial liabilities of insurance companies were reclassified as Financial liabilities at fair value through profit and loss for an amount of EUR 4,140 million. These include investments contracts (outside the scope of IFRS 17) and trading derivatives in the scope of IFRS 9.

### Description of the book value adjustments made for the financial instruments and other investments assets as at 1 January 2022 (columns E and J)

The Balance sheet value of the Investments of insurance companies whose valuation method was modified, was adjusted in equity as at 1 January 2022 for a total amount of EUR 509 million before tax effects. This amount includes:

- the revaluation at fair value of investment properties for an amount of EUR 356 million in application of IAS 40 "Investment property", in order to avoid an accounting mismatch between the measurement method applied to the properties and the insurance contracts they are backing;
- the adjustment of the book value of financial assets for a net amount of EUR 153 million as a result of their new measurement method in application of IFRS 9. This amount includes the recognition of additional expected credit losses for EUR 1 million for the Securities at amortised cost.

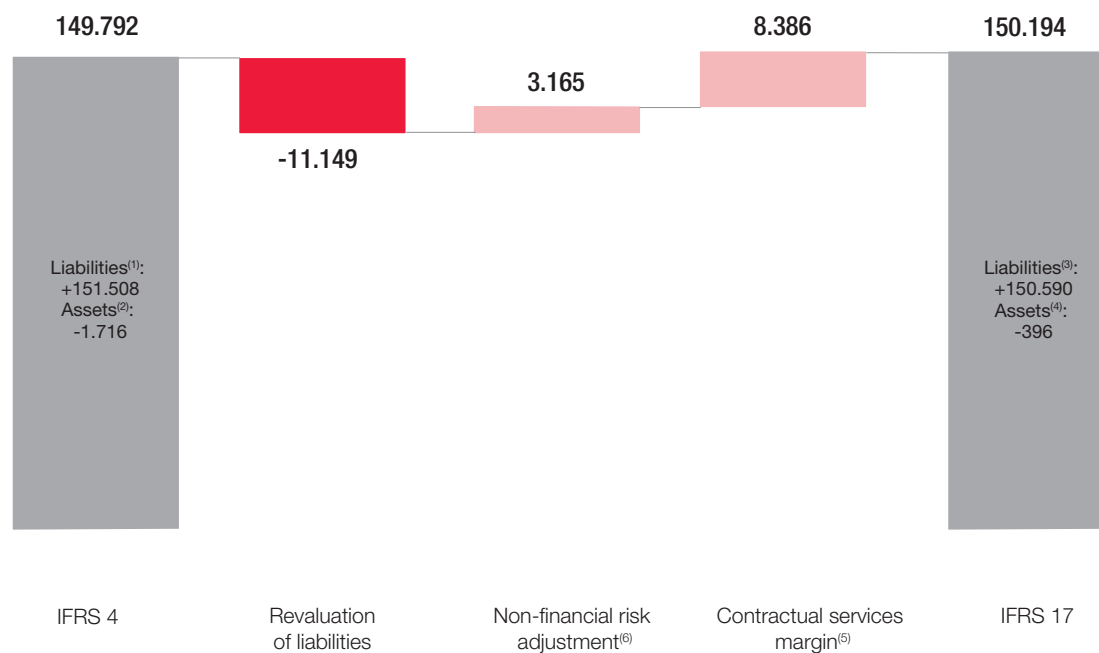
Gains and losses recognised directly in equity for Financial assets at fair value through other comprehensive income relating to credit risk were reclassified at 1 January 2022 to retained earnings for an amount of EUR 19 million. This refers to the expected credit loss related to the impairment of loans in Stage 1 or Stage 2.

**Description of the derecognition of IFRS 4 insurance contracts and the recognition of insurance contracts under IFRS 17 as at 1 January 2022 (columns F, G, K and L)**

The adjustment of the book value of the insurance contracts assets and liabilities, resulting from the replacement of IFRS 4 (prudent valuation)

by IFRS 17 (economic valuation), was recorded as at 1 January 2022 in equity for a negative amount of EUR 402 million before tax effects.

This amount is broken down as follows:



(1) This amount is composed of Underwriting reserves for EUR 151,148 million and of Other Liabilities for EUR 360 million.

(2) This amount is composed of other assets for EUR 1,702 million and of tangible and intangible fixed assets for EUR 14 million.

(3) This amount is composed of Insurance contracts liabilities for EUR 150,562 million and of Other Liabilities for EUR 28 million.

(4) This amount is composed of Insurance contracts assets for EUR 380 million and of other assets for EUR 16 million.

(5) The contractual service margin (CSM) represents the unearned profit that the entity will recognise in the income statement as the insurance services are provided in the future.

(6) The non-financial risk adjustment corrects the present value of future cash flows in insurance contracts to reflect uncertainty about the amount and timing of these flows.

**Marginal total impact on the Total equity as at 1 January 2022**

As at the transition date (1 January 2022), the retrospective application of IFRS 17 and IFRS 9 by the Group's insurance subsidiaries resulted in a EUR 46 million increase in the Total consolidated equity.

This impact is broken down as follows: a decrease of EUR 402 million related to the transition from IFRS 4 to IFRS 17, an increase of EUR 509 million related to the transition to IFRS 9 and the revaluation of investment properties according to IAS 40, and a decrease of EUR 61 million related to the adjustment of deferred tax assets and liabilities.

### Positive total impact on the Total equity as at 1 January 2023

The retrospective application of IFRS 9 and IFRS 17 by the Group's insurance subsidiaries resulted in an adjustment of the comparative data for the financial year 2022 for an amount of EUR -191 million on the consolidated net income and an amount of EUR +689 million on the unrealised or deferred gains and losses recognised directly in equity.

As at the date of initial application (1 January 2023), the cumulative impact on the Total equity amounted to EUR +544 million.

The table below shows the Group's consolidated income statement for 2022 as published in the last Annual Financial Report and then the restated income statement (2022 R) following the application of IFRS 17 and IFRS 9 by the Group's insurance subsidiaries.

In the Notes to the financial statements, the restated data are identified with "R".

| (In EUR m)  | 2022 R        | 2022          |
|---|---------------|---------------|
| Interest and similar income <sup>(1)(2)</sup>   | 30,738        | 28,838        |
| Interest and similar expense <sup>(1)(2)</sup>  | (17,897)      | (17,552)      |
| Fee income  | 9,400         | 9,335         |
| Fee expense   | (4,183)       | (4,161)       |
| Net gains and losses on financial transactions <sup>(1)(2)</sup>  | 866           | 6,691         |
| <i>o/w net gains and losses on financial instruments at fair value through profit or loss</i>             | 1,044         | 6,715         |
| <i>o/w net gains and losses on financial instruments at fair value through other comprehensive income</i> | (152)         | (10)          |
| <i>o/w net gains and losses from the derecognition of financial instruments at amortised cost</i>         | (26)          | (14)          |
| Net income from insurance activities  |               | 2,211         |
| Income from insurance contracts issued  | 3,104         |               |
| Insurance service expenses <sup>(3)</sup>   | (1,606)       |               |
| Income and expenses from reinsurance contracts held   | (19)          |               |
| Net finance income or expenses from insurance contracts issued <sup>(2)</sup>                             | 4,030         |               |
| Net finance income or expenses from reinsurance contracts held <sup>(2)</sup>                             | 45            |               |
| Cost of credit risk from financial assets related to insurance activities                                 | 1             |               |
| Income from other activities <sup>(1)(2)</sup>  | 13,301        | 13,221        |
| Expenses from other activities  | (10,625)      | (10,524)      |
| <b>Net banking income</b>   | <b>27,155</b> | <b>28,059</b> |
| Other general operating expenses <sup>(3)</sup>   | (16,425)      | (17,061)      |
| Amortisation, depreciation and impairment of tangible and intangible fixed assets                         | (1,569)       | (1,569)       |
| <b>Gross operating income</b>   | <b>9,161</b>  | <b>9,429</b>  |
| Cost of credit risk   | (1,647)       | (1,647)       |
| <b>Operating income</b>   | <b>7,514</b>  | <b>7,782</b>  |
| Net income from investments accounted for using the equity method   | 15            | 15            |
| Net income/expense from other assets  | (3,290)       | (3,290)       |
| Value adjustments on goodwill   | -             | -             |
| <b>Earnings before tax</b>  | <b>4,239</b>  | <b>4,507</b>  |
| Income tax  | (1,483)       | (1,560)       |
| <b>Consolidated net income</b>  | <b>2,756</b>  | <b>2,947</b>  |
| Non-controlling interests   | 931           | 929           |
| <b>Net income, Group share</b>  | <b>1,825</b>  | <b>2,018</b>  |

(1) The variations between the 2022 financial year published and the 2022 financial year restated are linked to the new presentation and measurement of insurance companies' investments, now including in the same headings used by the rest of the Group, previously recorded as Net income from insurance activities.

(2) The financial performance of insurance companies must be analysed by taking into account on one hand the income and expenses from the investments backing in the insurance contracts and on the other hand the net finance income or expenses from insurance contracts measured according to IFRS 17. Both components of expenses and income mentioned above partly offset each other (see Note 4.3, table Detail of liabilities).

(3) The change in Other general operating expenses between the 2022 financial year published and the 2022 financial year restated is related to the allocation within Insurance service expenses of general operating expenses attributable to the fulfilment of insurance contracts.



The table below presents the statement of net income and unrealised or deferred gains and losses published in 2022 and the one restated (2022 R) following the application of IFRS 17 and IFRS 9 by the Group's insurance subsidiaries.

| (In EUR m)  | 2022 R       | 2022         |
|---|--------------|--------------|
| <b>Consolidated net income</b>  | <b>2,756</b> | <b>2,947</b> |
| <b>Unrealised or deferred gains and losses that will be reclassified subsequently into income</b>     | <b>578</b>   | <b>(111)</b> |
| Translation differences   | 1,820        | 1,820        |
| Revaluation of debt instruments at fair value through other comprehensive income <sup>(1)(2)</sup>    | (10,849)     | (731)        |
| Revaluation of available-for-sale financial assets <sup>(3)</sup>                                     |              | (1,223)      |
| Revaluation of insurance and reinsurance contracts through other comprehensive income <sup>(2)</sup>  | 10,050       |              |
| Revaluation of hedging derivatives  | (610)        | (380)        |
| Related tax   | 167          | 403          |
| <b>Unrealised or deferred gains and losses that will not be reclassified subsequently into income</b> | <b>539</b>   | <b>539</b>   |
| <b>Total unrealised or deferred gains and losses</b>  | <b>1,117</b> | <b>428</b>   |
| <b>Net income and unrealised or deferred gains and losses</b>   | <b>3,873</b> | <b>3,375</b> |
| <i>o/w Group share</i>  | <i>3,080</i> | <i>2,592</i> |
| <i>o/w non-controlling interests</i>  | <i>793</i>   | <i>783</i>   |

(1) The variations between the 2022 financial year published and the 2022 financial year restated are linked to the new presentation and measurement of insurance companies' investments, under the same headings used by the rest of the Group.

(2) The financial performance of insurance companies must be analysed by taking into account on one hand the gains and losses of the investments backing the insurance contracts (now presented according to the nature of the investment considered) and on the other hand the net finance gains and losses from insurance contracts measured according to IFRS 17. Both components of losses and gains mentioned above partly offset each other.

(3) This amount of EUR -1,223 million included, pursuant to the application of IAS 39 and IFRS 4, the re-measurement of the Available-for-sale assets for EUR -11,297 million, and the related Deferred profit-sharing for EUR 10,074 million.

## NOTE 1.5 Use of estimates and judgement

To prepare the Group's consolidated financial statements, in application of the accounting principles described in the Notes, the Management makes assumptions and estimates that may impact the amounts recognised in the income statement or as Unrealised or deferred capital gains and losses, on the valuation of assets and liabilities on the balance sheet, and on the information disclosed in the related notes to the consolidated financial statements.

In order to make these assumptions and estimates, the Management uses the information available when the consolidated financial statements are prepared and may exercise its judgment. Valuations based on estimates intrinsically involve risks and uncertainties relating to their occurrence in the future. Consequently, the actual future results may differ from these estimates and then have a significant impact on the financial statements.

The assumptions and estimates made for the preparation of these consolidated financial statements take account of the uncertainties related to the economic consequences of geopolitics crisis and to the current macroeconomic context. The effects of these events on the assumptions and estimates used are specified in paragraph 6 of this Note.

Estimates and judgment are applied in particular with regard to the following items:

- the fair value on the balance sheet of the financial instruments not listed on an active market that are recognised as Financial assets and liabilities at fair value through profit or loss, Hedging derivatives, Financial assets at fair value through other comprehensive income (described in Notes 3.1, 3.2, 3.3 and 3.4), as well as the fair value of the instruments measured at amortised cost for which this information is disclosed in the Notes to the financial statements (see Note 3.9);

- the impairment and provisions for credit risk related to financial assets measured at amortised cost or at fair value through other comprehensive income and loan commitments and guarantee commitments granted measured using models or internal assumptions based on historical, current and prospective data (see Note 3.8). The use of estimates and judgment relates in particular to the assessment of the deterioration in credit risk observed since the initial recognition of financial assets and the measurement of the amount of expected credit losses on these same financial assets;
- the assumptions and amortisation conventions used to determine the maturities of financial assets and liabilities for the purpose of measuring and monitoring structural interest rate risk and documenting the related macro fair value hedge accounting (see Note 3.2);
- the impairment of Goodwill (see Note 2.2);
- the provisions recorded under liabilities on the balance sheet (see Notes 5.2 and 8.2);
- the estimates related to the valuation of insurance contracts assets and liabilities and of the implementation of the transition methods in the context of the initial application of IFRS 17 (see Note 4.3);
- the tax assets and liabilities recognised on balance sheet (see Note 6);
- an analysis of the characteristics of the contractual cash flows of financial assets in order to determine the appropriate accounting classification (see Note 3);
- the assessment of the degree of control for the determination of the scope of consolidated entities, especially with regard to structured entities (see Note 2.4);
- the determination of the lease period to be applied for recognising the right-of-use assets and lease liabilities (see Note 8.3).



**CLIMATE RISK**

The Group continues its work to gradually integrate climate risks in the preparation of its consolidated accounts. Climate change-related risks are not a new risk category but rather an aggravating factor for categories already covered by the Group's risk management system. In this regard, the impact of transitional risk on the credit risk of the corporate customers of Societe Generale remains one of the major climate risks for the Group.

As at 31 December 2023, the determination of the expected credit losses includes the possible impact of climate risks considered when assessing individual risks and sectoral risks, provided it is compatible

with the provisioning horizon. The impact of the Group's commitments in favour of the energy and environmental transition and the development of the territories are still taken into account in the estimated budgets to determine the recoverable amount of the cash-generating units and the recoverability of the deferred tax assets.

Furthermore, the Group is currently analysing the provisions in the European Sustainability Reporting Standards (ESRS) adopted by the European Commission on 31 July 2023, notably those related to the connections between the future Sustainability reports and the consolidated financial statements.

**NOTE 1.6 Geopolitical crises and macroeconomic context**

2023 was a year of cumulative uncertainties with, in particular, the continuing conflict in Ukraine but also tensions in the banking sector in the United States and Europe at the beginning of the year, as well as the situation in the Middle East at the end of the year. Monetary policies were clearly restrictive. Focusing on inflation control, central banks increased interest rates rapidly and significantly. In the euro area:

- the slowdown in economic activity observed during the first half of 2023 continued and was accentuated during the second half of the year;
- inflation remained high in 2023; it is expected to ease to around 3% in 2024 and fall back to the target in the midterm.

In the US, the economy performed better than expected by most forecasters. Warning signs point to an already apparent sharper slowdown towards the end of the year.

In this context, the Group updated the macroeconomic scenarios chosen for the preparation of the consolidated financial statements.

These macroeconomic scenarios are taken into account in the credit loss measurement models including forward-looking data (see Note 3.8) and are also used in some goodwill impairment tests (see Note 2.2) and tests of the recoverability of deferred tax assets (see Note 6).

**NOTE 1.6.1 MACROECONOMIC SCENARIOS**

As at 31 December 2023, the Group selected three macroeconomic scenarios to help understand the uncertainties related to the current macroeconomic context.

The assumptions selected to build these scenarios are described below:

- the central scenario ("SG Central") predicts a continuing economic slowdown in the euro area in 2024 with only a modest rebound in 2025. The fall in inflation, to around 2.5%, will be accompanied by an increase in the unemployment rate. The ECB would lower its interest rates starting in Spring 2024, but would continue scaling down its balance sheet at least until 2025 (reducing its direct purchases on the market). Economic growth is also expected to decelerate in 2024, interest rates are likely to decrease and inflation should remain on a downward trend while the unemployment rate increases;

- the favourable scenario ("SG Favourable") describes an accelerated economic growth compared to the trajectory projected in the central scenario; this growth may result from improved supply conditions owing to a positive shock on productivity or from unexpectedly improved demand conditions. In both cases, stronger growth will have a positive impact on employment and the profitability of companies;

- the stressed scenario ("SG Stress") corresponds to a crisis situation leading to a negative deviation in GDP compared to the central scenario. This scenario may result from a financial crisis (like the 2008 crisis, euro area crisis, etc.), an exogenous crisis (Covid-19-like pandemic) or a combination of both.

These scenarios are developed by the Economic and Sector Research Division of Societe Generale for all the entities in the Group based, in particular, on the information published by the statistical institutes in each country.

Institutional forecasts produced by organisations like the IMF, the World Bank, the ECB and the OECD and the consensus among market economists serve as a reference to challenge the Group's forecasts.

**NOTE 1.6.2 FINANCIAL INSTRUMENTS: EXPECTED CREDIT LOSSES**

The scenarios provided by the Group economists are incorporated into the expected credit loss provisioning models over a three-year horizon, followed by a two-year period to gradually return by the fifth year to the average probability of default observed during the calibration period. The assumptions made by the Group with a view to developing these macroeconomic scenarios have been updated during the fourth quarter 2023 to account for uncertainties about the macroeconomic context.

**Variables**

The GDP growth rate, the profit margin of companies in France, the unemployment rates, the inflation rate in France and the yield on France 10-year government bonds are the main variables used in the expected credit losses measurement models.

The variables with the stronger impact on the determination of expected credit losses (GDP growth percentage for the major countries in which the Group operates and corporate profit margin in France) for each scenario are detailed hereinafter:

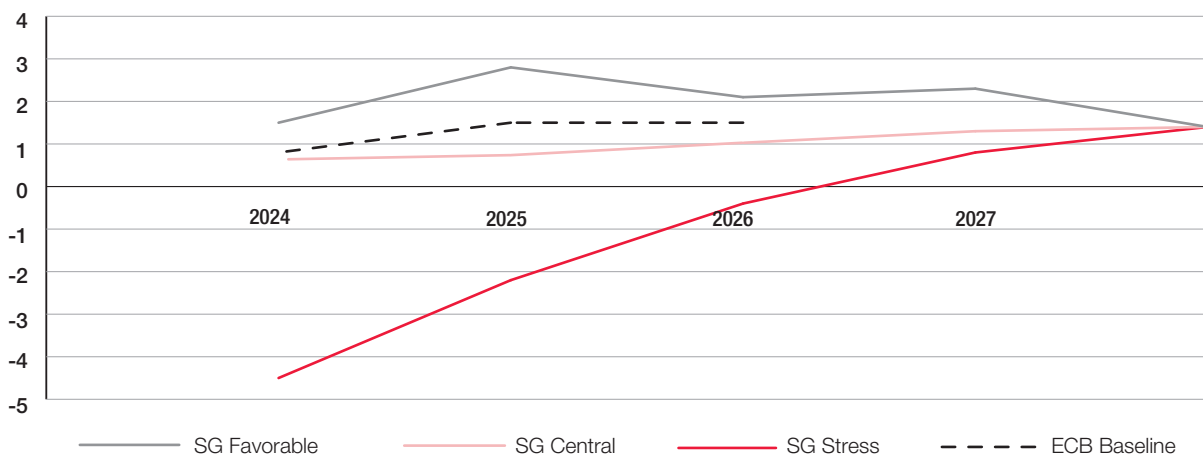
| <b>“SG Favourable” scenario</b>   | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| France GDP                        | 1.5         | 2.7         | 2.1         | 2.3         | 1.5         |
| Corporate profit margin in France | 33.0        | 32.7        | 32.9        | 32.9        | 32.4        |
| Euro area GDP                     | 1.5         | 2.8         | 2.1         | 2.3         | 1.4         |
| United States GDP                 | 1.9         | 3.5         | 2.8         | 3.0         | 2.2         |
| China GDP                         | 5.4         | 6.0         | 4.8         | 4.8         | 3.8         |
| Czech Republic GDP                | 3.0         | 4.0         | 3.1         | 3.3         | 2.3         |
| Romania GDP                       | 3.8         | 4.8         | 3.8         | 4.2         | 3.2         |

| <b>“SG Central” scenario</b>      | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| France GDP                        | 0.5         | 0.7         | 1.1         | 1.3         | 1.5         |
| Corporate profit margin in France | 32.4        | 32.4        | 32.4        | 32.3        | 32.4        |
| Euro area GDP                     | 0.5         | 0.8         | 1.1         | 1.3         | 1.4         |
| United States GDP                 | 0.9         | 1.5         | 1.8         | 2.0         | 2.2         |
| China GDP                         | 4.4         | 4.0         | 3.8         | 3.8         | 3.8         |
| Czech Republic GDP                | 2.0         | 2.0         | 2.1         | 2.3         | 2.3         |
| Romania GDP                       | 2.8         | 2.8         | 2.8         | 3.2         | 3.2         |

| <b>“SG Stress” scenario</b>       | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| France GDP                        | (4.5)       | (2.3)       | (0.4)       | 0.8         | 1.5         |
| Corporate profit margin in France | 30.2        | 30.2        | 30.2        | 30.1        | 32.4        |
| Euro area GDP                     | (4.5)       | (2.2)       | (0.4)       | 0.8         | 1.4         |
| United States GDP                 | (4.1)       | (1.5)       | 0.3         | 1.5         | 2.2         |
| China GDP                         | (0.6)       | 1.0         | 2.3         | 3.3         | 3.8         |
| Czech Republic GDP                | (3.0)       | (1.0)       | 0.6         | 1.8         | 2.3         |
| Romania GDP                       | (2.2)       | (0.2)       | 1.3         | 2.7         | 3.2         |

These simulations assume that the historical relationships between the key economic variables and the risk parameters remain unchanged. In reality, these correlations may be impacted by geopolitical or climatic events, or changes in behaviour, legal environment or credit granting policy.

The graph below compares the GDP forecasts in the euro area used by the Group for each scenario with the scenarios published by the ECB in December 2023.



## WEIGHTING OF THE MACROECONOMIC SCENARIOS

The probabilities used are based on the differences observed over the past 25 years between the forecasts made by a consensus of economists regarding the US GDP and the actual scenario that occurred (forecast similar to the actual scenario, significantly optimistic or pessimistic).

In order to better account for a possible reversal in the cycle, the Group applies a weighting methodology to its scenarios (mainly based on the observed output gaps for the USA and the euro area) and assigns a higher weight to the SG Central scenario when the economy is depressed. Conversely, the methodology provides for a higher weight to be assigned to the SG Stress scenario when the economy moves towards the peak of the cycle. Accordingly, the weighting applied to the SG Central scenario was set at 62% at 31 December 2023.

## PRESENTATION OF THE CHANGES IN WEIGHTS

|               | 31.12.2023 | 30.06.2023 | 31.12.2022 |
|---------------|------------|------------|------------|
| SG Central    | 62%        | 62%        | 60%        |
| SG Stress     | 28%        | 28%        | 30%        |
| SG Favourable | 10%        | 10%        | 10%        |

## CALCULATION OF EXPECTED CREDIT LOSSES AND SENSITIVITY ANALYSIS

Credit risk costs as at 31 December 2023, insurance subsidiaries excluded, amount to a net expense of EUR 1,025 million, decreasing by EUR 622 million (38%) compared to 31 December 2022 (EUR 1,647 million).

Sensitivity tests have been performed to measure the impact of the changes in weights on the models. The sectoral adjustments (see Note 3.8) have been taken into account in these sensitivity tests. The scope of these tests includes the Stage 1 and Stage 2 outstanding loans subject to a statistical modelling of the impacts of the macroeconomic variables (which accounts for 88% of the expected credit losses on the outstanding loans concerned compared to 72% as at 31 December 2022).

The results of these tests, taking into account of the effect on the classification of 67% of the total outstanding loans concerned, show that, in the event of a 100% weighting:

- of the SG Stress scenario, the impact would be an additional allocation of EUR 570 million;
- of the SG Favourable scenario, the impact would be a reversal of EUR 378 million;
- of the SG Central scenario, the impact would be a reversal of EUR 248 million.

## COVID-19 CRISIS: STATE GUARANTEED LOANS ("PGE")

Until 30 June 2022, the Group offered its crisis-impacted clients (professionals and corporate clients) the allocation of State Guaranteed Loan facilities ("PGE"). Within the framework of the 2020 French Amending Finance Act and the conditions set by the French decree of 23 March 2020, these are financings granted at cost price and guaranteed by the government for a share of the borrowed amount between 70% to 90% depending on the size of the borrowing enterprise (with a waiting period of two months after disbursement at the end of which the guarantee period begins).

With a maximum amount corresponding, in the general case, to three months of turnover before tax, these loans came with a one-year repayment exemption. At the end of that year, the customer could either repay the loan or amortise it over one to five more years, with the possibility of extending the grace period for the repayment of

principal for one year (in line with the announcements made by the French Ministry of Economics, Finance and Industrial and Digital Sovereignty on 14 January 2021) without extending the total duration of the loan. The remuneration conditions of the guarantee have been set by the State and applied by all French banking institutions: the Bank keeps only a share of the guarantee premium paid by the borrower (the amount of which depends on the size of the Company and the maturity of the loan) remunerating the risk it bears, which corresponds to the part of the loan not guaranteed by the State (i.e., between 10% and 30% of the loan depending on the size of the borrowing company). A French decree published on 19 January 2022, amending the decree published on 23 March 2020, allows some companies to benefit, under certain conditions, from an extension of their PGE repayment deadlines from 6 to 10 years.

The contractual characteristics of the PGE are those of basic loans (SPPI criterion) and these loans are held by the Group within the framework of a business model whose objective is to collect their contractual cash flows until their maturity; as a result, these loans have been recorded in the consolidated balance sheet under "Customer loans at amortised cost".

As at 31 December 2023, after the first repayments made in 2022 and in 2023 at the end of the moratorium period, the amount outstanding corresponding to the State Guaranteed Loans (PGE) granted by the Group is approximately EUR 8.8 billion (of which EUR 1.8 billion classified as Stage 2 and EUR 1.1 billion as Stage 3). The portion of PGE granted by the French Retail networks amounts, as at 31 December 2023, to EUR 7.8 billion (of which EUR 1.6 billion classified as Stage 2 and EUR 0.9 billion as Stage 3); the State guarantee for these loans covers, on average, 90% of their amount.

The expected credit losses recognised as at 31 December 2023 for PGE (French state guaranteed loans) amount to some EUR 240 million of which EUR 171 million booked by the French Retail networks (including EUR 28 million in Stage 2 and EUR 124 million in Stage 3).

## CONSEQUENCES OF THE WAR IN UKRAINE

The table below shows the changes in balance sheet and off-balance sheet exposures (measured at amortised cost or at fair value through OCI) booked by the Group's entities in Russia, on one side, and by the Group's entities outside Russia for Russian counterparties or subsidiaries of Russian groups, on the other side.

| (In EUR billion)                               | 31.12.2023          |                                | 30.06.2023          |                                | 31.12.2022          |                                |
|--|---------------------|--------------------------------|---------------------|--------------------------------|---------------------|--------------------------------|
|  | Exposure at default | Gross outstanding/ commitments | Exposure at default | Gross outstanding/ commitments | Exposure at default | Gross outstanding/ commitments |
| Onshore exposures on consolidated subsidiaries | 0                   | 0                              | 0                   | 0                              | 0.3                 | 0.3                            |
| Offshore exposures <sup>(1)</sup>              | 0.9                 | 1                              | 1.6                 | 1.7                            | 1.8                 | 2                              |
| Rosbank residual exposures                     | 0.1                 | 0.1                            | 0.1                 | 0.1                            | 0.1                 | 0.1                            |
| <b>TOTAL</b>                                   | <b>1</b>            | <b>1.1</b>                     | <b>1.7</b>          | <b>1.8</b>                     | <b>2.2</b>          | <b>2.4</b>                     |

(1) Offshore exposures (exc. Private Banking and residual exposures linked to the disposal of Rosbank) correspond to the exposures on Russian counterparties or subsidiaries of Russian groups booked outside Russia.

### Exposures in Russia and Ukraine

On 11 April 2022, ALD had announced that it would not engage in any new commercial transactions in Russia, Kazakhstan and Belarus without challenging the going concern status over the next twelve months of ALD Automotive OOO in Russia and ALD Automotive LLC in Belarus; the two entities continuing to serve their clients and manage the existing vehicle fleet without encountering any specific difficulties in relation to business activities.

On 27 April 2023, ALD announced the completion of the sale of its ALD Automotive OOO subsidiary in Russia.

ALD Automotive LLC in Belarus was sold on 30 October 2023.

As at 31 December 2023, the Group operates in Russia through its LeasePlan subsidiary with very low residual exposures.

The Group also operates in Ukraine through its ALD Automotive Ukraine Limited Liability Company subsidiary the total balance sheet of which amounts to EUR 82 million as at 31 December 2023.

### Offshore exposures

The Group also holds assets on Russian counterparties the volume of which dropped significantly between 31 December 2022 and 31 December 2023 (owing in particular to the disposal of assets but also to customer reimbursements completed without incident). These outstanding loans including the residual exposures on Rosbank (EUR 1.1 billion against EUR 2.1 billion in 2022) have been classified as “sensitive” from the very beginning of the conflict (see Note 3.8) and declassified to Stage 2 of impairment for credit risk or to Stage 3 when necessary.

The consequences of these classifications, as well as the account taken of the new macroeconomic scenarios to determine expected credit losses as at 31 December 2023 are described in Note 3.8.

Furthermore, to take account of these specific risk exposures the Group supplemented the expected credit losses through a post-model adjustment, as described in Note 3.8.

## NOTE 1.7 Hyperinflation in Turkey and Ghana

Publications from the Centre for Audit Quality’s International Practices Task Force, the usual reference for identifying countries in hyperinflation, show that Turkey and Ghana have been considered hyperinflationary economies since 2022 and 2023 respectively.

Accordingly, the Group applies the provisions of IAS 29 (“Financial Reporting in Hyperinflationary Economies”) to prepare the individual financial statements presented in Turkish liras of the ALD Group entities located in Turkey (including the Turkish subsidiary LeasePlan Otomotiv Servis ve Ticaret A.S acquired in the first half of 2023) and the individual financial statements in cedis of the entity Societe Generale Ghana PLC located in Ghana (before their conversion into euro in the frame of the consolidation process) since 1<sup>st</sup> January 2022 and 1<sup>st</sup> January 2023 respectively.

The accounts of the SG Istanbul branch have, however, not been restated, their impact being non-material.

Under IAS 29, the accounting value of some balance sheet items measured at cost is adjusted, on the closing date, for the inflation effects observed over the period. In the financial statements of the entities concerned, these adjustments are mainly applied to the tangible assets (including in particular the rented car fleet, buildings), as well as to the different components of equity.

On the date of first application of this hyperinflation treatment, the consideration for these adjustments is recognised in the Group retains earnings and Non-Controlling Investments; on that date, the translation differences on the entities concerned are reclassified to the same balance sheets items. At subsequent closing dates, inflation adjustments for the assets concerned and equity items, as well as for income and expenses for the period, are recognised as income or expenses on foreign exchange transactions under Net gains and losses on financial transactions.

Thus restated, the financial statements are converted to euro based on the exchange rate applicable on the closing date.

On 1 January 2023, in the context of the first implementation of the accounting requirements of IAS 29 for the Societe Generale Ghana PLC entity, the total consolidated shareholders’ equity was increased by EUR 21 million, including a reduction in the consolidated reserves of EUR -121.5 million before tax for the different adjustments and the reclassification of the translation differences recorded at that date.

On 31 December 2023, a gain of EUR 122.1 million was recognised in the Net gains and losses on financial transactions from financial adjustments for the period. After taking into account the adjustments of the other income and expense lines of the period, the impact of the restatements for hyperinflation of the consolidated accounting result before tax is EUR 76.9 million.

## NOTE 2 CONSOLIDATION



MAKING IT  
SIMPLE

The various activities of the Societe Generale group in France and abroad are carried out by Societe Generale – Parent company (which includes the Societe Generale foreign branches) and by all of the entities that it controls either directly or indirectly (subsidiaries and joint arrangements) or on which it exercises significant influence (associates). All of these entities make up the scope of the Group consolidation.

Consolidation uses a standardised accounting process to give an aggregated presentation of the accounts of Societe Generale – Parent company and its subsidiaries, joint arrangements and associates, presented as if they were a single entity.

To do so, the individual accounts of the entities that make up the Group are restated so that they are in accordance with IFRS, as adopted by the European Union, in order to present consistent information in the consolidated financial statements.

In addition, the accounting balances (assets, liabilities, income and expense) generated by transactions between Group entities are eliminated through the consolidation process so that the consolidated financial statements present only the transactions and results made with third parties outside of the Group.

### ACCOUNTING PRINCIPLES

The consolidated accounts bring together the accounts of Societe Generale, its foreign branches and the French and foreign entities over which the Group exercises control, joint control or significant influence.

#### Consolidated entities

##### SUBSIDIARIES

Subsidiaries are the entities over which the Group has exclusive control. The Group controls an entity if and only if the three following conditions are met:

- the Group has power over the entity (ability to direct its relevant activities, *i.e.* the activities that significantly affect the entity's returns), through the holding of voting rights or other rights; and
- the Group has exposure or rights to variable returns from its involvement with the entity; and
- the Group has the ability to use its power over the entity to affect the amount of the Group's returns.

##### Power

When determining voting rights for the purpose of establishing the Group's degree of control over an entity and the appropriate consolidation method, potential voting rights are taken into account where they can be freely exercised at the time the assessment is made or at the latest when decisions about the direction of the relevant activities need to be made. Potential voting rights are instruments such as call options on ordinary shares outstanding on the market or rights to convert bonds into new ordinary shares.

Some rights are designed to protect the interests of their holder (protective rights) without giving that party power over the investee to which those rights relate.

If there are several investors, each with substantive rights that give them the unilateral ability to direct different relevant activities, the investor with that has the current ability to direct the activities that most significantly affect the variable returns of the investee is presumed to have power over the investee.

##### Exposure to variable returns

Control exists only if the Group is significantly exposed to the variability of variable returns generated by its investment or its involvement in the entity. These returns, which could be dividends, interest, fees, etc., can be only positive, only negative or both positive and negative.

##### Link between power and variable returns

To assess the link between power and variable returns, if the Group has been delegated decision-making rights that it exercises on behalf and for the benefit of third parties (the principals), it is presumed to act as an agent for these principals, and therefore it does not control the entity when it exercises its decision-making power. In asset management activities, an analysis shall be performed in order to determine whether the asset manager is acting as agent or principal when managing the net assets of a fund; the fund is presumed to be controlled by the asset manager if the latter is considered as a principal.

### Special case of structured entities

A structured entity is an entity designed so that voting rights are not the determining factor in identifying who controls the entity. Such is the case, for example, when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

A structured entity often presents certain characteristics such as a limited business activity, a specific and carefully defined purpose, or insufficient capital to fund its activities without the use of subordinated financing. Structured entities may assume different legal forms: stock companies, partnerships, securitisation vehicles, mutual funds, unincorporated entities, etc.

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

- the purpose and design of the entity;
- the structuring of the entity;
- risks to which the entity is exposed by way of its design and the Group's exposure to some or all of these risks;
- potential returns and benefits for the Group.

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

### JOINT ARRANGEMENTS

Through a joint arrangement (either a joint operation or a joint venture) the Group exercises joint control over an entity if decisions about the direction of its relevant activities require the unanimous consent of the parties that collectively control the entity. Assessing joint control requires an analysis of the rights and obligations of all the parties. In the case of a joint operation, the parties to the arrangement have rights to the assets and obligations for the liabilities.

In the case of a joint venture, the parties have rights to the net assets of the entity.

### ASSOCIATES

Associates are companies over which the Group exercises significant influence and are accounted for using the equity method in the Group's consolidated financial statements. Significant influence is the power to participate in the financial and operating policies of an entity without exercising control. In particular, significant influence can result from Societe Generale being represented on the Board of Directors or Supervisory Board, from its involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Societe Generale. The Group is assumed to exercise significant influence over the financial and operating policies of an entity when it directly or indirectly holds at least 20% of the voting rights in this entity.

### Consolidation rules and methods

The consolidated financial statements are built up from the financial statements of the entities that are included in the consolidation scope. Companies with a fiscal year ending more than three months before or after that of Societe Generale prepare *pro-forma* statements for a twelve-month period ended 31 December. All significant balances, profits and transactions between Group companies are eliminated.

The results of newly acquired subsidiaries are included in the consolidated financial statements from their effective acquisition date while the results of subsidiaries disposed of during the fiscal year are included up to the date where the Group relinquished control.

### CONSOLIDATION METHODS

The subsidiaries, including the structured entities over which the Group has exclusive control, are fully consolidated.

In the consolidated balance sheet, full consolidation consists in replacing the value of the subsidiary's equity securities held by the Group with each of the subsidiary's assets and liabilities, in addition to the goodwill recognised when the Group assumed control over the entity (see Note 2.2). In the income statement and the statement of net income and unrealised or deferred gains and losses, the subsidiary's expense and income items are aggregated with those of the Group.

The portion of non-controlling interests in the subsidiary is presented separately in the consolidated balance sheet and income statement. However, in consolidated structured entities that are controlled by the Group, the portions of these entities not owned by the Group are recognised as Debt in the balance sheet.

In the case of a joint operation, the Group distinctly recognises in its consolidated financial statements its share in the assets and liabilities as well as its share in the related revenue and expense.

Associates and joint ventures are accounted for using the equity method in the consolidated financial statements of the Group. Under the equity method, the investment in an associate is recognised, on initial recognition, under Investments accounted for using the equity method at the cost of the Group's investment in the joint venture or associate, including goodwill and after the date of acquisition the carrying amount is increased or decreased to recognise the changes in the investor's share in the net asset value of the investee.



These investments are tested for impairment if there is objective evidence of impairment. If the recoverable amount of the investment (value in use or market value net of selling costs, whichever is higher) is lower than its carrying amount, an impairment loss is recorded on the balance sheet at the carrying amount of the investment. Impairment allowances and reversals are recorded under Net income from investments accounted for using the equity method in the consolidated income statement.

The Group's share in the entity's net income and unrealised or deferred gains and losses is presented on separate lines in the consolidated income statement and the consolidated statement of net income and unrealised or deferred gains and losses. If the Group's share in the losses of an entity consolidated using the equity method becomes greater than or equal to its ownership interest in the Company, the Group ceases to recognise its share in subsequent losses unless it is required to do so by legal or implied obligations, in which case it records a provision for said losses. Capital gains and losses generated on the disposal of companies accounted for using the equity method are recorded under Net income/expense from other assets.

#### TRANSLATION OF FOREIGN ENTITY FINANCIAL STATEMENTS

The balance sheet items of consolidated companies reporting in foreign currencies are translated into euro at the official exchange rates prevailing at the closing date. Income statement items of these companies are translated into euros, at the average month-end exchange rates. Gains and losses arising from the translation of capital, reserves, retained earnings and income are recognised under Unrealised or deferred gains and losses – Translation differences. Gains and losses arising from the translation of the capital contribution of foreign branches of Group banks are also included in changes in consolidated shareholders' equity under the same heading.

In accordance with the option allowed under IFRS 1, the Group allocated all differences arising on translation of foreign entity financial statements at 1 January 2004 to consolidated reserves. As a result, if any of these entities are sold, the proceeds from the sale will only include write-backs of those translation differences arising since 1 January 2004.

#### CHANGES IN GROUP'S OWNERSHIP INTEREST IN A CONSOLIDATED ENTITY

In the event of an increase in Group's ownership interest in a subsidiary over which it already exercises control, the differences between the price paid for the additional stake and the assessed fair value of the proportion of net assets acquired at this date is recorded under Retained earnings, Group share.

Also, in the event of a reduction in the Group's ownership interest in a subsidiary over which it keeps control, the difference between the selling price and the carrying amount of the share of interests sold is recorded under Retained earnings, Group share.

The costs related to these transactions are recognised directly in equity.

When the Group loses control of a consolidated subsidiary, any investment retained in the former subsidiary is remeasured at fair value through profit or loss, at the same time the capital gain or loss is recorded under Net income/expense from assets in the consolidated income statement. The gains or losses on disposals include a share of goodwill previously allocated to the cash-generating units to which the subsidiary belongs. This share's determination is based on a normative capital allocated to the subsidiary that is sold and to the portion of cash-generating unit that is retained.

#### Commitments to buy out minority shareholders in fully consolidated subsidiaries

In some fully consolidated Group subsidiaries, the Group has awarded minority shareholders commitments to buy out their stakes. For the Group, these buyout commitments are put option sales (put options without transfer of the risks and advantages associated with the ownership interest before the option's exercise). The exercise price for these options can be established using a formula agreed upon at the time of the acquisition of the shares in the subsidiary that takes into account its future performance. It can also be set as the fair value of these shares at the exercise date of the options.

The commitments are recorded as follows:

- in accordance with IAS 32, the Group records a financial liability for the put options granted to minority shareholders of the subsidiaries over which it exercises control. This liability is initially recognised at the present value of the estimated exercise price of the put options under Other liabilities;
- the obligation to recognise a liability even though the put options have not been exercised means that, in order to be consistent, the Group must use the same accounting treatment as the one applied to transactions in Non-controlling interests. As a result, the counterpart of this liability is a write-down in value of non-controlling interests underlying the options, with any balance deducted from Retained earnings, Group share;
- subsequent variations in this liability (linked to changes in the estimated exercise price of the options and the carrying value of Non-controlling interests) are recorded in full in Retained earnings, Group share;
- if the buy-out takes place, the liability is settled by the cash payment linked to the acquisition of non-controlling interests in the subsidiary. However if, when the commitment reaches its term, the buy-out has not occurred, the liability is written off against Non-controlling interests and Retained earnings, Group share for their respective portions;
- as long as the options have not been exercised, the results linked to Non-controlling interests with a put option are recorded under Non-controlling interests on the Group's consolidated income statement.

## NOTE 2.1 Consolidation scope

The consolidation scope includes subsidiaries and structured entities under the Group's exclusive control, joint arrangements (joint ventures and joint operations) and associates whose financial statements are significant relative to the Group's consolidated financial statements, notably regarding Group consolidated total assets and gross operating income.

The main changes to the consolidation scope as at 31 December 2023, compared with the scope applicable at the closing date of 31 December 2022, are as follow:

### SALE OF SOCIETE GENERALE CONGO

The Group sold the totality of its holding in SG Congo, its Congolese subsidiary. This sale led to a reduction of EUR 0.3 billion in the total Group's balance sheet.

### LEASEPLAN ACQUISITION BY ALD

On 22 May 2023, following the approval of ALD's Board of Directors and relevant regulatory authorities' approvals, ALD acquired 100% of LeasePlan for a consideration of EUR 4,897 million. This amount is subject to a contingent additional consideration of an amount up to EUR 235 million in cash, according to the achievements of objectives related to LeasePlan's regulatory ratios particularly.

The consideration includes:

- a cash component: EUR 1,828 million mainly financed *via* a capital increase of EUR 1,212 million in 2022. Societe Generale held 79.82% of ALD's capital prior to this increase. In accordance with its commitment to remain ALD's majority shareholder in the long term, Societe Generale subscribed to new shares for an amount of EUR 803 million representing 66.26% of the capital increase and held, at the end of 2022, 75.94% of ALD;
- a share component: 251,215,332 new ALD shares have been issued, representing 30.75% of ALD capital after the completion of the acquisition, and before the exercise of the attached warrants. The value of this share component amounts to EUR 2,871 million, based on the fair value of ALD's shares of EUR 11.43 at the completion date;

- a warrant component: ALD has issued 26,310,039 warrants attached to ALD's share for the benefit of LeasePlan's selling shareholders, so that their total shareholding could reach 32.91% in case of full exercise of warrants. Their main characteristics are as follows: exercise price of EUR 2.00 per share; parity of 1 warrant for 1 share; and exercisable one to three years after their issuance, if the ALD share price reaches EUR 14.07 per share in the exercise period. The fair value of these warrants' amounted, as at 22 May 2023, EUR 128 million. This value was determined based on a Black & Scholes mathematical valuation model, taking as main assumptions the exercise possible at any time between one and three years; a euro area risk-free interest rate and an assumed historical volatility of the observed ALD share of around 30%. In the Group's financial statements, the warrants attached to shares are recorded in Retained earnings;

- a contingent consideration: estimated by the Group at its fair value of EUR 70 million, as at 31 December 2023. The earn-out mechanism will last until 31 December 2024, subject to an additional 6-month period in certain limited circumstances, with potential payments every quarter. In the Group's financial statements, the contingent consideration is recorded as Other liabilities.

After the completion of the LeasePlan acquisition, Societe Generale remains the majority shareholder of the new combined entity, named Ayvens since 16 October 2023, with a stake of 52.59% (the Group voting interest is 68.97% as at 31 December 2023 due to double voting rights). This stake may be reduced to 50.95% in the event of the exercise of the shares with warrants attached that have been granted to LeasePlan shareholders to allow them to increase their stake up to 32.91% of Ayvens' social capital. As of 31 December 2023, the former LeasePlan shareholders consortium led by TDR Capital holds 30.75% of the combined entity, while the free float represents 16.6%.

Following the completion of the whole transaction, the Ayvens group will remain fully consolidated by the Group.

Details of the purchase price are set out in the table below:

(In EUR m)

|   |              |
|---|--------------|
| Purchase price paid in ALD shares <sup>(1)</sup>                  | 2,871        |
| Fair value of warrants attached to shares                         | 128          |
| <b>Acquisition price paid in ALD equity instruments</b>           | <b>2,999</b> |
| <b>Acquisition price paid in cash</b>                             | <b>1,828</b> |
| <b>Total acquisition price</b>                                    | <b>4,827</b> |
| Contingent consideration  | 70           |
| <b>Total acquisition price including contingent consideration</b> | <b>4,897</b> |

(1) o/w 26,310,039 shares with warrants attached.

As at 31 December 2023, subject to any purchase price allocation and/or acquisition price adjustment within one year from closing, the Group has recognised a goodwill of EUR 1,396 million (see Note 2.2).

As a result of the allocation of LeasePlan's purchase price, the assessment of the entity's identifiable assets acquired and liabilities assumed at fair value led the Group to revise upwards the value of LeasePlan's net assets by EUR 230 million.



| <i>(In EUR m)</i>   | Certified balance sheet at acquisition date | Fair value adjustment | Allocation as at 31 December 2023 |
|---|---|-----------------------|-----------------------------------|
| Cash, due from central banks  | 3,812                                       | -                     | 3,812                             |
| Customer loans at amortised cost                                    | 615   | -                     | 615                               |
| Net non-current assets and liabilities held for sale <sup>(1)</sup> | 617   | 33                    | 650                               |
| Tangible and intangible fixed assets                                | 23,891                                      | 330                   | 24,221                            |
| <i>o/w Assets under operating leases</i>                            | 20,983                                      | 429                   | 21,412                            |
| Debts securities issued   | (9,327)                                     | 7                     | (9,320)                           |
| Due to bank   | (2,687)                                     | (7)                   | (2,694)                           |
| Customer deposits   | (11,334)                                    | 33                    | (11,301)                          |
| Net tax assets/liabilities  | (505)                                       | (64)                  | (569)                             |
| Net other assets and liabilities                                    | (1,298)                                     | (102)                 | (1,400)                           |
| Fair value of assets and liabilities acquired (C)                   | 3,784                                       | 230                   | 4,014                             |
| Non-controlling interests <sup>(2)</sup> (B)                        | 513   | -                     | 513                               |
| Total purchase price (A)  | 4,897                                       | -                     | 4,897                             |
| <b>GOODWILL (A) + (B) - (C)</b>                                     | <b>1,626</b>                                | <b>(230)</b>          | <b>1,396</b>                      |

(1) Amount after elimination of intra-group transactions.

(2) Other equity instruments issued.

As part of the purchase price allocation update, the table above includes mainly the following adjustments to the assets acquired and liabilities assumed disclosed as at 31 December 2023:

| Assets/liabilities of LeasePlan   | Description of the valuation approach  |
|---|--|
| Asset under operating leases – rental fleet   | Fair value of the fleet is obtained by adding the sum of the future discounted cash flows of lease and additional services with the discounted terminal value (residual value of the vehicle which is its expected sales price). The implemented valuation relies on DCF model for each contract and considers regional parameters such as specific tax rates and country risk premia. |
| Intangible assets – customer relationships of Business to Business segment of LeasePlan | Customer relationships intangible asset has been recognised separately from goodwill and it materialises the loyalty of Business to Business fleet customers to LeasePlan.<br>The valuation is based on Multi-period excess earnings method (M.P.E.E.M.).  |
| Intangibles assets – softwares  | In the framework of the valuation, the Group has estimated the cost that would be incurred to develop each domains needed to have a fully functional technology multiplied by a completion rate by domain.   |

The combined entity is well-positioned to deliver profitable growth drawing on a fleet of around 3.4 million vehicles, including worldwide biggest multi-brand electric vehicle fleet, and a direct presence in 44 countries covering all customers categories.

ALD and LeasePlan serve the same three client segments (large corporates, SMEs, individual consumers), but each of them has specific areas of leadership. LeasePlan has a network of large and very large blue-chip international and national corporate clients and has been particularly strong in this segment in which a customer overlap with ALD is limited. ALD has developed a strong network of partnerships with more than 200 partners across a large spectrum of sectors. It allowed the Company to rapidly develop its presence in the SME and individual consumers segments. This complementarity must offer to the combined entity the best footprint across all segments.

ALD benefits a financing structure and strong credit ratings facilitating efficient access to external funding. LeasePlan relies on its deposit collection platforms in Germany and the Netherlands. The combined entity would therefore have an enlarged funding source base.

The consolidated income of the Group includes the income of LeasePlan's activities from 22 May 2023. As at 31 December 2023, the contribution of LeasePlan's activities amounts to EUR 693 million in net banking income and EUR 24 million in Consolidated net income.

On 22 March 2023, the Group announced that ALD entered into a share agreement to sell its subsidiaries in Ireland, Portugal and Norway, as well as LeasePlan's subsidiaries in Luxembourg, Finland and Czech Republic. These disposals have been initiated to fulfil the commitments made by ALD in the context of the clearance by the European Commission of the acquisition of LeasePlan by ALD, to address concentration risk in the involved countries. As at 31 December 2023, the Group has completed these disposals.

#### CREATION OF A JOINT VENTURE BY SOCIETE GENERALE AND ALLIANCEBERNSTEIN

On 6 February 2023, Societe Generale and AllianceBernstein signed a *Memorandum of Understanding* for the creation of a joint venture combining their cash equities and equity research businesses.

On the date of completion of the transaction, scheduled in the first half of 2024 the joint venture will be organised under two separate legal entities, one focusing on North America and the other on Europe and Asia.

The Group assesses that, in the consolidated statements, the entity responsible for the Europe and Asia activities should be fully consolidated and the entity responsible for the North America activities should be accounted for using the equity method.

Subject to the relevant regulatory approvals, some options might allow Societe Generale to eventually reach 100% ownership in both entities.

**NOTE 2.2 Goodwill**

When the Group acquires a company, it integrates in its consolidated balance sheet all of the new subsidiary's assets and liabilities at fair value.

But the acquisition price of a company is generally higher than the net revalued amount of its assets and liabilities. The excess value, called goodwill, can represent part of the Company's intangible capital (reputation, quality of its personnel, market shares, etc.) which contributes to its overall value, or the value of the future synergies that the Group hopes to develop by integrating the new subsidiary in its existing activities.

In the consolidated balance sheet, the goodwill is recognised as an intangible asset, the useful life of which is presumed to be unlimited; it is not amortised and therefore does not generate any recurring expense in the Group's future results.

However, every year, the Group assesses whether the value of its goodwill has not depreciated. If it has, an irreversible expense is immediately recognised in the Group results, which indicates that the profitability of the intangible capital of the acquired entity is inferior to initial expectations, or that the anticipated synergies have not been fulfilled.

**ACCOUNTING PRINCIPLES**

The Group uses the acquisition method to recognise its business combinations in accordance with IFRS 3 "Business Combinations".

On the acquisition date, the acquisition cost is calculated as the total fair value of all assets given, liabilities incurred or assumed and equity instruments issued in exchange for the control of the acquired entity. The costs directly linked to business combinations are recognised in profit or loss for the period except those related to the issuance of equity or debt instruments.

Any contingent consideration is included in the acquisition cost at its fair value on the acquisition date, even if its occurrence is only potential. It is recognised under equity or debt in the balance sheet depending on the settlement alternatives. If recognised as debt, any subsequent adjustment is recorded under income for financial liabilities in accordance with IFRS 9 and within the scope of the appropriate standards for other debts. If recognised as equity instruments, these subsequent adjustments are not recorded.

On the acquisition date, as required by IFRS 3, all assets, liabilities, off-balance sheet items and contingent liabilities of this new subsidiary (even if they were not recognised before the combination) are measured individually at their fair value regardless of their purpose. At the same time, non-controlling interests are valued according to their share of the fair value of the identifiable assets and liabilities of the acquired entity. However, for each business combination, the Group may also choose to measure non-controlling interests initially at their fair value, in which case a fraction of goodwill is allocated.

Any excess of the price paid over the assessed fair value of the proportion of net assets acquired is recorded on the asset side of the consolidated balance sheet under Goodwill. Any deficit is immediately recognised in profit or loss.

On the acquisition date, any stake in this entity already held by the Group is remeasured at fair value through profit or loss. In the case of a step acquisition, goodwill is therefore determined by referring to the fair value on the acquisition date.

The analyses and professional appraisals required for this initial valuation must be carried out within 12 months as from the acquisition date, as must any corrections to the value based on new information related to facts and circumstances existing at the acquisition date. Goodwill and non-controlling interests initially recorded are consequently adjusted. On the acquisition date, each item of goodwill is allocated to one or more cash-generating units expected to derive benefits from the acquisition. When the Group reorganises its reporting structure in a way that changes the composition of one or more cash-generating units, goodwill previously allocated to modified units is reallocated to the units affected (new or existing). This reallocation is generally performed using a relative approach based on the normative capital requirements of each cash-generating unit (CGU) affected.

Goodwill is reviewed regularly by the Group and tested for impairment whenever there is any indication that its value may have diminished, and at least once a year. Any impairment of goodwill is calculated based on the recoverable value of the relevant cash-generating unit(s).

If the recoverable amount of the cash-generating unit(s) is less than its (their) carrying amount, an irreversible impairment is recorded in the consolidated income statement for the period under Value adjustment on goodwill.

As at 31 December 2023, goodwill is split into the following nine CGUs:

| Pillars  | Activities  |
|--|---|
| <b>French Retail Banking, Private Banking and Insurances</b>       |   |
| French Retail Banking and Private Banking                          | Societe Generale's retail banking network, Boursorama online banking activities, wealth Management Solutions  |
| Insurances   | Life and non-life insurance activities in France and abroad (including Sogécap, Sogessur, Oradéa Vie and Antarius)  |
| <b>Global Banking and Investor Solutions</b>                       |   |
| Global Markets and Investor Services                               | Market solutions for businesses, financial institutions, the public sector, family offices and a full range of securities services, clearing services, execution, prime brokerage and custody             |
| Financing and Advisory   | Advisory and financing services for businesses, financial institutions, the public sector and transaction and payment management services   |
| <b>International Retail Banking, Mobility and Leasing Services</b> |   |
| Europe   | Retail banking in Europe, notably in Czech Republic (KB) and Romania (BRD)  |
| Africa, Mediterranean Basin and Overseas                           | Retail banking and consumer finance in Africa, the Mediterranean Basin and Overseas, including in Morocco (SGMA), Algeria (SGA), Tunisia (UIB), Cameroon (SGBC), Côte d'Ivoire (SGBCI) and Senegal (SGBS) |
| Equipment and Vendor Finance                                       | Financing of sales and professional equipment by Societe Generale Equipment Finance   |
| Auto Leasing Financial Services                                    | Operational vehicle leasing and fleet management services (Ayvens)  |
| Consumer finance   | Consumer finance in Europe including Germany (Hanseatic Bank, BDK), Italy (Fiditalia), and France (CGL)   |

#### PERIMETER OF CGUS AS OF 31 DECEMBER 2023

As part of the change in the Group's governance in the second half of 2023, the organisation of the perimeter of CGUs has evolved:

- the CGU Insurances is now attached to the RPBI Pillar (Retail and Private Banking and Insurance);
- the former CGU Europe consisted of the retail banking activities in Europe (KB and BRD) and the consumer finance activities in France

(CGL), Germany (Hanseatic Bank and BDK) and Italy (Fiditalia). From now on, two separate CGUs are presented:

- the CGU Consumer Finance brings together consumer credit activities in France, Germany and Italy. This CGU is now part of the Mobility and Leasing Services operating segment,
- and the residual CGU Europe including KB and BRD. This CGU remains integrated in the International Retail Banking operating segment.

The table below shows by CGU and by operating segment (Note 8.1) the changes over the year 2023 in the values of goodwill:

| <i>(In EUR m)</i>                              | Value as at<br>31.12.2022 | Acquisitions<br>and other<br>increases | Disposals and<br>other decreases | Transfers    | Impairment   | Value as at<br>31.12.2023 |
|--|---------------------------|--|----------------------------------|--------------|--------------|---------------------------|
| <b>French Retail and Private Banking</b>       | <b>1,068</b>              | <b>81</b>                              | -                                | -            | -            | <b>1,149</b>              |
| French Retail and Private Banking              | 1,068                     | 81                                     | -                                | -            | -            | 1,149                     |
| <b>Insurances</b>                              | <b>334</b>                | <b>14</b>                              | -                                | -            | -            | <b>348</b>                |
| Insurances                                     | 334                       | 14                                     | -                                | -            | -            | 348                       |
| <b>International Banking</b>                   | <b>1,473</b>              | -                                      | <b>(4)</b>                       | <b>(528)</b> | <b>(110)</b> | <b>831</b>                |
| Europe   | 1,359                     | -                                      | -                                | (528)        | -            | 831                       |
| Africa, Mediterranean Basin and Overseas       | 114                       | -                                      | (4)                              | -            | (110)        | -                         |
| <b>Mobility and Leasing Services</b>           | <b>849</b>                | <b>1,415</b>                           | -                                | <b>528</b>   | <b>(228)</b> | <b>2,564</b>              |
| Equipment and Vendor Finance                   | 228                       | -                                      | -                                | -            | (228)        | -                         |
| Auto Leasing Financial Services <sup>(1)</sup> | 621                       | 1,398                                  | -                                | -            | -            | 2,019                     |
| Consumer finance                               | -                         | 17                                     | -                                | 528          | -            | 545                       |
| <b>Global Markets and Investor Services</b>    | -                         | -                                      | -                                | -            | -            | -                         |
| Global Markets and Investor Services           | -                         | -                                      | -                                | -            | -            | -                         |
| <b>Financing and Advisory</b>                  | <b>57</b>                 | -                                      | -                                | -            | -            | <b>57</b>                 |
| Financing and Advisory                         | 57                        | -                                      | -                                | -            | -            | 57                        |
| <b>TOTAL</b>                                   | <b>3,781</b>              | <b>1,510</b>                           | <b>(4)</b>                       | -            | <b>(338)</b> | <b>4,949</b>              |

(1) The increase is almost completely related to the acquisition of LeasePlan (see Note 2.1).

## IMPAIRMENT TEST OF CGU

The Group performed an annual impairment test on 31 December 2023 for each CGU to which goodwill had been allocated.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from the Group's other assets or groups of assets. Impairment tests consist into assessing the recoverable value of each CGU and comparing it with its carrying value. An irreversible impairment loss is recorded in the income statement if the carrying value of a CGU, including goodwill, exceeds its recoverable value. This loss is booked under value adjustment on goodwill.

The recoverable amount of a CGU is calculated using the discounted cash flow (DCF) method applied to the entire CGU.

The key principles retained for the implementation of annual tests for the assessment of the recoverable value of CGUs are as follows:

- for each CGU, estimates of future distributable dividends are determined over a five-year period, based on a four-year budget trajectory (2024-2027) extrapolated to 2028, the latter year being used as a "normative" year to calculate the terminal value;

- these estimates consider the equity target allocated to each CGU, in increase compared to 31 December 2022 (12% of the risk-weighted assets of each CGU versus 11% for 2022);
- the growth rates used to calculate the terminal value are determined using forecasts on sustainable long-term economic growth and inflation. These rates are estimated using two main sources, namely the International Monetary Fund and the economic analyses produced by SG Cross Asset Research which provide 2027 or 2028 forecasts;
- the projected dividends are then discounted based on a rate equal to the risk-free rate grossed up by a risk premium based on the CGU's underlying activities. This risk premium, specific to each activity, is calculated from a series of equity risk premiums published by SG Cross Asset Research and from its specific estimated volatility (beta). Where appropriate, the risk-free rate is also grossed up by a sovereign risk premium, representing the difference between the risk-free rate available around monetary assignment (mainly US dollar area or Euro area) and the interest rate observed on liquid long-term treasury bonds issued (mainly US dollar area or Euro area), in proportion with risk-weighted assets for CGUs covering several countries.

As of 31 December 2023, the specific discount rates and long-term growth rates to the CGUs of the Group's three pillars are as follows:

| <b>Assumptions as at 31 December 2023</b> | <b>Discount rate</b> | <b>Long-term growth rate</b> |
|---|----------------------|------------------------------|
| French Retail Banking and Private Banking | 9.6%                 | 2.0%                         |
| Insurances                                | 10.2%                | 2.5%                         |
| Global Markets and Investor Services      | 11.7%                | 2.0%                         |
| Financial Services                        | 10,3%                | 2.0%                         |
| International Retail Banking              | 11.9% to 13.7%       | 2.0% to 3.0%                 |
| Mobility and Leasing Services             | 10.5% to 10.6%       | 2.0%                         |



The budget trajectories take into account in particular the impacts of the commitments in favor of the energy and environmental transition and the development of the territories detailed in the Declaration of Non-Financial Performance.

These budgets are based on the following main business and macroeconomic assumptions:

## Pillars

### French Retail Banking, Private Banking and Insurances

|   |   |
|---|---|
| French Retail Banking and Private Banking | <ul style="list-style-type: none"> <li>▪ Ongoing efforts to shift operations and relationship banking at Societe Generale towards a digital model</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>▪ Consolidation of commercial and operational efficiency in Wealth Management and continued development of synergies with retail banking network</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>▪ Confirmation of Boursorama's customer acquisition plan to reach more than 8 millions clients in 2026</li> </ul>  |
| Insurances                                | <ul style="list-style-type: none"> <li>▪ Reinforcement of integrated bank insurance model and continued dynamic growth in France and abroad in synergy with the retail banking network, Private Banking and financial services to businesses</li> </ul> |

### Global Banking and Investor Solutions

|                                      |   |
|--------------------------------------|---|
| Global Markets and Investor Services | <ul style="list-style-type: none"> <li>▪ Thanks to the restructuring initiated, better balance of the portfolio of businesses securing future revenues and enabling an optimisation of the use of resources in a standardised market context</li> </ul> |
|                                      | <ul style="list-style-type: none"> <li>▪ Consolidation of market-leading franchises (equities) and growth mainly supported by financing and investment solutions activities</li> </ul>  |
|                                      | <ul style="list-style-type: none"> <li>▪ Continued of optimisation measures and investments in information systems</li> </ul>   |
| Financing and Advisory               | <ul style="list-style-type: none"> <li>▪ Consolidation of origination momentum of financing activities oriented towards capital consumption optimisation</li> </ul>   |
|                                      | <ul style="list-style-type: none"> <li>▪ Consolidation of market-leading franchises (commodity and structured financing) and continued RSE business development</li> </ul>  |

### International Retail Banking, Mobility and Leasing Services

|  |  |
|--|--|
| Europe                                   | <ul style="list-style-type: none"> <li>▪ Continued adaptation of our models to capture growth potential in the region and consolidate the competitive positions of our operations</li> </ul>                     |
|  | <ul style="list-style-type: none"> <li>▪ Strict discipline applied to operating expenses and normalisation of cost of risk</li> </ul>  |
| Africa, Mediterranean Basin and Overseas | <ul style="list-style-type: none"> <li>▪ Continued development of Societe Generale's sales network</li> </ul>  |
|  | <ul style="list-style-type: none"> <li>▪ Continued focus on operating efficiency (automatisation, dematerialisation, digitalisation and mutualisation initiatives) and gradual reduction cost of risk</li> </ul> |
| Equipment and Vendor Finance             | <ul style="list-style-type: none"> <li>▪ Consolidation of leadership in these corporate financing businesses</li> </ul>  |
|  | <ul style="list-style-type: none"> <li>▪ Strict discipline applied to operating expenses and scarce resources</li> </ul>   |
| Auto Leasing Financial Services          | <ul style="list-style-type: none"> <li>▪ Creation of a leading global player in mobility with the integration of LeasePlan</li> </ul>  |
|  | <ul style="list-style-type: none"> <li>▪ New strategic plan articulated around four priorities: clients, operational efficiency, responsibility and profitability</li> </ul>                                     |
| Consumer Finance                         | <ul style="list-style-type: none"> <li>▪ Continued adaptation of our models to capture growth potential in the region and consolidate the competitive positions of our operations</li> </ul>                     |
|  | <ul style="list-style-type: none"> <li>▪ Strict discipline applied to operating expenses and normalisation of cost of risk</li> </ul>  |

The goodwill on Africa, Mediterranean Basin and Overseas and Equipment and Vendor Finance CGUs was fully written down on 30 September 2023 as a result of the appearance of indications of impairment.

As of 31 December 2023, the CGU impairment tests were carried out on both the old and the new CGUs, to neutralise any structural effect related to the splitting of the CGU Europe into two CGUs (Europe: KB and BRD and Consumer Credit: Fiditalia, Hanseatic Bank, BDK and CGL).

The tests carried out in this way show that the recoverable amount of these CGUs remains higher than their carrying value.

For CGUs, the tests carried out on 31 December 2023 show that the recoverable amount remains higher than the book value.

Sensitivity tests were performed to measure the impact of the change in the discount rate and in the long-term growth rate on the recoverable amount of each CGU. The results of these tests show that:

- a 50 basis point increase applied to all CGU discount rates shown in the table above would result in a decrease in the total recoverable amount of 6.5% without requiring additional impairment of any CGU;
- a 50 basis point reduction in long-term growth rates would result in a 2.4% decrease in the total recoverable amount without requiring additional depreciation of any CGU;
- by combining these two sensitivity cases, the total recoverable amount would result in a 8.4% decrease without requiring additional depreciation of any CGU.

## NOTE 2.3 Additional disclosures for consolidated entities and investments accounted for using the equity method

This Note provides additional disclosures for entities included in the consolidation scope.

These disclosures concern entities over which Societe Generale exercises exclusive control, joint control or significant influence,

provided these entities have significant impact on the Group's consolidated financial statements. The significance of the impact is considered in particular regarding Group consolidated total assets and gross operating income.

### NOTE 2.3.1 CONSOLIDATED STRUCTURED ENTITIES

Consolidated structured entities include:

- collective investment vehicles such as SICAVs (open-ended investment funds) and mutual funds managed by the Group's asset management subsidiaries;
- securitisation funds and conduits issuing financial instruments that can be subscribed for by investors and that generate credit risks inherent in an exposure or basket of exposures which can be divided into tranches; and
- asset financing vehicles (aircraft, rail, shipping or real estate finance facilities).

The Group has entered into contractual agreements with certain consolidated structured entities that may lead to financial support for these entities due to their exposure to credit, market or liquidity risks.

The Group did not provide any financial support to these entities outside of any binding contractual arrangement and, as of 31 December 2023, does not intend to provide such support.

Securities issued by structured debt vehicles carry an irrevocable and unconditional guarantee from Societe Generale for payment of amounts due by the issuer. These issuers also enter into hedging transactions with Societe Generale to enable them to meet their payment obligations. As at 31 December 2023, the amount of outstanding loans thus guaranteed is EUR 55.4 billion.

As part of its securitisation activities on behalf of its clients or investors, Societe Generale grants two liquidity lines to ABCP (Asset Back Commercial Paper) conduits for a total amount for EUR 28.3 billion as at 31 December 2023.

### NOTE 2.3.2 NON-CONTROLLING INTERESTS

Non-controlling interests refer to equity holdings in fully consolidated subsidiaries that are neither directly nor indirectly attributable to the Group. They include equity instruments issued by these subsidiaries and not held by the Group, as well as the share of income and accumulated reserves, and of unrecognised or deferred gains and losses attributable to the holders of these instruments.

Non-controlling interests amount to EUR 10,272 million as at 31 December 2023 (versus EUR 6,356 million as at 31 December 2022) and account for 13% of total shareholders' equity as at 31 December 2023 (versus 9% as at 31 December 2022).

## INFORMATION ON SHAREHOLDER'S EQUITY OF NON-CONTROLLING INTERESTS

(In EURm)

|  | 31.12.2023    | 31.12.2022 R |
|--|---------------|--------------|
| Capital and reserves   | 9,095         | 5,733        |
| Other equity instruments issued by subsidiaries (see Note 7.1) | 1,300         | 800          |
| Unrealised or deferred gains and losses                        | (123)         | (177)        |
| <b>TOTAL</b>   | <b>10,272</b> | <b>6,356</b> |

The Non-controlling interests, of significant amount in terms of contribution to the total shareholders' equity in the Group's consolidated balance sheet, relate to:

- listed subsidiaries Komercni Banka A.S., BRD – Groupe Societe Generale S.A. and SG Marocaine de Banques;

- ALD and Leaseplan, whose data presented here correspond to those of the AYVENS group;
- Sogécap, fully owned, with the subordinated notes issued in December 2014.

|                                    | 31.12.2023            |                          |  |                                 |  |
|------------------------------------|-----------------------|--------------------------|--|---------------------------------|--|
| (In EURm)                          | Group voting interest | Group ownership interest | Net income attributable to non-controlling interests | Total non-controlling interests | Dividends paid during the year to holders of non-controlling interests |
| KOMERCNI BANKA A.S.                | 60.73%                | 60.73%                   | 247  | 1,881                           | (185)  |
| BRD – GROUPE SOCIETE GENERALE S.A. | 60.17%                | 60.17%                   | 126  | 681                             | (48)   |
| GROUPE AYVENS                      | 68.97%                | 52.59%                   | 353  | 5,324                           | (186)  |
| SG MAROCAINE DE BANQUES            | 57.67%                | 57.67%                   | 49   | 545                             | (14)   |
| SOGÉCAP                            | 100.00%               | 100.00%                  | 33   | 829                             | (33)   |
| Other entities                     |                       |                          | 148  | 1,012                           | (103)  |
| <b>TOTAL</b>                       |                       |                          | <b>956</b>   | <b>10,272</b>                   | <b>(569)</b>   |

|                                    | 31.12.2022 R          |                          |  |                                 |  |
|------------------------------------|-----------------------|--------------------------|--|---------------------------------|--|
| (In EURm)                          | Group voting interest | Group ownership interest | Net income attributable to non-controlling interests | Total non-controlling interests | Dividends paid during the year to holders of non-controlling interests |
| KOMERCNI BANKA A.S.                | 60.73%                | 60.73%                   | 276  | 1,875                           | (297)  |
| BRD – GROUPE SOCIETE GENERALE S.A. | 60.17%                | 60.17%                   | 107  | 530                             | (205)  |
| GROUPE ALD                         | 75.94%                | 75.94%                   | 251  | 1,681                           | (97)   |
| SG MAROCAINE DE BANQUES            | 57.67%                | 57.67%                   | 41   | 500                             | (12)   |
| SOGÉCAP                            | 100.00%               | 100.00%                  | 33   | 829                             | (33)   |
| Other entities                     |                       |                          | 223  | 941                             | (143)  |
| <b>TOTAL</b>                       |                       |                          | <b>931</b>   | <b>6,356</b>                    | <b>(787)</b>   |

### SUMMARISED FINANCIAL INFORMATION FOR MAIN NON-CONTROLLING INTERESTS

The information below are the data of the entities or subgroups (excluding Sogécap) taken at 100% and before the elimination of intra-group operations.

|                                    | 31.12.2023         |            |  |                     |
|------------------------------------|--------------------|------------|--|---------------------|
| (In EURm)                          | Net banking income | Net income | Net income and unrealised or deferred gains and losses | Total balance sheet |
| KOMERCNI BANKA A.S.                | 1,448              | 640        | 489  | 60,369              |
| BRD – GROUPE SOCIETE GENERALE S.A. | 752                | 332        | 502  | 16,361              |
| GROUPE AYVENS                      | 3,317              | 1,907      | 1,921  | 80,488              |
| SG MAROCAINE DE BANQUES            | 475                | 120        | 144  | 10,425              |

|                                    | 31.12.2022 R       |            |  |                     |
|------------------------------------|--------------------|------------|--|---------------------|
| (In EURm)                          | Net banking income | Net income | Net income and unrealised or deferred gains and losses | Total balance sheet |
| KOMERCNI BANKA A.S.                | 1,523              | 715        | 793  | 53,209              |
| BRD – GROUPE SOCIETE GENERALE S.A. | 667                | 272        | (64)   | 14,449              |
| GROUPE ALD                         | 2,632              | 1,268      | 1,350  | 57,881              |
| SG MAROCAINE DE BANQUES            | 445                | 102        | 39   | 10,169              |



**NOTE 2.3.3 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (ASSOCIATES AND JOINT VENTURES)****SUMMARISED FINANCIAL INFORMATION FOR ASSOCIATES AND JOINT VENTURES**

| (In EURm)   | Joint ventures |          | Associates |          | Total investments accounted for using the equity method |           |
|---|----------------|----------|------------|----------|---|-----------|
|   | 2023           | 2022     | 2023       | 2022     | 2023  | 2022      |
| Group share:  |                |          |            |          |   |           |
| Net income  | 7              | 6        | 16         | 9        | 24  | 15        |
| Unrealised or deferred gains and losses (net of tax)          | -              | -        | -          | -        | -   | -         |
| <b>NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES</b> | <b>7</b>       | <b>6</b> | <b>16</b>  | <b>9</b> | <b>24</b>   | <b>15</b> |

**COMMITMENTS TO RELATED PARTIES FOR ASSOCIATES AND JOINT VENTURES**

As at 31 December 2023, the Group has no commitments with related parties linked to associates and joint ventures.

**NOTE 2.3.4 SIGNIFICANT RESTRICTIONS ON THE ABILITY TO ACCESS OR USE THE ASSETS OF THE GROUP**

Legal, regulatory, statutory or contractual constraints or requirements may restrict the ability of the Group to transfer assets freely to or from entities within the Group.

The ability of consolidated entities to distribute dividends or to grant or repay loans and advances to entities within the Group depends on, among other things, local regulatory requirements, statutory reserves and financial and operating performance. Local regulatory requirements may concern regulatory capital, exchange controls or non-convertibility of the local currency (as it is the case in countries belonging to the West African Economic and Monetary Union or to the Economic and Monetary Community of Central Africa), liquidity ratios (as in the United States) or large exposures ratios that aim to cap the entity's exposure in relation to the Group (regulatory requirement to be fulfilled in most countries in Eastern and Central Europe, Maghreb and sub-Saharan Africa). Since May 2022, Russia published legislation providing for temporary restrictions and a special procedure on cash and capital movements initiated by Russian limited companies in favour of their foreign stakeholders related to "unfriendly countries".

The ability of the Group to use assets may also be restricted in the following cases:

- assets pledged as security for liabilities, notably guarantees provided to the central banks, or assets pledged as security for transactions in financial instruments, mainly through guarantee deposits with clearing houses;
- securities that are sold under repurchase agreements or that are lent;
- assets held by insurance subsidiaries in representation of unit-linked liabilities with life-insurance policyholders;
- assets held by consolidated structured entities for the benefit of the third-party investors that have bought the notes or securities issued by the entity;
- mandatory deposits placed with central banks.

## NOTE 2.4 Unconsolidated structured entities

The information provided hereafter concerns entities structured but not controlled by the Group. This information is grouped by main type of similar entities, such as Financing activities, Asset management and Others (including Securitisation and Issuing vehicles).

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

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

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

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

### NOTE 2.4.1 INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group's interests in an unconsolidated structured entity refer to contractual and non-contractual involvements that expose the Group to the variability of returns from the performance of this structured entity.

Such interests can be evidenced by:

- the holding of equity or debt instruments regardless of their rank of subordination;
- other funding (loans, cash facilities, loan commitments, liquidity facilities);
- credit enhancement (guarantees, subordinated instruments, credit derivatives...);
- issuance of guarantees (guarantee commitments);
- derivatives that absorb all or part of the risk of variability of the structured entity's returns, except Credit Default Swap (CDS) and options purchased by the Group;
- contracts remunerated by fees indexed to the structured entity's performance;
- tax consolidation agreements.

|   | Asset financing |              | Asset management |               | Others        |               |
|---|-----------------|--------------|------------------|---------------|---------------|---------------|
|   | 31.12.2023      | 31.12.2022   | 31.12.2023       | 31.12.2022    | 31.12.2023    | 31.12.2022    |
| <i>(In EUR m)</i>   |                 |              |                  |               |               |               |
| <b>Total balance sheet<sup>(1)</sup> of the entity</b>                              | <b>4,799</b>    | <b>5,898</b> | <b>19,509</b>    | <b>18,090</b> | <b>11,740</b> | <b>23,085</b> |
| <b>Net carrying amount of Group interests in unconsolidated structured entities</b> |                 |              |                  |               |               |               |
| <b>Assets</b>   | <b>2,664</b>    | <b>2,646</b> | <b>769</b>       | <b>2,579</b>  | <b>8,044</b>  | <b>8,719</b>  |
| Financial assets at fair value through profit or loss                               | 156             | 138          | 647              | 2,377         | 557           | 1,181         |
| Financial assets at fair value through other comprehensive income                   | -               | -            | -                | -             | -             | 51            |
| Financial assets at amortised cost  | 2,505           | 2,503        | 122              | 43            | 7,487         | 7,486         |
| Others  | 3               | 5            | -                | 159           | -             | 1             |
| <b>Liabilities</b>  | <b>1,356</b>    | <b>1,419</b> | <b>784</b>       | <b>2,941</b>  | <b>2,147</b>  | <b>1,410</b>  |
| Financial liabilities at fair value through profit or loss                          | 105             | 99           | 422              | 2,530         | 456           | 175           |
| Due to banks and customer deposits  | 1,159           | 1,257        | 294              | 384           | 1,635         | 1,235         |
| Others  | 92              | 63           | 68               | 27            | 56            | -             |

(1) For Asset management: NAV (Net Asset Value) of funds.

The Group may grant to these entities repayable advances related to the establishment of working capital, which remain insignificant.

However, this year, the Group has not provided any financial support to these entities, except if bound to by contract, and, as of 31 December 2023, does not intend to provide such support.

The maximum exposure to loss related to interests in unconsolidated structured entities is measured as:

| (In EUR m)   | Asset financing |              | Asset management |              | Others       |              |
|--|-----------------|--------------|------------------|--------------|--------------|--------------|
|  | 31.12.2023      | 31.12.2022   | 31.12.2023       | 31.12.2022   | 31.12.2023   | 31.12.2022   |
| Amortised cost or fair value (according to the measurement of the financial instrument) of non-derivative financial assets entered into with the structured entity | 2,633           | 2,538        | 2,395            | 4,340        | 514          | 1,932        |
| Fair value of derivative financial assets recognised in the balance sheet  | 42              | 59           | 484              | 620          | 69           | 346          |
| Notional amount of CDS sold (maximum amount to be paid)  | -               | -            | -                | -            | -            | -            |
| Notional amount of loan or guarantee commitments granted   | 574             | 367          | 734              | 112          | 1,382        | 1,498        |
| <b>Maximum exposure to loss</b>  | <b>3,249</b>    | <b>2,964</b> | <b>3,613</b>     | <b>5,072</b> | <b>1,965</b> | <b>3,776</b> |

The amount of maximum exposure to loss can be mitigated by:

- the notional amount of guarantee commitments received;
- the fair value of collateral received;
- the carrying amount of surety deposits received.

These mitigating amounts must be capped in case of legal or contractual limitation of their realisable or recoverable amounts. They amounted to EUR 1,006 million and mainly concern Asset financing.

#### NOTE 2.4.2 INFORMATION ON UNCONSOLIDATED STRUCTURED ENTITIES SPONSORED BY THE GROUP

The Group may have no ownership interest in a structured entity, but still be considered as a sponsor of this structured entity if it acts or has acted as:

- a structurer;
- an originator for potential investors;
- an asset manager;
- an implicit or explicit guarantor of the entity's performance (in particular *via* capital or return guarantees granted to mutual fund unit holders).

A structured entity is also considered to be sponsored by the Group if its name includes the name of the Group or the name of one of its subsidiaries.

Conversely, entities that are structured by the Group according to specific needs expressed by one or more customers or investors are considered to be sponsored by said customers or investors.

As at 31 December 2023, the total amount of the balance sheet of these unconsolidated structured entities, sponsored by the Group, and in which the Group does not have any interest, was EUR 4,356 million.

In 2023, no significant revenue has been recognised for these structured entities.

#### NOTE 2.5 Non-current assets held for sale and related debt

##### ACCOUNTING PRINCIPLES

A non-current asset or group of assets and liabilities is deemed to be "held for sale" if its carrying value will primarily be recovered through a sale and not through its continuing use. For this classification to apply, the asset or group of assets and liabilities must then be immediately available-for-sale in its present condition and it must be highly probable that the sale will occur within twelve months.

For this to be the case, the Group must be committed to a plan to sell the asset (or disposal group of assets and liabilities) and have begun actively searching for a buyer. Furthermore, the asset or group of assets and liabilities must be measured at a price that is reasonable in relation to its current fair value.

Assets and liabilities into this category are classified as Non-current assets held for sale and Non-current liabilities held for sale, with no netting.

If the fair value less selling costs of non-current assets and groups of assets and liabilities held for sale is less than their net carrying value, an impairment is then recognised in profit or loss. Moreover, Non-current assets held for sale are no longer amortised or depreciated.

| (In EUR m)  | 31.12.2023   | 31.12.2022   |
|---|--------------|--------------|
| <b>Assets</b>   | <b>1,763</b> | <b>1,081</b> |
| Fixed assets and Goodwill   | 122          | 839          |
| Financial assets  | 1,335        | 95           |
| <i>Financial assets at fair value through profit or loss</i>      | 4            | -            |
| <i>Securities at the amortised cost</i>                           | 350          | -            |
| <i>Due from banks</i>   | 20           | 93           |
| <i>Customer loans</i>   | 961          | 2            |
| Other assets  | 306          | 147          |
| <b>Liabilities</b>  | <b>1,703</b> | <b>220</b>   |
| Allowances  | 44           | -            |
| Financial liabilities   | 1,609        | 57           |
| <i>Financial liabilities at fair value through profit or loss</i> | -            | 1            |
| <i>Due to banks</i>   | 42           | 56           |
| <i>Customer deposits</i>  | 1,542        | -            |
| <i>Subordinated debt</i>  | 25           | -            |
| Other liabilities   | 50           | 163          |

As on 31 December 2023, the Non-current assets held for sale and Non-current liabilities held for sale items encompass the assets and liabilities related to subsidiaries Societe Generale de Banques en Guinée Équatoriale, Societe Generale Mauritanie, Societe Generale Tchad and Societe Generale Burkina Faso.

## NOTE 3 FINANCIAL INSTRUMENTS



The financial instruments represent the contractual rights or obligations to receive or to pay cash or other financial assets. The Group's banking activities generally take the form of financial instruments covering a broad spectrum of assets and liabilities, such as loans, investment portfolios (equity, bonds, etc.), deposits, regulated savings accounts, debt securities issued and derivative instruments (swaps, options, forward contracts, credit derivatives, etc.).

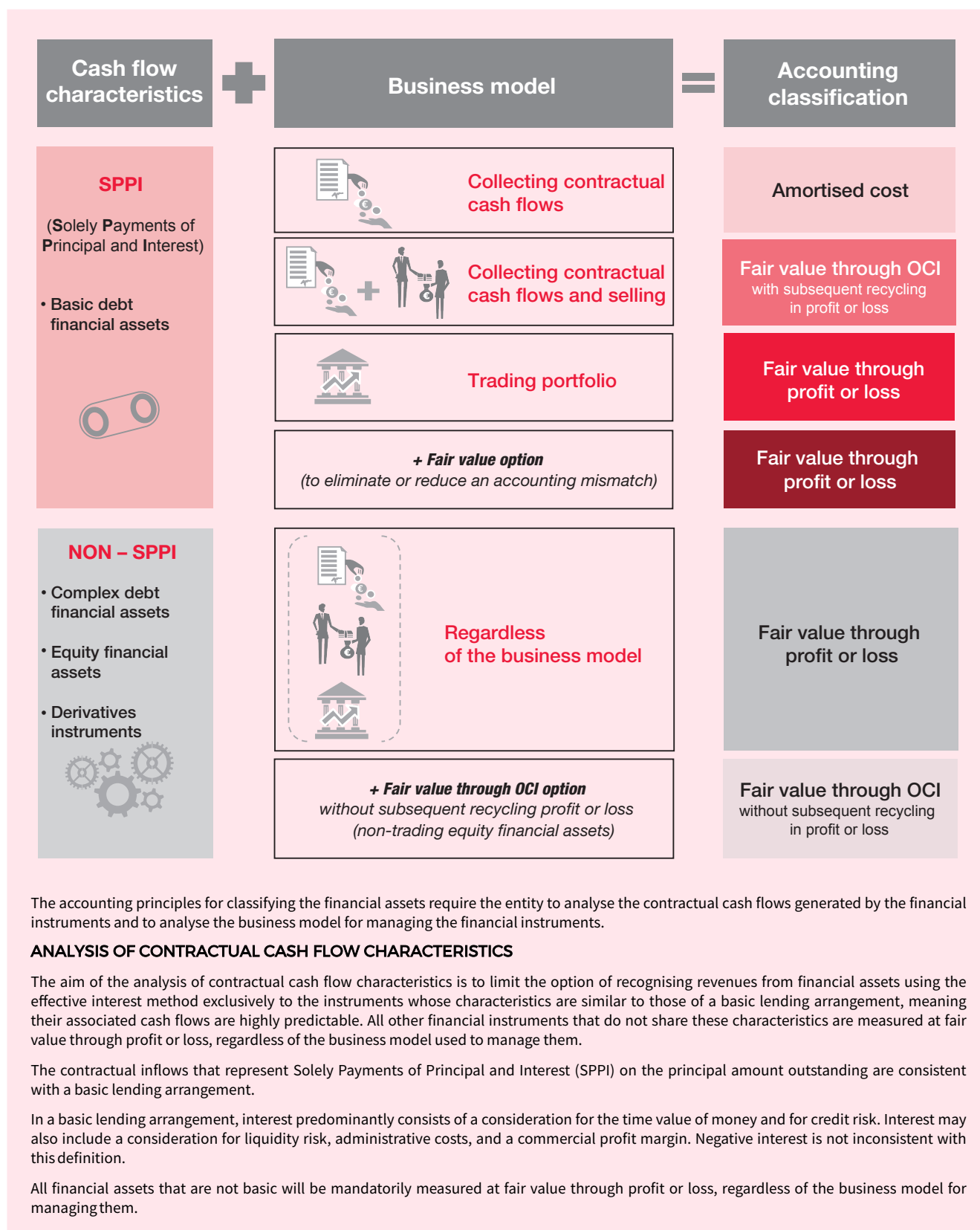
In the financial statements, the classification and valuation of financial assets and liabilities depend on their contractual characteristics and the way the entity manages those financial instruments.

However, this distinction is not applicable to derivative instruments, which are always measured at fair value in the balance sheet, no matter what their purpose is (market activities or hedging transactions).

### ACCOUNTING PRINCIPLES

#### Classification of financial assets

At initial recognition, financial instruments are classified in the Group balance sheet in one of three categories (amortised cost, fair value through profit or loss, and fair value through other comprehensive income) that determine their accounting treatment and subsequent measurement method. Classification is based on their contractual cash flow characteristics and the entity's business model for managing the assets.



Derivatives qualifying as hedging instruments for accounting purposes are recorded on a separate line in the balance sheet (see Note 3.2).

The Group can make the irrevocable decision on a security-by-security basis, to classify and measure any equity instrument (shares and other equity securities) that is not held for trading purposes at fair value through other comprehensive income. Subsequently, the profit or loss accumulated in other comprehensive income will never be reclassified to profit or loss (only dividends on these instruments will be recognised as income).

#### **ANALYSIS OF THE BUSINESS MODEL**

The business model represents how the financial instruments are managed in order to generate cash flows and income.

The Group uses several business models in the course of exercising its different business lines. Business models are assessed on how groups of financial instruments are managed together to achieve a particular business objective. The business model is not assessed on an instrument-by-instrument basis, but at a portfolio level, considering relevant evidence such as:

- how the performance of the portfolio is evaluated and reported to the Group's Management;
- how risks related to financial instruments within that business model are managed;
- how managers of the business are compensated;
- sales of assets realised or expected (value, frequency, purpose).

To determine the classification and measurement of financial assets, three different business models shall be distinguished:

- a business model whose objective is to collect contractual cash flows ("Collect" business model);
- a business model whose objective is achieved by both collecting contractual cash flows on financial assets and selling these financial assets ("Collect and Sell" business model);
- a separate business model for other financial assets, especially those that are held for trading purposes, where collecting contractual cash flows is only incidental.

#### **FAIR VALUE OPTION**

SPPI financial assets that are not held for trading purposes can be designated, at initial recognition, at fair value through profit or loss if such designation eliminates or significantly reduces discrepancies in the accounting treatment of the related financial assets and liabilities (accounting mismatch).

#### **Classification of financial liabilities**

Financial liabilities are classified into one of the following two categories:

- financial liabilities at fair value through profit or loss: these are financial liabilities held for trading purposes, which by default include derivative financial liabilities not qualifying as hedging instruments and non-derivative financial liabilities designated by the Group upon initial recognition to be measured at fair value through profit or loss using the fair value option;
- debts: these include the other non-derivative financial liabilities and are measured at amortised cost.

Derivative financial liabilities qualifying as hedging instruments are presented on separate lines of the balance sheet (see Note 3.2).

#### **Reclassifications of financial assets**

Reclassifications of financial assets are only required in the exceptional event that the Group changes the business model used to manage these assets.

These reclassifications are applied prospectively (no restatement of previously recognised profits, losses or interests).

#### **Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation methods used by the Group to establish the fair value of financial instruments are detailed in Note 3.4.

#### **Initial recognition**

Financial assets are recognised on the balance sheet:

- as at the settlement/delivery date for securities;
- as at the trade date for derivatives;
- as at the disbursement date for loans.

For instruments measured at fair value, changes in fair value between the trade date and the settlement-delivery date are recorded in net income or in other comprehensive income, depending on the accounting classification of the financial assets in question. The trade date is the date on which the contractual commitment becomes binding and irrevocable for the Group.

Upon initial recognition, the financial assets and liabilities are measured at fair value including the transaction costs directly attributable to their acquisition or issuance (except for the financial instruments recognised at fair value through profit or loss, for which these costs are booked directly to the income statement).

If the initial fair value is exclusively based on observable market data, any difference between the fair value and the transaction price, *i.e.* the sales margin, is immediately recognised in profit or loss. However, if one of the valuation inputs is not observable or if the used valuation model is not recognised by the market, the recognition of the sales margin is then generally deferred in profit or loss.

For some instruments, due to their complexity, this margin is recognised at their maturity or upon disposal in the event of an early sale. When valuation inputs become observable, any portion of the sales margin that has not yet been recorded is then recognised in profit or loss (see Note 3.4.7).

### **Derecognition of financial assets and liabilities**

The Group derecognises all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards linked to ownership of the asset.

The Group also derecognises financial assets over which it has retained the contractual rights to the associated cash flows but is contractually obligated to pass these same cash flows through to a third party ("pass-through agreement") and for which it has transferred substantially all of the risks and rewards.

Where the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all of the risks and rewards of its ownership and has effectively not retained control of the financial asset, the Group derecognises it and, where necessary, recognises a separate asset or liability to cover any rights and obligations created or retained as a result of the transfer of the asset. If the Group has retained control of the asset, it continues to recognise it in the balance sheet to the extent of its continuing involvement in said asset.

When a financial asset is derecognised in its entirety, a gain or loss on disposal is recorded in the income statement for an amount equal to the difference between the carrying value of the asset and the payment received for it, adjusted where necessary for any unrealised profit or loss previously recognised directly in equity and for the value of any servicing asset or servicing liability. Indemnities billed to borrowers following the prepayment of their loan are recorded in profit or loss on the prepayment date in Interest and similar income.

The Group derecognises all or part of a financial liability when it is extinguished, *i.e.* when the obligation specified in the contract is discharged, cancelled or expired.

A financial liability may also be derecognised in the event of a substantial amendment to its contractual conditions or where an exchange is made with the lender for an instrument whose contractual conditions are substantially different.

### **Foreign exchange transactions**

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the entity's functional currency at the prevailing spot exchange rate. Realised or unrealised foreign exchange losses or gains are recognised under Net gains and losses on financial instruments at fair value through profit or loss.

Forward foreign exchange transactions are recognised at fair value based on the forward exchange rate for the remaining maturity. Spot foreign exchange positions are valued using the official spot rates prevailing at the end of the period. Unrealised gains and losses are recognised in the income statement under Net gains and losses on financial instruments at fair value through profit or loss (see Note 3.1), except when hedge accounting is applied to a cash-flow hedge transaction or to a hedge of a net investment in a foreign currency operation (see Note 3.2).

At the balance sheet date, non-monetary assets and liabilities denominated in foreign currencies measured at fair value (in particular, shares and other equity instruments) are translated into the entity's functional currency at the prevailing spot exchange rate. Foreign exchange losses or gains are recognised either in profit or loss under Net gains and losses on financial instruments at fair value through profit or loss, or under other comprehensive income (Unrealised and deferred gains and losses), depending on the accounting of the gains or losses relative to these assets/liabilities.

At the balance sheet date, non-monetary assets and liabilities denominated in foreign currencies measured at historical cost are translated into the entity's functional currency at the historical exchange rate on initial recognition.



#### TREATMENTS OF THE CHANGES IN THE BASIS FOR DETERMINING THE CONTRACTUAL CASH FLOWS OF FINANCIAL ASSETS AND LIABILITIES – IBOR REFORM

In the context of the reference interest rates reform (IBOR reform) the basis for determining the contractual cash flows of a financial asset or liability may be modified:

- either by amending the contractual terms and conditions set during the initial recognition of the financial instrument (example: when the agreement is renegotiated, the contractual terms and conditions are amended to replace the initial reference interest rate by an alternative one);
- either by applying the appropriate external disposals without requiring a change in contractual terms (example: the adoption of European regulations requiring the migration of all contracts still indexed to Libor CHF and Eonia in the European Union respectively on 1 January and 3 January 2022);
- or as a result of the activation of an existing contractual term or condition (example: application of the contractual rate replacement provision, or “Fallback”).

If, in the context of the reference interest rates reform (IBOR reform), there is a change in the basis for determining the contractual cash flows of a financial asset or liability at amortised cost or of a financial asset at fair value through other comprehensive income, the modification is considered a simple forward-looking update of the interest rate applied to determine the interest income or expense and does not generate a gain or loss in the income statement.

This treatment depends on compliance with the following conditions:

- a change in the basis for determining the contractual cash flows is required and results directly from the IBOR reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the former basis used before the change.

The cases giving rise to a new basis for determining the contractual cash flows considered economically equivalent to the former basis are, for example:

- the replacement of an existing reference interest rate used to determine the contractual cash flows of a financial asset or liability by an alternative reference interest rate (or by changing the method used to determine the reference interest rate in question) and the addition of a fixed spread necessary to compensate for the difference in basis between the existing reference interest rate and the alternative one;
- the addition of a Fallback provision to the contractual terms and conditions of a financial asset or liability to allow for the implementation of the changes described above;
- changes in the determination of the amount of interest resulting from the use of a new reference interest rate (rate revision procedure, number of days between interest payment dates...).

Changes to a financial asset or liability, in addition to those deriving directly from the application of the IBOR reform, are treated according to the principles usually applicable to changes in financial instruments.

#### METHOD OF ANALYSIS OF CONTRACTUAL CASH FLOWS OF FINANCIAL ASSETS

The Group has established procedures for determining if financial assets pass the SPPI test at initial recognition (loans granting, acquisition of securities, etc.).

All contractual terms shall be analysed, particularly those that could change the timing or amount of contractual cash flows. A contractual term that permits the borrower or the lender to prepay or to return the debt instrument to the issuer before maturity remains consistent with SPPI cash flows, provided the prepayment amount primarily represents the principal remaining due and accrued but unpaid contractual interest, which may include a reasonable compensation. The fact that such compensation can be either positive or negative is not inconsistent with the SPPI nature of cash flows.

The prepayment compensation is considered as reasonable especially when:

- the amount is calculated as a percentage of the outstanding amount of the loan and is capped by regulations (in France, for example, compensation for the prepayment of mortgage loans by individuals is legally capped at an amount equal to six months of interest or 3% of the principal outstanding), or is limited by competitive market practices;
- the amount is equal to the difference between contractual interest that should have been received until the maturity of the loan and the interest that would be obtained by the reinvestment of the prepaid amount at a rate that reflects the relevant benchmark interest rate.

Some loans are prepayable at their current fair value, while others can be prepayable at an amount that includes the fair value cost to terminate an associated hedging swap. It is possible to consider such prepayment amounts as SPPI provided that they reflect the effect of changes in the relevant benchmark interest rate.



**Basic financial assets (SPPI)** are debt instruments which mainly include:

- fixed-rate loans;
- variable-rate loans that can include caps or floors;
- fixed or variable-rate debt securities (government or corporate bonds, other negotiable debt securities);
- securities purchased under resale agreements (reverse repos);
- guarantee deposits paid;
- trade receivables.

Contractual terms that would introduce exposure to risks or volatility in the contractual cash flows, unrelated to a basic lending arrangement (such as exposure to changes in equity prices or stock indexes for

instance, or leverage features), could not be considered as being SPPI, except if their effect on the contractual cash flows remains minimum (*de minimis* character of their variability).



**Non-basic financial assets (non-SPPI)** mainly include:

- derivative instruments;
- shares and other equity instruments held by the entity;
- equity instruments issued by mutual funds;
- debt financial assets that can be converted or redeemed into a fixed number of shares (convertible bonds, equity-linked securities, etc.);
- structured instruments whose cash flows are indexed, in part or in whole, to a benchmark index.



The Basic financial assets (SPPI) held by the Group include the financing of sustainable development projects (labelled Environment Social and Governance) in the form of Sustainability-linked bonds, social bonds and Green bonds with SPPI-compliant contractual cash flows.

Non-basic financial assets (non-SPPI) include the structured instruments whose cash flows are indexed, in whole or in part, to an index that is not specific to the issuer, such as an ESG market index.

Impact loans have been granted by the Group to support enterprises in their Sustainability approach through an incentive mechanism that reviews the margin according to ESG criteria specific to the borrower or to the achievement by the latter of sustainable development goals (Sustainability-linked loans). At the end of 2023, the outstanding amount of impact loans valued at amortised cost reached approximately EUR 6 billion and came jointly with financing commitments of EUR 24 billion. The Sustainability objectives set can be, for example, the reduction of greenhouse gas emissions, the development of cultivated areas with alternatives to synthetic plant protection products, the increase in the representation of women in management bodies, the reduction of water use. As a result of their analysis, these loans have been classified as basic financial assets (SPPI) provided that their flows meet the SPPI criteria and the ESG component fulfills the *de minimis* criterion.

During the second half of 2022, the IASB decided to propose amendments to the IFRS 9 “Implementation Guidance” regarding classification as SPPI as well as new information to be disclosed for the financial instruments whose contractual conditions may change the timetable or the amount of contractual cash flows depending on a potential event. The objective of the project is to clarify how the SPPI qualification criteria apply to financial assets with ESG factors or similar characteristics. Societe Generale followed the IASB proposals included in the exposure draft published in 2023. To date, these proposals will not significantly change the classification of the assets concerned.

When the time value component of interest can be modified according to the contractual term of the instrument, it may be necessary to compare the contractual cash flow with the cash flow that would arise from a benchmark instrument. For instance, that is the case when an interest rate is periodically reset, but the frequency of that reset does not match the tenor of the interest rate (such as an interest rate reset every month to a one-year rate), or when the interest rate is periodically reset to an average of short- and long-term interest rates.

If the difference between the undiscounted contractual cash flows and the undiscounted benchmark cash flows is or may become significant, then the instrument is not considered basic.

Depending on the contractual terms, the comparison with benchmark cash flow may be performed through a qualitative assessment; but in other cases, a quantitative test is required. The difference between contractual and benchmark cash flows has to be considered in each reporting period and cumulatively over the life of the instrument. When performing this benchmark test, the entity considers factors that could affect future undiscounted contractual cash flows: using the yield curve at the date of the initial assessment is not enough, and the entity also has to consider whether the curve could change over the life of the instrument according to reasonably possible scenarios.

Within the Group, the financial instruments concerned by a benchmark test include, for instance, variable-rate housing loans for which interest rates are reset every year based on the twelve-month Euribor average observed over the two months previous to the reset. Another example is loans granted to real estate professionals for which interest is revised quarterly based on the one-month Euribor average observed over the three months previous to the reset. Following the benchmark analysis performed by the Group, it has been concluded that these loans are basic.

Furthermore, a specific analysis of contractual cash flow is required when financial assets are instruments issued by a securitisation vehicle or a similar entity that prioritises payments to holders using multiple contractually-linked instruments that create concentrations of credit risk (tranches). When assessing whether contractual cash flows are SPPI or not, the entity must analyse the contractual terms, as well as the credit risk of each tranche and the exposure to credit risk in the underlying pool of financial instruments. To that end, the entity must apply a “look-through approach” to identify the underlying instruments that are creating the cash flows.

Following the initial application of IFRS 9 by insurance subsidiaries (see. Note 1), the data shown in Note 3 include those relating to the financial instruments entered into by these subsidiaries.

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

### NOTE 3.1 Financial assets and liabilities at fair value through profit or loss

#### IMPACT ON GROUP FINANCIAL ASSETS AND LIABILITIES OF THE FIRST IFRS 9 APPLICATION BY INSURANCE SUBSIDIARIES (SEE NOTE 1)

| (In EURm)   | 31.12.2021     | Reclassifications                      |                                   |               | Reclassified balances | Adjustment of book value related to investments | Reclassification effects | 01.01.2022 R   | 31.12.2022 R   |
|---|----------------|--|-----------------------------------|---------------|-----------------------|---|--------------------------|----------------|----------------|
|   |                | of available for-sale financial assets | of non-SPPI loans and receivables | others        |                       |   |                          |                |                |
| <b>Financial assets at fair value through profit or loss</b>                                    |                |  |                                   |               |                       |   |                          |                |                |
| Trading portfolio   | 319,789        |  |                                   | 211           | 320,000               | 61  |                          | 320,061        | 310,945        |
| Financial assets measured mandatorily at fair value through profit or loss                      | 21,356         | 15,879                                 | 2,085                             | 70,550        | 109,870               | 152   |                          | 110,022        | 101,602        |
| Financial instruments measured at fair value through profit or loss using the fair value option | 1,569          |  |                                   | 15,065        | 16,634                |   |                          | 16,634         | 14,604         |
| <b>TOTAL</b>  | <b>342,714</b> | <b>15,879</b>                          | <b>2,085</b>                      | <b>85,826</b> | <b>-</b>              | <b>446,504</b>                                  | <b>213</b>               | <b>446,717</b> | <b>427,151</b> |
| <b>Financial liabilities at fair value through profit or loss</b>                               |                |  |                                   |               |                       |   |                          |                |                |
| Trading portfolio   | 243,112        |  |                                   |               | 520                   | 243,632   |                          | 243,632        | 235,433        |
| Financial liabilities measured mandatorily at fair value through profit or loss                 | 64,451         |  |                                   |               | 3,620                 | 68,071  |                          | 68,071         | 68,742         |
| <b>TOTAL</b>  | <b>307,563</b> | <b>-</b>                               | <b>-</b>                          | <b>-</b>      | <b>4,140</b>          | <b>311,703</b>                                  | <b>-</b>                 | <b>311,703</b> | <b>304,175</b> |

#### OVERVIEW

| (In EURm)   | 31.12.2023     |                | 31.12.2022 R   |                |
|---|----------------|----------------|----------------|----------------|
|   | Assets         | Liabilities    | Assets         | Liabilities    |
| Trading portfolio   | 366,087        | 281,335        | 310,945        | 235,433        |
| Financial assets measured mandatorily at fair value through profit or loss                      | 114,651        |                | 101,602        |                |
| Financial instruments measured at fair value through profit or loss using the fair value option | 15,144         | 94,249         | 14,604         | 68,742         |
| <b>TOTAL</b>  | <b>495,882</b> | <b>375,584</b> | <b>427,151</b> | <b>304,175</b> |
| <i>o/w securities purchased/sold under resale/repurchase agreements</i>                         | <i>159,119</i> | <i>139,145</i> | <i>122,786</i> | <i>103,365</i> |

**NOTE 3.1.1 TRADING PORTFOLIO****ACCOUNTING PRINCIPLES**

The trading book contains the financial assets and liabilities held or accrued for the purpose of capital markets activities.

This portfolio also includes, among other trading assets, the physical stocks of raw materials that the Group might hold a market-maker on commodity derivatives.

Derivative financial instruments are classified into the trading portfolio, unless they qualify as hedging instruments (see Note 3.2).

The financial instruments recorded in the trading portfolio are measured at fair value as at the closing date and recognised in the balance sheet under Financial assets or liabilities at fair value through profit or loss. The changes in fair value and revenues associated to those instruments are recorded in profit or loss under Net gains and losses on financial instruments at fair value through profit or loss.

**TRADING ACTIVITIES**

Financial assets held for trading are:

- acquired for the purpose of selling or repurchasing it in the near term; or
- held for market-making purposes; or
- acquired for the purposes of the specialised management of a trading portfolio, including derivative financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

**Global market activities**

The trading business model is applied by Global Banking and Investor Solutions to manage its global market activities.

It is also applied for managing syndicated loan commitments and loans that are not intended to be kept by the Group and that have been identified since their origination as to be sold in the short term (within 6 to 12 months) on the secondary market, as well as for loans originated by the Group through originate-to-distribute activities and that are expected to be sold shortly.

Financial assets held in run-off portfolios are also monitored based on their fair value. Although those portfolios are not related to market activities, those assets are presented amongst trading portfolio and are measured at fair value through profit or loss.

Trading portfolio includes all the financial assets held for trading purpose regardless of the characteristics of their contractual cash flows. Only non-SPPI financial assets that are not held for trading are classified amongst Financial assets measured mandatorily at fair value through profit or loss (see section 3.1.2).

**ASSETS**

(In EURm)

|  | <b>31.12.2023</b> | <b>31.12.2022 R</b> |
|--|-------------------|---------------------|
| Bonds and other debt securities              | 39,427            | 26,022              |
| Shares and other equity securities           | 71,694            | 74,404              |
| Securities purchased under resale agreements | 159,073           | 122,752             |
| Trading derivatives <sup>(1)</sup>           | 83,535            | 76,775              |
| Loans, receivables and other trading assets  | 12,358            | 10,992              |
| <b>TOTAL</b>                                 | <b>366,087</b>    | <b>310,945</b>      |
| <i>o/w securities lent</i>                   | <i>14,509</i>     | <i>12,455</i>       |

(1) See Note 3.2 Financial derivatives.

## LIABILITIES

| (In EURm)                                      | 31.12.2023     | 31.12.2022 R   |
|--|----------------|----------------|
| Amounts payable on borrowed securities         | 42,483         | 51,101         |
| Bonds and other debt instruments sold short    | 7,306          | 5,186          |
| Shares and other equity instruments sold short | 2,091          | 1,244          |
| Securities sold under repurchase agreements    | 137,019        | 102,673        |
| Trading derivatives <sup>(1)</sup>             | 89,803         | 72,656         |
| Borrowings and other trading liabilities       | 2,633          | 2,573          |
| <b>TOTAL</b>                                   | <b>281,335</b> | <b>235,433</b> |

(1) See Note 3.2 Financial derivatives.

## NOTE 3.1.2 FINANCIAL INSTRUMENTS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

## ACCOUNTING PRINCIPLES

Financial assets measured mandatorily at fair value through profit or loss include:

- loans, bonds and bond equivalents that are not held for trading purposes and do not pass the SPPI test (non-basic or non-SPPI instruments);
- shares and share equivalents that are not classified in any other sub-category: trading book at fair value through profit or loss, instruments designated by the Group at fair value through other comprehensive income without subsequent reclassification to profit or loss.

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

| (In EURm)   | 31.12.2023     | 31.12.2022 R   |
|---|----------------|----------------|
| Bonds and other debt securities                                     | 30,677         | 22,413         |
| Shares and other equity securities                                  | 68,691         | 62,756         |
| Loans, receivables and securities purchased under resale agreements | 15,283         | 16,433         |
| <b>TOTAL</b>  | <b>114,651</b> | <b>101,602</b> |

## BREAKDOWN OF LOANS AND RECEIVABLES AND SECURITIES PURCHASED UNDER RESALE AGREEMENTS

| (In EURm)        | 31.12.2023    | 31.12.2022 R  |
|------------------|---------------|---------------|
| Short-term loans | 1,360         | 1,897         |
| Equipment loans  | 10,052        | 11,338        |
| Other loans      | 3,871         | 3,198         |
| <b>TOTAL</b>     | <b>15,283</b> | <b>16,433</b> |

The loans, receivables and securities purchased under resale agreements recorded in the balance sheet under Financial assets mandatorily at fair value through profit or loss are mainly:

- loans that include prepayment features with compensation that do not reflect the effect of changes in the benchmark interest rate;
- loans with indexation clauses that do not qualify them as basic loans (SPPI).

**NOTE 3.1.3 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS USING FAIR VALUE OPTION****ACCOUNTING PRINCIPLES**

In addition to the financial assets and liabilities held for trading, and the financial assets measured mandatorily at fair value through profit or loss, the same items in the financial statements include the non-derivative financial assets and liabilities that the Group has designated at fair value through profit or loss. Changes in the fair value of these instruments (including interest) are recorded in profit or loss under Net gains or losses on financial instruments at fair value through profit or loss, except the share related to the Group's own credit risk on financial liabilities which is booked under Unrealised or deferred gains and losses.

Furthermore, in case of derecognition of a financial liability at fair value through profit or loss using the fair value option before its contractual maturity, any gains and losses, related to the Group's own credit risk are booked under Unrealised or deferred gains and losses and then reclassified under Retained earnings at the beginning of the subsequent financial year.

For financial assets, this option may only be used to eliminate or significantly reduce accounting mismatches that would otherwise arise from applying different accounting treatments to certain related financial assets and liabilities.

For financial liabilities, this option may only be used in the following cases:

- to eliminate or reduce discrepancies in the accounting treatment of certain related financial assets and liabilities;
- when it applies to a hybrid financial instrument with one or more embedded derivatives, which should be recognised separately;
- when a group of financial assets and/or liabilities is managed together and its performance is measured at fair value.

The Group thus recognises structured bonds issued by Societe Generale Corporate and Investment Banking at fair value through profit or loss. These issuances are purely commercial and the associated risks are hedged on the market using financial instruments managed in trading portfolios. By using the fair value option, the Group can ensure consistency between the accounting treatment of these bonds and that of the derivatives hedging the associated market risks, which have to be carried at fair value.

**ASSETS**

| (In EURm)   | 31.12.2023    | 31.12.2022 R  |
|---|---------------|---------------|
| Bonds and other debt securities                                     | 13,821        | 13,369        |
| Loans, receivables and securities purchased under resale agreements | 68            | 55            |
| Separate assets for employee benefits plans <sup>(1)</sup>          | 1,255         | 1,180         |
| <b>TOTAL</b>  | <b>15,144</b> | <b>14,604</b> |

(1) Including, as at 31 December 2023, EUR 1,076 million of separate assets for defined post-employment benefits compared to EUR 1,002 million as at 31 December 2022 (see Note 5.1.2).

**LIABILITIES**

Financial liabilities measured at fair value through profit or loss in accordance with the fair value option predominantly consist of structured bonds issued by the Societe Generale group.

| (In EURm)   | 31.12.2023 |                               | 31.12.2022 R |                               |
|---|------------|-------------------------------|--------------|-------------------------------|
|   | Fair value | Amount redeemable at maturity | Fair value   | Amount redeemable at maturity |
| Financial instruments measured using fair value option through profit or loss | 94,249     | 99,500                        | 68,742       | 70,288                        |

The revaluation differences attributable to the Group's issuer credit risk are determined using valuation models taking into account the Societe Generale group's most recent financing terms and conditions on the markets and the residual maturity of the related liabilities.

Changes in fair value attributable to own credit risk generated an equity loss of EUR 257 million before tax. As at 31 December 2023, the total amount of changes in fair value attributable to own credit risk represents a total gain of EUR 68 million before tax.

**NOTE 3.1.4 NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

| <i>(In EURm)</i>   | <b>2023</b>   | <b>2022 R</b> |
|--|---------------|---------------|
| Net gain/loss on trading portfolio (excluding derivatives)                                 | 8,844         | (5,644)       |
| Net gain/loss on financial instruments at fair value through profit or loss <sup>(1)</sup> | 6,272         | (9,135)       |
| Net gain/loss on financial instruments measured using fair value option                    | (4,793)       | 3,715         |
| Net gain/loss on derivative instruments  | (1,310)       | 12,353        |
| Net gains/loss on hedging instruments <sup>(2)</sup>                                       | 169           | (237)         |
| <i>Net gain/loss on fair value hedging derivatives</i>                                     | 3,141         | (16,246)      |
| <i>Revaluation of hedged items attributable to hedged risks<sup>(3)</sup></i>              | (2,973)       | 16,019        |
| <i>Ineffective cut of the cash flow hedges</i>   | 1             | (10)          |
| Net gain/loss on foreign exchange transactions   | 1,145         | (8)           |
| <b>TOTAL<sup>(4)</sup></b>   | <b>10,327</b> | <b>1,044</b>  |
| <i>o/w gains on financial instruments at fair value through other comprehensive income</i> | 1,148         | 1,181         |

(1) This item includes realised and unrealised gains and losses on debt and equity instruments, with the exception of the income component of debt instruments representative of an interest rate, which is recorded under net interest margin (see Note 3.7).

(2) This item includes only the net gain/loss on hedging transactions related to financial instruments. For the hedging transactions related to non-financial assets and liabilities, the net gain/loss on hedging transactions is included under the income statement of the hedged item.

(3) This item includes the revaluation of fair value hedged items, including the change in revaluation differences in portfolios hedged against interest rate risk.

(4) Including EUR +5,638 million for insurance subsidiaries in 2023 (EUR -5,683 million in 2022). This amount shall be understood taking into account the financial income and expenses of the insurance contracts (see Note 4.3, Detail of performance of insurance activities).

Insofar as income and expenses recorded in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through profit or loss must be assessed as a whole. It should be noted that the

income shown here does not include the refinancing cost of these financial instruments, which is shown under interest expense and interest income.

**NOTE 3.2 Financial derivatives**

Derivative instruments are financial instruments for which the value changes according to that of an underlying item and can be accompanied by a leverage effect. The items underlying these instruments are various (interest rates, exchange rates, equity, indexes, commodities, credit rating...), as are their forms (forward contracts, swaps, calls and puts...).

The Group may use these derivative instruments for their market activities to provide to its customers solutions to meet their risk management or revenue optimisation needs. In that case, they are accounted for as trading derivatives.

The Group may also use derivative instruments to manage and hedge its own risks. In which case, they are qualified as hedging derivatives. Hedging transactions can concern individual items or transactions (micro-hedging relationships) or portfolios of financial assets and liabilities that can generate a structural interest-rate risk (macro-hedging relationships).

Contrary to other financial instruments, derivative instruments are always measured at fair value in the balance sheet, regardless their purpose (market activities or hedging transactions). The fair value adjustments of trading derivatives are directly recognised in the income statement. However, the hedge accounting method allows for the linking of the fair value adjustment of hedging derivatives with the accounting treatment of the transactions and hedged instruments in order to eliminate or reduce volatility in the income statement.

**ACCOUNTING PRINCIPLES**

Derivatives are financial instruments meeting the following three criteria:

- their value changes in response to a change in a specified interest rate, foreign exchange rate, share price, index of prices, commodity price, credit rating, etc.;
- they require little to no initial investment;
- they are settled at a future date.

All financial derivatives are recognised at fair value in the balance sheet as financial assets or financial liabilities. They are considered to be trading derivatives, unless they are designated as hedging instruments for accounting purposes.

**Special case - derivatives having Societe Generale shares as their underlying instrument**

Financial derivatives having Societe Generale shares as their underlying instrument or shares in Group subsidiaries and whose liquidation entails the payment of a fixed amount in cash (or another financial asset) against a fixed number of Societe Generale shares (other than derivatives) are equity instruments. These instruments, and any related premiums paid or received, are recognised directly in equity, and any changes in the fair value of these derivatives are not recorded. For sales of put options on Societe Generale shares and forward purchases of Societe Generale shares, a debt is recognised for the value of the notional amount with a contra entry in equity.

Other financial derivatives having Societe Generale shares as their underlying instrument are recorded in the balance sheet at fair value in the same manner as derivatives with other underlying instruments.

**Embedded derivatives**

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host instrument.

Where the host contract is a financial asset, the entire hybrid contract is measured at fair value through profit or loss because its contractual cash flows do not pass the SPPI test.

Where the host contract is a financial liability and is not measured at fair value through profit or loss, the embedded derivative is separated from the host contract if:

- at acquisition, the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host; and
- it would meet the definition of a derivative.

Once separated, the derivative is recognised at fair value in the balance sheet under Financial assets or Financial liabilities at fair value through profit or loss under the aforementioned conditions. The host contract is classified under one of the financial liability categories measured at amortised cost.



## NOTE 3.2.1 TRADING DERIVATIVES

## ACCOUNTING PRINCIPLES

Trading derivatives are recorded in the balance sheet under Financial assets or liabilities at fair value through profit or loss. Changes in fair value are recorded in the income statement under Net gains and losses on financial instruments at fair value through profit or loss.

Changes in the fair value of financial derivatives involving counterparties that subsequently proved to be in default are recorded under Net gains and losses on financial instruments at fair value through profit or loss until the termination date of these instruments. On this termination date, the receivables and debts on these counterparties are recognised at fair value in the balance sheet. Any further impairment of these receivables is recognised under Cost of credit risk in the income statement.

## FAIR VALUE

| (In EURm)                           | 31.12.2023    |               | 31.12.2022 R  |               |
|-------------------------------------|---------------|---------------|---------------|---------------|
|                                     | Assets        | Liabilities   | Assets        | Liabilities   |
| Interest rate instruments           | 42,479        | 38,681        | 35,004        | 23,784        |
| Foreign exchange instruments        | 18,805        | 20,025        | 24,272        | 25,324        |
| Equities and index Instruments      | 19,772        | 28,612        | 15,517        | 21,209        |
| Commodities Instruments             | 84            | 208           | 199           | 154           |
| Credit derivatives                  | 1,986         | 963           | 1,756         | 1,404         |
| Other forward financial instruments | 409           | 1,314         | 27            | 781           |
| <b>TOTAL</b>                        | <b>83,535</b> | <b>89,803</b> | <b>76,775</b> | <b>72,656</b> |

The Group uses credit derivatives in the management of its corporate credit portfolio, primarily to reduce individual, sectorial and geographical concentration and to implement a proactive risk and capital management approach. All credit derivatives, regardless of their

purpose, are measured at fair value through profit or loss and cannot be qualified as hedging instruments for accounting purposes. Accordingly, they are recognised at fair value among trading derivatives.

## COMMITMENTS (NOTIONAL AMOUNTS)

| (In EURm)                                  | 31.12.2023        | 31.12.2022 R      |
|--|-------------------|-------------------|
| <b>Interest rate instruments</b>           | <b>10,688,510</b> | <b>9,804,009</b>  |
| Firm instruments                           | 8,733,370         | 8,002,813         |
| <i>Swaps</i>                               | 6,927,744         | 6,416,536         |
| <i>FRAs</i>                                | 1,805,626         | 1,586,277         |
| Options                                    | 1,955,140         | 1,801,196         |
| <b>Foreign exchange instruments</b>        | <b>4,515,280</b>  | <b>4,163,080</b>  |
| Firm instruments                           | 3,389,444         | 3,047,062         |
| Options                                    | 1,125,836         | 1,116,018         |
| <b>Equity and index instruments</b>        | <b>924,940</b>    | <b>794,584</b>    |
| Firm instruments                           | 143,886           | 138,533           |
| Options                                    | 781,054           | 656,051           |
| <b>Commodities instruments</b>             | <b>19,471</b>     | <b>20,714</b>     |
| Firm instruments                           | 13,723            | 20,472            |
| Options                                    | 5,748             | 242               |
| <b>Credit derivatives</b>                  | <b>133,748</b>    | <b>170,225</b>    |
| <b>Other forward financial instruments</b> | <b>25,456</b>     | <b>28,066</b>     |
| <b>TOTAL</b>                               | <b>16,307,405</b> | <b>14,980,678</b> |

### NOTE 3.2.2 HEDGING DERIVATIVES

According to the transitional provisions of IFRS 9, the Group made the choice to maintain the IAS 39 provisions related to hedge accounting. Consequently, equity instruments held (shares and other equity securities) do not qualify for hedge accounting regardless of their accounting category.

#### ACCOUNTING PRINCIPLES

In order to be hedged against certain market risks, the Group sets up hedging derivatives. From an accounting standpoint, the Group designates the hedging transaction as a fair value hedge, a cash flow hedge, or a hedge of a net investment in a foreign operation, depending on the risk and on the instruments to be hedged.

To designate an instrument as a hedging derivative, the Group documents the hedging relationship in detail, from inception. This documentation specifies the asset, liability, or future transaction hedged, the risk to be hedged and the associated risk management strategy, the type of financial derivative used and the valuation method that will be used to measure its effectiveness.

The derivative designated as a hedging instrument must be highly effective in offsetting the change in fair value or cash flows arising from the hedged risk. This effectiveness is verified when changes in the fair value or cash flows of the hedged instrument are almost entirely offset by changes in the fair value or cash flows of the hedging instrument, with the expected ratio between the two changes ranging from 80% to 125%. Effectiveness shall be assessed both when the hedge is first set up and throughout its life. Effectiveness is measured each quarter prospectively (expected effectiveness over the future periods) and retrospectively (effectiveness measured on past periods). Where the effectiveness falls outside the range specified above, hedge accounting is discontinued.

Hedging derivatives are recognised in the balance sheet under Hedging derivatives.

#### Fair value hedges

The purpose of these hedges is to protect the Group against an adverse fluctuation in the fair value of an instrument which could affect profit or loss if the instrument were derecognised from the balance sheet.

Changes in the fair value of the hedging derivative are recorded in the income statement under Net gains and losses on financial instruments at fair value through profit or loss; for interest rate derivatives, however, accrued interest income and expenses on the derivative are recorded in the income statement under Interest and similar income/Interest and similar expense – Hedging derivatives symmetrically to the accrued interest income and expenses related to the hedged item.

In the balance sheet, the carrying value of the hedged item is adjusted for the gains and losses attributable to the hedged risk, which are reported in the income statement under Net gains and losses on financial instruments at fair value through profit or loss. To the extent that the hedge is highly effective, changes in the fair value of the hedged item and changes in the fair value of the hedging derivative are accurately offset through profit or loss, the difference corresponding to an ineffectiveness gain or loss.

Prospective effectiveness is assessed *via* a sensitivity analysis based on probable market trends or *via* a regression analysis of the statistical relationship (correlation) between the hedged risk component and the hedging instrument. Retrospective effectiveness is assessed by comparing any changes in the fair value of the hedging instrument with any changes in the fair value of the hedged item.

If it becomes apparent that the derivative has ceased to meet the effectiveness criteria for hedge accounting or if it is terminated or sold, hedge accounting is discontinued prospectively. Thereafter, the carrying amount of the hedged asset or liability ceases to be adjusted for changes in fair value attributable to the hedged risk and the cumulative adjustments previously recognised under hedge accounting are amortised over its remaining life. Hedge accounting is also discontinued if the hedged item is sold prior to maturity or early-redeemed, the valuation adjustments are then immediately recognised in the income statement.

#### Cash flow hedges

The purpose of interest rate cash flow hedges is to protect against changes in future cash flows associated with a financial instrument on the balance sheet (loans, securities or floating-rate notes) or with a highly probable future transaction (future fixed interest rates, future exchange rates, future prices, etc.). The purpose of these hedges is to protect the Group against adverse fluctuations in the future cash-flows of an instrument or transaction that could affect profit or loss.

The prospective effectiveness of the hedge is assessed *via* a sensitivity analysis based on probable market input trends or *via* a regression analysis of the statistical relationship (correlation) between the hedged risk component and the hedging instrument. The effectiveness of the hedge is assessed using the hypothetical derivative method, which consists in i) creating a hypothetical derivative which bears exactly the same characteristics as the instrument being hedged (in terms of notional amounts, date on which the rates are reset, interest rate, exchange rate, etc.), but moves in the opposite direction and whose fair value is nil when the hedge is set up, then ii) comparing the expected changes in the fair value of the hypothetical derivative with those of the hedging instrument (sensitivity analysis) or performing a regression analysis on the prospective effectiveness of the hedge.

The changes in fair value of the hedging financial instruments are recorded directly as Unrealised or deferred gains and losses for their effective portion, while the ineffective portion is recognised under Net gains and losses on financial instruments at fair value through profit or loss. With regard to interest rate derivatives, the portion corresponding to the rediscount of the derivative financial instrument is recorded in the income statement under Interest and similar income/Interest and similar expense symmetrically to the interest income or expense related to the hedged item.

The gains or losses, realised or unrealised, accumulated directly in equity for the effective portion of these changes in value, are carried in equity to be recycled in the income statement when the expected hedged cash flows impact the income statement. With regard to the hedging flows related to a variable-rate financial instrument recorded on the balance sheet, recycling is done as and when the hedged interest income or expenses are recognised in the income statement. In the case of hedging of future transactions, if it is the future sale of a financial instrument, recycling takes place on the date when the sold instrument is derecognised; if the transaction is settled through the recognition on the balance sheet of a financial instrument, the gains or losses accumulated in equity are carried in it, before being recycled in the income statement at the same pace as the hedged cash flows generated by the instrument then recognised on the balance sheet.

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold or if the future transaction hedged is no more probable, hedge accounting is discontinued prospectively. The amounts previously recognised directly in equity are reclassified in the income statement over the periods during which interest income is affected by the cash flows from the hedged item. If the hedged item is sold or redeemed earlier than expected or if the hedged forecast transaction ceases to be expected, the unrealised gains and losses recognised in equity are immediately reclassified in the income statement.

#### **Hedging of a net investment in a foreign operation**

The purpose of a hedging of a net investment in a foreign company is to protect against exchange rate risk.

The hedged item is an investment in a country whose currency differs from the Group's functional currency. The hedge therefore serves to protect the net position of a foreign subsidiary or branch against an exchange rate risk linked to the entity's functional currency.

The hedge of a net investment in a foreign operation follows the same accounting principles as the cashflow hedge relationships. Thus, the effective portion of the changes in fair value of a hedging derivative designated for accounting purposes as the hedge of a net investment is recognised in equity under Unrealised or deferred gains and losses, while the ineffective portion is recognised in the income statement under Gains and losses on financial instruments at fair value through profit or loss.

#### **Portfolio hedges (macro-hedge)**

In this type of hedge, interest rate derivatives are used to globally hedge the structural interest rate risk resulting mainly from Retail Banking activities.

In accounting for these transactions, are either documented as fair value hedges or as cash flow hedges, depending on the Group entities.

Group entities documenting a macro fair value hedge of fixed rate assets and liabilities portfolios, apply the IAS 39 "carve-out" standard as adopted by the European Union, which facilitates:

- the application of fair value hedge accounting to the macro-hedges used for asset-liability management, including customer demand deposits in the fixed-rate positions being hedged;
- the performance of the effectiveness tests.

The accounting treatment of the financial derivatives designated as macro fair value hedges is similar to that of other fair value hedging instruments. Changes in the fair value of the portfolio of macro-hedged instruments measured based on the modelled synthetic instrument are reported on a separate line in the balance sheet under Revaluation differences on portfolios hedged against interest rate risk through profit or loss.

Group entities documenting a macro cash flow hedge apply the same accounting principles as those presented above for cash flow hedge. Thus, macro-hedged assets or liabilities portfolios are not measured at fair value for the hedged risk.

In the case of macro cash flow hedge, hedged portfolios include assets or liabilities at variable rate.

Finally, regardless of the documentation used for these macro-hedges, they require the implementation of three tests to measure the effectiveness of the relationship:

- a non-over-coverage test to ensure, prospectively and retrospectively, that the nominal amount of the portfolios covered is higher than the notional amount of the hedging instruments for each future maturity band and each rate generation;
- a test of non-disappearance of the hedged item, which consists in prospectively and retrospectively ensuring that the historically covered maximum position is less than the notional amount of the hedging instruments on the closing date considered for each maturity band and each generation of rates;
- a quantitative test to retrospectively ensure that the fair value changes in the modelled synthetic instrument offset the changes in fair value of the hedging instruments.

The sources of ineffectiveness of the macro-hedges implemented in the Group result from the latest fixing of the variable leg of the hedging swaps, the two-curve valuation of the collateralised hedging instruments, the possible mismatches of interests between the hedged item and the hedging instrument and the consideration of counterparty risk on the hedging instruments.

**TREATMENT OF THE CHANGES IN THE BASIS USED FOR DETERMINING THE CONTRACTUAL CASH FLOWS OF THE COMPONENTS OF A HEDGING RELATIONSHIP – IBOR REFORM****NON-DISCONTINUATION OF HEDGING RELATIONSHIPS**

The documentation of the existing hedging relationships shall be updated to reflect the changes brought about by the reform of the reference interest rate (IBOR reform) on the basis for determining the contractual cash flows of the hedged items and/or of the hedging instruments.

These updates resulting from the IBOR reform do not cause the discontinuation of the hedging relationship nor the designation of a new accounting hedge as long as they meet the following conditions:

- the change in the basis for determining the contractual cash flows is required and results directly from the IBOR reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the former basis used before the change.

When those conditions are met, the update of the hedging documentation only consist in:

- designate the alternative reference interest rate (contractually or non-contractually specified) as a hedged risk;
- update the description of the hedged item, including a description of the hedged portion of cash flows or of the fair value;
- update the description of the hedging instrument;
- update the description of the method used to assess the effectiveness of the hedge.

These updates are performed as and when changes are made to the hedged items or the hedging instruments but before the end of the reporting period during which the change was made; an accounting hedge may be updated several successive times.

Changes not directly resulting from the application of the IBOR reform and impacting the basis used for determining the contractual cash flows of the hedging relationship components or the hedging documentation are analysed beforehand in order to confirm compliance with the qualifying criteria for hedge accounting.

**SPECIFIC ACCOUNTING TREATMENTS**

Regarding fair value hedges and cash flow hedges, the applicable accounting requirements remain unchanged for the recognition of gains and losses resulting from the reassessment of the hedged component and the hedging instrument taking account of the changes described above.

For the purpose of the retrospective effectiveness assessment, the cumulative fair value changes may be reset to zero on a case by case basis for each hedging relationship modified.

With regard to hedged cash flows, when the benchmark rate on which the future hedged cash flows were based changes, the amounts of gains or losses recorded for the hedging instrument are carried in equity until the recording in the income statement of the adjusted hedged cash flows as long as the transaction remains highly probable.

An alternative reference interest rate used as a risk component not specified by an agreement (example, a three month alternative reference interest rate used to determine the fixed rate of a loan and for which the Group intends to hedge the changes in value) may be used, provided it is, as reasonably expected, separately identifiable (*i.e.*, quoted on a sufficiently liquid market) in the 24 months after its first use.

## FAIR VALUE

| (In EURm)                    | 31.12.2023    |               | 31.12.2022 R  |               |
|------------------------------|---------------|---------------|---------------|---------------|
|                              | Assets        | Liabilities   | Assets        | Liabilities   |
| <b>Fair value hedge</b>      | <b>10,113</b> | <b>18,182</b> | <b>32,272</b> | <b>45,539</b> |
| Interest rate instruments    | 10,112        | 18,181        | 32,252        | 45,538        |
| Foreign exchange instruments | 1             | 1             | 20            | 1             |
| Equity and index Instruments | -             | -             | -             | -             |
| <b>Cash flow hedge</b>       | <b>321</b>    | <b>475</b>    | <b>469</b>    | <b>511</b>    |
| Interest rate instruments    | 309           | 394           | 420           | 443           |
| Foreign exchange instruments | 5             | 56            | 43            | 51            |
| Equity and index Instruments | 7             | 25            | 6             | 17            |
| <b>Net investment hedge</b>  | <b>151</b>    | <b>51</b>     | <b>230</b>    | <b>114</b>    |
| Foreign exchange instruments | 151           | 51            | 230           | 114           |
| <b>TOTAL</b>                 | <b>10,585</b> | <b>18,708</b> | <b>32,971</b> | <b>46,164</b> |

The Group sets up hedging relationships recognised for accounting purposes as fair value hedges in order to protect its fixed-rate financial assets and liabilities (primarily loans/borrowings, securities issued and fixed-rate securities) against changes in long-term interest rates. The hedging instruments used mainly consist of interest rate swaps.

Furthermore, through some of its Corporate and Investment Banking operations, the Group is exposed to future cash flow changes in its short and medium-term funding requirements and sets up hedging relationships recognised for accounting purposes as cash flow hedges. Highly probable funding requirements are determined using historic data established for each activity and representative of balance sheet outstanding. These data may be increased or decreased by changes in management methods.

Finally, as part of their management of structural interest rate and exchange rate risks, the Group's entities set up fair value hedge for portfolios of assets or liabilities for interest rate risk as well as cash flow hedge and net investment hedge for foreign exchange risk.

As part of its structural interest rate risk management, the Group has adjusted the level of hedging of the fixed rate liabilities (*i.e.*, customer deposits). While fixed-rate receiver swaps were contracted to hedge the interest rate risk, fixed-rate payer swaps were used to reduce the hedge. Under IAS 39, these instruments were designated as portfolio hedging instruments (macro hedge accounting). In 2023, the Group transferred to a trading portfolio both the swaps taken out to reduce the macro-hedge and the corresponding initial hedging swaps (receiver interest rate). The tables in this note include the effect of this reclassification. The remaining negative cumulative remeasurement adjustment to be amortised over the residual life of the hedged instruments as at 31 December 2023, resulting from discontinued hedges corresponding to the swaps transferred to the trading portfolio, reduces liabilities by EUR 1,858 million.

As at 31 December 2023, the revaluation differences on macro-hedged fixed-rate assets portfolios and fixed-rate liabilities portfolios are still negative as a result of the high interest rate environment. On the asset side of the balance sheet, the revaluation difference on portfolios hedged against interest rate risk amounts to EUR -433 million as at 31 December 2023 (compared to EUR -2,262 million as at 31 December 2022); and on the liabilities side, the revaluation differences on portfolios hedged against interest rate risk amounts to EUR -5,857 million as at 31 December 2023 (against EUR -9,659 million as at 31 December 2022).

## COMMITMENTS (NOTIONAL AMOUNTS)

| (In EURm)                           | 31.12.2023     | 31.12.2022 R   |
|-------------------------------------|----------------|----------------|
| <b>Interest rate instruments</b>    | <b>668,657</b> | <b>862,372</b> |
| Firm instruments                    | 668,657        | 862,030        |
| <i>Swaps</i>                        | 523,652        | 729,222        |
| <i>FRA</i> s                        | 145,005        | 132,808        |
| Options                             | -              | 342            |
| <b>Foreign exchange instruments</b> | <b>8,355</b>   | <b>8,333</b>   |
| Firm instruments                    | 8,355          | 8,333          |
| <b>Equity and index instruments</b> | <b>226</b>     | <b>179</b>     |
| Firm instruments                    | 226            | 179            |
| <b>TOTAL</b>                        | <b>677,238</b> | <b>870,884</b> |

**MATURITIES OF HEDGING FINANCIAL DERIVATIVES (NOTIONAL AMOUNTS)**

These items are presented according to the contractual maturity of the financial instruments.

| <i>(In EURm)</i>             | Up to<br>3 months | From<br>3 months to<br>1 year | From 1 year<br>to 5 years | Over 5 years   | <b>31.12.2023</b> |
|------------------------------|-------------------|-------------------------------|---------------------------|----------------|-------------------|
| Interest rate instruments    | 69,087            | 203,984                       | 264,416                   | 131,170        | 668,657           |
| Foreign exchange instruments | 1,865             | 5,148                         | 1,328                     | 14             | 8,355             |
| Equity and index instruments | 65                | 35                            | 125                       | 1              | 226               |
| <b>TOTAL</b>                 | <b>71,017</b>     | <b>209,167</b>                | <b>265,869</b>            | <b>131,185</b> | <b>677,238</b>    |

**FAIR VALUE HEDGE: BREAKDOWN OF HEDGED ITEMS**

| <i>(In EURm)</i>   | <b>31.12.2023</b> |   |  |
|--|-------------------|---|--|
|  | Carrying amount   | Cumulative change<br>in the fair value <sup>(2)</sup> | Change in the fair<br>value booked<br>during the period <sup>(3)</sup> |
| <b>Hedge of interest rate risk</b>                                       |                   |   | <b>(2,973)</b>   |
| Hedged assets  | 97,107            | (189)   | 3,111  |
| <i>Due from banks, at amortised cost</i>                                 | 1,382             | (56)  | 45   |
| <i>Customer loans, at amortised cost</i>                                 | 8,016             | (145)   | 160  |
| <i>Securities at amortised cost</i>                                      | 2,391             | (59)  | 202  |
| <i>Financial assets at fair value through other comprehensive income</i> | 26,455            | 504   | 971  |
| <i>Customer loans (macro hedged)<sup>(1)</sup></i>                       | 58,863            | (433)   | 1,733  |
| Hedged liabilities   | 166,359           | (10,743)  | (6,084)  |
| <i>Debt securities issued</i>  | 41,632            | (2,666)   | (1,756)  |
| <i>Due to banks</i>  | 20,426            | (1,082)   | (850)  |
| <i>Customer deposits</i>   | 13,856            | (3)   | (83)   |
| <i>Subordinated debts</i>  | 10,815            | (1,135)   | (280)  |
| <i>Customer deposits (macro hedged)<sup>(1)</sup></i>                    | 79,630            | (5,857)   | (3,115)  |
| <b>Hedge of currency risk</b>  |                   |   | <b>1</b>   |
| Hedged liabilities   | 195               | 1   | 1  |
| <i>Subordinated debts</i>  | 195               | 1   | 1  |
| <b>Hedge of equity risk</b>  |                   |   | <b>(0)</b>   |
| Hedged liabilities   | 2                 | (0)   | (0)  |
| <i>Other liabilities</i>   | 2                 | (0)   | (0)  |
| <b>TOTAL</b>   |                   |   | <b>(2,972)</b>   |

31.12.2022 R

| <i>(In EURm)</i>   | Carrying amount | Cumulative change<br>in the fair value <sup>(2)</sup> | Change in the fair<br>value booked<br>during the period <sup>(3)</sup> |
|--|-----------------|---|--|
| <b>Hedge of interest rate risk</b>                                       |                 |   | <b>16,019</b>  |
| Hedged assets  | 86,051          | (3,613)   | (4,637)  |
| <i>Due from banks, at amortised cost</i>                                 | 1,282           | (100)   | (102)  |
| <i>Customer loans, at amortised cost</i>                                 | 8,074           | (316)   | (638)  |
| <i>Securities at amortised cost</i>                                      | 1,827           | (257)   | (100)  |
| <i>Financial assets at fair value through other comprehensive income</i> | 27,502          | (678)   | (1,654)  |
| <i>Customer loans (macro hedged)<sup>(1)</sup></i>                       | 47,366          | (2,262)   | (2,143)  |
| Hedged liabilities   | 201,845         | (17,353)  | 20,656   |
| <i>Debt securities issued</i>  | 43,501          | (4,195)   | 4,354  |
| <i>Due to banks</i>  | 18,744          | (1,933)   | 2,034  |
| <i>Customer deposits</i>   | 10,341          | (90)  | 197  |
| <i>Subordinated debts</i>  | 13,434          | (1,476)   | 1,760  |
| <i>Customer deposits (macro hedged)<sup>(1)</sup></i>                    | 115,825         | (9,659)   | 12,311   |
| <b>Hedge of currency risk</b>  |                 |   | <b>(1)</b>   |
| Hedged liabilities   | 192             | 2   | (1)  |
| <i>Subordinated debts</i>  | 192             | 2   | (1)  |
| <b>Hedge of equity risk</b>  |                 |   | <b>(0)</b>   |
| Hedged liabilities   | 4               | (0)   | (0)  |
| <i>Other liabilities</i>   | 4               | (0)   | (0)  |
| <b>TOTAL</b>   |                 |   | <b>16,018</b>  |

(1) The carrying amount of the macro-hedged items represents the sum of the hedged outstanding and the revaluation differences on portfolios hedged against interest rate risk.

(2) The cumulative change in fair value is taken into account excluding accrued interest for the items hedged against interest rate risk. The amount shown also includes the fair value adjustment remaining to be amortised on the items for which the hedging relationship has been derecognised.

(3) Changes in fair value attributable to the hedged risk only and used to determine the ineffective portion of the fair value of the hedging instrument. This change is excluding accrued interests for the items hedged against interest rate risk.

As at 31 December 2023, EUR 1,773 million of cumulative fair value change remains to be amortised following the termination of hedging relationships, including €1,858 million of cumulative fair value remaining to be amortised relating to the transfer of swaps to the transaction portfolio as at 31 December 2023 presented above.

## BREAKDOWN OF HEDGING INSTRUMENTS

| (In EURm)   | 31.12.2023                           |                           |               |  |  |
|---|--------------------------------------|---------------------------|---------------|--|--|
|   | Commitments<br>(notional<br>amounts) | Fair value <sup>(2)</sup> |               | Change<br>in fair value<br>booked<br>during the period | Ineffectiveness<br>recognised<br>during the period |
|   |                                      | Asset                     | Liabilities   |  |  |
| <b>Hedge of interest rate risk</b>                                | <b>274,565</b>                       | <b>10,112</b>             | <b>18,181</b> | <b>3,141</b>   | <b>168</b>   |
| Firm instruments – Swaps  | 274,565                              | 10,112                    | 18,181        | 3,141  | 168  |
| For hedged assets   | 36,665                               | 1,538                     | 1,794         | (1,351)  | 27   |
| For hedged portfolios of assets (macro hedge) <sup>(1)</sup>      | 56,723                               | 1,585                     | 1,041         | (1,807)  | (75)   |
| For hedged liabilities  | 96,289                               | 1,360                     | 5,822         | 3,096  | 128  |
| For hedged portfolios of liabilities (macro hedge) <sup>(1)</sup> | 84,888                               | 5,629                     | 9,524         | 3,203  | 88   |
| Options   | -                                    | -                         | -             | -  | -  |
| For hedged portfolios of assets (macro hedge) <sup>(1)</sup>      | -                                    | -                         | -             | -  | -  |
| <b>Hedge of currency risk</b>                                     | <b>195</b>                           | <b>1</b>                  | <b>1</b>      | <b>(1)</b>   | <b>-</b>   |
| Firm instruments  | 195                                  | 1                         | 1             | (1)  | -  |
| For hedged liabilities  | 195                                  | 1                         | 1             | (1)  | -  |
| <b>Hedge of equity risk</b>                                       | <b>4</b>                             | <b>0</b>                  | <b>0</b>      | <b>0</b>   | <b>(0)</b>   |
| Options   | 4                                    | 0                         | 0             | 0  | (0)  |
| For hedged liabilities  | 4                                    | 0                         | 0             | 0  | (0)  |
| <b>TOTAL</b>  | <b>274,764</b>                       | <b>10,113</b>             | <b>18,182</b> | <b>3,140</b>   | <b>168</b>   |

| (In EURm)   | 31.12.2022 R                         |                           |               |  |  |
|---|--------------------------------------|---------------------------|---------------|--|--|
|   | Commitments<br>(notional<br>amounts) | Fair value <sup>(2)</sup> |               | Change<br>in fair value<br>booked<br>during the period | Ineffectiveness<br>recognised<br>during the period |
|   |                                      | Asset                     | Liabilities   |  |  |
| <b>Hedge of interest rate risk</b>                                | <b>314,235</b>                       | <b>32,252</b>             | <b>45,538</b> | <b>(16,246)</b>  | <b>(227)</b>                                       |
| Firm instruments – Swaps  | 313,893                              | 32,215                    | 45,538        | (16,251)   | (227)  |
| For hedged assets   | 37,495                               | 2,187                     | 1,259         | 2,432  | (62)   |
| For hedged portfolios of assets (macro hedge) <sup>(1)</sup>      | 45,575                               | 2,811                     | 712           | 2,200  | 61   |
| For hedged liabilities  | 105,049                              | 825                       | 8,235         | (8,621)  | (274)  |
| For hedged portfolios of liabilities (macro hedge) <sup>(1)</sup> | 125,774                              | 26,392                    | 35,332        | (12,262)   | 48   |
| Options   | 342                                  | 37                        | -             | 5  | -  |
| For hedged portfolios of assets (macro hedge) <sup>(1)</sup>      | 342                                  | 37                        | -             | 5  | -  |
| <b>Hedge of currency risk</b>                                     | <b>192</b>                           | <b>20</b>                 | <b>1</b>      | <b>1</b>   | <b>-</b>   |
| Firm instruments  | 192                                  | 20                        | 1             | 1  | -  |
| For hedged liabilities  | 192                                  | 20                        | 1             | 1  | -  |
| <b>Hedge of equity risk</b>                                       | <b>4</b>                             | <b>0</b>                  | <b>0</b>      | <b>(1)</b>   | <b>(1)</b>   |
| Options   | 4                                    | 0                         | 0             | (1)  | (1)  |
| For hedged liabilities  | 4                                    | 0                         | 0             | (1)  | (1)  |
| <b>TOTAL</b>  | <b>314,431</b>                       | <b>32,272</b>             | <b>45,539</b> | <b>(16,246)</b>  | <b>(228)</b>                                       |

(1) For macro fair value transactions, the commitment described above equals the net hedging derivatives position in order to represent the economic exposure from these instruments. This position should be linked with the carrying amount of the hedged items which represents the hedged exposure.

(2) The fair value of interest rate hedging derivatives includes accrued interests.



**CASH FLOW HEDGE: BREAKDOWN OF HEDGED ITEMS**

The following table describes the change of fair value of hedged items used to book the ineffective portion of the hedge during the current period. Regarding the cash flow hedges, the change in fair value of hedged items is assessed using the hypothetical derivative method described in the accounting principles above.

| <i>(In EURm)</i>   | <b>31.12.2023</b>               | <b>31.12.2022 R</b>             |
|--|---------------------------------|---------------------------------|
|  | <b>Change in the fair value</b> | <b>Change in the fair value</b> |
| <b>Hedge of interest rate risk</b>                                       | <b>2</b>                        | <b>550</b>                      |
| Hedged assets  | 33                              | 135                             |
| <i>Due from banks, at amortised cost</i>                                 | 30                              | -                               |
| <i>Financial assets at fair value through other comprehensive income</i> | (22)                            | 135                             |
| <i>Customer loans (macro hedged)</i>                                     | 25                              | -                               |
| Hedged liabilities   | (31)                            | 415                             |
| <i>Debt securities issued</i>  | 80                              | (110)                           |
| <i>Due to banks</i>  | (20)                            | (51)                            |
| <i>Customer deposits</i>   | (91)                            | 576                             |
| <b>Hedge of currency risk</b>  | <b>40</b>                       | <b>(55)</b>                     |
| Hedged assets  | (16)                            | -                               |
| <i>Financial assets at fair value through other comprehensive income</i> | (16)                            | -                               |
| Hedged liabilities   | 41                              | (54)                            |
| <i>Debt securities issued</i>  | 41                              | -                               |
| <i>Subordinated debts</i>  | -                               | (54)                            |
| Forecast transactions  | 15                              | (1)                             |
| <b>Hedge of equity risk</b>  | <b>6</b>                        | <b>43</b>                       |
| Forecast transactions  | 6                               | 43                              |
| <b>TOTAL</b>   | <b>48</b>                       | <b>538</b>                      |

## CASH FLOW HEDGE: BREAKDOWN OF HEDGING INSTRUMENTS

|   | 31.12.2023                           |            |            |  |  |  |
|---|--------------------------------------|------------|------------|--|--|--|
|   | Commitments<br>(notional<br>amounts) | Fair value |            | Changes in fair value<br>recorded during the period                |  | Cumulative<br>change in fair<br>value recorded<br>in unrealised<br>or deferred gains<br>and losses |
|   |                                      | Asset      | Liability  | Portion booked<br>in unrealised<br>or deferred gains<br>and losses | Ineffectiveness<br>recorded in the<br>profit or loss |  |
| (In EURm)   |                                      |            |            |  |  |  |
| <b>Hedge of interest rate risk</b>                              | <b>13,592</b>                        | <b>309</b> | <b>394</b> | <b>(2)</b>   | <b>1</b>   | <b>(432)</b>   |
| Firm instruments – Swaps  | 13,587                               | 309        | 394        | (2)  | 1  | (432)  |
| For hedged assets   | 1,726                                | 156        | 10         | (9)  | 16   | (121)  |
| For hedged portfolios of assets<br>(macro hedge) <sup>(1)</sup> | 1,120                                | 57         | 1          | (24)   | (16)   | 24   |
| For hedged liabilities  | 10,741                               | 96         | 383        | 31   | 1  | (335)  |
| Firm instruments – FRAs   | 5                                    | -          | -          | -  | -  | -  |
| For hedged liabilities  | 5                                    | -          | -          | -  | -  | -  |
| <b>Hedge of currency risk</b>                                   | <b>2,356</b>                         | <b>5</b>   | <b>56</b>  | <b>(40)</b>  | <b>-</b>   | <b>(3)</b>   |
| Firm instruments  | 2,356                                | 5          | 56         | (40)   | -  | (3)  |
| For hedged assets   | -                                    | -          | -          | -  | -  | -  |
| For hedged liabilities  | 1,602                                | 5          | 46         | (25)   | -  | (5)  |
| For hedged future transactions                                  | 754                                  | -          | 10         | (15)   | -  | 2  |
| Options   | -                                    | -          | -          | -  | -  | -  |
| For hedged future transactions                                  | -                                    | -          | -          | -  | -  | -  |
| Non-derivative financial instruments                            | -                                    | -          | -          | -  | -  | -  |
| For hedged future transactions                                  | -                                    | -          | -          | -  | -  | -  |
| <b>Hedge of equity risk</b>                                     | <b>222</b>                           | <b>7</b>   | <b>25</b>  | <b>(6)</b>   | <b>-</b>   | <b>(8)</b>   |
| Options   | 222                                  | 7          | 25         | (6)  | -  | (8)  |
| For hedged future transactions                                  | 222                                  | 7          | 25         | (6)  | -  | (8)  |
| <b>TOTAL</b>  | <b>16,170</b>                        | <b>321</b> | <b>475</b> | <b>(48)</b>  | <b>1</b>   | <b>(443)</b>   |

(1) For macro fair value transactions, the commitment described above equals the net hedging derivatives position in order to represent the economic exposure from these instruments.

| (In EURm)   | 31.12.2022 R                         |            |            |  |  |  |
|---|--------------------------------------|------------|------------|--|--|--|
|   | Commitments<br>(notional<br>amounts) | Fair value |            | Changes in fair value<br>recorded during the period                |  | Cumulative<br>change in fair<br>value recorded<br>in unrealised<br>or deferred gains<br>and losses |
|   |                                      | Asset      | Liability  | Portion booked<br>in unrealised<br>or deferred gains<br>and losses | Ineffectiveness<br>recorded in the<br>profit or loss |  |
| <b>Hedge of interest rate risk</b>                              | <b>12,302</b>                        | <b>420</b> | <b>444</b> | <b>(551)</b>   | <b>(10)</b>  | <b>(374)</b>   |
| Firm instruments – Swaps  | 12,294                               | 420        | 444        | (551)  | (10)   | (374)  |
| For hedged assets   | 849                                  | 121        | -          | (188)  | -  | (170)  |
| For hedged portfolios of assets<br>(macro hedge) <sup>(1)</sup> | 1,185                                | 39         | -          | 52   | (8)  | 46   |
| For hedged liabilities  | 10,260                               | 260        | 444        | (415)  | (2)  | (250)  |
| Firm instruments – FRAs   | 8                                    | -          | -          | -  | -  | -  |
| For hedged liabilities  | 8                                    | -          | -          | -  | -  | -  |
| <b>Hedge of currency risk</b>                                   | <b>1,827</b>                         | <b>44</b>  | <b>50</b>  | <b>55</b>  | <b>9</b>   | <b>(1)</b>   |
| Firm instruments  | 1,827                                | 36         | 41         | 55   | 10   | -  |
| For hedged assets   | 1,008                                | 12         | 19         | -  | -  | -  |
| For hedged liabilities  | 213                                  | 17         | 3          | 54   | -  | -  |
| For hedged future transactions                                  | 606                                  | 7          | 19         | 1  | 10   | -  |
| Options   | -                                    | -          | -          | -  | (1)  | -  |
| For hedged future transactions                                  | -                                    | -          | -          | -  | (1)  | -  |
| Non-derivative financial instruments                            | -                                    | 8          | 9          | -  | -  | -  |
| For hedged future transactions                                  | -                                    | 8          | 9          | -  | -  | -  |
| <b>Hedge of equity risk</b>                                     | <b>175</b>                           | <b>6</b>   | <b>17</b>  | <b>(43)</b>  | <b>-</b>   | <b>(6)</b>   |
| Options   | 175                                  | 6          | 17         | (43)   | -  | (6)  |
| For hedged future transactions                                  | 175                                  | 6          | 17         | (43)   | -  | (6)  |
| <b>TOTAL</b>  | <b>14,304</b>                        | <b>470</b> | <b>511</b> | <b>(539)</b>   | <b>(1)</b>   | <b>(381)</b>   |

(1) For the macro hedge transactions, the commitment described above equals the net hedging derivatives position in order to represent the economic exposure from these instruments.

## NET INVESTMENT HEDGE: BREAKDOWN OF HEDGED ITEMS

| (In EURm)                                | 31.12.2023  |  | 31.12.2022 R  |  |
|--|---|--|---|--|
|  | Change<br>in the fair value<br>of the hedged item<br>during the period <sup>(1)</sup> | Cumulative<br>translations<br>differences related<br>to the hedged items | Change<br>in the fair value<br>of the hedged item<br>during the period <sup>(1)</sup> | Cumulative<br>translations<br>differences related<br>to the hedged items |
| <b>Hedge of currency risk</b>            | <b>(156)</b>  | <b>(454)</b>   | <b>(77)</b>   | <b>(298)</b>   |
| Hedged net investment in GBP             | 60  | (208)  | (170)   | (268)  |
| Hedged net investment in CZK             | (46)  | 293  | 76  | 339  |
| Hedged net investment in RUB             | -   | -  | 106   | -  |
| Hedged net investment in RON             | (4)   | (71)   | 5   | (66)   |
| Hedged net investment in USD             | (23)  | (16)   | (21)  | 6  |
| Hedged net investment (other currencies) | (143)   | (452)  | (73)  | (309)  |

(1) Changes in fair value attributable to the hedged risk only and used to determine the ineffective portion of the fair value of the hedged instruments. A positive amount corresponds to an unrealised gain recorded directly in shareholders' equity in respect of the foreign exchange variation recorded on the hedged item.

## NET INVESTMENT HEDGE: BREAKDOWN OF HEDGE INSTRUMENTS

|   | 31.12.2023                           |                                |              |  |  |   |
|---|--------------------------------------|--------------------------------|--------------|--|--|---|
|   | Commitments<br>(notional<br>amounts) | Carrying amount <sup>(1)</sup> |              | Changes in fair value<br>recorded during the period <sup>(2)</sup> |  | Cumulative<br>change in fair<br>value recorded<br>in unrealised<br>or deferred gains<br>or losses |
|   |                                      | Asset                          | Liability    | Portion booked<br>in unrealised<br>or deferred gains<br>and losses | Ineffectiveness<br>recorded in<br>the profit or<br>loss <sup>(3)</sup> |   |
| <i>(In EURm)</i>                                |                                      |                                |              |  |  |   |
| <b>Hedge of currency risk</b>                   | <b>5,804</b>                         | <b>151</b>                     | <b>2,817</b> | <b>156</b>   | <b>72</b>  | <b>454</b>  |
| Firm instruments                                | 5,804                                | 151                            | 51           | 166  | 72   | 265   |
| <i>Hedged net investment in GBP</i>             | 1,149                                | 18                             | 10           | (21)   | 5  | (151)   |
| <i>Hedged net investment in CZK</i>             | 1,258                                | 43                             | 6            | 29   | 30   | (89)  |
| <i>Hedged net investment in RUB</i>             | -                                    | -                              | -            | -  | -  | -   |
| <i>Hedged net investment in RON</i>             | 599                                  | 2                              | -            | 4  | 6  | 55  |
| <i>Hedged net investment in USD</i>             | 249                                  | 14                             | 7            | 23   | 11   | 50  |
| <i>Hedged net investment (other currencies)</i> | 2,549                                | 74                             | 28           | 131  | 20   | 400   |
| Non derivatives instruments                     | -                                    | -                              | 2,766        | (10)   | -  | 189   |
| <i>Hedged net investment in GBP</i>             | -                                    | -                              | 1,867        | (39)   | -  | 359   |
| <i>Hedged net investment in CZK</i>             | -                                    | -                              | 720          | 17   | -  | (204)   |
| <i>Hedged net investment in RUB</i>             | -                                    | -                              | -            | -  | -  | -   |
| <i>Hedged net investment in RON</i>             | -                                    | -                              | 34           | -  | -  | 16  |
| <i>Hedged net investment in USD</i>             | -                                    | -                              | -            | -  | -  | (33)  |
| <i>Hedged net investment (other currencies)</i> | -                                    | -                              | 145          | 12   | -  | 51  |

|   | 31.12.2022 R                         |                                |              |  |  |   |
|---|--------------------------------------|--------------------------------|--------------|--|--|---|
|   | Commitments<br>(notional<br>amounts) | Carrying amount <sup>(1)</sup> |              | Changes in fair value<br>recorded during the period <sup>(2)</sup> |  | Cumulative<br>change in fair<br>value recorded<br>in unrealised<br>or deferred gains<br>or losses |
|   |                                      | Asset                          | Liability    | Portion booked<br>in unrealised<br>or deferred gains<br>and losses | Ineffectiveness<br>recorded in<br>the profit or<br>loss <sup>(3)</sup> |   |
| <i>(In EURm)</i>                                |                                      |                                |              |  |  |   |
| <b>Hedge of currency risk</b>                   | <b>6,314</b>                         | <b>229</b>                     | <b>2,975</b> | <b>76</b>  | <b>(81)</b>  | <b>298</b>  |
| Firm instruments                                | 6,314                                | 229                            | 114          | 17   | (81)   | 99  |
| <i>Hedged net investment in GBP</i>             | 1,320                                | 58                             | 9            | 48   | (6)  | (130)   |
| <i>Hedged net investment in CZK</i>             | 1,352                                | 4                              | 43           | (51)   | (52)   | (118)   |
| <i>Hedged net investment in RUB</i>             | -                                    | -                              | -            | (57)   | 20   | -   |
| <i>Hedged net investment in RON</i>             | 470                                  | 2                              | 5            | (5)  | (5)  | 51  |
| <i>Hedged net investment in USD</i>             | 732                                  | 49                             | 11           | 21   | (12)   | 27  |
| <i>Hedged net investment (other currencies)</i> | 2,440                                | 116                            | 46           | 61   | (26)   | 269   |
| Non derivatives instruments                     | -                                    | -                              | 2,861        | 59   | -  | 199   |
| <i>Hedged net investment in GBP</i>             | -                                    | -                              | 1,761        | 124  | -  | 398   |
| <i>Hedged net investment in CZK</i>             | -                                    | -                              | 837          | (25)   | -  | (221)   |
| <i>Hedged net investment in RUB</i>             | -                                    | -                              | -            | (50)   | -  | -   |
| <i>Hedged net investment in RON</i>             | -                                    | -                              | 38           | -  | -  | 15  |
| <i>Hedged net investment in USD</i>             | -                                    | -                              | -            | -  | -  | (33)  |
| <i>Hedged net investment (other currencies)</i> | -                                    | -                              | 225          | 10   | -  | 40  |

(1) The carrying value equals fair value in the case of derivative instruments and equals amortised cost, translated at the closing date, in the case of loans and borrowings in foreign currencies.

(2) A positive change in value reflects a gain.

(3) In the case of foreign exchange risk hedging using derivative, the change in fair value attributable to the hedged foreign exchange risk is presented under the Portion booked in unrealised or deferred gains and losses heading and perfectly offsets the foreign exchange difference recognised on the hedged item. The amounts presented under Ineffective portion recognised in profit or loss correspond to the effects relating to risks other than foreign exchange risk.

**NOTE 3.3 Financial assets at fair value through other comprehensive income****IMPACT ON GROUP FINANCIAL ASSETS AND LIABILITIES OF THE APPLICATION OF IFRS 9 BY INSURANCE SUBSIDIARIES (SEE NOTE 1)**

| (In EURm)  | 31.12.2021    | Reclassifications                      |   | Reclassified balances | Reclassification effects | Adjustment of book value related to investments | 01.01.2022 R   | 31.12.2022 R  |
|--|---------------|--|---|-----------------------|--------------------------|---|----------------|---------------|
|  |               | of available for-sale financial assets | of loans and receivables regarding their business model |                       |                          |   |                |               |
| Debt instruments   | 43,180        | 67,632                                 | 1,454   | 112,266               | 159                      |   | 112,425        | 92,696        |
| <i>Bonds and other debt securities</i>   | 43,081        | 67,632                                 | 1,417   | 112,130               | 159                      |   | 112,289        | 92,655        |
| <i>Loans and receivables and securities purchased under resale agreements</i>  | 99            |  | 37  | 136                   |                          |   | 136            | 41            |
| Shares and other equity securities   | 270           |  |   | 270                   |                          |   | 270            | 264           |
| <b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME</b> | <b>43,450</b> | <b>67,632</b>                          | <b>1,454</b>  | <b>112,536</b>        | <b>159</b>               |   | <b>112,695</b> | <b>92,960</b> |

**OVERVIEW**

| (In EURm)   | 31.12.2023    | 31.12.2022 R  |
|---|---------------|---------------|
| Debt instruments  | 90,630        | 92,696        |
| <i>Bonds and other debt securities</i>  | 90,614        | 92,655        |
| <i>Loans and receivables and securities purchased under resale agreements</i> | 16            | 41            |
| Shares and other equity securities  | 264           | 264           |
| <b>TOTAL</b>  | <b>90,894</b> | <b>92,960</b> |
| <i>o/w securities lent</i>  | 228           | 249           |

**NOTE 3.3.1 DEBT INSTRUMENTS****ACCOUNTING PRINCIPLES**


Debt instruments (loans and receivables, bonds and bond equivalents) are classified as Financial assets at fair value through other comprehensive income when their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a “Collect and Sell business model”. At the time of original recognition, these financial assets are measured at fair value including the costs directly attributable to their acquisition or subscription.

Accrued or earned income on debt instruments is recorded in profit or loss based on the effective interest rate, under Interest and similar income.

At the reporting date, these instruments are measured at fair value and changes in fair value excluding income, are recorded in equity under Unrealised or deferred gains and losses, except for foreign exchange differences on money market instruments denominated in local currencies, which are recorded in profit or loss. Furthermore, as these financial assets are subject to impairment for credit risk, the changes in expected credit losses are recorded in profit or loss under Cost of credit risk with a corresponding entry under Unrealised or deferred gains and losses. The applicable impairment rules are described in Note 3.8.

**BUSINESS MODEL “HOLD TO COLLECT AND SELL”**

The objective of this business model is to realise cash flows by both collecting contractual payments and selling financial assets. In this type of business model, the sales of financial assets are not incidental or exceptional, but they are integral to achieving the business' objectives.



**Cash management**

Within the Group, except for the insurance activities, the “hold to collect and sell” business model is mainly applied by cash management activities for managing HQLA securities (High Quality Liquid Assets) included in the liquidity reserve. Only a few subsidiaries apply a “hold to collect” business model for managing their HQLA securities.

**CHANGES OF THE PERIOD**

(In EURm)

**2023**

|   |               |
|---|---------------|
| <b>Balance as at 1 January</b>                          | <b>92,696</b> |
| Acquisitions/disbursements                              | 37,720        |
| Disposals/redemptions                                   | (42,448)      |
| Transfers towards (or from) another accounting category | 30            |
| Change in scope and others                              | (132)         |
| Changes in fair value during the period                 | 3,607         |
| Change in related receivables                           | (60)          |
| Translation differences                                 | (783)         |
| <b>Balance as at 31 December</b>                        | <b>90,630</b> |

**CUMULATIVE UNREALISED GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY**

(In EURm)

**31.12.2023****31.12.2022 R**

|                            |                |                |
|----------------------------|----------------|----------------|
| Unrealised gains           | 993            | 798            |
| Unrealised losses          | (3,666)        | (5,873)        |
| <b>TOTAL<sup>(1)</sup></b> | <b>(2,673)</b> | <b>(5,075)</b> |

(1) Including EUR -2,298 million for insurance sector subsidiaries as at 31 December 2023 (EUR -4,479 million as at 31 December 2022). This amount must be read together with the financial income and expenses recorded directly in equity as part of the measurement of the associated insurance contracts for EUR +2,314 million as at 31 December 2023 (EUR +4,448 million as at 31 December 2022).

**NOTE 3.3.2 EQUITY INSTRUMENTS****ACCOUNTING PRINCIPLES**

Equity instruments (shares and share equivalents), that are not held for trading purposes, can be initially designated by the Group to be measured at fair value through other comprehensive income. This choice made instrument by instrument, is irrevocable.

These equity instruments are then measured at fair value and the changes in fair value are recognised under Unrealised or deferred gains and losses with no subsequent reclassification to profit or loss. If the instruments are sold, the realised gains and losses are reclassified to Retained earnings at the opening of the next financial year. Only dividend income, if it is considered as a return on investment, is recorded in profit or loss under Net gains or losses on financial assets at fair value through other comprehensive income.

The Group chose only in few rare cases to designate equity instruments to be measured at fair value through other comprehensive income.

**NOTE 3.4 Fair value of financial instruments measured at fair value**

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

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

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

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

**ACCOUNTING PRINCIPLES****Definition of fair value**

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

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

**Fair value hierarchy**

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

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

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

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

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

Where a financial instrument is traded in several markets to which the Group has immediate access, its fair value is represented by the market price at which volumes and activity levels are highest for the instrument in question.

Transactions resulting from involuntary liquidations or distressed sales are usually not taken into account to determine the market price.

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

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



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

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

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

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

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

The main L3 complex derivatives are:

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

## NOTE 3.4.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE

(In EURm)

|   | 31.12.2023     |                |               |                | 31.12.2022 R   |                |               |                |
|---|----------------|----------------|---------------|----------------|----------------|----------------|---------------|----------------|
|   | Level 1        | Level 2        | Level 3       | Total          | Level 1        | Level 2        | Level 3       | Total          |
| <b>Trading portfolio (excluding derivatives)</b>                                  | <b>104,493</b> | <b>171,245</b> | <b>6,814</b>  | <b>282,552</b> | <b>96,221</b>  | <b>131,547</b> | <b>6,402</b>  | <b>234,170</b> |
| Bonds and other debt securities*  | 32,843         | 6,275          | 308           | 39,426         | 22,857         | 3,007          | 158           | 26,022         |
| Shares and other equity securities*   | 71,524         | 170            | -             | 71,694         | 73,362         | 1,042          | -             | 74,404         |
| Securities purchased under resale agreements                                      | -              | 152,944        | 6,130         | 159,074        | -              | 116,586        | 6,166         | 122,752        |
| Loans, receivables and other trading assets                                       | 126            | 11,856         | 376           | 12,358         | 2              | 10,912         | 78            | 10,992         |
| <b>Trading derivatives</b>  | <b>6</b>       | <b>81,276</b>  | <b>2,253</b>  | <b>83,535</b>  | <b>-</b>       | <b>73,393</b>  | <b>3,382</b>  | <b>76,775</b>  |
| Interest rate instruments*  | 5              | 40,806         | 1,668         | 42,479         | -              | 32,527         | 2,477         | 35,004         |
| Foreign exchange instruments*   | -              | 18,575         | 230           | 18,805         | -              | 23,826         | 446           | 24,272         |
| Equity and index instruments  | 1              | 19,581         | 189           | 19,771         | -              | 15,411         | 106           | 15,517         |
| Commodity instruments   | -              | 84             | -             | 84             | -              | 199            | -             | 199            |
| Credit derivatives  | -              | 1,820          | 166           | 1,986          | -              | 1,403          | 353           | 1,756          |
| Other forward financial instruments   | -              | 410            | -             | 410            | -              | 27             | -             | 27             |
| <b>Financial assets measured mandatorily at fair value through profit or loss</b> | <b>72,451</b>  | <b>23,683</b>  | <b>18,517</b> | <b>114,651</b> | <b>60,538</b>  | <b>25,183</b>  | <b>15,881</b> | <b>101,602</b> |
| Bonds and other debt securities   | 26,750         | 2,579          | 1,347         | 30,676         | 19,645         | 1,904          | 864           | 22,413         |
| Shares and other equity securities*   | 45,701         | 9,169          | 13,822        | 68,692         | 40,893         | 11,934         | 9,929         | 62,756         |
| Loans, receivables and securities purchased under resale agreements*              | -              | 11,935         | 3,348         | 15,283         | -              | 11,345         | 5,088         | 16,433         |
| <b>Financial assets measured using fair value option through profit or loss</b>   | <b>13,732</b>  | <b>1,412</b>   | <b>-</b>      | <b>15,144</b>  | <b>13,277</b>  | <b>1,327</b>   | <b>-</b>      | <b>14,604</b>  |
| Bonds and other debt securities   | 13,732         | 89             | -             | 13,821         | 13,277         | 92             | -             | 13,369         |
| Loans, receivables and securities purchased under resale agreements               | -              | 68             | -             | 68             | -              | 55             | -             | 55             |
| Separate assets for employee benefit plans  | -              | 1,255          | -             | 1,255          | -              | 1,180          | -             | 1,180          |
| <b>Hedging derivatives</b>  | <b>-</b>       | <b>10,585</b>  | <b>-</b>      | <b>10,585</b>  | <b>-</b>       | <b>32,971</b>  | <b>-</b>      | <b>32,971</b>  |
| Interest rate instruments   | -              | 10,421         | -             | 10,421         | -              | 32,672         | -             | 32,672         |
| Foreign exchange instruments  | -              | 157            | -             | 157            | -              | 293            | -             | 293            |
| Equity and index instruments  | -              | 7              | -             | 7              | -              | 6              | -             | 6              |
| <b>Financial assets measured at fair value through other comprehensive income</b> | <b>88,231</b>  | <b>2,384</b>   | <b>279</b>    | <b>90,894</b>  | <b>91,430</b>  | <b>1,250</b>   | <b>280</b>    | <b>92,960</b>  |
| Bonds and other debt securities*  | 88,231         | 2,382          | -             | 90,613         | 91,404         | 1,250          | 1             | 92,655         |
| Shares and other equity securities  | -              | -              | 265           | 265            | -              | -              | 264           | 264            |
| Loans and receivables   | -              | 2              | 14            | 16             | 26             | -              | 15            | 41             |
| <b>TOTAL</b>  | <b>278,913</b> | <b>290,585</b> | <b>27,863</b> | <b>597,361</b> | <b>261,466</b> | <b>265,671</b> | <b>25,945</b> | <b>553,082</b> |

\* The restatement of amounts as at 31 December 2022 includes some adjustments of the classification among levels in order to reflect the observability level of the inputs used to carry out the valuation of the considered financial instruments. They mainly concern a transfer within Shares and other equity securities of the trading portfolio from Level 2 to Level 1 (EUR 3,780 million).

## NOTE 3.4.2 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

| (In EURm)  | 31.12.2023    |                |               |                | 31.12.2022 R |                |               |                |
|--|---------------|----------------|---------------|----------------|--------------|----------------|---------------|----------------|
|  | Level 1       | Level 2        | Level 3       | Total          | Level 1      | Level 2        | Level 3       | Total          |
| <b>Trading portfolio (excluding derivatives)</b>                                     | <b>9,396</b>  | <b>177,622</b> | <b>4,514</b>  | <b>191,532</b> | <b>6,424</b> | <b>152,967</b> | <b>3,386</b>  | <b>162,777</b> |
| Amounts payable on borrowed securities   | -             | 42,461         | 22            | 42,483         | 8            | 51,037         | 56            | 51,101         |
| Bonds and other debt instruments sold short  | 7,305         | 1              | -             | 7,306          | 5,172        | -              | 14            | 5,186          |
| Shares and other equity instruments sold short                                       | 2,091         | -              | -             | 2,091          | 1,244        | -              | -             | 1,244          |
| Securities sold under repurchase agreements  | -             | 132,532        | 4,487         | 137,019        | -            | 99,366         | 3,307         | 102,673        |
| Borrowings and other trading liabilities   | -             | 2,628          | 5             | 2,633          | -            | 2,564          | 9             | 2,573          |
| <b>Trading derivatives</b>   | <b>12</b>     | <b>85,741</b>  | <b>4,050</b>  | <b>89,803</b>  | <b>14</b>    | <b>68,701</b>  | <b>3,941</b>  | <b>72,656</b>  |
| Interest rate instruments*   | 11            | 36,343         | 2,327         | 38,681         | -            | 21,122         | 2,662         | 23,784         |
| Foreign exchange instruments*  | 1             | 19,563         | 461           | 20,025         | 6            | 25,046         | 272           | 25,324         |
| Equity and index instruments   | -             | 27,555         | 1,056         | 28,611         | 7            | 20,464         | 738           | 21,209         |
| Commodity instruments  | -             | 208            | -             | 208            | -            | 154            | -             | 154            |
| Credit derivatives   | -             | 757            | 206           | 963            | -            | 1,135          | 269           | 1,404          |
| Other forward financial instruments  | -             | 1,315          | -             | 1,315          | 1            | 780            | -             | 781            |
| <b>Financial liabilities measured using fair value option through profit or loss</b> | <b>657</b>    | <b>56,503</b>  | <b>37,089</b> | <b>94,249</b>  | <b>-</b>     | <b>32,071</b>  | <b>36,671</b> | <b>68,742</b>  |
| <b>Hedging derivatives</b>   | <b>-</b>      | <b>18,708</b>  | <b>-</b>      | <b>18,708</b>  | <b>-</b>     | <b>46,164</b>  | <b>-</b>      | <b>46,164</b>  |
| Interest rate instruments  | -             | 18,575         | -             | 18,575         | -            | 45,981         | -             | 45,981         |
| Foreign exchange instruments   | -             | 108            | -             | 108            | -            | 166            | -             | 166            |
| Equity and index instruments   | -             | 25             | -             | 25             | -            | 17             | -             | 17             |
| <b>TOTAL</b>   | <b>10,065</b> | <b>338,574</b> | <b>45,653</b> | <b>394,292</b> | <b>6,438</b> | <b>299,903</b> | <b>43,998</b> | <b>350,339</b> |

\* The restatement of amounts as at 31 December 2022 includes some adjustments of the classification among levels in accordance with the financial instruments observability. They mainly concern a transfer within Foreign exchange instruments of the trading derivatives portfolio from Level 1 to Level 2 (EUR 336 million).

## NOTE 3.4.3 VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

## FINANCIAL ASSETS

| (In EURm)   | Balance as at<br>31.12.2022 R | Acquisitions  | Disposals/<br>redemptions | Transfer to<br>Level 2 | Transfer<br>from<br>Level 2 | Gains and<br>losses | Translation<br>differences | Change in<br>scope and<br>others | Balance as at<br>31.12.2023 |
|---|-------------------------------|---------------|---------------------------|------------------------|-----------------------------|---------------------|----------------------------|----------------------------------|-----------------------------|
| <b>Trading portfolio (excluding derivatives)</b>                                  | <b>6,402</b>                  | <b>5,829</b>  | <b>(3,368)</b>            | <b>(1,451)</b>         | <b>5</b>                    | <b>(589)</b>        | <b>(14)</b>                | <b>-</b>                         | <b>6,814</b>                |
| Bonds and other debt securities   | 158                           | 724           | (570)                     | (65)                   | 5                           | 60                  | (4)                        | -                                | 308                         |
| Securities purchased under resale agreements                                      | 6,166                         | 4,802         | (2,798)                   | (1,386)                | -                           | (653)               | (1)                        | -                                | 6,130                       |
| Loans, receivables and other trading assets                                       | 78                            | 303           | -                         | -                      | -                           | 4                   | (9)                        | -                                | 376                         |
| <b>Trading derivatives</b>  | <b>3,382</b>                  | <b>76</b>     | <b>(4)</b>                | <b>(382)</b>           | <b>84</b>                   | <b>(809)</b>        | <b>(94)</b>                | <b>-</b>                         | <b>2,253</b>                |
| Interest rate instruments   | 2,477                         | -             | -                         | (348)                  | 59                          | (451)               | (69)                       | -                                | 1,668                       |
| Foreign exchange instruments  | 446                           | -             | -                         | -                      | 3                           | (200)               | (19)                       | -                                | 230                         |
| Equity and index instruments  | 106                           | 76            | (4)                       | (5)                    | 1                           | 16                  | (1)                        | -                                | 189                         |
| Credit derivatives  | 353                           | -             | -                         | (29)                   | 21                          | (174)               | (5)                        | -                                | 166                         |
| <b>Financial assets measured mandatorily at fair value through profit or loss</b> | <b>15,881</b>                 | <b>5,844</b>  | <b>(5,078)</b>            | <b>(1,256)</b>         | <b>2,559</b>                | <b>(293)</b>        | <b>(69)</b>                | <b>929</b>                       | <b>18,517</b>               |
| Bonds and other debt securities   | 864                           | 1,606         | (1,523)                   | -                      | 38                          | 14                  | -                          | 348                              | 1,347                       |
| Shares and other equity securities  | 9,929                         | 4,238         | (2,897)                   | (472)                  | 2,480                       | (37)                | -                          | 581                              | 13,822                      |
| Loans, receivables and securities purchased under resale agreements               | 5,088                         | -             | (658)                     | (784)                  | 41                          | (270)               | (69)                       | -                                | 3,348                       |
| <b>Financial assets measured at fair value through other comprehensive income</b> | <b>280</b>                    | <b>4</b>      | <b>(5)</b>                | <b>-</b>               | <b>-</b>                    | <b>-</b>            | <b>-</b>                   | <b>-</b>                         | <b>279</b>                  |
| Debt instruments  | 1                             | 4             | (4)                       | -                      | -                           | (1)                 | -                          | -                                | -                           |
| Equity instruments  | 264                           | -             | -                         | -                      | -                           | 1                   | -                          | -                                | 265                         |
| Loans and receivables   | 15                            | -             | (1)                       | -                      | -                           | -                   | -                          | -                                | 14                          |
| <b>TOTAL</b>  | <b>25,945</b>                 | <b>11,753</b> | <b>(8,455)</b>            | <b>(3,089)</b>         | <b>2,648</b>                | <b>(1,691)</b>      | <b>(177)</b>               | <b>929</b>                       | <b>27,863</b>               |

## FINANCIAL LIABILITIES

| (In EURm)  | Balance as at<br>31.12.2022 R | Issues        | Redemptions     | Transfer to<br>Level 2 | Transfer<br>from<br>Level 2 | Gains and<br>losses | Translation<br>differences | Change in<br>scope and<br>others | Balance as at<br>31.12.2023 |
|--|-------------------------------|---------------|-----------------|------------------------|-----------------------------|---------------------|----------------------------|----------------------------------|-----------------------------|
| <b>Trading portfolio (excluding derivatives)</b>                                     | <b>3,386</b>                  | <b>3,810</b>  | <b>(1,488)</b>  | <b>(295)</b>           | -                           | <b>(818)</b>        | <b>(81)</b>                | -                                | <b>4,514</b>                |
| Amounts payable on borrowed securities   | 56                            | -             | -               | -                      | -                           | (34)                | -                          | -                                | 22                          |
| Bonds and other debt instruments sold short  | 14                            | -             | -               | -                      | -                           | (14)                | -                          | -                                | -                           |
| Securities sold under repurchase agreements  | 3,307                         | 3,810         | (1,488)         | (295)                  | -                           | (766)               | (81)                       | -                                | 4,487                       |
| Borrowings and other trading liabilities   | 9                             | -             | -               | -                      | -                           | (4)                 | -                          | -                                | 5                           |
| <b>Trading derivatives</b>   | <b>3,941</b>                  | <b>1,382</b>  | <b>(458)</b>    | <b>(527)</b>           | <b>274</b>                  | <b>(236)</b>        | <b>(326)</b>               | -                                | <b>4,050</b>                |
| Interest rate instruments  | 2,662                         | -             | -               | (399)                  | 246                         | 119                 | (301)                      | -                                | 2,327                       |
| Foreign exchange instruments   | 272                           | 856           | (403)           | (1)                    | 1                           | (263)               | (1)                        | -                                | 461                         |
| Equity and index instruments   | 738                           | 526           | (55)            | (84)                   | 18                          | (70)                | (17)                       | -                                | 1,056                       |
| Credit derivatives   | 269                           | -             | -               | (43)                   | 9                           | (22)                | (7)                        | -                                | 206                         |
| <b>Financial liabilities measured using fair value option through profit or loss</b> | <b>36,671</b>                 | <b>13,184</b> | <b>(12,866)</b> | <b>(1,793)</b>         | <b>188</b>                  | <b>2,397</b>        | <b>(692)</b>               | -                                | <b>37,089</b>               |
| <b>TOTAL</b>   | <b>43,998</b>                 | <b>18,376</b> | <b>(14,812)</b> | <b>(2,615)</b>         | <b>462</b>                  | <b>1,343</b>        | <b>(1,099)</b>             | -                                | <b>45,653</b>               |

## NOTE 3.4.4 VALUATION METHODS OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE ON THE BALANCE SHEET

For financial instruments recognised at fair value on the balance sheet, fair value is determined primarily on the basis of the prices quoted in an active market. These prices may be adjusted, if they are not available at the balance sheet date in order to incorporate the events that have an impact on prices and occurred after the closing of the stock markets but before the measurement date or in the event of an inactive market.

However, due notably to the varied characteristics of financial instruments traded over-the-counter on the financial markets, a large number of financial products traded by the Group does not have quoted prices in the markets.

For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for swaps or the Black & Scholes formula for certain options and using valuation parameters that reflect current market conditions at the balance sheet date. These valuation models are validated independently by the experts from the Market Risk Department of the Group's Risk Division.

Furthermore, the inputs used in the valuation models, whether derived from observable market data or not, are checked by the Finance Division of Market Activities, in accordance with the methodologies defined by the Market Risk Department.

If necessary, these valuations are supplemented by additional reserves (such as bid-ask spreads or liquidity) determined reasonably and appropriately after an analysis of available information.

Derivatives and security financing transactions are subject to a Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA). The Group includes all clients and clearing houses in this adjustment, which also reflects the netting agreements existing for each counterparty.

The CVA is determined based on the Group entity's expected positive exposure to the counterparty, the counterparty's probability of default and the amount of the loss given default. The DVA is determined symmetrically based on the negative expected exposure. These calculations are carried out over the life of the potential exposure, with a focus on the use of relevant and observable market data. Since 2021, a system has been in place to identify the new transactions for which CVA/DVA adjustments are significant. These transactions are then classified in Level 3.

Similarly, an adjustment to take into account the costs or profits linked to the financing of these transactions (FVA, Funding Value Adjustment) is also performed.

Observable data must be: independent, available, publicly distributed, based on a narrow consensus and backed up by transaction prices.

For example, consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For long maturities, these consensus data are not observable. This is the case for the implied volatility used for the valuation of equity options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable inputs.

In the event of unusual tensions on the markets, leading to a lack of the usual reference data used to measure a financial instrument, the Risk Division may implement a new model in accordance with pertinent available data, similar to methods used by other market players.

### SHARES AND OTHER EQUITY SECURITIES

For listed shares, fair value is taken to be the quoted price on the balance sheet date.

The significant unlisted securities and the significant securities listed on an illiquid market will be valued primarily by using a developed valuation method: Discounted Cash Flows (DCF) or Discounted Dividend Model (DDM) and/or Market multiples.

For non-significant unlisted shares, fair value is determined depending on the type of financial instrument and according to one of the following methods:

- proportion of net asset value held;
- valuation based on a recent transaction involving the issuing company (third party buying into the issuing company's capital, appraisal by a professional valuation agent, etc.);
- valuation based on a recent transaction in the same sector as the issuing company (income multiple, asset multiple, etc.).

### DEBT INSTRUMENTS HELD IN PORTFOLIO, ISSUES OF STRUCTURED SECURITIES MEASURED AT FAIR VALUE AND FINANCIAL DERIVATIVES INSTRUMENTS

The fair value of these financial instruments is determined based on the quoted price on the balance sheet date or prices provided by brokers on the same date, when available. For unlisted financial instruments, fair value is determined using valuation techniques. Concerning liabilities measured at fair value, the on-balance sheet amounts include changes in the Group's issuer credit risk.

### OTHER DEBTS

For listed financial instruments, fair value is taken as their closing quoted price on the balance sheet date. For unlisted financial instruments, fair value is determined by discounting future cash flows to present value at market rates (including counterparty risks, non-performance and liquidity risks).

### CUSTOMER LOANS

The fair value of loans and receivables is calculated, in the absence of an actively traded market for these loans, by discounting the expected cash flows to present value at a discount rate based on interest rates prevailing on the market at the reporting date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

**NOTE 3.4.5 ESTIMATES OF MAIN UNOBSERVABLE INPUTS**

The following table provides, for Level 3 instruments, the ranges of values of the most significant unobservable inputs by main product type.

(In EURm)

| Cash instruments and derivatives | Main products  | Valuation techniques used  | Significant unobservable inputs                    | Range of inputs |          |
|----------------------------------|--|--|--|-----------------|----------|
|                                  |  |  |  | min.            | max.     |
| Equities/funds                   | Simple and complex instruments or derivatives on funds, equities or baskets of stocks                    | Various option models on funds, equities or baskets of stocks            | Equity volatilities                                | 1.00%           | 623.30%  |
|                                  |  |  | Equity dividends                                   | 0.00%           | 16.00%   |
|                                  |  |  | Correlations                                       | -80.10%         | 99.90%   |
|                                  |  |  | Hedge fund volatilities                            | 7.60%           | 7.60%    |
|                                  |  |  | Mutual fund volatilities                           | 1.70%           | 26.80%   |
| Interest rates and Forex         | Hybrid forex/interest rate or credit/interest rate derivatives   | Hybrid forex interest rate or credit interest rate option pricing models | Correlations                                       | -80.00%         | 85.00%   |
|                                  | Forex derivatives  | Forex option pricing models  | Forex volatilities                                 | 1.00%           | 31.00%   |
|                                  | Interest rate derivatives whose notional is indexed to prepayment behaviour in European collateral pools | Prepayment modelling   | Constant prepayment rates                          | 0.00%           | 20.00%   |
|                                  | Inflation instruments and derivatives  | Inflation pricing models   | Correlations                                       | 72.00%          | 90.00%   |
| Credit                           | Collateralised Debt Obligations and index tranches   | Recovery and base correlation projection models                          | Time to default correlations                       | 0.00%           | 100.00%  |
|                                  |  |  | Recovery rate variance for single name underlyings | 0.00%           | 100.00%  |
|                                  |  |  | Time to default correlations                       | 0.00%           | 100.00%  |
|                                  | Other credit derivatives   | Credit default models  | Quanto correlations                                | 0.00%           | 100.00%  |
|                                  |  |  | Credit spreads                                     | 0,0 bps         | 82,4 bps |
| Commodities                      | Derivatives on commodities baskets   | Option models on commodities   | Correlations                                       | NA              | NA       |
| Long term equity investments     | Securities held for strategic purposes   | Net Book Value/Recent transactions                                       | Not applicable                                     | -               | -        |

The table below shows the valuation of cash and derivative instruments on the balance sheet. When it comes to hybrid instruments, they are broken down according to the main unobservable inputs.

|                              | 31.12.2023    |               |
|------------------------------|---------------|---------------|
|                              | Assets        | Liabilities   |
| (In EURm)                    |               |               |
| Equities/funds               | 12,833        | 22,771        |
| Rates and Forex              | 13,031        | 22,676        |
| Credit                       | 166           | 206           |
| Long term equity investments | 1,833         | -             |
| <b>TOTAL</b>                 | <b>27,863</b> | <b>45,653</b> |

**NOTE 3.4.6 SENSITIVITY OF FAIR VALUE FOR LEVEL 3 INSTRUMENTS**

Unobservable inputs are assessed carefully, particularly in this persistently uncertain economic environment and market. However, by their very nature, unobservable inputs inject a degree of uncertainty into the valuation of Level 3 instruments.

To quantify this, fair value sensitivity was estimated at 31 December 2023 on instruments whose valuation requires certain unobservable inputs. This estimate was based either on a “standardised” variation in unobservable inputs, calculated for each input on a net position, or on

assumptions in line with the additional valuation adjustment policies for the financial instruments in question.

The “standardised” variation corresponds to the standard deviation of consensus prices (TOTEM...) used to measure an input nevertheless considered as unobservable. In cases of unavailability of these data, the standard deviation of historical data is then used to assess the input.

**SENSITIVITY OF LEVEL 3 FAIR VALUE TO A “STANDARDISED” VARIATION IN UNOBSERVABLE INPUTS**

| <i>(In EURm)</i>   | 31.12.2023      |                 | 31.12.2022      |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | Negative impact | Positive impact | Negative impact | Positive impact |
| <b>Shares and other equity instruments and derivatives</b> | <b>(31)</b>     | <b>52</b>       | <b>(30)</b>     | <b>82</b>       |
| Equity volatilities  | (16)            | 16              | -               | 5               |
| Dividends  | (10)            | 10              | -               | 20              |
| Correlations   | (5)             | 25              | (30)            | 56              |
| Hedge Fund volatilities                                    | -               | 0               | -               | -               |
| Mutual Fund volatilities                                   | (0)             | 1               | (0)             | 1               |
| <b>Rates or Forex instruments and derivatives</b>          | <b>(13)</b>     | <b>25</b>       | <b>(15)</b>     | <b>28</b>       |
| Correlations between exchange rates and/or interest rates  | (13)            | 24              | (14)            | 27              |
| Forex volatilities   | (0)             | 0               | (1)             | 1               |
| Constant prepayment rates                                  | -               | -               | -               | -               |
| Inflation/inflation correlations                           | (0)             | 0               | (0)             | 0               |
| <b>Credit instruments and derivatives</b>                  | <b>(4)</b>      | <b>4</b>        | <b>-</b>        | <b>5</b>        |
| Time to default correlations                               | (0)             | 0               | -               | 0               |
| Quanto correlations  | (0)             | 0               | -               | 3               |
| Credit spreads   | (3)             | 3               | -               | 2               |
| <b>Commodity derivatives</b>                               | <b>NA</b>       | <b>NA</b>       | <b>NA</b>       | <b>NA</b>       |
| Commodities correlations                                   | NA              | NA              | NA              | NA              |
| <b>Long term securities</b>                                | <b>NA</b>       | <b>NA</b>       | <b>NA</b>       | <b>NA</b>       |

It should be noted that, given the already conservative valuation levels, this sensitivity is higher for a favourable impact on results than for an unfavourable impact. Moreover, the amounts shown above illustrate

the uncertainty of the valuation as at the computation date based on a “standardised” variation in inputs. Future variations in fair value cannot be deduced or forecast from these estimates.



**NOTE 3.4.7 DEFERRED MARGIN RELATED TO MAIN UNOBSERVABLE INPUTS**

At initial recognition, financial assets and liabilities are measured at fair value, that is to say the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When this fair value differs from transaction price and the instrument's valuation technique uses one or more unobservable inputs, this difference representative of a commercial margin is deferred in time to

be recorded in the income statement, from case to case, at maturity of the instrument, at the time of sell or transfer, over time, or when the inputs become observable.

The table below shows the amount remaining to be recognised in the income statement due to this difference, less any amounts recorded in the income statement after initial recognition of the instrument.

| <i>(In EURm)</i>  | <b>2023</b>  | <b>2022</b>  |
|---|--------------|--------------|
| <b>Deferred margin as at 1 January</b>                    | <b>1,248</b> | <b>1,191</b> |
| Deferred margin on new transactions during the period     | 470          | 794          |
| Margin recorded in the income statement during the period | (638)        | (737)        |
| <i>o/w amortisation</i>                                   | (390)        | (497)        |
| <i>o/w switch to observable inputs</i>                    | (20)         | (12)         |
| <i>o/w disposed, expired or terminated</i>                | (228)        | (228)        |
| <b>Deferred margin as at 31 December</b>                  | <b>1,080</b> | <b>1,248</b> |

**NOTE 3.5 Loans, receivables and securities at amortised cost****IMPACT ON GROUP FINANCIAL ASSETS AND LIABILITIES OF THE APPLICATION OF IFRS 9 BY INSURANCE SUBSIDIARIES (SEE NOTE 1)**

| <i>(In EURm)</i>                                 | <b>31.12.2021</b> | Reclassifications                      |              |                       | Adjustment of book value related to investments |   |              | <b>Total</b>   | <b>01.01.2022 R</b> | <b>31.12.2022 R</b> |
|--|-------------------|--|--------------|-----------------------|---|---|--------------|----------------|---------------------|---------------------|
|  |                   | of available for-sale financial assets | others       | Reclassified balances | Reclassification effects                        | Impairment and provisions for credit risk | Total        |                |                     |                     |
| Securities at amortised cost                     | 19,371            | 4,975                                  | 22           | 24,368                | (218)   | (1)                                       | (219)        | 24,149         | 26,143              |                     |
| Due from banks at amortised cost                 | 55,972            | -                                      | 1,232        | 57,204                | -   | -   | -            | 57,204         | 68,171              |                     |
| Customer loans and receivables at amortised cost | 497,164           | -                                      | 69           | 497,233               | -   | -   | -            | 497,233        | 506,635             |                     |
| <b>TOTAL</b>                                     | <b>572,507</b>    | <b>4,975</b>                           | <b>1,323</b> | <b>578,805</b>        | <b>(218)</b>                                    | <b>(1)</b>                                | <b>(219)</b> | <b>578,586</b> | <b>600,949</b>      |                     |

**OVERVIEW**

| <i>(In EURm)</i> | <b>31.12.2023</b> |                 | <b>31.12.2022 R</b> |                 |
|------------------|-------------------|-----------------|---------------------|-----------------|
|                  | Carrying amount   | o/w impairment  | Carrying amount     | o/w impairment  |
| Due from banks   | 77,879            | (23)            | 68,171              | (39)            |
| Customer loans   | 485,449           | (10,070)        | 506,635             | (10,634)        |
| Securities       | 28,147            | (84)            | 26,143              | (63)            |
| <b>TOTAL</b>     | <b>591,475</b>    | <b>(10,177)</b> | <b>600,949</b>      | <b>(10,736)</b> |

## ACCOUNTING PRINCIPLES

Loans, receivables and debt securities are measured at amortised cost where their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a “Hold to Collect” business model.

Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, and their accrued or earned income are recorded in profit or loss under Interest and similar income. Furthermore, as these financial assets are subject to impairment for credit risk, changes in the expected credit losses are recorded in profit or loss under Cost of credit risk with a corresponding impairment of the amortised cost on the asset side of the balance sheet. The applicable impairment rules are described in Note 3.8. When a loan or a receivable is classified in Stage 3 for impairment (doubtful outstanding), the subsequent accrued interest incremented to the carrying amount of the financial asset before impairment is limited to the interest recognised in profit or loss. The amount of such interest is then calculated by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

Loans granted by the Group may be subject to renegotiations for commercial reasons, while the borrowing customer is not experiencing any financial difficulties or insolvency. Such efforts are undertaken for customers for which the Group agrees to renegotiate their debt at the new market conditions in the interest of preserving or developing a business relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest. Except in specific cases where the modification due to the renegotiation would not be considered significant, renegotiated loans are derecognised as at the renegotiation date, and the new loans contracted under the renegotiated terms and conditions replace the previous loans in the balance sheet as at this same date. The new loans are subject to the SPPI test to determine how they are classified in the balance sheet. If a loan qualifies as a basic instrument (SPPI), the handling and implementation fees associated with the new transaction received are included in the effective interest rate of the new instrument.

Customer loans at amortised cost include lease receivables where they are classified as finance leases. Leases granted by the Group are classified as finance leases if they transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. Otherwise, they are classified as operating leases (see Note 4.2).

These finance lease receivables represent the Group’s net investment in the lease, calculated as the present value of the minimum payments to be received from the lessee, plus any unguaranteed residual value, discounted at the interest rate implicit in the lease. In the event of a subsequent reduction in the estimated unguaranteed residual value used to calculate the lessor’s investment in the finance lease, the present value of this reduction is recognised as a loss under Expenses from other activities in the income statement and as a reduction of the finance lease receivables on the asset side of the balance sheet.

## BUSINESS MODEL “HOLD TO COLLECT”

Under this model, financial assets are managed to obtain cash flows by collecting contractual payments over the life of the instrument.

To achieve the objective of this business model, it is not necessary for the entity to hold all the instruments until maturity. Selling assets remains consistent with a business model whose objective is to collect contractual cash flows in the following cases:

- the financial asset is sold following an increase in the asset’s credit risk; or
- the sale of the financial asset occurs close to its maturity and the proceeds from the sale are similar to the amount to be collected from the remaining contractual cash flows.

Other sales can be consistent with the objective of collecting contractual cash flows, as well, provided they are infrequent (even if significant in value) or insignificant in value, both individually and in aggregate terms (even if frequent). Such other sales include sales made to manage credit concentration risk (without an increase in the asset’s credit risk). The Group has set up procedures for reporting and analysing all significant projected sales of financial assets held for collecting contractual cash flows, as well as a periodic review of sales that have occurred.



### Financing activities

Within the Group, the “hold to collect” business model is mainly applied by financing activities managed by French Retail Banking, International Retail Banking and Financial Services and by Global Banking and Investor Solutions, except for the part of syndicated loans that is expected to be sold.

**NOTE 3.5.1 DUE FROM BANKS**

| (In EURm)  | <b>31.12.2023</b> | <b>31.12.2022 R</b> |
|--|-------------------|---------------------|
| Current accounts                                       | 39,798            | 34,672              |
| Deposits and loans                                     | 12,939            | 15,053              |
| Securities purchased under resale agreements           | 24,622            | 17,669              |
| Subordinated and participating loans                   | 200               | 237                 |
| Related receivables                                    | 383               | 655                 |
| <b>Due from banks before impairments<sup>(1)</sup></b> | <b>77,942</b>     | <b>68,286</b>       |
| Credit loss impairments                                | (23)              | (39)                |
| Revaluation of hedged items                            | (40)              | (76)                |
| <b>TOTAL</b>   | <b>77,879</b>     | <b>68,171</b>       |

(1) As at 31 December 2023, the amount due from banks classified as Stage 3 impairment (credit impaired) is EUR 37 million compared to EUR 68 million as at 31 December 2022. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

**NOTE 3.5.2 CUSTOMER LOANS**

| (In EURm)  | <b>31.12.2023</b> | <b>31.12.2022 R</b> |
|--|-------------------|---------------------|
| Overdrafts   | 21,629            | 29,244              |
| Other customer loans                                   | 428,614           | 444,612             |
| Lease financing agreements                             | 31,165            | 29,499              |
| Securities purchased under resale agreements           | 9,413             | 10,159              |
| Related receivables                                    | 4,845             | 4,071               |
| <b>Customer loans before impairments<sup>(1)</sup></b> | <b>495,666</b>    | <b>517,585</b>      |
| Credit loss impairment                                 | (10,070)          | (10,634)            |
| Revaluation of hedged items                            | (147)             | (316)               |
| <b>TOTAL</b>   | <b>485,449</b>    | <b>506,635</b>      |

(1) As at 31 December 2023, the amount due from banks classified as Stage 3 impairment (credit impaired) is EUR 15,711 million compared to EUR 15,687 million as at 31 December 2022. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

**BREAKDOWN OF OTHER CUSTOMER LOANS**

| (In EURm)                             | <b>31.12.2023</b> | <b>31.12.2022 R</b> |
|---------------------------------------|-------------------|---------------------|
| Trade notes                           | 7,736             | 7,547               |
| Short-term loans                      | 138,568           | 146,274             |
| Export loans                          | 13,030            | 13,801              |
| Equipment loans                       | 74,205            | 70,293              |
| Housing loans                         | 145,076           | 152,282             |
| Loans secured by notes and securities | 84                | 246                 |
| Other loans                           | 49,915            | 54,169              |
| <b>TOTAL</b>                          | <b>428,614</b>    | <b>444,612</b>      |

### ADDITIONAL INFORMATION ON LEASE FINANCING AND SIMILAR AGREEMENTS

| <i>(In EURm)</i>   | <b>31.12.2023</b> | <b>31.12.2022</b> |
|--|-------------------|-------------------|
| <b>Gross investments</b>                                     | <b>33,438</b>     | <b>31,339</b>     |
| Amount for the next five years                               | 28,206            | 26,129            |
| <i>Less than one year</i>                                    | 9,866             | 9,657             |
| <i>From one to two years</i>                                 | 6,987             | 6,418             |
| <i>From two to three years</i>                               | 5,407             | 4,855             |
| <i>From three to four years</i>                              | 3,629             | 3,190             |
| <i>From four to five years</i>                               | 2,317             | 2,009             |
| More than five years   | 5,232             | 5,210             |
| <b>Present value of minimum payments receivable</b>          | <b>29,153</b>     | <b>27,846</b>     |
| Rental receivables due for the next five years               | 25,231            | 23,799            |
| <i>Less than one year</i>                                    | 9,098             | 8,982             |
| <i>From one to two years</i>                                 | 6,361             | 5,926             |
| <i>From two to three years</i>                               | 4,780             | 4,403             |
| <i>From three to four years</i>                              | 3,140             | 2,831             |
| <i>From four to five years</i>                               | 1,852             | 1,657             |
| Rental receivables due for more than five years              | 3,922             | 4,047             |
| <b>Unearned financial income</b>                             | <b>2,273</b>      | <b>1,840</b>      |
| <b>Unguaranteed residual values receivable by the lessor</b> | <b>2,012</b>      | <b>1,653</b>      |

### NOTE 3.5.3 SECURITIES

| <i>(In EURm)</i>   | <b>31.12.2023</b> | <b>31.12.2022 R</b> |
|--|-------------------|---------------------|
| Government securities                                    | 14,303            | 13,480              |
| Negotiable certificates, bonds and other debt securities | 13,731            | 12,742              |
| Related receivables                                      | 256               | 242                 |
| <b>Securities before impairments</b>                     | <b>28,290</b>     | <b>26,464</b>       |
| Impairment   | (84)              | (63)                |
| Revaluation of hedged items                              | (59)              | (258)               |
| <b>TOTAL</b>   | <b>28,147</b>     | <b>26,143</b>       |

**NOTE 3.6 Debts****ACCOUNTING PRINCIPLES**

Debts include the non-derivative financial liabilities that are not measured at fair value through profit or loss (these instruments are described in Note 3.1.3).

They are recognised in the balance sheet, depending on the type of instrument and counterparty, under Due to banks, Customer deposits, Debt securities issued or Subordinated debt.

Subordinated debts are all dated or undated borrowings, whether or not in the form of debt securities, which in the event of the liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Debts are initially recognised at cost, *i.e.* at the fair value of the amount borrowed net of transaction fees. These liabilities are measured as at the reporting date at amortised cost using the effective interest rate method. As a result, issue or redemption premiums on bonds are amortised over the lifetime of the instruments concerned. Accrued or paid expenses are recorded in profit or loss under Interest and similar expense.

The Group's obligations arising from mortgage savings accounts and plans are recorded under Customer deposits – Regulated savings accounts. A provision may be recorded in respect of such mortgage savings instruments (see Note 8.3).

**NOTE 3.6.1 DUE TO BANKS**

(In EURm)

|   | <b>31.12.2023</b> | <b>31.12.2022 R</b> |
|---|-------------------|---------------------|
| Demand deposits and current accounts        | 11,131            | 10,455              |
| Overnight deposits and borrowings           | 1,049             | 392                 |
| Term deposits <sup>(1)</sup>                | 100,307           | 120,163             |
| Related payables                            | 1,464             | 301                 |
| Revaluation of hedged items                 | (1,082)           | (1,933)             |
| Securities sold under repurchase agreements | 4,978             | 3,633               |
| <b>TOTAL</b>                                | <b>117,847</b>    | <b>133,011</b>      |

(1) Including term-deposits linked to central banks, and in particular long-term refinancing operations set up by the ECB (Targeted Longer-Term Refinancing Operations – TLTRO).

**TLTRO**

The European Central Bank (ECB) launched in 2019 a third series of Targeted Longer-Term Refinancing Operations (TLTRO) with the aim of maintaining favourable credit conditions in the euro area. As in the two previous systems, the return on these loans depended on the performance of the borrowing banking institutions in terms of loans granted to their household customers (excluding real estate loans) and business customers (excluding financial institutions); depending on these performances, it was possible for the borrowing institutions to benefit from a reduced interest rate and an additional temporary bonus applicable from 24 June 2020 to 23 June 2021 (reduction by 50 basis points of the average deposit facility rate with a floor rate set at -1%). These TLTRO III operations were conducted on a quarterly basis between September 2019 and December 2021, for a possible total of 10 drawdowns. Each such operation has a three-year maturity and includes an early repayment option. Some terms and conditions were modified in March 2020, in particular the loan production objectives, rate conditions and drawdown limit, in order to further support the granting of loans at the outset of the Covid-19 crisis. In January 2021, the ECB decided to extend the additional temporary bonus over the period from 24 June 2021 to 23 June 2022 subject to performance in terms of number of granted loans observed over a new reference period from 1 October 2020 to 31 December 2021.

The Group, *via* Societe Generale and Crédit du Nord, subscribed to TLTRO III loans through quarterly drawdowns staggered between December 2019 and December 2021. The residual amount of TLTRO loans on the liability side of the balance sheet is 24 billion euros as at 31 December 2023, following the early repayments made in the 2023 financial year for an amount of 28.7 billion euros.

As at 31 December 2021, the Group had already achieved the stability objectives for outstanding loans allowing it to benefit from the reduced interest rate as well as from the two temporary additional bonuses applied respectively over the periods from 24 June 2020 to 23 June 2021 and from 24 June 2021 to 23 June 2022. The additional bonuses were qualified for accounting purposes as subsidies according to IAS 20 and the loans as liabilities at adjustable rates under IFRS 9.

On 27 October 2022, the ECB changed the methods for calculating the interest rate relating to the last period of TLTRO III. These new calculation methods have been applied since 23 November 2022.

As at 31 December 2023, the total cost of TLTRO borrowings including interest and bonuses is therefore between 1.40% and 3.10% depending on the drawdown dates. For the financial year 2023, the total amount of interests and bonuses on the TLTRO borrowings recorded under Interest and similar expense is EUR 1.2 billion.

**NOTE 3.6.2 CUSTOMER DEPOSITS**

| <i>(In EURm)</i>   | <b>31.12.2023</b> | <b>31.12.2022</b> |
|--|-------------------|-------------------|
| Regulated savings accounts                               | 122,172           | 111,496           |
| <i>Demand</i>  | 99,105            | 86,368            |
| <i>Term</i>  | 23,067            | 25,128            |
| Other demand deposits <sup>(1)</sup>                     | 262,954           | 295,933           |
| Other term deposits <sup>(1)</sup>                       | 146,878           | 115,651           |
| Related payables   | 1,841             | 876               |
| Revaluation of hedged items                              | (3)               | (89)              |
| <b>TOTAL CUSTOMER DEPOSITS</b>                           | <b>533,842</b>    | <b>523,867</b>    |
| Securities sold to customers under repurchase agreements | 7,835             | 6,897             |
| <b>TOTAL</b>   | <b>541,677</b>    | <b>530,764</b>    |

(1) Including term-deposits linked to governments and central administrations.

**BREAKDOWN OF OTHER DEMAND DEPOSITS BY CUSTOMER TYPE**

| <i>(In EURm)</i>             | <b>31.12.2023</b> | <b>31.12.2022</b> |
|------------------------------|-------------------|-------------------|
| Professionals and corporates | 107,168           | 151,687           |
| Individual customers         | 83,449            | 88,450            |
| Financial customers          | 55,842            | 42,982            |
| Others <sup>(1)</sup>        | 16,495            | 12,814            |
| <b>TOTAL</b>                 | <b>262,954</b>    | <b>295,933</b>    |

(1) Including term-deposits linked to governments and central administrations.

**NOTE 3.6.3 DEBT SECURITIES ISSUED**

| <i>(In EURm)</i>                                       | <b>31.12.2023</b> | <b>31.12.2022</b> |
|--|-------------------|-------------------|
| Term savings certificates                              | 173               | 230               |
| Bond borrowings  | 31,285            | 25,974            |
| Interbank certificates and negotiable debt instruments | 130,393           | 110,543           |
| Related payables                                       | 1,321             | 635               |
| Revaluation of hedged items                            | (2,666)           | (4,206)           |
| <b>TOTAL</b>   | <b>160,506</b>    | <b>133,176</b>    |
| <i>o/w floating-rate securities</i>                    | 95,247            | 77,220            |

**NOTE 3.7 Interest income and expense**

Interest is compensation for a financial service, consisting in a lender making a certain amount of cash available to a borrower for an agreed period of time. Such compensated financing arrangements can be loans, deposits or securities (bonds, negotiable debt securities...).

This compensation is a consideration for the time value of money, and additionally for credit risk, liquidity risk and administrative costs, all borne by the lender for the duration of the financing agreement. The interest can also include a margin used by the lending bank to remunerate equity instruments (such as ordinary shares) that are required by prudential regulation to be issued in relation to the amount of financing granted, so as to guarantee its own solvency.

Interest is recognised as expense or income over the life of the financing service granted or received, proportionally to the principal amount outstanding.

**ACCOUNTING PRINCIPLES**

Interest income and expense are recorded in the income statement under Interest and similar income and Interest and similar expense for all financial instruments measured using the effective interest method (instruments at amortised cost and debt instruments at fair value through other comprehensive income) and for all financial instruments mandatorily measured at fair value through profit and loss and interest rate risk hedging derivatives for the portion of income or expenses representative of the effective interest rate. Negative interest incomes on financial assets are recorded under Interest and similar expense; negative interest expenses on financial liabilities are recorded under Interest and similar income.

The effective interest rate is taken to be the rate used to net discount future cash inflows and outflows over the expected life of the instrument in order to establish the net book value of the financial asset or liability. The calculation of this rate considers the future cash flows estimated on the basis of the contractual provisions of the financial instrument without taking account of possible future credit losses and also includes commissions paid or received between the parties where these may be assimilated to interest, directly linked transaction costs, and all types of premiums and discounts.

Where a financial asset is classified in Stage 3 for impairment, subsequent interest income is recognised in profit or loss by applying the effective interest rate to the net carrying amount of the financial asset with an offsetting entry equal to the outstanding financial asset before impairment.

Moreover, except for those related to employee benefits, provisions recognised as balance sheet liabilities generate interest expenses which are calculated using the same risk-free interest rate as that used to discount the expected outflow of resources as soon as the effects of this update are significant.

**SPECIFIC TREATMENT RELATED TO THE REPLACEMENT OF A REFERENCE INTEREST RATE BY AN ALTERNATIVE REFERENCE INTEREST RATE (POSSIBLY INCLUDING A FINANCIAL COMPENSATION) - IBOR REFORM**

The replacement of a reference interest rate by an alternative reference interest rate (possibly including a financial compensation in the form of a margin adjustment expressed in basis points and/or a cash amount) is liable to change the basis for determining the contractual cash flows of a financial asset or liability (*i.e.*, the method for calculating the return on it).

The effective interest rate is then modified prospectively to reflect the change from the current reference interest rate to an alternative reference interest rate. This last is adjusted for the new margin expressed in basis points and, if needed, for the amortisation over the remaining term of the contract, of the cash amount paid at the time of the modification.

| (In EURm)  | 2023          |                 |               | 2022 R        |                 |               |
|--|---------------|-----------------|---------------|---------------|-----------------|---------------|
|  | Income        | Expense         | Net           | Income        | Expense         | Net           |
| Financial instruments at amortised cost  | 32,266        | (24,720)        | 7,546         | 17,546        | (8,845)         | 8,701         |
| <i>Central banks</i>   | 6,698         | (368)           | 6,330         | 1,255         | (306)           | 949           |
| <i>Bonds and other debt securities</i>   | 1,188         | (4,096)         | (2,908)       | 620           | (1,690)         | (1,070)       |
| <i>Due from/to banks<sup>(1)</sup></i>   | 4,038         | (6,375)         | (2,337)       | 1,935         | (1,737)         | 198           |
| <i>Customer loans and deposits</i>   | 17,931        | (12,133)        | 5,798         | 12,172        | (3,917)         | 8,255         |
| <i>Subordinated debt</i>   | -             | (700)           | (700)         | -             | (641)           | (641)         |
| <i>Securities lending/borrowing</i>  | 9             | (13)            | (4)           | 42            | (14)            | 28            |
| <i>Repo transactions</i>   | 2,402         | (1,035)         | 1,367         | 1,522         | (540)           | 982           |
| Hedging derivatives  | 15,919        | (17,748)        | (1,829)       | 9,739         | (8,737)         | 1,002         |
| Financial instruments at fair value through other comprehensive income <sup>(2)</sup>                | 2,779         | (260)           | 2,519         | 2,208         | (277)           | 1,931         |
| Lease agreements   | 1,258         | (47)            | 1,211         | 852           | (37)            | 815           |
| <i>Real estate lease agreements</i>  | 295           | (45)            | 250           | 181           | (37)            | 144           |
| <i>Non-real estate lease agreements</i>  | 963           | (2)             | 961           | 671           | -               | 671           |
| <b>Subtotal interest income/expense on financial instruments using the effective interest method</b> | <b>52,222</b> | <b>(42,775)</b> | <b>9,447</b>  | <b>30,345</b> | <b>(17,896)</b> | <b>12,449</b> |
| Financial instruments mandatorily at fair value through profit or loss                               | 865           | (2)             | 863           | 393           | (1)             | 392           |
| <b>TOTAL INTEREST INCOME AND EXPENSE</b>   | <b>53,087</b> | <b>(42,777)</b> | <b>10,310</b> | <b>30,738</b> | <b>(17,897)</b> | <b>12,841</b> |
| <i>o/w interest income from impaired financial assets</i>  | 273           | -               | 273           | 250           | -               | 250           |

(1) In 2022, the interest, then negative, on TLTRO loans was recorded among the products of Loans/borrowings from credit institutions. In 2023, interest on TLTRO loans is recorded among the expenses of Due from/to banks. (see Note 3.6).

(2) Including EUR 1,237 million for insurance subsidiaries in 2023 (EUR 1,411 million in 2022). This amount must be read together with the financial income and expenses of insurance contracts (see Note 4.3, Detail of performance of insurance activities).

These interest expenses include the refinancing cost of financial instruments at fair value through profit or loss, the results of which are classified in net gains or losses on these instruments (see Note 3.1). Given that income and expenses booked in the income statement are

classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through profit or loss must be assessed as a whole.

## BREAKDOWN OF INCOME OF CUSTOMER LOANS AT AMORTISED COST

| (In EURm)                      | 2023          | 2022 R        |
|--------------------------------|---------------|---------------|
| Trade notes                    | 786           | 507           |
| Other customer loans           | 15,189        | 10,433        |
| <i>Short-term loans</i>        | 7,132         | 4,490         |
| <i>Export loans</i>            | 576           | 366           |
| <i>Equipment loans</i>         | 2,647         | 1,751         |
| <i>Housing loans</i>           | 2,878         | 2,694         |
| <i>Other customer loans</i>    | 1,956         | 1,132         |
| Overdrafts                     | 1,692         | 989           |
| Doubtful outstanding (stage 3) | 264           | 243           |
| <b>TOTAL</b>                   | <b>17,931</b> | <b>12,172</b> |



**NOTE 3.8 Impairment and provisions**

Some financial assets (loans, debt securities) involve credit risk which exposes the Group to a potential loss if the counterparty or the securities issuer were to be unable to respect their financial commitments. To compensate for this risk, the Bank receives a portion of the contractual interest on those assets, called credit margin, compensates it.

For loans, receivables and debt securities measured at amortised cost or fair value through other comprehensive income, this potential loss, or expected credit loss, as estimated by the Group, is recognised in profit or loss without waiting for a payment default individually impacting the counterparty; the expenses partly offset the interest income and thus avoid overestimating the income during the periods prior to the counterparty default. On balance sheet, this potential loss is recognised as an impairment that reduces the carrying amount of assets measured at amortised cost. Impairment are written-back in case of a subsequent decrease of credit risk.

Potential losses recognised in the income statement represent initially the credit losses expected by the Group over the year to come. Subsequently, the amount is increased by the expected loss at maturity of the instrument in case of significant increase of risk.


For financial assets measured at fair value through profit or loss (including instruments held by global markets activities), their fair value includes already the expected credit loss, as assessed by the market participants, on the residual lifetime of the instrument.

## ACCOUNTING PRINCIPLES

### Recognition of expected credit losses

Debt instruments (loans, debt securities and bonds and similar) classified as financial assets at amortised cost or as financial assets at fair value through other comprehensive income, operating lease receivables, customer receivables and income to be received included amongst Other assets, as well as loan commitments granted and guarantee commitments issued, are systematically subject to impairment or provisions for expected credit losses. These impairments and provisions are recognised as the loans are granted, the commitments undertaken, or the debt securities purchased, without waiting for the occurrence of an objective evidence of impairment.

To determine the amount of impairment or provision to be recorded at each reporting date, these exposures are split among three categories based on the increase in credit risk observed since initial recognition. An impairment or provision shall be recognised for the exposures in each category as follows:

| Credit risk category              | Observed deterioration in credit risk since initial recognition of the financial asset  |  |   |
|-----------------------------------|---|--|---|
|                                   | Stage 1<br>Performing assets  | Stage 2<br>Under-performing or downgraded assets   | Stage 3<br>Credit-impaired or defaulted assets                            |
| Transfer criteria                 | Initial recognition of the instrument in stage 1<br>► <i>Maintained if the credit risk has not increased significantly</i>  | Credit risk on the instrument has increased significantly since initial recognition / 30 days past due | Evidence that the instrument is become credit-impaired / 90 days past due |
| Measurement of credit risk        | 12-month expected credit losses   | Lifetime expected credit losses  | Lifetime expected credit losses   |
| Interest income recognition basis | Gross carrying amount of the asset before impairment  | Gross carrying amount of the asset before impairment   | Net carrying amount of the asset after impairment                         |

### Exposures classified in Stage 1

At the initial recognition date, the exposures are systematically classified in Stage 1, unless they are purchased or originated credit-impaired instruments.

### Exposures classified in Stage 2

To identify Stage 2 exposures, the significant increase in credit risk compared to the date of initial recognition is assessed by the Group using all available past and forward-looking data (behavioural scores, loan to value indicators, macroeconomic forecast scenarios, sector analyses, cash flow projections for some counterparties, etc.).

The three criteria used to assess the significant changes in credit risk are detailed below. Once only one of these three criteria is met, the relevant outstanding is transferred from Stage 1 to Stage 2 and related impairment or provisions are adjusted accordingly. Furthermore, the Group does not apply the exemption for low credit risk; it thus carries out an assessment of a significant increase in credit risk for all loans and debt securities.

#### CRITERIA 1: THE CLASSIFICATION OF THE COUNTERPARTY IN "SENSITIVE"

To determine the classification of the counterparty as "sensitive" (notion of watch list), the Group analyses:

- the counterparty's credit rating (where it is the subject of an internal analysis); and
- the changes in its operating sector, in macroeconomic conditions and in the behaviours of the counterparty which may also be indicative of a deterioration in credit risk.

If, after a review, a counterparty is deemed "sensitive", all existing contracts between the Group and this counterparty are transferred into Stage 2 (to the extent that this approach does not lead to a distortion compared with an analysis of the credit quality at the time of granting of each financial instrument) and the related impairment and provisions are increased up to the lifetime expected credit losses.

Once a counterparty has been placed on a watch list, all new transactions originated with that counterparty are recorded in Stage 1.

#### CRITERIA 2: THE MAGNITUDE OF THE CHANGE IN A COUNTERPARTY'S CREDIT RATING SINCE THE INITIAL RECOGNITION

This magnitude is assessed from contract to contract, from the date of their initial recognition to the balance sheet date.

To determine whether a deterioration or improvement in the credit rating between the date of initial recognition and the balance sheet date is significant enough to prompt a change in the impairment Stage, thresholds are set once a year by the Risk Division. These transfer thresholds between Stage 1 and Stage 2 are determined for each homogeneous portfolio of contracts (notion of risk segment based on the customer typology and the credit quality) and are calculated based on their specific probability-of-default curves. These thresholds may be expressed as an absolute or relative increase in the probability of default. For example, the threshold is set at +50 bp for sovereign debt, +100 bp for the Very Large Enterprises (turnover exceeding EUR 500 million), +200 bp for SME and +10 bp for the French mortgages of the Societe Generale retail network.

In addition and in line with the recommendations issued by the EBA and the ECB, loans for which the probability of default has been multiplied by three between the date of first recognition and the balance sheet date are transferred to Stage 2.

#### CRITERIA 3: THE EXISTENCE OF PAYMENTS MORE THAN 30 DAYS PAST DUE

There is a (rebuttable) presumption of a significant deterioration in credit risk when a payment on an asset is more than 30 days past due.

The three criteria are symmetrical: thus, a removal from the watch list of sensitive counterparties, a sufficient improvement in the debtor's credit rating or a settlement of payments more than 30 days overdue results in a return to Stage 1, without any probation period in Stage 2.

#### PARTICULAR CASE OF EXPOSURES WITHOUT CREDIT RATING

For exposures to counterparties for which no credit rating is available (retail customers and a limited portion of the "small- and medium- sized companies" segment), the transfer into Stage 2 is based on:

- the Basel behavioural score or the existence of payments more than 30 days past due for retail customers;
- the placement on the watch list or the existence of payments more than 30 days past due for Corporate.

#### Exposures classified in Stage 3

To identify Stage 3 exposures (doubtful exposures), the Group has been applying to most of its entities, since July 2020, the new definition of default as detailed in the guidelines published by the European Banking Authority (EBA). This definition leads to applying the following criteria to classify exposures as Stage 3:

- one or more unpaid payments of over 100 euros for Retail (500 euros for Non-retail) during 90 consecutive days, representing at least 1% of the total exposure of the customer. This unpaid amount may or may not be accompanied by a recovery procedure except for restructured loans classified into Stage 1 or 2 which are retransferred into Stage 3 from the first amount unpaid after 30 days during the two-year probation period. In addition, only missed payments related to business litigations, specific contractual features or IT failures may avoid automatic transfer into Stage 3 after 90 days;
- identification of other criteria that evidence, even in the absence of missed payments, that this is unlikely that the counterparty could meet all its financial obligations:
  - a significant deterioration in the counterparty's financial situation creates a strong probability that it will not be able to meet all of its commitments and thus represents a risk of loss for the Group,
  - the granting of concessions to the clauses of the loan agreement, which would not have been granted if the counterparty wasn't experiencing financial difficulties (restructured loans) and which result in a decrease in the present value of the loan cash flows of more than 1% of its initial value,
  - the existence of litigious proceedings (*ad hoc* mandate, bankruptcy protection, court-ordered settlement or compulsory liquidation or other similar proceedings in local jurisdictions).

The Group applies the impairment contagion principle to all of the defaulting counterparty's exposures. When a debtor belongs to a group, the impairment contagion principle may also be applied to all of the Group's exposures.

The classification in Stage 3 is kept during the 3-month probation period after the disappearance of all default indicators described above. The probation period in Stage 3 is extended to one year for the restructured loans that have been transferred in Stage 3.

In the case of a return to Stage 2, the exposures are kept in Stage 2 during a probation period before assessing whether they could be transferred to Stage 1. This probation period in Stage 2 is from six months to two years according to the nature of the risk portfolio to which the exposures belong.

#### Measurement of depreciation and provision

Stage 1 exposures are impaired for the amount of credit losses that the Group expects to incur within 12 months (12-month expected credit losses), based on past data and the current situation. Accordingly, the amount of impairment is the difference between the gross carrying amount of the asset and the present value of future cash flows deemed to be recoverable, taking into account the impact of collateral called up or liable to be called up and the probability of a default event occurring within the next 12 months.

Stage 2 and 3 exposures are impaired for the amount of credit losses that the Group expects to incur over the life of the exposures taking into consideration past data, the present situation and reasonable forecast changes in economic conditions, and relevant macroeconomic factors through to maturity. Accordingly, the amount of impairment is the difference between the gross carrying amount of the asset and the present value of future cash flows deemed to be recoverable, taking into account the impact of collateral called up or liable to be called up and the probability of a default event occurring through to the instrument's maturity.

Financial guarantees are taken into account in the estimation of the recoverable cash flows when they are integral part of the contractual characteristics of the related loans and they are not recognised separately.

If the financial guarantees don't meet these criteria and as a consequence their effects cannot be taken into account in the calculation of impairment, a separate asset is recorded in the balance sheet under Other Assets. The book value of this asset is representative of the expected credit losses, recorded in the balance sheet within the impairment of assets, for which the Group is almost certain to receive a compensation. Changes in the carrying amount of this asset are recorded in the income statement under "Cost of credit risk".

Irrespective of the Stage in which the exposures are classified, cash flows are discounted using the initial effective interest rate of the financial asset. The amount of impairment is included in the net carrying amount of the credit impaired financial asset. Impairment allocations/reversals are recorded in the income statement under Cost of credit risk.

The expected credit losses on the financing commitments and financial collateral given are determined using a similar approach applied to the estimated amount of Group exposure in case of default (amount drawn from the financing commitment as at the default date, amount of collateral called up as at the default date). The credit loss amounts thus calculated at one year (Stage 1) or over the life of the commitments (Stages 2 and 3) are recognised as liabilities on the balance sheet under Provisions.

For operating leases and trade receivables, the Group uses the "simplified" approach, under which impairments are calculated as lifetime expected credit losses since their initial recognition, regardless of any subsequent changes in the counterparty's credit risk. The assessment of depreciation is mainly based on historical data on default rates and incurred losses in the event of default. Adjustments to take into account forward-looking information on economic conditions and macroeconomic factors are determined by an expert.

### **Restructured loans**

Loans issued or acquired by the Group may be restructured due to financial difficulties. This takes the shape of a contractual modification of the initial terms of the loan (e.g. lower interest rates, rescheduled loan payments, partial debt forgiveness, or additional collateral). This adjustment of the contractual terms is strictly linked to the borrower's financial difficulties and/or insolvency (whether they have already become insolvent or are certain to do so if the loan is not restructured).

Where they still pass the SPPI test, restructured loans are still recognised in the balance sheet and their amortised cost before credit risk allowance is adjusted for a discount representing the restructuring loss. This discount is equal to the difference between the present value of the new contractual cash flows resulting from the restructuring of the loan and the amortised cost before credit risk allowance less any partial debt forgiveness; it is booked to Cost of credit risk in the income statement. As a result, the amount of interest income subsequently recognised into income is still computed using the initial effective interest rate of the loan and based on the net carrying amount of the asset after impairment during at least the first year following the restructuring.

Post-restructuring, these financial assets are classified in Stage 3 (credit-impaired exposures) whether the present value of modified cash flows decreases by more than 1% compared with the carrying amount of financial instruments before the restructuring or there is a high probability that the counterparty cannot meet all its commitments involving a risk of loss for the Group. In these two cases, the restructuring of financial assets leads to default. Stage 3 classification is maintained for at least one year, or longer if the Group is uncertain that the borrowers will be able to meet their commitments. Once the loan is no longer classified in Stage 3 or the loans which the present value does not decrease more than 1%, the assessment of the significant increase of credit risk will be performed by comparing the characteristics of the instrument at the closing date and the characteristics at the initial recognition date of the loan before restructuring, applying the transfer rules to Stage 1 and 2 previously mentioned in this note with specific conditions during the probation period (during the first two-years following the restructuring, loans are retransferred into Stage 3 as of payments more than 30 days past due).

The criteria to return to Stage 1 for the restructured loans are similar to those of all the other exposures, after a probation period in Stage 3 of a minimum of one year.

Given the new contractual terms arising from the restructuring where they no longer pass the SPPI test, restructured loans are derecognised and replaced by new loans recognised according to the restructured terms and conditions. These new assets are recognised as Financial assets measured at fair value through profit or loss; On the date of recognition, the difference between the present value of the new cash flows and the net carrying amount of the initial asset is recorded under Cost of credit Risk in the income statement. These new loans are then classified as Financial assets measured at fair value through profit or loss.

Restructured loans do not include loans and receivables subject to commercial renegotiations that are loans to customers for which the Group has agreed to renegotiate the debt with the aim of maintaining or developing a commercial relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest. The accounting treatment of renegotiations is detailed in Note 3.5.

### **Total or partial recovery by activating the guarantee**

A claim may be recovered in the form of an asset (financial or tangible) that passes into the ownership of the Group as a result of the activation of a guarantee. This asset substitutes for the guaranteed claim on the date when the Group becomes its owner and is initially recognised at fair value as an asset on the balance sheet. Its classification and subsequent valuation method depend on the management intent.

## METHOD FOR ESTIMATING EXPECTED CREDIT LOSSES

The calculation method for the impairments and provisions for expected credit losses in Stage 1 and Stage 2 was developed in the Basel framework which served as a basis for selecting the assessment methods for the calculation parameters (probability of default and credit loss rate on the outstanding loans under an advanced Basel approach – IRBA and IRBF – and provisioning rate for the outstanding loans under the standardised Basel approach).

The Group's portfolios have been segmented in order to ensure homogeneity of the risk characteristics and a better correlation with the macroeconomic variables, both global and local. This segmentation allows for all the specificities of the Group to be addressed. It is consistent with or similar to the one specified in the Basel framework in order to ensure the uniqueness of the historical records of defaults and losses.

The nature of the variables used in the expected credit loss assessment models is presented in Chapter 4 of the present Universal Registration Document. The measurement of expected credit losses is performed based on the parameters mentioned below, supplemented with the internal analyses relating to the credit quality of each counterparty, individually or statistically.

## GEOPOLITICAL CRISES AND MACROECONOMIC CONTEXT

In 2023, the Group revised the parameters used in the models based on the updated macroeconomic scenarios which take account of the recent economic developments and macroeconomic impacts related to the current geopolitical environment (see Note 1).

To account for the uncertainties related to the macroeconomic and geopolitical environment, the Group updated the model and post-model adjustments in 2023.

The effects of these adjustments in the determination of expected credit losses are described hereinafter.

### Update of the models and impact on the estimation of expected credit losses

As at 31 December 2023, the updates of macroeconomic variables and probabilities of default as well as the updated weighting of the scenarios have resulted in a EUR 77 million decrease in the amount of impairment and provisions for credit risk:

- the impact of the revision of the macroeconomic variables and probabilities of default is a EUR 62 million decrease;
- the impact of the updated weighting of the macroeconomic scenarios described in Note 1 is a EUR 15 million decrease.

Furthermore, owing to the geopolitical context related to the war in Ukraine, all our Russian counterparties including residual exposures on Rosbank (EUR 2.1 billion as at 31 December 2022) have been classified as “sensitive” (concept of watch list) from the beginning of the conflict and the associated outstanding loans have been transferred to Stage 2. As at 31 December 2023, they amount to EUR 1.1 billion. Further analysis has resulted in the identification amidst this population of the outstanding loans that have to be transferred to Stage 3, and this from the beginning of the war in Ukraine (EUR 0.3 billion for 2023). The impact of these transfers on the calculation of the expected credit losses amounts to EUR 167 million as at 31 December 2023 (including the additional adjustment detailed in the “Other adjustments” sub-section).

### Adjustments supplementing the application of the models

As at 31 December 2023, the adjustment regarding the additional criterion for classification in Stage 2 set in 2020 following the Covid-19 crisis, has been removed (EUR 17 million as at 31 December 2022).

## Sectoral adjustments

The Group may supplement the models with sectoral adjustments relating to the possible revision of the expected credit loss estimates (with no impact on the classification of the outstanding loans) for some sectors.

These adjustments allow for better anticipation of the default/recovery cycle in some sectors that have a cyclical business, have been subject to peaks of default in the past or are most exposed to the current crises and on which the Group's exposure exceeds a threshold that is annually reviewed and set by the Risk Division.

These sectoral adjustments are examined and updated quarterly by the Risk Division and validated according to materiality thresholds by the General Management.



Along the revision of these adjustments, whenever compatible with the provisioning horizon, a qualitative analysis of the possible impact of climate risks on the calculation of expected credit losses has been introduced (see the “Incorporating the environment in the risk management framework” section of Chapter 4 in the Universal Registration Document).

The main sectors concerned as at 31 December 2023 are commercial real-estate, non-food retail, construction and the hotel, restaurant and leisure industry.

The total sectoral adjustments (excluding the additional sectoral adjustments described in the “Other adjustments” paragraph below) thus amount to EUR 667 million as at 31 December 2023 (EUR 570 million as at 31 December 2022). This increase is mainly due to an increase on the commercial real-estate and non-food retail sectors, the future circumstances of which are deteriorating owing to multiple factors, such as the difficult situation on the real estate market, the effects of inflation and the changes in purchasing behaviours. An increase of lesser magnitude has been observed on the construction sector. These increases are partly offset by a decrease on the oil and gas sector, and to a lesser extent on the hotel sector the situation of which has improved.

## Other adjustments

Adjustments based on expert opinion and with no impact on the classification, have also been made to reflect the deterioration in credit risk on some portfolios when this deterioration has not been observed through a line-by-line analysis of the outstanding stock:

- for the scope of entities that have not developed models enabling them to estimate the correlations between macroeconomic variables and default rate; and
- for the scopes on which models have been developed but cannot reflect future risks not observed in the past.

These adjustments amount to EUR 699 million as at 31 December 2023 (EUR 967 million as at 31 December 2022). This change results from the account taken of:

- the specific risk on the portfolio of offshore loans to Russian corporate customers resulting from the geopolitical situation; this adjustment is estimated by applying to the expected credit losses of this portfolio degraded scenarios (weighted by a probability of occurrence) for which probabilities of default and recovery prospects take account of the uncertainty relating to this environment;
- the risks arising from the specific economic environment, such as the higher inflation and interest rates, regarding fragile customers and the more specifically exposed portfolios, as such risks are not taken into account in the models.

The Group uses two main methods to estimate these adjustments:

- application, to the parameters of the expected credit loss models, of more severe probabilities of default reflecting the economic shock expected according to the Group's economic scenarios;
- application of sectoral adjustments according to the methodology described above to the sectors identified by the Group's Department of Economic and sectoral studies as particularly exposed in case of occurrence of a lasting stagflation scenario.

### NOTE 3.8.1 OVERVIEW

In accordance with the application of IFRS 9 "Financial instruments" by the insurance subsidiaries (see Note 1), the impairments and provisions of these subsidiaries are included in the tables below.

#### PRESENTATION OF BALANCE SHEET AND OFF-BALANCE SHEET OUTSTANDING AMOUNTS

(In EURm)

|  |          | 31.12.2023       | 31.12.2022 R     |
|--|----------|------------------|------------------|
| Debt instruments at fair value through other comprehensive income        | Note 3.3 | 90,630           | 92,696           |
| Securities at amortised cost   | Note 3.5 | 28,147           | 26,143           |
| Due from banks at amortised cost   | Note 3.5 | 77,879           | 68,171           |
| Due from central banks <sup>(1)</sup>                                    |          | 220,725          | 204,553          |
| Customer loans at amortised cost   | Note 3.5 | 485,449          | 506,635          |
| Guarantee deposits paid  | Note 4.4 | 51,611           | 67,768           |
| Others   |          | 6,239            | 4,175            |
| <i>o/w other miscellaneous receivables bearing credit risk</i>           | Note 4.4 | 6,076            | 3,913            |
| <i>o/w due from clearing houses bearing credit risk</i>                  | Note 4.4 | 163              | 262              |
| <b>NET VALUE OF ACCOUNTING OUTSTANDING AMOUNTS (BALANCE SHEET)</b>       |          | <b>960,680</b>   | <b>970,141</b>   |
| Impairment of loans at amortised cost                                    | Note 3.8 | 10,505           | 11,031           |
| <b>GROSS VALUE OF ACCOUNTING OUTSTANDING AMOUNTS (BALANCE SHEET)</b>     |          | <b>971,185</b>   | <b>981,172</b>   |
| Financing commitments  |          | 210,511          | 216,573          |
| Guarantee commitments  |          | 80,560           | 94,727           |
| <b>GROSS VALUE OF OFF BALANCE-SHEET ACCOUNTING AMOUNTS</b>               |          | <b>291,071</b>   | <b>311,300</b>   |
| <b>TOTAL OF ACCOUNTING AMOUNTS (BALANCE-SHEET AND OFF BALANCE-SHEET)</b> |          | <b>1,262,256</b> | <b>1,292,472</b> |

(1) Included in line Cash, due from central banks.

**OUTSTANDING AMOUNTS SUBJECT TO IMPAIRMENT AND PROVISIONS BY IMPAIRMENT STAGE AND BY ACCOUNTING CATEGORY**

|  | 31.12.2023                         |                       |                     |                       | 31.12.2022 R                       |                       |                     |                       |
|--|------------------------------------|-----------------------|---------------------|-----------------------|------------------------------------|-----------------------|---------------------|-----------------------|
|  | Group without Insurance activities |                       | Insurance           |                       | Group without Insurance activities |                       | Insurance           |                       |
|  | Outstanding amounts                | Impairment/provisions | Outstanding amounts | Impairment/provisions | Outstanding amounts                | Impairment/provisions | Outstanding amounts | Impairment/provisions |
| <i>(In EURm)</i>   |                                    |                       |                     |                       |                                    |                       |                     |                       |
| <b>Financial assets at fair value through other comprehensive income</b> | <b>37,729</b>                      | <b>3</b>              | <b>52,901</b>       | <b>13</b>             | <b>37,199</b>                      | <b>8</b>              | <b>55,497</b>       | <b>20</b>             |
| Performing assets outstanding (Stage 1)                                  | 37,727                             | 1                     | 51,704              | 4                     | 37,192                             | 1                     | 54,445              | 5                     |
| Underperforming assets outstanding (Stage 2)                             | 2                                  | 2                     | 1,197               | 9                     | 1                                  | 1                     | 1,046               | 15                    |
| Doubtful assets outstanding (Stage 3)                                    | -                                  | -                     | -                   | -                     | 6                                  | 6                     | 6                   | -                     |
| <b>Financial assets at amortised cost<sup>(1)</sup></b>                  | <b>873,390</b>                     | <b>10,505</b>         | <b>7,165</b>        | <b>-</b>              | <b>881,771</b>                     | <b>11,031</b>         | <b>6,705</b>        | <b>-</b>              |
| Performing assets outstanding (Stage 1)                                  | 812,925                            | 1,048                 | 7,085               | -                     | 820,736                            | 1,042                 | 6,634               | -                     |
| Underperforming assets outstanding (Stage 2)                             | 44,063                             | 1,973                 | 80                  | -                     | 44,689                             | 2,134                 | 71                  | -                     |
| Doubtful assets outstanding (Stage 3)                                    | 16,402                             | 7,484                 | -                   | -                     | 16,346                             | 7,855                 | -                   | -                     |
| <b><i>o/w lease financing</i></b>  | <b>31,165</b>                      | <b>883</b>            | <b>-</b>            | <b>-</b>              | <b>29,500</b>                      | <b>896</b>            | <b>-</b>            | <b>-</b>              |
| <i>Performing assets outstanding (Stage 1)</i>                           | <i>24,798</i>                      | <i>127</i>            | <i>-</i>            | <i>-</i>              | <i>24,340</i>                      | <i>110</i>            | <i>-</i>            | <i>-</i>              |
| <i>Underperforming assets outstanding (Stage 2)</i>                      | <i>4,668</i>                       | <i>163</i>            | <i>-</i>            | <i>-</i>              | <i>3,536</i>                       | <i>169</i>            | <i>-</i>            | <i>-</i>              |
| <i>Doubtful assets outstanding (Stage 3)</i>                             | <i>1,699</i>                       | <i>593</i>            | <i>-</i>            | <i>-</i>              | <i>1,624</i>                       | <i>617</i>            | <i>-</i>            | <i>-</i>              |
| <b>Financing commitments</b>   | <b>210,511</b>                     | <b>447</b>            | <b>-</b>            | <b>-</b>              | <b>216,571</b>                     | <b>467</b>            | <b>2</b>            | <b>-</b>              |
| Performing assets outstanding (Stage 1)                                  | 195,733                            | 154                   | -                   | -                     | 204,724                            | 166                   | 2                   | -                     |
| Underperforming assets outstanding (Stage 2)                             | 14,540                             | 235                   | -                   | -                     | 11,564                             | 251                   | -                   | -                     |
| Doubtful assets outstanding (Stage 3)                                    | 238                                | 58                    | -                   | -                     | 283                                | 50                    | -                   | -                     |
| <b>Guarantee commitments</b>   | <b>80,560</b>                      | <b>372</b>            | <b>-</b>            | <b>-</b>              | <b>94,727</b>                      | <b>431</b>            | <b>-</b>            | <b>-</b>              |
| Performing assets outstanding (Stage 1)                                  | 76,503                             | 59                    | -                   | -                     | 90,332                             | 57                    | -                   | -                     |
| Underperforming assets outstanding (Stage 2)                             | 3,370                              | 84                    | -                   | -                     | 3,716                              | 116                   | -                   | -                     |
| Doubtful assets outstanding (Stage 3)                                    | 687                                | 229                   | -                   | -                     | 679                                | 258                   | -                   | -                     |
| <b>TOTAL OF ACCOUNTING AMOUNTS (BALANCE-SHEET AND OFF BALANCE-SHEET)</b> | <b>1,202,190</b>                   | <b>11,327</b>         | <b>60,066</b>       | <b>13</b>             | <b>1,230,268</b>                   | <b>11,937</b>         | <b>62,204</b>       | <b>20</b>             |

(1) Including Central Banks for EUR 220,725 million as at 31 December 2023 (versus EUR 204,553 million as at 31 December 2022).

In order to disclose its exposure to credit risk, the Group has decided to tabulate its assets outstanding and impairment by stage of impairment of the financial assets at amortised cost by Basel category, by geographical area, and by rating of the counterparty. Due to the

absence of significant exposure to credit risk for insurance activities, assets measured at fair value through other comprehensive income as well as for financing and guarantee commitments, this information is not presented below.



**GROUP ASSETS AT AMORTISED COST WITHOUT INSURANCE ACTIVITIES: OUTSTANDING AMOUNTS AND IMPAIRMENTS BY BASEL PORTFOLIO**

| (In EURm)    | 31.12.2023               |               |               |                |              |              |              |               |
|--------------|--------------------------|---------------|---------------|----------------|--------------|--------------|--------------|---------------|
|              | Assets at amortised cost |               |               |                | Impairment   |              |              |               |
|              | Stage 1                  | Stage 2       | Stage 3       | Total          | Stage 1      | Stage 2      | Stage 3      | Total         |
| Sovereign    | 255,852                  | 4,492         | 73            | 260,417        | 5            | 3            | 59           | 67            |
| Institutions | 142,862                  | 542           | 88            | 143,492        | 7            | 1            | 21           | 29            |
| Corporates   | 227,438                  | 20,608        | 8,663         | 256,709        | 622          | 1,312        | 3,709        | 5,643         |
| o/w SME      | 41,869                   | 6,212         | 3,560         | 51,641         | 213          | 364          | 1,825        | 2,402         |
| Retail       | 185,088                  | 18,373        | 7,564         | 211,025        | 411          | 655          | 3,688        | 4,754         |
| o/w VSB      | 24,447                   | 2,911         | 2,690         | 30,048         | 104          | 236          | 1,412        | 1,752         |
| Others       | 1,685                    | 48            | 14            | 1,747          | 3            | 2            | 7            | 12            |
| <b>TOTAL</b> | <b>812,925</b>           | <b>44,063</b> | <b>16,402</b> | <b>873,390</b> | <b>1,048</b> | <b>1,973</b> | <b>7,484</b> | <b>10,505</b> |

| (In EURm)     | 31.12.2022               |               |               |                |              |              |              |               |
|---------------|--------------------------|---------------|---------------|----------------|--------------|--------------|--------------|---------------|
|               | Assets at amortised cost |               |               |                | Impairment   |              |              |               |
|               | Stage 1                  | Stage 2       | Stage 3       | Total          | Stage 1      | Stage 2      | Stage 3      | Total         |
| Sovereign*    | 232,527                  | 291           | 215           | 233,033        | 6            | 2            | 77           | 85            |
| Institutions* | 161,523                  | 592           | 53            | 162,168        | 8            | 2            | 24           | 34            |
| Corporates*   | 234,572                  | 20,367        | 9,221         | 264,160        | 619          | 1,399        | 4,260        | 6,278         |
| o/w SME*      | 42,271                   | 5,666         | 3,581         | 51,518         | 226          | 318          | 1,829        | 2,373         |
| Retail        | 190,709                  | 23,391        | 6,841         | 220,941        | 406          | 728          | 3,488        | 4,622         |
| o/w VSB       | 23,972                   | 4,746         | 2,343         | 31,061         | 95           | 271          | 1,306        | 1,672         |
| Others*       | 1,405                    | 48            | 16            | 1,469          | 3            | 3            | 6            | 12            |
| <b>TOTAL</b>  | <b>820,736</b>           | <b>44,689</b> | <b>16,346</b> | <b>881,771</b> | <b>1,042</b> | <b>2,134</b> | <b>7,855</b> | <b>11,031</b> |

(1) Amounts restated compared to the financial statements published for 2022.

The financial assets measured at fair value through other comprehensive income mainly correspond to cash management for own account and to the management of the portfolio of HQLA (High Quality Liquid Assets) securities included in the liquidity reserves. These assets mainly correspond to Sovereigns classified in Stage 1.

The financing and guarantee commitments mainly correspond to outstanding amounts not drawn by corporate customers. These assets are mainly classified in Stage 1.



### GROUP ASSETS AT AMORTISED COST WITHOUT INSURANCE ACTIVITIES: OUTSTANDING AMOUNTS AND IMPAIRMENTS BY GEOGRAPHICAL ZONE

The geographic area chosen corresponds to the country of the counterparty. When this information is unavailable, it is the country of the issuing entity that is used.

| <i>(In EURm)</i>                          | 31.12.2023               |               |               |                |              |              |              |               |
|---|--------------------------|---------------|---------------|----------------|--------------|--------------|--------------|---------------|
|   | Assets at amortised cost |               |               |                | Impairment   |              |              |               |
|   | Stage 1                  | Stage 2       | Stage 3       | Total          | Stage 1      | Stage 2      | Stage 3      | Total         |
| France                                    | 443,958                  | 20,646        | 9,026         | 473,630        | 511          | 1,042        | 3,431        | 4,984         |
| Western European countries (excl. France) | 134,142                  | 10,521        | 1,717         | 146,380        | 201          | 259          | 754          | 1,214         |
| Eastern European countries EU             | 62,572                   | 6,670         | 919           | 70,161         | 154          | 276          | 518          | 948           |
| Eastern Europe excluding EU               | 3,503                    | 1,173         | 206           | 4,882          | 2            | 103          | 32           | 137           |
| North America                             | 93,778                   | 1,775         | 537           | 96,090         | 18           | 106          | 127          | 251           |
| Latin America and Caribbean               | 5,582                    | 468           | 367           | 6,417          | 2            | 8            | 106          | 116           |
| Asia-Pacific                              | 33,894                   | 301           | 288           | 34,483         | 13           | 3            | 125          | 141           |
| Africa and Middle East                    | 35,496                   | 2,509         | 3,342         | 41,347         | 147          | 176          | 2,391        | 2,714         |
| <b>TOTAL</b>                              | <b>812,925</b>           | <b>44,063</b> | <b>16,402</b> | <b>873,390</b> | <b>1,048</b> | <b>1,973</b> | <b>7,484</b> | <b>10,505</b> |

Over 80% of all financing and guarantee commitments have Western Europe, North America or France as their country of counterparty.

| <i>(In EURm)</i>                          | 31.12.2022               |               |               |                |              |              |              |               |
|---|--------------------------|---------------|---------------|----------------|--------------|--------------|--------------|---------------|
|   | Assets at amortised cost |               |               |                | Impairment   |              |              |               |
|   | Stage 1                  | Stage 2       | Stage 3       | Total          | Stage 1      | Stage 2      | Stage 3      | Total         |
| France                                    | 442,513                  | 26,042        | 8,054         | 476,609        | 480          | 1,166        | 3,240        | 4,886         |
| Western European countries (excl. France) | 157,496                  | 5,569         | 1,695         | 164,760        | 220          | 273          | 767          | 1,260         |
| Eastern European countries EU             | 51,781                   | 6,455         | 1,088         | 59,324         | 144          | 256          | 640          | 1,040         |
| Eastern Europe excluding EU               | 2,945                    | 2,032         | 524           | 5,501          | 2            | 149          | 121          | 272           |
| North America                             | 82,014                   | 1,479         | 165           | 83,658         | 21           | 113          | 43           | 177           |
| Latin America and Caribbean               | 5,757                    | 472           | 319           | 6,548          | 5            | 11           | 88           | 104           |
| Asia-Pacific                              | 37,999                   | 616           | 572           | 39,187         | 14           | 6            | 258          | 278           |
| Africa and Middle East                    | 40,231                   | 2,024         | 3,929         | 46,184         | 156          | 160          | 2,698        | 3,014         |
| <b>TOTAL</b>                              | <b>820,736</b>           | <b>44,689</b> | <b>16,346</b> | <b>881,771</b> | <b>1,042</b> | <b>2,134</b> | <b>7,855</b> | <b>11,031</b> |

### GROUP ASSETS AT AMORTISED COST WITHOUT INSURANCE ACTIVITIES: SUBJECT TO IMPAIRMENT AND PROVISIONS BY RATING OF COUNTERPARTY<sup>(1)</sup>

Classification in Stage 1 or Stage 2 does not depend on the absolute probability of default but on the elements that make it possible to assess the significant increase in credit risk (see accounting principles), including the relative change in the probability of default

since initial recognition. Therefore, there is no direct relationship between the counterparty rating, presented in the table below, and the classification by stage of impairment.

| (In EURm)          | 31.12.2023               |               |               |                |              |              |              |               |
|--------------------|--------------------------|---------------|---------------|----------------|--------------|--------------|--------------|---------------|
|                    | Assets at amortised cost |               |               |                | Impairment   |              |              |               |
|                    | Stage 1                  | Stage 2       | Stage 3       | Total          | Stage 1      | Stage 2      | Stage 3      | Total         |
| 1                  | 67,873                   | 888           | -             | 68,761         | 1            | 3            | -            | 4             |
| 2                  | 189,026                  | 3,834         | -             | 192,860        | 2            | 1            | -            | 3             |
| 3                  | 53,862                   | 1,409         | -             | 55,271         | 9            | 6            | -            | 15            |
| 4                  | 85,123                   | 505           | -             | 85,628         | 68           | 7            | -            | 75            |
| 5                  | 85,404                   | 4,486         | -             | 89,890         | 282          | 103          | -            | 385           |
| 6                  | 23,247                   | 9,546         | -             | 32,793         | 195          | 536          | -            | 731           |
| 7                  | 3,162                    | 5,432         | -             | 8,594          | 20           | 477          | -            | 497           |
| Default (8, 9, 10) | -                        | -             | 8,522         | 8,522          | -            | -            | 3,646        | 3,646         |
| Other method       | 305,228                  | 17,963        | 7,880         | 331,071        | 471          | 840          | 3,838        | 5,149         |
| <b>TOTAL</b>       | <b>812,925</b>           | <b>44,063</b> | <b>16,402</b> | <b>873,390</b> | <b>1,048</b> | <b>1,973</b> | <b>7,484</b> | <b>10,505</b> |

(1) The indicative corresponding between the Societe Generale's internal rating scale and the scales of rating agencies is presented in Chapter 4 of the present Universal Registration Document.

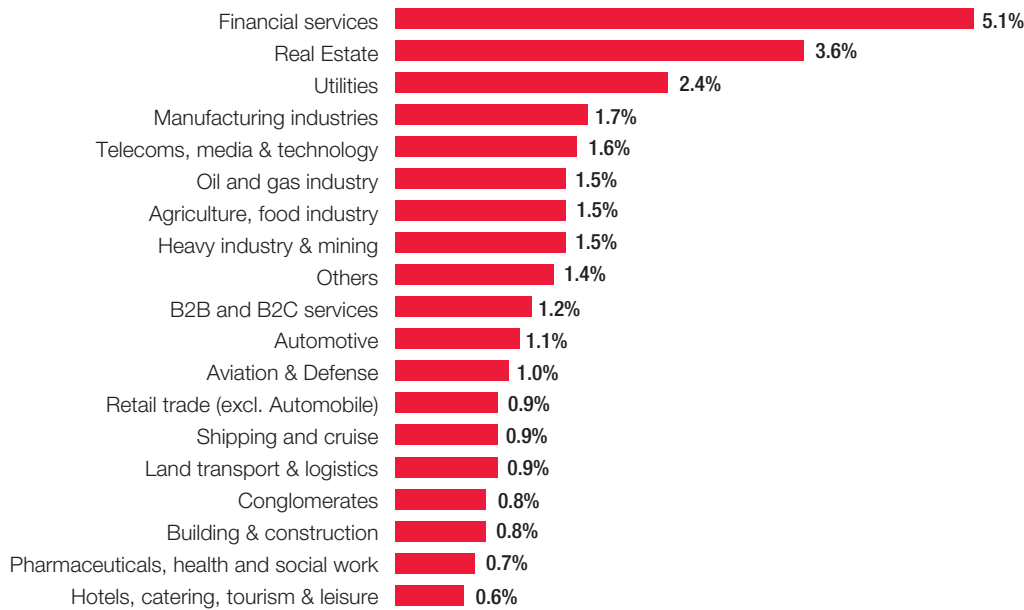
| (In EURm)          | 31.12.2022          |               |               |                |              |              |              |               |
|--------------------|---------------------|---------------|---------------|----------------|--------------|--------------|--------------|---------------|
|                    | Outstanding amounts |               |               |                | Impairment   |              |              |               |
|                    | Stage 1             | Stage 2       | Stage 3       | Total          | Stage 1      | Stage 2      | Stage 3      | Total         |
| 1                  | 59,826              | 874           | -             | 60,700         | 1            | 3            | -            | 4             |
| 2                  | 186,818             | 889           | -             | 187,707        | 4            | 5            | -            | 9             |
| 3                  | 50,465              | 622           | -             | 51,087         | 8            | 5            | -            | 13            |
| 4                  | 85,773              | 1,431         | -             | 87,204         | 69           | 15           | -            | 84            |
| 5                  | 84,343              | 4,322         | -             | 88,665         | 246          | 146          | -            | 392           |
| 6                  | 22,694              | 10,044        | -             | 32,738         | 186          | 532          | -            | 718           |
| 7                  | 2,832               | 7,082         | -             | 9,914          | 21           | 445          | -            | 466           |
| Default (8, 9, 10) | -                   | -             | 9,378         | 9,378          | -            | -            | 4,071        | 4,071         |
| Other method       | 327,985             | 19,425        | 6,968         | 354,378        | 507          | 983          | 3,784        | 5,274         |
| <b>TOTAL</b>       | <b>820,736</b>      | <b>44,689</b> | <b>16,346</b> | <b>881,771</b> | <b>1,042</b> | <b>2,134</b> | <b>7,855</b> | <b>11,031</b> |

(1) The indicative corresponding between the Societe Generale's internal rating scale and the scales of rating agencies is presented in Chapter 4 of the present Universal Registration Document.

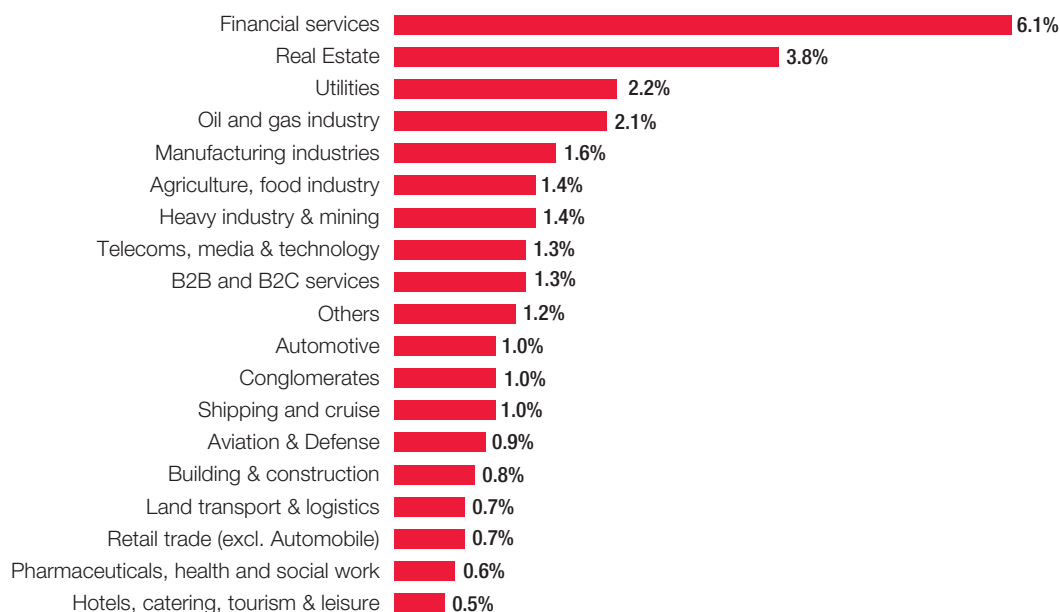
### ASSETS AT AMORTISED COST (INSURANCE ACTIVITIES EXCLUDED): SECTORAL BREAKDOWN OF CORPORATE EXPOSURES ON THE TOTAL GROUP EXPOSURE OF FINANCIAL ASSETS AT AMORTISED COST (ALL BASEL CATEGORIES)

The graphs below show the sectoral breakdown of the "Corporate" Basel portfolio (see Tables "Group assets at amortised cost without insurance activities: outstanding amounts and impairments by Basel portfolio" presented above). The percentages presented correspond to the net amounts (gross amounts reduced by the corresponding impairment).

### SECTOR BREAKDOWN OF GROUP CORPORATE NET EXPOSURE OVER TOTAL NET EXPOSURE OF FINANCIAL ASSETS AT AMORTISED COST AS AT 31 DECEMBER 2023



### SECTOR BREAKDOWN OF GROUP CORPORATE NET EXPOSURE OVER TOTAL NET EXPOSURE OF FINANCIAL ASSETS AT AMORTISED COST AS AT 31 DECEMBER 2022



## NOTE 3.8.2 IMPAIRMENT OF FINANCIAL ASSETS

## BREAKDOWN

In accordance with the application of IFRS 9 “Financial instruments” by the insurance subsidiaries (see Note 1), the impairment booked in these subsidiaries is presented below.

| (In EURm)  | Amount as at<br>31.12.2022 R | Allocations  | Write-backs<br>available | Net<br>impairment<br>losses | Write-backs<br>used | Currency and<br>scope effects | Amount as at<br>31.12.2023 |
|--|------------------------------|--------------|--------------------------|-----------------------------|---------------------|-------------------------------|----------------------------|
| <b>Financial assets at fair value through other comprehensive income</b> |                              |              |                          |                             |                     |                               |                            |
| Impairment on performing outstanding (Stage 1)                           | 6                            | 45           | (46)                     | (1)                         |                     | -                             | 5                          |
| Impairment on underperforming outstanding (Stage 2)                      | 16                           | 1            | (6)                      | (5)                         |                     | -                             | 11                         |
| Impairment on doubtful outstanding (Stage 3)                             | 6                            | -            | (6)                      | (6)                         | -                   | -                             | -                          |
| <b>TOTAL</b>   | <b>28</b>                    | <b>46</b>    | <b>(58)</b>              | <b>(12)</b>                 | <b>-</b>            | <b>-</b>                      | <b>16</b>                  |
| <b>Financial assets measured at amortised cost</b>                       |                              |              |                          |                             |                     |                               |                            |
| Impairment on performing assets outstanding (Stage 1)                    | 1,042                        | 719          | (715)                    | 4                           |                     | 2                             | 1,048                      |
| Impairment on underperforming assets outstanding (Stage 2)               | 2,134                        | 1,372        | (1,510)                  | (138)                       |                     | (23)                          | 1,973                      |
| Impairment on doubtful assets outstanding (Stage 3)                      | 7,855                        | 3,389        | (2,303)                  | 1,086                       | (1,188)             | (269)                         | 7,484                      |
| <b>TOTAL</b>   | <b>11,031</b>                | <b>5,480</b> | <b>(4,528)</b>           | <b>952</b>                  | <b>(1,188)</b>      | <b>(290)</b>                  | <b>10,505</b>              |
| <b>o/w lease financing and similar agreements</b>                        | <b>896</b>                   | <b>377</b>   | <b>(315)</b>             | <b>62</b>                   | <b>(101)</b>        | <b>26</b>                     | <b>883</b>                 |
| Impairment on performing assets outstanding (Stage 1)                    | 110                          | 64           | (51)                     | 13                          |                     | 4                             | 127                        |
| Impairment on underperforming assets outstanding (Stage 2)               | 169                          | 90           | (106)                    | (16)                        |                     | 10                            | 163                        |
| Impairment on doubtful assets outstanding (Stage 3)                      | 617                          | 223          | (158)                    | 65                          | (101)               | 12                            | 593                        |

## GROUP VARIATIONS OF DEPRECIATION WITHOUT INSURANCE ACTIVITIES ACCORDING TO CHANGES IN THE AMOUNT OF FINANCIAL ASSETS AT AMORTISED COST

Due to lack of significant variations of depreciations on financial assets measured at fair value through other comprehensive income and on financial assets at amortised cost of insurance activities, this information is not presented in the table below.

| (In EURm)   | Stage 1      | Of which lease<br>financing<br>receivables | Stage 2      | Of which lease<br>financing<br>receivables | Stage 3      | Of which lease<br>financing<br>receivables | Total         |
|---|--------------|--|--------------|--|--------------|--|---------------|
| <b>Amount as at 31.12.2022</b>                                    | <b>1,042</b> | <b>110</b>                                 | <b>2,134</b> | <b>169</b>                                 | <b>7,855</b> | <b>617</b>                                 | <b>11,031</b> |
| Production and Acquisition <sup>(1)</sup>                         | 353          | 39   | 149          | 15   | 180          | 14   | 682           |
| Derecognition <sup>(2)</sup>                                      | (175)        | (12)                                       | (160)        | -  | (807)        | (106)                                      | (1,142)       |
| Transfer from stage 1 to stage 2 <sup>(3)</sup>                   | (48)         | (6)  | 519          | 47   | -            | -  | 471           |
| Transfer from stage 2 to stage 1 <sup>(3)</sup>                   | 29           | 3  | (329)        | (30)                                       | -            | -  | (300)         |
| Transfer to stage 3 <sup>(3)</sup>                                | (16)         | (2)  | (154)        | (16)                                       | 988          | 110  | 818           |
| Transfer from stage 3 <sup>(3)</sup>                              | 2            | -  | 41           | 3  | (190)        | (19)                                       | (147)         |
| Allocations and Write-backs without stage transfer <sup>(3)</sup> | (114)        | (5)  | (209)        | (25)                                       | (219)        | (33)                                       | (542)         |
| Currency effect   | (4)          | -  | (11)         | -  | (13)         | 4  | (28)          |
| Scope effect  | (17)         | -  | (9)          | -  | (318)        | -  | (344)         |
| Other variations  | (4)          | -  | 2            | -  | 8            | 6  | 6             |
| <b>Amount as at 31.12.2023</b>                                    | <b>1,048</b> | <b>127</b>                                 | <b>1,973</b> | <b>163</b>                                 | <b>7,484</b> | <b>593</b>                                 | <b>10,505</b> |

(1) The amounts of impairment presented in the line Production and Acquisition in Stage 2/Stage 3 could include contracts originated in Stage 1 and reclassified in Stage 2/Stage 3 during the period.

(2) Including repayments, disposals and debt waivers.

(3) The amounts presented in the transfers include variations due to amortisation. Transfers to Stage 3 correspond to outstanding amounts initially classified as Stage 1 which, during the period, were downgraded directly to Stage 3, or to Stage 2 and later to Stage 3.

### BREAKDOWN OF TRANSFERS BETWEEN STAGES FOR FINANCIAL ASSETS AT AMORTISED COST OF THE GROUP WITHOUT INSURANCE ACTIVITIES AS AT 30 JUNE 2023

The amounts presented in the transfers below include variations due to amortisation and new drawdowns on the contracts active during the financial year.

To describe the transfers between steps:

- the starting stage corresponds to the stage of the outstanding balance as at 31 December of the previous year;
- the end stage corresponds to the stage of the outstanding balance at the end of the financial year (even in the event of several changes during the financial year).

| (In EURm)                                      | Stage 1             |            | Stage 2             |            | Stage 3             |            | Stock of outstanding amounts transferred as at 31 December | Stock of impairment associated with transferred outstanding amounts |
|--|---------------------|------------|---------------------|------------|---------------------|------------|--|---|
|  | Outstanding amounts | Impairment | Outstanding amounts | Impairment | Outstanding amounts | Impairment |  |   |
| Transfer from Stage 1 to Stage 2               | (17,225)            | (48)       | 13,051              | 519        | -                   | -          | 13,051   | 519   |
| Transfer from Stage 2 to Stage 1               | 11,315              | 29         | (13,872)            | (329)      | -                   | -          | 11,315   | 29  |
| Transfer from Stage 3 to Stage 1               | 240                 | 2          | -                   | -          | (314)               | (52)       | 240  | 2   |
| Transfer from Stage 3 to Stage 2               | -                   | -          | 726                 | 41         | (863)               | (138)      | 726  | 41  |
| Transfer from Stage 1 to Stage 3               | (2,355)             | (16)       | -                   | -          | 2,214               | 554        | 2,214  | 554   |
| Transfer from Stage 2 to Stage 3               | -                   | -          | (2,167)             | (154)      | 1,928               | 434        | 1,928  | 434   |
| Currency effect on contracts that change Stage | (114)               | -          | (48)                | (2)        | (5)                 | -          | (167)  | (2)   |

### NOTE 3.8.3 CREDIT RISK PROVISIONS

#### BREAKDOWN

In accordance with the application of IFRS 9 “Financial instruments” by the insurance subsidiaries (see Note 1), the provisions of these subsidiaries are presented below.

| (In EURm)  | Amount as at 31.12.2022 | Allocations | Write-backs available | Net impairment losses | Currency and scope effects | Amount as at 31.12.2023 |
|--|-------------------------|-------------|-----------------------|-----------------------|----------------------------|-------------------------|
| <b>Financing commitments</b>                               |                         |             |                       |                       |                            |                         |
| Provisions on performing assets outstanding (Stage 1)      | 166                     | 133         | (147)                 | (14)                  | 2                          | 154                     |
| Provisions on underperforming assets outstanding (Stage 2) | 251                     | 159         | (173)                 | (14)                  | (2)                        | 235                     |
| Provisions on doubtful assets outstanding (Stage 3)        | 50                      | 54          | (86)                  | (32)                  | 40                         | 58                      |
| <b>TOTAL</b>   | <b>467</b>              | <b>346</b>  | <b>(406)</b>          | <b>(60)</b>           | <b>40</b>                  | <b>447</b>              |
| <b>Guarantee commitments</b>                               |                         |             |                       |                       |                            |                         |
| Provisions on performing assets outstanding (Stage 1)      | 57                      | 47          | (41)                  | 6                     | (4)                        | 59                      |
| Provisions on underperforming assets outstanding (Stage 2) | 116                     | 43          | (72)                  | (29)                  | (3)                        | 84                      |
| Provisions on doubtful assets outstanding (Stage 3)        | 258                     | 92          | (66)                  | 26                    | (55)                       | 229                     |
| <b>TOTAL</b>   | <b>431</b>              | <b>182</b>  | <b>(179)</b>          | <b>3</b>              | <b>(62)</b>                | <b>372</b>              |

### GROUP VARIATIONS OF PROVISIONS WITHOUT INSURANCE ACTIVITIES ACCORDING TO CHANGES IN THE AMOUNT OF FINANCING AND GUARANTEE COMMITMENTS

Due to the absence of significant variations in the provisions on financing and guarantee commitments for insurance activities, this information is not presented in the table below.

| (In EURm)   | Provisions               |            |           |            |                          |            |            |            |            |
|---|--------------------------|------------|-----------|------------|--------------------------|------------|------------|------------|------------|
|   | On financing commitments |            |           |            | On guarantee commitments |            |            |            | Total      |
|   | Stage 1                  | Stage 2    | Stage 3   | Total      | Stage 1                  | Stage 2    | Stage 3    | Total      |            |
| <b>Amount as at 31.12.2022</b>                                    | <b>166</b>               | <b>251</b> | <b>50</b> | <b>467</b> | <b>57</b>                | <b>116</b> | <b>258</b> | <b>431</b> | <b>898</b> |
| Production and Acquisition <sup>(1)</sup>                         | 51                       | 14         | 10        | 75         | 23                       | 17         | 36         | 76         | 151        |
| Derecognition <sup>(2)</sup>                                      | (50)                     | (59)       | (3)       | (112)      | (19)                     | (20)       | (67)       | (106)      | (218)      |
| Transfer from Stage 1 to Stage 2 <sup>(3)</sup>                   | (7)                      | 56         | -         | 49         | (1)                      | 11         | -          | 10         | 59         |
| Transfer from Stage 2 to Stage 1 <sup>(3)</sup>                   | 5                        | (29)       | -         | (24)       | 3                        | (14)       | -          | (11)       | (35)       |
| Transfer to Stage 3 <sup>(3)</sup>                                | (1)                      | (2)        | 8         | 5          | -                        | (2)        | 18         | 16         | 21         |
| Transfer from Stage 3 <sup>(3)</sup>                              | -                        | -          | (1)       | (1)        | -                        | 1          | (6)        | (5)        | (6)        |
| Allocations and Write-backs without stage transfer <sup>(3)</sup> | (9)                      | 6          | (11)      | (14)       | (3)                      | (22)       | (10)       | (35)       | (49)       |
| Currency effect   | (1)                      | (2)        | -         | (3)        | -                        | -          | (1)        | (1)        | (4)        |
| Scope effect  | -                        | -          | -         | -          | (1)                      | -          | (1)        | (2)        | (2)        |
| Other variations  | -                        | -          | 5         | 5          | -                        | (3)        | 2          | (1)        | 4          |
| <b>Amount as at 31.12.2023</b>                                    | <b>154</b>               | <b>235</b> | <b>58</b> | <b>447</b> | <b>59</b>                | <b>84</b>  | <b>229</b> | <b>372</b> | <b>819</b> |

(1) The amounts of impairment presented in the Production and Acquisition line in Stage 2/Stage 3 May include originated contracts in Stage 1 reclassified in Stage 2/Stage 3 during the period.

(2) Including repayments, disposals and debt waivers.

(3) The amounts presented in transfers include variations due to amortisation. Transfers to Stage 3 correspond to outstanding amounts initially classified as Stage 1 which, during the period, were downgraded directly to Stage 3, or to Stage 2 and later to Stage 3.

### DETAILS OF TRANSFERS BETWEEN STAGES FOR THE GROUP'S OFF-BALANCE SHEET COMMITMENTS EXCLUDING INSURANCE ACTIVITIES FOR THE PERIOD

The amounts presented in the transfers hereinafter include the variations due to amortisation and new drawdowns on the contracts active during the financial year.

To describe the transfers between steps:

- the starting stage corresponds to the stage of the outstanding balance as on 31 December of the previous year;
- the end stage corresponds to the stage of the outstanding balance at the end of the financial year (even in the event of several changes during the financial year).

|  | Financing commitments                                    |            |  |            |  |            | Stock of outstanding commitments transferred as at 31 December | Stock of provisions associated with transferred outstanding amounts |
|--|--|------------|--|------------|--|------------|--|---|
|  | Stage 1  |            | Stage 2  |            | Stage 3  |            |  |   |
|  | Outstanding amounts subject to impairment and provisions | Provisions | Outstanding amounts subject to impairment and provisions | Provisions | Outstanding amounts subject to impairment and provisions | Provisions |  |   |
| <i>(In EURm)</i>                               |  |            |  |            |  |            |  |   |
| Transfer from Stage 1 to Stage 2               | (2,856)  | (7)        | 1,794  | 56         | -  | -          | 1,794  | 56  |
| Transfer from Stage 2 to Stage 1               | 775  | 5          | (892)  | (29)       | -  | -          | 775  | 5   |
| Transfer from Stage 3 to Stage 1               | 5  | -          | -  | -          | (6)  | -          | 5  | -   |
| Transfer from Stage 3 to Stage 2               | -  | -          | 24   | -          | (26)   | (1)        | 24   | -   |
| Transfer from Stage 1 to Stage 3               | (110)  | (1)        | -  | -          | 61   | 6          | 61   | 6   |
| Transfer from Stage 2 to Stage 3               | -  | -          | (36)   | (2)        | 23   | 2          | 23   | 2   |
| Currency effect on contracts that change Stage | (37)   | -          | (19)   | -          | -  | -          | (56)   | -   |

|  | Guarantee commitments                                    |            |  |            |  |            | Stock of outstanding commitments transferred as at 31 December | Stock of provisions associated with transferred outstanding amounts |
|--|--|------------|--|------------|--|------------|--|---|
|  | Stage 1  |            | Stage 2  |            | Stage 3  |            |  |   |
|  | Outstanding amounts subject to impairment and provisions | Provisions | Outstanding amounts subject to impairment and provisions | Provisions | Outstanding amounts subject to impairment and provisions | Provisions |  |   |
| <i>(In EURm)</i>                               |  |            |  |            |  |            |  |   |
| Transfer from Stage 1 to Stage 2               | (1,583)  | (1)        | 1,261  | 11         | -  | -          | 1,261  | 11  |
| Transfer from Stage 2 to Stage 1               | 1,472  | 3          | (1,711)  | (14)       | -  | -          | 1,472  | 3   |
| Transfer from Stage 3 to Stage 1               | 5  | -          | -  | -          | (8)  | (1)        | 5  | -   |
| Transfer from Stage 3 to Stage 2               | -  | -          | 18   | 1          | (26)   | (5)        | 18   | 1   |
| Transfer from Stage 1 to Stage 3               | (82)   | -          | -  | -          | 65   | 8          | 65   | 8   |
| Transfer from Stage 2 to Stage 3               | -  | -          | (62)   | (2)        | 53   | 10         | 53   | 10  |
| Currency effect on contracts that change Stage | (13)   | -          | (10)   | -          | -  | -          | (23)   | -   |

**NOTE 3.8.4 QUALITATIVE INFORMATION OF CHANGES IN IMPAIRMENT/PROVISIONS ON CREDIT RISK**

The variation in credit risk impairment and provisions since 31 December 2022 is mainly linked to:

- covered losses on Stage 3 loans (EUR 1,181 million) included in the line derecognition.

This is in line with the Group's strategy for managing non-performing loans (NPL), through write-offs and disposals of its defaulted exposure portfolios.

Uncovered losses amount to EUR 333 million;

- transfer of loans to Stage 3 due to default for EUR 4.3 billion of outstanding amounts. This transfer resulted in an increase in impairment and provisions of EUR 840 million.

Particularly, this variation concerns:

- EUR 2.3 billion of outstanding amounts for which the impairment and provisions amount to EUR 553 million as at 31 December 2023. These contracts were in Stage 1 as at 31 December 2022;
- EUR 2.0 billion of outstanding amounts for which the impairment and provisions amount to EUR 287 million as at 31 December 2023. These contracts were in Stage 2 as at 31 December 2022;
- transfer of loans to Stage 2 due to downgraded ratings, transfer to "sensitive" or 30 days overdue for EUR 16.1 billion. This transfer resulted in an increase in impairment and provisions of EUR 530 million;
- the acquisition of LeasePlan resulted an increase in impairment and provisions of EUR 51 million, included in the line Scope effect;
- IFRS 5 entities classified as held for sale. This classification resulted a decrease in impairment and provisions of EUR 346 million, included in the line Scope effect.

**NOTE 3.8.5 COST OF RISK****ACCOUNTING PRINCIPLES**

Cost of credit risk only includes net reversals of impairments and loss allowances for credit risk, losses on irrecoverable loans and amounts recovered on amortised receivables.

The Group proceed to a write off by recognising a loss on the bad loan and a reversal of impairment in Cost of credit risk when a debt is forgiven or when there are no longer any hopes of future recovery. The lack of future hopes of recovery is documented when a certificate issued as proof that the debt is uncollectible is delivered by the relevant authority or when strong circumstantial evidences are identified (years in default, provisions at 100%, lack of recent recoveries, specificities of the case).

However, a write-off in accounting terms does not imply debt forgiveness in the legal sense as recovery actions on cash due by the counterparty are pursued particularly if the latter's fortune improve. In case of recoveries on an exposure previously written-off, such recoveries are recognised as Amounts recovered on irrecoverables loans on the year of collection.

**SYNTHESIS**

(In EURm)

|   | <b>31.12.2023</b> | <b>31.12.2022 R</b> |
|---|-------------------|---------------------|
| Cost of credit risk of financial assets from insurance activities | 7                 | 1                   |
| Cost of credit risk   | (1,025)           | (1,647)             |
| <b>TOTAL</b>  | <b>(1,018)</b>    | <b>(1,646)</b>      |



Following the application of IFRS 9 “Financial instruments” by the insurance subsidiaries (see Note 1), the cost of credit risk for these subsidiaries is also presented below.

| <i>(In EURm)</i>   | <b>31.12.2023</b> | <b>31.12.2022 R</b> |
|--|-------------------|---------------------|
| Net allocation to impairment losses  | (940)             | (1,464)             |
| <i>On financial assets at fair value through other comprehensive income</i>    | 12                | -                   |
| <i>On financial assets at amortised cost</i>                                   | (952)             | (1,464)             |
| Net allocations to provisions  | 57                | (23)                |
| <i>On financing commitments</i>  | 60                | (10)                |
| <i>On guarantee commitments</i>  | (3)               | (13)                |
| Losses not covered on irrecoverable loans                                      | (333)             | (318)               |
| Amounts recovered on irrecoverable loans                                       | 200               | 132                 |
| Effect from guarantee not taken into account for the calculation of impairment | (2)               | 27                  |
| <b>TOTAL</b>   | <b>(1,018)</b>    | <b>(1,646)</b>      |
| <i>o/w cost of risk on sound outstanding classified in Stage 1</i>             | 0                 | (58)                |
| <i>o/w cost of risk on doubtful loans classified in Stage 2</i>                | 176               | (618)               |
| <i>o/w cost of risk on doubtful loans classified in Stage 3</i>                | (1,194)           | (970)               |

### NOTE 3.9 Fair value of financial instruments measured at amortised cost

#### ACCOUNTING PRINCIPLES

##### Definition of fair value

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

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

The fair value of financial instruments includes accrued interest if applicable.

For financial instruments that are not recognised at fair value on the balance sheet, the figures disclosed in this note are estimates of their fair value broken down according to the fair value hierarchy as described in Note 3.4.

These estimates are disclosed for information purpose only, they are not used for the management of the Group’s activities, and should not be taken as an estimate of the amount that would be realised if all such financial instruments were to be settled immediately.

### NOTE 3.9.1 FINANCIAL ASSETS MEASURED AT AMORTISED COST

| <i>(In EURm)</i>              | <b>31.12.2023</b>                    |                   |                |                |                |
|-------------------------------|--------------------------------------|-------------------|----------------|----------------|----------------|
|                               | <b>Carrying amount<sup>(2)</sup></b> | <b>Fair value</b> | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
| Due from banks                | 77,879                               | 77,853            | -              | 60,577         | 17,276         |
| Customer loans <sup>(1)</sup> | 485,449                              | 466,421           | -              | 171,898        | 294,523        |
| Debt securities               | 28,147                               | 27,801            | 12,477         | 12,010         | 3,314          |
| <b>TOTAL</b>                  | <b>591,475</b>                       | <b>572,075</b>    | <b>12,477</b>  | <b>244,485</b> | <b>315,113</b> |

(1) Carrying amount consists of EUR 158,237 million of assets floating rate and EUR 327,212 million of assets fixed rate (including EUR 69,811 million fixed rate less than one year).

(2) Carrying amount does not include the revaluation differences on portfolios hedged against interest rate risk for an amount of EUR -433 million.

## 31.12.2022 R

| (In EURm)                     | Carrying amount <sup>(2)</sup> | Fair value     | Level 1       | Level 2        | Level 3        |
|-------------------------------|--------------------------------|----------------|---------------|----------------|----------------|
| Due from banks                | 68,171                         | 67,964         | -             | 54,582         | 13,382         |
| Customer loans <sup>(1)</sup> | 506,635                        | 480,914        | -             | 196,255        | 284,659        |
| Debt Securities               | 26,143                         | 25,285         | 10,572        | 10,581         | 4,132          |
| <b>TOTAL</b>                  | <b>600,949</b>                 | <b>574,163</b> | <b>10,572</b> | <b>261,418</b> | <b>302,173</b> |

(1) Carrying amount consists of EUR 157,180 million of assets floating rate and EUR 349,455 million of assets fixed rate (including EUR 101,969 million fixed rate less than one year).

(2) Carrying amount does not include the revaluation differences on portfolios hedged against interest rate risk for an amount of EUR -2,262 million.

## NOTE 3.9.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

## 31.12.2023

| (In EURm)                        | Carrying amount <sup>(2)</sup> | Fair value     | Level 1       | Level 2        | Level 3       |
|----------------------------------|--------------------------------|----------------|---------------|----------------|---------------|
| Due to banks                     | 117,847                        | 117,793        | 189           | 114,909        | 2,695         |
| Customer deposits <sup>(1)</sup> | 541,677                        | 540,624        | -             | 524,565        | 16,059        |
| Debt securities issued           | 160,506                        | 159,282        | 31,590        | 124,590        | 3,102         |
| Subordinated debt                | 15,894                         | 15,129         | 1,014         | 14,115         | -             |
| <b>TOTAL</b>                     | <b>835,924</b>                 | <b>832,828</b> | <b>32,793</b> | <b>778,179</b> | <b>21,856</b> |

(1) Carrying amount consists of EUR 148,887 million of liabilities floating rate and EUR 392,790 million of liabilities fixed rate (including EUR 359,618 million fixed rate less than one year).

(2) Carrying amount does not include the revaluation differences on portfolios hedged against interest rate risk for an amount of EUR -5,857 million.

## 31.12.2022 R

| (In EURm)                        | Carrying amount <sup>(2)</sup> | Fair value     | Level 1       | Level 2        | Level 3       |
|----------------------------------|--------------------------------|----------------|---------------|----------------|---------------|
| Due to banks                     | 133,011                        | 133,009        | 255           | 118,331        | 14,423        |
| Customer deposits <sup>(1)</sup> | 530,764                        | 529,099        | -             | 457,003        | 72,096        |
| Debt securities issued           | 133,176                        | 131,290        | 22,838        | 106,619        | 1,833         |
| Subordinated debt                | 15,948                         | 15,949         | -             | 15,949         | -             |
| <b>TOTAL</b>                     | <b>812,899</b>                 | <b>809,347</b> | <b>23,093</b> | <b>697,902</b> | <b>88,352</b> |

(1) Carrying amount consists of EUR 188,638 million of liabilities floating rate and EUR 342,126 million of liabilities fixed rate (including EUR 304,070 million fixed rate less than one year).

(2) Carrying amount does not include the revaluation differences on portfolios hedged against interest rate risk for an amount of EUR -9,659 million.

In a context of rising interest rates, financial assets, unlike financial liabilities, have a fair value significantly lower than their book value. This asymmetry can be explained in particular by the fact that debts to customers are mainly composed of demand deposits whose fair value is equal to their nominal value due to their immediate contractual maturity. This asymmetry is partially reduced by taking into account the interest rate hedges applicable to these deposits.

Since the contractual maturity of these deposits is immediate, the discounting effect is nil and their fair value is equal to their nominal amount.

**NOTE 3.9.3 VALUATION METHODS OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST****LOANS, RECEIVABLES AND LEASE FINANCING AGREEMENTS**

The fair value of loans, receivables and lease financing transactions for large corporates and banks is calculated, in the absence of an actively traded market for these loans, by discounting expected cash flows to present value based on the market rates (the benchmark actuarial rate published by Banque de France and the zero-coupon yield) prevailing on the balance sheet date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

The fair value of loans, receivables and lease financing transactions for retail banking customers, essentially comprised of individuals and small or medium-sized companies, is determined, in the absence of an actively traded market for these loans, by discounting the associated expected cash flows to present value at the market rates prevailing on the balance sheet date for similar types of loans with similar maturities.

For fixed-rate loans with an initial maturity less than or equal to one year and for variable-rate financial assets (loans, receivables, finance lease agreements), the fair value is assumed equal to the net book value of the impairments, assuming there has been no significant change in credit spreads on the counterparties in question since they were recognised in the balance sheet.

**DEBTS**

In the absence of an active debt market, the fair value of debts is assumed to be equal to the value of the future flows discounted according to the available market rates applicable to the product concerned on the closing date.

When the debt is a listed instrument, its fair value is its market value.

For debts with a floating-rate and debts with an initial maturity of less than or equal to one year, fair value is taken to be the same as the carrying amount. Similarly, the individual fair value of demand deposit accounts is equal to their carrying amount.

**SECURITIES**

Provided that the security is an instrument traded on an active market, its fair value is equal to the market price.

In the absence of an active market, the fair value of the securities is calculated taking into account the value of future cash flows discounted according to the interest rate parameters available on the market and applicable to the product concerned as at closing date. For variable-rate debt securities and fixed-rate debt securities with an agreed duration of up to one year, the fair value is assumed to be the gross carrying amount adjusted for any allowance provided there have been no significant change in credit spreads on the counterparties in question since they were recognised in the balance sheet.

**NOTE 3.10 Commitments and assets pledged and received as securities****ACCOUNTING PRINCIPLES****Loan commitments**

The nominal amount of loan commitments is detailed in the table below. Loan commitments that are not considered as financial derivatives or that are not measured at fair value through profit or loss for trading purpose are initially recognised at fair value in the balance sheet. Thereafter, they are provisioned as necessary in accordance with the accounting principles for impairment and provisions (see Note 3.8).

**Guarantee commitments**

The nominal amount of guarantee commitments is detailed in the table below. When considered as non-derivative financial instruments, the financial guarantees issued by the Group are initially recognised in the balance sheet at fair value. Thereafter, they are measured at either the amount of the obligation or the amount initially recognised (whichever is higher) less, when appropriate, the cumulative amortisation of a guarantee commission. Where there is objective evidence of impairment, a provision for financial guarantees given is recognised on the liabilities side of the balance sheet (see Note 3.8).

**Securities commitments**

Securities bought and sold, which are booked to Financial assets at fair value through profit or loss, Financial assets at fair value through other comprehensive income and Financial assets at amortised cost are recognised on the balance sheet at the settlement-delivery date. Between the trade date and the settlement-delivery date, securities receivable or deliverable are not recognised on the balance sheet. Changes in the fair value of the securities measured at fair value through profit or loss and the securities measured at fair value through other comprehensive income between the trade date and the settlement-delivery date are booked to profit or loss or to equity, depending on the accounting classification of the securities in question.

**Assets pledged as and received as collateral**

The financial assets pledged as collateral are carried in the balance sheet whenever the Group has not transferred to the recipients of collateral the contractual rights to receive asset cash flows or substantially all the risks inherent to their ownership.

Likewise, the Group does not recognise on its balance sheet the assets received as collateral if the contractual rights to receive these asset cash flows and substantially all the risks and rewards inherent to their ownership have not been transferred to it.

## NOTE 3.10.1 COMMITMENTS

## COMMITMENTS GRANTED

| (In EURm)  | 31.12.2023 | 31.12.2022 R |
|--|------------|--------------|
| <b>Loan commitments</b>  |            |              |
| To banks   | 97,092     | 84,882       |
| To customers   | 224,548    | 228,036      |
| <i>Issuance facilities</i>   | 83         | 83           |
| <i>Confirmed credit lines</i>  | 210,499    | 202,401      |
| <i>Others</i>  | 13,966     | 25,552       |
| <b>Guarantee commitments</b>   |            |              |
| On behalf of banks   | 5,733      | 6,598        |
| On behalf of customers <sup>(1)</sup>                                    | 75,685     | 88,779       |
| <b>Securities commitments</b>  |            |              |
| Securities to be delivered   | 41,083     | 38,199       |
| <b>Acquisition of tangible assets commitments</b>                        |            |              |
| Purchase of vehicles and underlying assets subject to an operating lease | 9,191      | 6,344        |

(1) Including capital and performance guarantees given to the holders of UCITS managed by entities of the Group.

## COMMITMENTS RECEIVED

| (In EURm)                        | 31.12.2023 | 31.12.2022 R |
|----------------------------------|------------|--------------|
| <b>Loan commitments</b>          |            |              |
| From banks                       | 66,312     | 86,440       |
| <b>Guarantee commitments</b>     |            |              |
| From banks                       | 117,694    | 127,233      |
| Other commitments <sup>(1)</sup> | 199,747    | 178,486      |
| <b>Securities commitments</b>    |            |              |
| Securities to be received        | 38,522     | 38,563       |

(1) These commitments include the guarantee granted by French government related to the State Guaranteed Loans (see Note 1.6).

## NOTE 3.10.2 FINANCIAL ASSETS PLEDGED AND RECEIVED AS SECURITY

## FINANCIAL ASSETS PLEDGED

| (In EURm)   | 31.12.2023     | 31.12.2022 R   |
|---|----------------|----------------|
| Book value of assets pledged as security for liabilities <sup>(1)</sup>                           | 337,037        | 357,694        |
| Book value of assets pledged as security for transactions in financial instruments <sup>(2)</sup> | 69,447         | 85,717         |
| Book value of assets pledged as security for off-balance sheet commitments                        | 2,209          | 2,547          |
| <b>TOTAL</b>  | <b>408,693</b> | <b>445,958</b> |

(1) Assets pledged as security for liabilities mainly include loans given as guarantees for liabilities (guarantees notably provided to the central banks).

(2) Assets pledged as security for transactions in financial instruments mainly include security deposit.

**FINANCIAL ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY**

| <i>(In EURm)</i>  | <b>31.12.2023</b> | <b>31.12.2022 R</b> |
|---|-------------------|---------------------|
| <b>Fair value of securities purchased under resale agreements</b> | <b>193,154</b>    | <b>150,614</b>      |

The Group generally purchases securities under resale agreements under normal market terms and conditions. It may re-use the securities received under resale agreement by selling them outright, selling them under repurchase agreements or pledging them as security, provided that it returns these or equivalent securities to the

counterparty to the resale agreement at its term. Securities purchased under resale agreements are not recognised on the balance sheet. Their fair value, as shown above, includes securities sold or pledged as collateral.

**NOTE 3.11 Transferred financial assets****ACCOUNTING PRINCIPLES**

Transferred financial assets that are not derecognised include securities lending transactions and repurchase agreements as well as certain loans transferred to consolidated securitisation vehicles.

The tables below show securities lending and repurchase agreements that only concern securities recognised on the asset side of the balance sheet.

Securities involved in a repurchase agreement or securities lending transaction are held in their original position on the asset side of the Group's balance sheet. For repurchase agreements, the obligation to return the amounts deposited is recorded under Liabilities on the liabilities side of the balance sheet, with the exception of the transactions initiated under trading activities, which are recorded under Financial liabilities at fair value through profit or loss.

Securities involved in a reverse repurchase agreement or a securities borrowing transaction are not recorded in the Group's balance sheet. For securities received under a reverse repurchase agreement, the right to recover the amounts delivered by the Group is recorded under Customer Loans and receivables or Due from banks on the asset side of the balance sheet, with the exception of transactions initiated under trading activities which are recorded under Financial assets at fair value through profit or loss. If the borrowed securities are subsequently sold, a debt representing the return of these securities to their lender is recorded on the liabilities side of the Group's balance sheet, under Financial liabilities at fair value through profit or loss.

Securities lending and securities borrowing transactions that are fully matched by cash are assimilated to repurchase and reverse repurchase agreements and are recorded and recognised as such in the balance sheet.

With securities lending and repurchase agreements, the Group remains exposed to issuer default (credit risk) and to increases or decreases in the value of securities value (market risk). The underlying securities cannot simultaneously be used as collateral in other transactions.

**NOTE 3.11.1 TRANSFERRED FINANCIAL ASSETS NOT DERECOGNISED****REPURCHASE AGREEMENTS**

| <i>(In EURm)</i>  | <b>31.12.2023</b>                            |  | <b>31.12.2022 R</b>                          |  |
|---|--|--|--|--|
|   | <b>Carrying amount of transferred assets</b> | <b>Carrying amount of associated liabilities</b> | <b>Carrying amount of transferred assets</b> | <b>Carrying amount of associated liabilities</b> |
| Securities at fair value through profit or loss             | 13,402                                       | 11,098   | 14,992                                       | 11,876   |
| Securities at fair value through other comprehensive income | 13,457                                       | 11,159   | 13,427                                       | 11,163   |
| Securities at amortised cost                                | 187  | 182  | 249  | 239  |
| <b>TOTAL</b>  | <b>27,046</b>                                | <b>22,439</b>                                    | <b>28,668</b>                                | <b>23,278</b>                                    |

**SECURITIES LENDING**

|   | 31.12.2023                            |   | 31.12.2022 R                          |   |
|---|---------------------------------------|---|---------------------------------------|---|
|   | Carrying amount of transferred assets | Carrying amount of associated liabilities | Carrying amount of transferred assets | Carrying amount of associated liabilities |
| (In EURm)   |                                       |   |                                       |   |
| Securities at fair value through profit or loss             | 14,509                                | -   | 12,455                                | -   |
| Securities at fair value through other comprehensive income | 228                                   | -   | 249                                   | -   |
| Securities at amortised cost                                | 8                                     | -   | 8                                     | -   |
| <b>TOTAL</b>  | <b>14,745</b>                         | <b>-</b>                                  | <b>12,712</b>                         | <b>-</b>                                  |

**SECURITISATION ASSETS FOR WHICH THE COUNTERPARTIES TO THE ASSOCIATED LIABILITIES HAVE RECOURSE ONLY TO THE TRANSFERRED ASSETS**

|   | 31.12.2023   | 31.12.2022 |
|---|--------------|------------|
| (In EURm)                                 |              |            |
| <b>Customers loans</b>                    |              |            |
| Carrying amount of transferred assets     | 8,663        | 4,613      |
| Carrying amount of associated liabilities | 6,869        | 4,188      |
| Fair value of transferred assets (A)      | 8,857        | 4,750      |
| Fair value of associated liabilities (B)  | 6,872        | 4,188      |
| <b>Net position (A)-(B)</b>               | <b>1,985</b> | <b>562</b> |

The Group remains exposed to the majority of the risks and rewards associated with these receivables; furthermore, these receivables may not be used as collateral or sold outright as part of another transaction.

**NOTE 3.11.2 TRANSFERRED FINANCIAL ASSETS PARTIALLY OR FULLY DERECOGNISED**

As at 31 December 2023, the Group carried out no material transactions resulting in the partial or full derecognition of financial assets leaving the Group with a continuing involvement in said assets.

**NOTE 3.12 Offsetting financial assets and financial liabilities****ACCOUNTING PRINCIPLES**

A financial asset and a financial liability are offset and the net amount presented on the balance sheet when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The legal right to set off the recognised amounts must be enforceable in all circumstances, in both the normal course of business and in the event of default of one of the counterparties. In this respect, the Group recognises in its balance sheet the net amount of derivative financial instruments traded with certain clearing houses where they achieve net settlement through a daily cash margining process, or where their gross settlement system has features that eliminate or result in insignificant credit and liquidity risk, and that process receivables and payables in a single settlement process or cycle.

The following tables present the amounts of financial assets and financial liabilities set off on the Group's consolidated balance sheet. The gross outstanding amounts of these financial assets and financial liabilities are matched with the consolidated outstanding amounts presented in the balance sheet (net balance sheet amounts), after indicating the amounts set off on the balance sheet for these various instruments (amounts offset) and aggregating them with the outstanding amounts of other financial assets and financial liabilities not subject to a Master Netting Agreement or similar agreement (amounts of assets and liabilities not eligible for offsetting).

These tables also indicate the amounts which may be offset, as they are subject to a Master Netting Agreement or similar agreement, but whose characteristics make them ineligible for offsetting in the

consolidated financial statements under IFRS. This information is provided in comparison with the accounting treatment applied under US GAAP. This affects in particular financial instruments that may only be offset in the event of the default, insolvency or bankruptcy of one of the counterparties, as well as instruments pledged by cash or securities collateral. These mainly include over-the-counter interest rate options, interest rate swaps and securities purchased/sold under resale/repurchase agreements.

Net positions resulting from these various offsettings are not intended to represent the Group's actual exposure to counterparty risk through these financial instruments, insofar as counterparty risk management uses other risk mitigation strategies in addition to netting and collateral agreements.

### NOTE 3.12.1 AT 31 DECEMBER 2023

#### ASSETS

|  | Amount of assets not subject to offsetting | Impact of offsetting on the balance sheet |                  | Net amount presented on the balance sheet | Impact of Master Netting Agreements (MNA) and similar agreements <sup>(1)</sup> |                         |  | Net amount       |
|--|--|---|------------------|---|---|-------------------------|--|------------------|
|  |  | Gross amount                              | Amount offset    |   | Financial instruments recognised in the balance sheet                           | Cash collateral pledged | Financial instruments received as collateral |                  |
| <i>(In EURm)</i>   |  |   |                  |   |   |                         |  |                  |
| Derivative financial instruments <sup>(2)</sup><br>(see Notes 3.1 and 3.2) | 14,871                                     | 207,534                                   | (128,285)        | 94,120                                    | (59,842)  | (8,762)                 | 1  | 25,517           |
| Securities lent  | 1,165                                      | 13,580                                    | -                | 14,745                                    | (12,560)  | (28)                    | -  | 2,157            |
| Securities purchased under resale agreements (see Notes 3.1 and 3.5)       | 39,578                                     | 240,706                                   | (87,130)         | 193,154                                   | (17,786)  | (551)                   | (92,883)                                     | 81,934           |
| Guarantee deposits pledged (see Note 4.4)                                  | 38,854                                     | 12,757                                    | -                | 51,611                                    | -   | (12,757)                | -  | 38,854           |
| Other assets not subject to offsetting                                     | 1,200,415                                  | -   | -                | 1,200,415                                 | -   | -                       | -  | 1,200,415        |
| <b>TOTAL</b>   | <b>1,294,883</b>                           | <b>474,577</b>                            | <b>(215,415)</b> | <b>1,554,045</b>                          | <b>(90,188)</b>   | <b>(22,098)</b>         | <b>(92,882)</b>                              | <b>1,348,877</b> |

(1) Fair value of financial instruments and collateral, capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.

(2) At 31 December 2023, the amount offset within the "Derivative financial instruments" section includes EUR 60,964 million of cash margin received.

#### LIABILITIES

|  | Amount of liabilities not subject to offsetting | Impact of offsetting on the balance sheet |                  | Net amount presented on the balance sheet | Impact of Master Netting Agreements (MNA) and similar agreements <sup>(1)</sup> |                         |   | Net amount       |
|--|---|---|------------------|---|---|-------------------------|---|------------------|
|  |   | Gross amount                              | Amount offset    |   | Financial instruments recognised in the balance sheet                           | Cash collateral pledged | Financial instruments pledged as collateral |                  |
| <i>(In EURm)</i>   |   |   |                  |   |   |                         |   |                  |
| Derivative financial instruments <sup>(2)</sup><br>(see Notes 3.1 and 3.2) | 20,358  | 216,438                                   | (128,285)        | 108,511                                   | (59,842)  | (12,757)                | -   | 35,912           |
| Amount payable on borrowed securities (see Note 3.1)                       | 27,419  | 15,064                                    | -                | 42,483                                    | (12,559)  | -                       | -   | 29,924           |
| Securities sold under repurchase agreements (see Notes 3.1 and 3.6)        | 48,124  | 190,964                                   | (87,130)         | 151,958                                   | (17,787)  | -                       | (81,541)                                    | 52,630           |
| Guarantee deposits received (see Note 4.4)                                 | 43,912  | 9,341                                     | -                | 53,253                                    | -   | (9,341)                 | -   | 43,912           |
| Other liabilities not subject to offsetting                                | 1,121,593                                       | -   | -                | 1,121,593                                 | -   | -                       | -   | 1,121,593        |
| <b>TOTAL</b>   | <b>1,261,406</b>                                | <b>431,807</b>                            | <b>(215,415)</b> | <b>1,477,798</b>                          | <b>(90,188)</b>   | <b>(22,098)</b>         | <b>(81,541)</b>                             | <b>1,283,971</b> |

(1) Fair value of financial instruments and collateral, capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.

(2) At 31 December 2023, the amount offset within the "Derivative financial instruments" section includes EUR 63,797 million of cash margin paid.

## NOTE 3.12.2 AT 31 DECEMBER 2022 R

## ASSETS

| (In EURm)   | Amount of assets not subject to offsetting | Impact of offsetting on the balance sheet |                  | Net amount presented on the balance sheet | Impact of Master Netting Agreements (MNA) and similar agreements <sup>(1)</sup> |                         |  | Net amount       |
|---|--|---|------------------|---|---|-------------------------|--|------------------|
|   |  | Gross amount                              | Amount offset    |   | Financial instruments recognised in the balance sheet                           | Cash collateral pledged | Financial instruments received as collateral |                  |
| Derivative financial instruments* <sup>(2)</sup><br>(see Notes 3.1 and 3.2) | 12,359                                     | 229,575                                   | (132,188)        | 109,746                                   | (70,657)  | (9,292)                 | -  | 29,797           |
| Securities lent   | 3,951                                      | 8,809                                     | -                | 12,760                                    | (6,996)   | (39)                    | -  | 5,725            |
| Securities purchased under resale agreements (see Notes 3.1 and 3.5)        | 50,097                                     | 200,497                                   | (99,980)         | 150,614                                   | (7,927)   | (1,634)                 | (61,768)                                     | 79,285           |
| Guarantee deposits pledged (see Note 4.4)                                   | 53,614                                     | 14,154                                    | -                | 67,768                                    | -   | (14,154)                | -  | 53,614           |
| Other assets not subject to offsetting                                      | 1,144,012                                  | -   | -                | 1,144,012                                 | -   | -                       | -  | 1,144,012        |
| <b>TOTAL</b>  | <b>1,264,033</b>                           | <b>453,035</b>                            | <b>(232,168)</b> | <b>1,484,900</b>                          | <b>(85,580)</b>   | <b>(25,119)</b>         | <b>(61,768)</b>                              | <b>1,312,433</b> |

(1) Fair value of financial instruments and collateral, capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.

(2) At 31 December 2022, the amount offset within the "Derivative financial instruments" section includes EUR 62,652 million of cash margin received.

## LIABILITIES

| (In EURm)  | Amount of assets not subject to offsetting | Impact of offsetting on the balance sheet |                  | Net amount presented on the balance sheet | Impact of Master Netting Agreements (MNA) and similar agreements <sup>(1)</sup> |                         |   | Net amount       |
|--|--|---|------------------|---|---|-------------------------|---|------------------|
|  |  | Gross amount                              | Amount offset    |   | Financial instruments recognised in the balance sheet                           | Cash collateral pledged | Financial instruments pledged as collateral |                  |
| Derivative financial instrument* <sup>(2)</sup><br>(see Notes 3.1 and 3.2) | 15,365                                     | 235,643                                   | (132,188)        | 118,820                                   | (70,657)  | (14,154)                | -   | 34,009           |
| Amount payable on borrowed securities (see Note 3.1)                       | 32,235                                     | 18,866                                    | -                | 51,101                                    | (6,996)   | -                       | -   | 44,105           |
| Securities sold under repurchase agreements (see Notes 3.1 and 3.6)        | 43,652                                     | 170,223                                   | (99,980)         | 113,895                                   | (7,927)   | -                       | (51,400)                                    | 54,568           |
| Guarantee deposits received (see Note 4.4)                                 | 63,341                                     | 10,965                                    | -                | 74,306                                    | -   | (10,965)                | -   | 63,341           |
| Other liabilities not subject to offsetting                                | 1,053,452                                  | -   | -                | 1,053,452                                 | -   | -                       | -   | 1,053,452        |
| <b>TOTAL</b>   | <b>1,208,045</b>                           | <b>435,697</b>                            | <b>(232,168)</b> | <b>1,411,574</b>                          | <b>(85,580)</b>   | <b>(25,119)</b>         | <b>(51,400)</b>                             | <b>1,249,475</b> |

\* 2022 amounts restated to present the effects of offsetting on OTC derivative financial instruments and associated margin calls, in application of Collateralized-To-Market model by clearing houses.

(1) Fair value of financial instruments and collateral, capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.

(2) At 31 December 2022, the amount offset within the "Derivative financial instruments" section includes EUR 65,574 million of cash margin paid.



**NOTE 3.13 Contractual maturities of financial liabilities**

| <i>(In EURm)</i>   | <b>Up to<br/>3 months</b> | <b>3 months<br/>to 1 year</b> | <b>1 to 5 years</b> | <b>More than<br/>5 years</b> | <b>31.12.2023</b> |
|--|---------------------------|-------------------------------|---------------------|------------------------------|-------------------|
| Due to central banks                                       | 9,718                     | -                             | -                   | -                            | 9,718             |
| Financial liabilities at fair value through profit or loss | 239,500                   | 35,406                        | 56,145              | 44,533                       | 375,584           |
| Due to banks   | 62,587                    | 43,357                        | 10,724              | 1,179                        | 117,847           |
| Customer deposits  | 481,894                   | 36,166                        | 19,976              | 3,641                        | 541,667           |
| Debts securities issued                                    | 35,963                    | 27,977                        | 67,755              | 28,811                       | 160,506           |
| Subordinated debt  | 213                       | 76                            | 6,594               | 9,011                        | 15,894            |
| Other liabilities  | 84,028                    | 2,548                         | 3,822               | 3,260                        | 93,658            |
| <b>TOTAL LIABILITIES</b>                                   | <b>913,903</b>            | <b>145,530</b>                | <b>165,016</b>      | <b>90,435</b>                | <b>1,314,884</b>  |
| Loan commitments granted and others <sup>(1)</sup>         | 145,084                   | 50,230                        | 117,341             | 18,176                       | 330,831           |
| Guarantee commitments granted                              | 40,697                    | 16,653                        | 15,861              | 8,207                        | 81,418            |
| <b>TOTAL COMMITMENTS GRANTED</b>                           | <b>185,781</b>            | <b>66,883</b>                 | <b>133,202</b>      | <b>26,383</b>                | <b>412,249</b>    |

(1) This line includes commitments relating to the purchase of vehicles and underlying equipment subject to an operating lease.

The flows presented in this note are based on contractual maturities. However, for certain elements of the balance sheet, assumptions could be applied.

When there are no contractual terms, as well as for trading financial instruments (e.g.: derivatives), maturities are presented in the first column (up to three months).

The guarantee commitments given are scheduled on the basis of the best possible estimate of flow; if not available, they are presented in the first column (up to three months).

## NOTE 4 OTHER ACTIVITIES

### NOTE 4.1 Fee income and expense

#### ACCOUNTING PRINCIPLES

Fee income and Fee expense combine fees on services rendered and received, as well as fees on commitments, that cannot be assimilated to interest. Fees that can be assimilated to interest are integrated into the effective interest rate on the associated financial instrument and are recorded under Interest and similar income and Interest and similar expense (see Note 3.7).

Transactions with customers include the fees from retail customers from the Group retail banking activities (in particular credit card fees, account management fees or application fees outside the effective interest rate).

Sundry services provided include the fees from customers from the other Group activities (in particular, interchange fees, funds management fees or fees on insurance products sold within the network).

The Group recognises fee income or expense for an amount equivalent to the remuneration for the service provided and depending on the progress transferring control of these services:

- fees for ongoing services, such as some payment services, custody fees, or digital service subscriptions are recognised as income over the life of the service;
- fees for one-off services, such as fund activity, finder's fees received, arbitrage fees, or penalties on payment incidents are recognised as income when the service is provided.

The amount equivalent to the remuneration for the service provided is composed of fixed and variable contractual compensation whether they are paid in kind or in cash, less any payments due to customers (for example, in case of promotional offers). The variable compensation (for example, discounts based on the provided services volume over a period of time or fees payable subject to the achievement of a performance target, etc.) are included in the amount equivalent to the remuneration for the service provided if and only if this compensation is highly probable not to be subsequently reduced significantly.

The possible mismatch between the payment date of the service provided and the date of execution of the service gives assets and liabilities depending on the type of contract and mismatch which are recognised under Other Assets and Other Liabilities (see Note 4.4):

- customer contracts generate trade receivables, accrued income or prepaid income;
- supplier contracts generate trade payables, accrued expenses or prepaid expenses.

In syndication deals, the effective interest rate for the share of the issuance retained on the Group's balance sheet is comparable to that applied to the other members of the syndicate including, when needed, a share of the underwriting fees and participation fees; the balance of these fees for services rendered is then recorded under Fee income at the end of the syndication period. Arrangement fees are recorded as income when the placement is legally complete.

| (In EURm)   | 2023          |                |              | 2022 R       |                |              |
|---|---------------|----------------|--------------|--------------|----------------|--------------|
|   | Income        | Expense        | Net          | Income       | Expense        | Net          |
| <b>Transactions with banks</b>                            | <b>134</b>    | <b>(125)</b>   | <b>9</b>     | <b>133</b>   | <b>(110)</b>   | <b>23</b>    |
| <b>Transactions with customers</b>                        | <b>2,979</b>  |                | <b>2,979</b> | <b>3,088</b> |                | <b>3,088</b> |
| <b>Financial instruments operations</b>                   | <b>3,366</b>  | <b>(2,976)</b> | <b>390</b>   | <b>2,475</b> | <b>(2,447)</b> | <b>28</b>    |
| Securities transactions                                   | 717           | (1,268)        | (551)        | 495          | (1,008)        | (513)        |
| Primary market transactions                               | 547           |                | 547          | 162          |                | 162          |
| Foreign exchange transactions and derivatives instruments | 2,102         | (1,708)        | 394          | 1,818        | (1,439)        | 379          |
| <b>Loan and guarantee commitments</b>                     | <b>1,004</b>  | <b>(429)</b>   | <b>575</b>   | <b>974</b>   | <b>(424)</b>   | <b>550</b>   |
| <b>Various services</b>                                   | <b>2,580</b>  | <b>(945)</b>   | <b>1,635</b> | <b>2,730</b> | <b>(1,202)</b> | <b>1,528</b> |
| Asset management fees                                     | 316           |                | 316          | 329          |                | 329          |
| Means of payment fees                                     | 1,018         |                | 1,018        | 1,072        |                | 1,072        |
| Insurance product fees                                    | 208           |                | 208          | 236          |                | 236          |
| Underwriting fees of UCITS                                | 82            |                | 82           | 75           |                | 75           |
| Other fees  | 956           | (945)          | 11           | 1,018        | (1,202)        | (184)        |
| <b>TOTAL</b>  | <b>10,063</b> | <b>(4,475)</b> | <b>5,588</b> | <b>9,400</b> | <b>(4,183)</b> | <b>5,217</b> |

**NOTE 4.2 Income and expense from other activities****ACCOUNTING PRINCIPLES****Leasing activities**

Leases granted by the Group which do not transfer to the lessee virtually all the risks and benefits associated with ownership of the leased asset are classified as operating leases.

Assets held under operating leases, including investment property, are recorded on the balance sheet under Tangible and intangible fixed assets at their acquisition cost, less depreciation and impairment (see Note 8.3).

Leased assets are depreciated, excluding residual value, over the life of the lease; the latter corresponds to the non-cancellable lease term adjusted for any option to extend the contract that the lessee is reasonably certain to exercise and any early termination options that the lessee is reasonably certain not to exercise (see Note 8.3). Lease payments are recognised as income according to the straight-line method over the term of the lease. Meanwhile, the purpose of the accounting treatment of the income from invoices for maintenance services related to operating leases is to reflect, over the term of the service agreement, a constant margin between this income and the expenses incurred in providing the service.

Income and expenses, and capital gains or losses on investment properties and leased assets, as well as income and expense on maintenance services related to operating lease activities, are recorded under Income and expenses from other activities on the Real estate leasing and Equipment leasing lines.

These lines also include the losses incurred in the event of a decline in the unguaranteed residual value of finance-lease transactions, and the capital gains or losses on disposal related to unleased assets once the lease finance agreements are terminated.

The leases granted by the Group entities may include the maintenance service of the leased equipment. In this case, the portion of rentals corresponding to this maintenance service is spread over the duration of the service (generally the lease contract duration) and, when necessary, considers the progress of the service provided when it is not linear.

**Real estate development activities**

As the sale of real estate off plan (housing, office property, retail areas, etc.) is an ongoing service, the margin of this activity is progressively recognised over the construction programme's duration until the delivery date to the customer. It is recognised under income when this margin is positive and under expenses when this margin is negative.

The margin recognised at each closing period reflects the programme's estimated margin forecast and its stage of completion at the end of the period which depends on the progress in terms of marketing and the project.

| (In EURm)                        | 2023          |                 |              | 2022 R        |                 |              |
|----------------------------------|---------------|-----------------|--------------|---------------|-----------------|--------------|
|                                  | Income        | Expense         | Net          | Income        | Expense         | Net          |
| Real estate development          | 60            | (4)             | 56           | 69            | -               | 69           |
| Real estate leasing              | 87            | (174)           | (87)         | 80            | (151)           | (71)         |
| Equipment leasing <sup>(1)</sup> | 20,107        | (15,992)        | 4,115        | 12,490        | (9,466)         | 3,024        |
| Other activities                 | 751           | (1,224)         | (473)        | 662           | (1,008)         | (346)        |
| <b>TOTAL</b>                     | <b>21,005</b> | <b>(17,394)</b> | <b>3,611</b> | <b>13,301</b> | <b>(10,625)</b> | <b>2,676</b> |

(1) The amount recorded under this heading is mainly due to income and expenses related to long-term leasing and car fleet management businesses. Most of the Group's long-term lease agreements are 36-month to 48-month leases.

**NOTE 4.3 Insurance activities**

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Insurance activities (life insurance and non-life insurance) add to the range of products included in the banking services offered to Group customers.

These activities are carried out by dedicated subsidiaries, subject to regulations specific to the insurance sector.

The rules for measuring and accounting for risks associated with insurance contracts are specific to the Insurance sector. Based on a current estimate of the future cash flows from the insurance contracts issued (premiums, indemnification, benefits, associated costs...), the main objective of these rules is to recognise the expected profit progressively over the period during which the insurance services are provided.

**ACCOUNTING PRINCIPLES**

Insurance contracts subject to IFRS 17 “Insurance Contracts” are insurance contracts issued, reinsurance contracts issued (reinsurance assumed) or held (reinsurance ceded), as well as investment contracts issued including a discretionary participation clause provided that they are issued by an entity which also issues insurance contracts.

The accounting principles below do not apply to the insurance contracts for which the Group is the insured beneficiary except for the contracts identified as reinsurance treaties.

Investment contracts without discretionary participation features and with no insurance component (pure unit-linked contracts) do not meet the IFRS 17 definition of an insurance contract and are recognised as Financial liabilities measured at fair value through profit or loss (see Note 3.1 paragraph 3). These are financial liabilities indexed on the performance of underlying assets for which the Group has elected to exercise the option to measure the instruments at fair value without requiring the separation of the embedded derivatives.

**Grouping of contracts**

For their assessment, insurance contracts are grouped into homogeneous portfolios to take account of the pooling of risks specific to the insurance activity. These portfolios include insurance contracts that are exposed to similar risks and managed together.

Within each portfolio, three groups of contracts shall be distinguished on initial recognition of the later: onerous contracts, contracts with no significant possibility of becoming subsequently onerous, and other contracts.

Lastly, contracts issued more than one year apart cannot be included in the same group. Consequently, each group of contracts shall be subdivided into annual cohorts. However, while adopting IFRS 17, the European Union has provided European undertakings with an option not to implement this provision to contracts benefiting from an intergenerational mutualisation of returns on the underlying assets in countries where these undertakings market insurance contracts.

The Group uses this optional exemption on the life-insurance savings and retirement savings contracts issued (for instance, contracts invested in euro-denominated funds) as they include direct or discretionary profit-sharing items for which both risks and cashflows are shared between different generations of policyholders. These savings life-insurance contracts are also managed on an intergenerational basis in order to mitigate interest rate risk and longevity risk exposures.

The portfolios of contracts are determined by the Group, using (i) the product line to identify the insurance contracts exposed to similar risks and (ii) the country of issuance of the contract and/or the distribution entity.

When the materiality of the outstanding amounts of the contracts concerned is not significant in the context of the aggregates of the Group's consolidated balance sheet, some of these portfolios may be grouped together.

The major portfolios identified by the Group are as follows:

| Scope of products                                       | Product line   |
|---|--|
| Savings   | Life Insurance Savings with accumulation of capital paid out upon surrender or death (investments in euro funds, unit-linked funds, multivehicle contracts).   |
| Retirement  | Individual and group insurance contracts such as Retirement savings plans (French <i>Plan Épargne Retraite - PER</i> ) with payout in annuities and/or capital (single or multiple unit-linked investments). |
| Protection – Provident                                  | Borrower insurance; Individual protection; Group protection; Individual health insurance; Group health insurance; Funeral insurance; Nursing care insurance.   |
| Protection – Non-life insurance (property and casualty) | Personal injury accident; Insurance of the Means of payment; Multi-risk home insurance; Land motor vehicle insurance; Miscellaneous Risk Insurance.  |

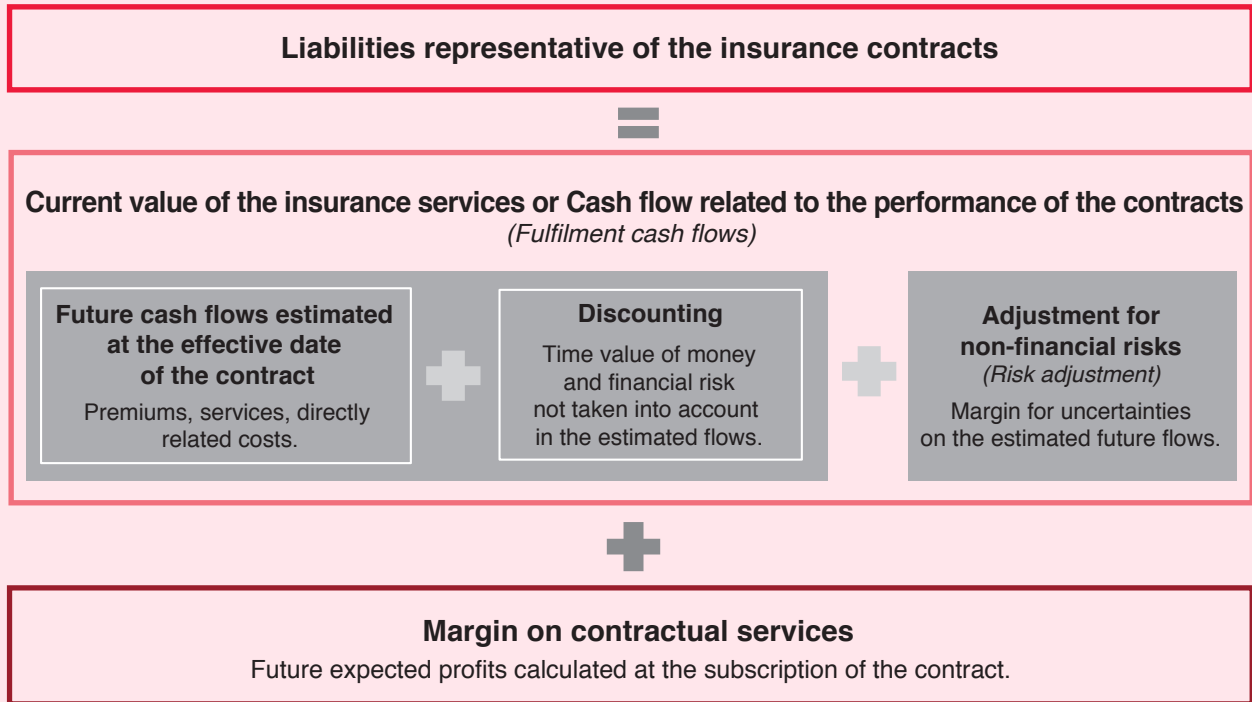
### Measurement models

Each group of insurance contracts is measured separately, and its value is presented in the balance sheet either under Insurance and reinsurance contract assets or under Insurance and reinsurance contract liabilities.

#### GENERAL MODEL APPLICABLE TO THE INSURANCE CONTRACTS ISSUED

##### Initial measurement

Upon initial recognition, the value of a group of insurance contracts issued corresponds to the sum of the following items:



##### Future estimated cash flows

These cash flows are the current estimates of all the amounts that the insurer expects to receive (for premiums...) or pay to the benefit of insurance policyholders (in relation to life insurance, claims to be compensated, guaranteed benefits and other directly attributable expenses) as part of the fulfilment of insurance contracts, until their settlement.

These amounts are adjusted to reflect:

- the present value of the future cash flows taking into account the time value of money and the financial risks related to the future cash flows (see Discounting);
- the uncertainties about the amount and frequency of the cash flows (see Adjustment for non-financial risk).

##### Discounting

The future cash flows estimated are discounted using a risk-free yield curve (swap rate curve) adjusted for an illiquidity premium to represent the differences in characteristics between the liquid, risk-free financial instruments and the financial instruments backed insurance contracts (bottom-up approach).

##### Adjustment for non-financial risk

The discounted cash flows are adjusted to reflect the uncertainties about the amount and frequency of the future cash flows. This adjustment for non-financial risks is determined using a quantile approach based on a confidence level of 80% for the Retirement Savings business. Thus, the technical provisions supplemented with this risk adjustment will allow these estimated future cash flows to be covered in 80% of probable cases, a level of caution deemed appropriate. For the Protection business, this quantile level is between 80% and 90%.

The calculation method of the adjustment for non-financial risks does not take into account the diversification effect between the different insurance activities and between the different entities; however, it includes a diversification by products.

##### Contractual service margin (CSM)

The contractual service margin (CSM) represents the unearned profit that the entity will recognise in the income statement as the insurance services are provided in the future. Its amount is determined at the time of initial recognition of the group of insurance contracts so that, at that date, neither income nor expense is recorded in the income statement. In the event of onerous contracts, the expected loss shall immediately be recognised in profit or loss. This initial loss will later be reversed in profit or loss to offset the expense for incurred claims.

### Subsequent measurement

On each closing date, the carrying amount in the balance sheet of the group of insurance contracts issued is remeasured. It is then equal to the sum of the following amounts:

- the liability for remaining coverage (LRC), for an amount equal to the reestimated value as at the date of the fulfilment cash flows related to future services (discounted value of the amounts receivable and payable related to the supply of insurance services on the remaining coverage period and the deposit components) and, when appropriate, the contractual service margin reestimated on the same date as described below;
- the liability for incurred claims (LIC), for an amount equal to the reestimated value as at the date of the fulfilment cash flows related to past services (discounted value of the amounts payable in relation to services on already incurred claims).

Income and expense are recognised for the changes in liabilities for remaining coverage and for incurred claims, as summarised below:

|   | Changes in liability for remaining coverage  | Changes in liability for incurred claims  |
|---|--|---|
| Insurance products                      | <ul style="list-style-type: none"> <li>■ Reversals related to the insurance services provided during the period</li> </ul> |   |
| Insurance services expenses             | <ul style="list-style-type: none"> <li>■ Losses recognised on onerous contracts and reversal of these losses</li> </ul>    | <ul style="list-style-type: none"> <li>■ Allocations of liabilities for the incurred claims and the unfunded expenses incurred during the period</li> <li>■ Subsequent changes in the fulfilment cash flows relating to the incurred claims and the unfunded expenses incurred</li> </ul> |
| Insurance financial expenses and income | <ul style="list-style-type: none"> <li>■ Account taken of the impacts of the time value of money</li> </ul>                | <ul style="list-style-type: none"> <li>■ Account taken of the impacts of the time value of money</li> </ul>   |

On this same closing date, the amount of contractual service margin is adjusted to take notably account, for all contracts, of:

- the impact of the new contracts added to the Group;
- the interest capitalised on the carrying amount of the margin at the discounting rate used to determine the initial margin value;
- the reestimate of the fulfilment cash flows (discounted value of the amounts receivable and payable related to the insurance services provided during the remaining coverage period, excl. estimated amounts to be paid for already incurred claims that are subject to separate measurement);
- the amount recognised as insurance revenue because of the transfer of insurance contract services in the period.

Moreover, the contractual service margin is recognised in profit or loss according to coverage units that reflect the amount of service provided and the expected coverage period for the contracts remaining in the group of contracts.

The contractual service margin is not adjusted for the following changes in cash flows as they are not related to future services:

- inclusion of the impacts (and changes in them) of the time value of money and the financial risk (for example, the impact of a change in the discounting rate);
- changes in estimates of the fulfilment cash flows of liabilities for incurred claims;
- adjustments related to experience (difference between the estimate of the amounts expected for the period and the actual cash flows of the period).

### Protection-Provident business

*The Group mainly applies the General Model to measure its Protection-Provident contracts (borrower insurance, funeral, dependency contracts...).*

*For the Protection – Provident business, the insured value (for example the outstanding capital of the loan in the context of a borrower contract) is used to measure the quantity of service (or coverage units) provided or to be provided, in order to recognise a portion of the contractual service margin in the net income of the period.*

### GENERAL MODEL ADAPTED TO THE INSURANCE CONTRACTS ISSUED WITH DIRECT PARTICIPATION FEATURES (VARIABLE FEE APPROACH)

Insurance contracts issued with direct participation features may be regarded as creating an obligation to pay to policyholders an amount equal to the fair value of the underlying items (for example, investments in units of funds), minus a variable fee for the service.

The variable fee:

- a) represents the counterparty that a company receives to provide investment services;
- b) is based on the portion of the performance of the underlying items that varies over time. Consequently, the variable fee reflects the performance of the underlying items and the other cash flows necessary for the fulfilment of the contracts.

The general accounting model is adapted to reflect that the consideration received for this type of contract is a variable fee (Variable Fee Approach – VFA).

This adaptation of the general accounting model is used to measure the groups of insurance contracts for which:

- the contractual clauses specify that the policy holder is entitled to a portion of a clearly defined portfolio of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the yield on the fair value of the underlying items; and
- the entity expects any change in the amounts payable to the shareholder to be attributable, substantially, to a change in fair value of the underlying items.

Eligibility to this measurement model is analysed on the issuance date of the contracts and may subsequently be reassessed only in case of changes in the contract.

This measurement model is in line with the general model with regards to the following items:

- the fulfilment cash flows are measured the same way;
- during the initial measurement, the contractual service margin is identical;
- the subsequent changes in the fulfilment cash flows associated with the future services adjust the contractual service margin while the other changes, related to the services provided during the period or before impact the net income.

There are however several differences:

|  | General model  | Tailored General model – VFA  |
|--|--|---|
| <i>Recognition of the changes in fulfilment cash flows in relation to the changes in discounting rates and other financial variables</i> | <ul style="list-style-type: none"> <li>■ in full in the Statement of net income and unrealised or deferred gains and losses</li> </ul> | <ul style="list-style-type: none"> <li>■ as an adjustment of the contractual service margin for the portion of this change associated with the insurer's share of underlying items</li> </ul>                         |
| <i>Determination of the interest expense for the capitalisation of interest on the contractual service margin</i>                        | <ul style="list-style-type: none"> <li>■ explicitly applying the discount rate used during the initial measurement</li> </ul>          | <ul style="list-style-type: none"> <li>■ implicitly when taking account of the insurer's share in the change in fair value of the underlying items for the determination of the contractual service margin</li> </ul> |

#### Savings and Retirement business

The Group determined that the majority of life savings insurance contracts and individual and collective retirement savings contracts issued by its insurance subsidiaries meet the definition of contracts with direct participation features. These contracts, which make up the Group's predominant insurance activity (some 99% of the discounted estimated cash flows), are measured using the adapted General model known as Variable Fee Approach (VFA). The other contracts in these categories are measured based on the General Model or under IFRS 9 if they meet the definition of an investment contract.

For the Savings and Retirement business, the quantity of service (or coverage units) used for the amortisation of the contractual service margin (CSM) is intended to reflect, from an economic standpoint, the asset management service provided by the insurer during the period. This quantity is determined based on the future cash flows estimated over the ongoing and future periods. An adjustment is made in order to recognise the CSM at an appropriate pace, taking account of the financial performance of the underlying assets.

## GENERAL MODEL ADAPTED TO THE REINSURANCE CONTRACTS HELD

Following the issuance of insurance contracts, some risks may be ceded to another insurance company through reinsurance contracts.

The general accounting model is adapted to take account of the specificities of the reinsurance contracts held. These reinsurance contracts held are booked under the General Model, modified on the following features:

|  |  |
|--|--|
| Estimate of the fulfilment cash flows  | The fulfilment cash flows take into account the risk of non-fulfilment by the issuer of the reinsurance contract (i.e. the risk of not recovering the expected compensation in the event of default of the reinsurer).   |
| Measurement of the contractual service margin during initial recognition                     | Any net cost or profit determined at initial recognition (determined based on the estimated amount of premiums payable, expenses to be paid and compensations to be received) is recognised as a contractual service margin.                                     |
| Measurement of the contractual service margin in the context of onerous underlying contracts | The contractual service margin is adjusted and an income is recognised accordingly, when a loss is recognised at initial recognition of a group of onerous underlying insurance contracts or when onerous underlying insurance contracts are added to the Group. |

## SIMPLIFIED MODEL (PREMIUM ALLOCATION APPROACH)

The standard also allows, under some conditions, for the application of a simplified accounting model for the contracts whose insurance coverage is lower or equal to 12 months, or for which the measurement of the Group's remaining coverage liabilities determined using this approach is not significantly different from the one that would result from the application of the general model.

The remaining coverage liabilities presented on the balance sheet corresponds to:

- the amount of premium received under the contract adjusted for the amounts recognised as insurance contracts income as the Company provides the insurance coverage;
- minus the remaining depreciable acquisition costs paid.

If a group of contracts is onerous, the remaining coverage liability is increased up to the estimated future fulfilment cash flows and a loss is recognised in the income statement.

The incurred claim liability is measured based on the general model. The Group does not discount the liability when it expects the claims to be settled within one year.

The simplified approach does not require:

- an explicit measurement of the contractual service margin;
- an update of the remaining coverage liability for the changes in discount rate and financial variables.

### Protection – non-life insurance activity

*The Group mostly applies the simplified approach to measure its non-life insurance contracts (personal injuries, means of payment, multi-risk home insurance...).*

## Presentation of the financial performance of insurance contracts

Expenses and income relating to insurance contracts are presented in the income statement, distinguishing between:

- the income arising from insurance services which includes:
  - income from insurance contracts issued,
  - insurance services expenses,
  - net income or expenses from the reinsurance contracts held;
- the financial result of the insurance and reinsurance contracts.

## INCOME FROM INSURANCE CONTRACTS ISSUED

The revenues from insurance contracts represent the consideration that the insurance subsidiary expects to receive (representative of the premium received) against the services provided under the contracts.

The revenues recognised for the period include the amount representative of the premium received as coverage of the insurance service expenses and the margin expected in relation to the services provided during the period.

Many insurance contracts providing investment services include a deposit component, which is an amount paid by the policyholder and repaid by the insurer even when the insured event does not take place. These deposit components are excluded from the income statement, as the collection and repayment of a deposit are not, respectively, an income and an expense.



**INSURANCE SERVICES EXPENSES**

Insurance services expenses reflect the costs incurred to provide services over the period, including those associated with the claims incurred, and excluding the deposit component.

The expenses recorded over the period include the insurance services expenses related to the services provided for the incurred claims during the current or past periods and other amounts such as the amortisation of the insurance acquisition costs, the costs on onerous contracts and their reversals.

**INCOME AND EXPENSES OF THE REINSURANCE CONTRACTS HELD.**

Income and expenses are representative of the amounts recovered from reinsurers and of the allocation of the premiums paid for this coverage.

**FINANCIAL INCOME AND EXPENSES OF INSURANCE CONTRACTS**

The fulfilment cash flows and contractual service margin are booked on a discounted basis reflecting the frequency of cash flows. Over time, the effect of the time value of money decreases, which is reflected in the income statement as an insurance financial expense (the present value of future disbursements increases). Indeed, the financing costs (financial expenses of the contracts) of insurance are similar to the interest paid by the insurer on an early payment (in the form of a premium) and reflect the fact that the insurer usually receives the premiums in advance and pays benefits at a later date.

Finance income or expenses from insurance also include the effects on the carrying amount of insurance contracts of some changes in financial assumptions (namely discount rate and other financial variables).

The effect of the changes in discount rates and other financial variables is recognised over the period during which the changes occurred. The Group has elected, for most of its groups of contracts, to present the effect of these changes in a disaggregated manner between the income statement and equity. The aim of this choice is to minimise accounting mismatch between the investments of the insurance activity (associated to the financial assets held to cover the insurance contracts) and the financial expenses of the insurance contracts. This choice is made for each group of insurance contracts.

The Group decided to present the Notes detailing the financial data of the insurance subsidiaries distinguishing between the data attributed to the insurance contracts within the scope of IFRS 17 (columns headed Insurance contracts) including the measurement of these contracts and the investments backing them. These data also distinguish between the insurance contracts issued with direct participation features measured using the VFA model and their underlying investments.

The financial data of the investment contracts without participation features and without insurance component (contracts within the scope of IFRS 9) as well as all financial instruments that are not backing insurance contracts within the scope of IFRS 17 (ex: financial

instruments negotiated in the context of the investment of equity) are presented separately from the other financial data in the Others column.

As a reminder, on the transition date of 1 January 2022, the Group applied a modified retrospective approach for the measurement of savings life insurance contracts and retirement savings contracts which represent the vast majority of its contracts. Damage Protection contracts were subject to a complete retrospective approach. For Personal protection contracts, a complete or modified retrospective approach has been implemented on a case-by-case basis.

The future cash flows of the assets and liabilities of the insurance contract assets and liabilities are discounted using a risk-free rate curve (swap rate curve) modified by an illiquidity premium per entity and per activity. The following table shows the average discount rates used:

| Average discount rate for the euro | 31.12.2023 |         |          |          |          |          | 31.12.2022 R |         |          |          |          |          |
|------------------------------------|------------|---------|----------|----------|----------|----------|--------------|---------|----------|----------|----------|----------|
|                                    | 1 year     | 5 years | 10 years | 15 years | 20 years | 40 years | 1 year       | 5 years | 10 years | 15 years | 20 years | 40 years |
| Savings and retirement             | 4.27%      | 3.24%   | 3.31%    | 3.39%    | 3.34%    | 3.27%    | 3.73%        | 3.69%   | 3.66%    | 3.58%    | 3.32%    | 3.12%    |
| Protection                         | 3.74%      | 2.74%   | 2.77%    | 2.83%    | 2.74%    | 2.82%    | 3.21%        | 3.17%   | 3.14%    | 3.06%    | 2.80%    | 2.74%    |

### NOTE 4.3.1 EXCERPT FROM THE BALANCE SHEET OF THE INSURANCE ACTIVITY

The tables below present the carrying amount of the assets and liabilities recognised on the balance sheet of the Group's insurance subsidiaries for:

- Insurance contracts or investment contracts;
- Investments made (whether or not backed by insurance contracts).

#### DETAIL OF ASSETS

| (In EURm)   | 31.12.2023                          |              |              |                | 31.12.2022 R                        |              |              |                |
|---|-------------------------------------|--------------|--------------|----------------|-------------------------------------|--------------|--------------|----------------|
|   | Insurance contracts                 |              |              | Total          | Insurance contracts                 |              |              | Total          |
|   | With direct participations features | Other        | Other        |                | With direct participations features | Other        | Other        |                |
| <b>Financial assets at fair value through profit or loss</b>                  | <b>107,864</b>                      | <b>211</b>   | <b>3,794</b> | <b>111,869</b> | <b>92,759</b>                       | <b>216</b>   | <b>4,739</b> | <b>97,714</b>  |
| Trading portfolio   | 547                                 | -            | 20           | 567            | 833                                 | -            | 25           | 858            |
| <i>Shares and other equity securities</i>                                     | -                                   | -            | -            | -              | -                                   | -            | 17           | 17             |
| <i>Trading derivatives</i>  | 547                                 | -            | 20           | 567            | 833                                 | -            | 8            | 841            |
| Financial assets measured mandatorily at fair value through profit or loss    | 93,912                              | 205          | 3,725        | 97,842         | 78,677                              | 210          | 4,712        | 83,599         |
| <i>Bonds and other debt securities</i>  | 30,332                              | 14           | 117          | 30,463         | 21,968                              | 21           | 229          | 22,218         |
| <i>Shares and other equity securities</i>                                     | 62,563                              | 186          | 3,304        | 66,053         | 55,671                              | 184          | 4,086        | 59,941         |
| <i>Loans, receivables and securities purchased under resale agreements</i>    | 1,017                               | 5            | 304          | 1,326          | 1,038                               | 5            | 397          | 1,440          |
| Financial instruments measured using fair value option through profit or loss | 13,405                              | 6            | 49           | 13,460         | 13,249                              | 6            | 2            | 13,257         |
| <i>Bonds and other debt securities</i>  | 13,405                              | 6            | 49           | 13,460         | 13,249                              | 6            | 2            | 13,257         |
| <b>Hedging derivatives</b>  | <b>140</b>                          | <b>-</b>     | <b>-</b>     | <b>140</b>     | <b>121</b>                          | <b>-</b>     | <b>-</b>     | <b>121</b>     |
| <b>Financial assets at fair value through other comprehensive income</b>      | <b>51,257</b>                       | <b>1,417</b> | <b>226</b>   | <b>52,900</b>  | <b>53,971</b>                       | <b>1,326</b> | <b>200</b>   | <b>55,497</b>  |
| Debt instruments  | 51,257                              | 1,417        | 226          | 52,900         | 53,971                              | 1,326        | 200          | 55,497         |
| <i>Bonds and other debt securities</i>  | 51,243                              | 1,415        | 226          | 52,884         | 53,930                              | 1,326        | 200          | 55,456         |
| <i>Loans, receivables and securities purchased under resale agreements</i>    | 14                                  | 2            | -            | 16             | 41                                  | -            | -            | 41             |
| <b>Financial assets at amortised cost<sup>(1)</sup></b>                       | <b>718</b>                          | <b>614</b>   | <b>5,368</b> | <b>6,700</b>   | <b>1,155</b>                        | <b>263</b>   | <b>4,670</b> | <b>6,088</b>   |
| <b>Investment Property</b>  | <b>729</b>                          | <b>-</b>     | <b>1</b>     | <b>730</b>     | <b>876</b>                          | <b>-</b>     | <b>1</b>     | <b>877</b>     |
| <b>TOTAL INVESTMENTS OF INSURANCE ACTIVITIES<sup>(2)</sup></b>                | <b>160,708</b>                      | <b>2,242</b> | <b>9,389</b> | <b>172,339</b> | <b>148,882</b>                      | <b>1,805</b> | <b>9,610</b> | <b>160,297</b> |
| Deferred acquisition costs  | -                                   | -            | -            | -              | 6                                   | -            | -            | 6              |
| Insurance contracts issued assets   | -                                   | 81           | -            | 81             | -                                   | 42           | -            | 42             |
| Reinsurance contracts held assets   | -                                   | 378          | -            | 378            | -                                   | 305          | -            | 305            |
| <b>TOTAL INSURANCE AND REINSURANCE CONTRACTS ASSETS</b>                       | <b>-</b>                            | <b>459</b>   | <b>-</b>     | <b>459</b>     | <b>6</b>                            | <b>347</b>   | <b>-</b>     | <b>353</b>     |

(1) The financial assets at amortised cost are mainly related to Debt securities at amortised cost and Loans and receivables due from banks at amortised cost.

(2) The Group has chosen to keep in the consolidated accounts investments made with Group companies measured at fair value through profit or loss in representation of unit-linked life insurance contracts.

## DETAIL OF LIABILITIES

| (In EURm)  | 31.12.2023                          |              |              |                | 31.12.2022 R                        |              |              |                |
|--|-------------------------------------|--------------|--------------|----------------|-------------------------------------|--------------|--------------|----------------|
|  | Insurance contracts                 |              |              | Total          | Insurance contracts                 |              |              | Total          |
|  | With direct participations features | Other        | Other        |                | With direct participations features | Other        | Other        |                |
| <b>Financial liabilities at fair value through profit or loss</b>                            | <b>82</b>                           | <b>-</b>     | <b>4,017</b> | <b>4,099</b>   | <b>78</b>                           | <b>-</b>     | <b>3,520</b> | <b>3,598</b>   |
| Trading portfolio  | 82                                  | -            | 503          | 585            | 47                                  | -            | 572          | 619            |
| <i>Borrowings and securities sold under repurchase agreements</i>                            | -                                   | -            | -            | -              | -                                   | -            | 33           | 33             |
| Trading derivatives  | 82                                  | -            | 503          | 585            | 47                                  | -            | 539          | 586            |
| Financial instruments measured using fair value option through profit or loss <sup>(1)</sup> | -                                   | -            | 3,514        | 3,514          | 31                                  | -            | 2,946        | 2,977          |
| <b>Hedging derivatives</b>   | <b>-</b>                            | <b>-</b>     | <b>-</b>     | <b>-</b>       | <b>-</b>                            | <b>-</b>     | <b>-</b>     | <b>-</b>       |
| <b>Debt securities issued</b>  | <b>-</b>                            | <b>-</b>     | <b>-</b>     | <b>-</b>       | <b>-</b>                            | <b>-</b>     | <b>-</b>     | <b>-</b>       |
| <b>Due to banks</b>  | <b>2,442</b>                        | <b>6</b>     | <b>84</b>    | <b>2,532</b>   | <b>2,116</b>                        | <b>74</b>    | <b>45</b>    | <b>2,235</b>   |
| <b>Customer deposits</b>   | <b>-</b>                            | <b>-</b>     | <b>4</b>     | <b>4</b>       | <b>-</b>                            | <b>-</b>     | <b>3</b>     | <b>3</b>       |
| <b>TOTAL OF FINANCIAL LIABILITIES FROM INSURANCE ACTIVITIES</b>                              | <b>2,524</b>                        | <b>6</b>     | <b>4,105</b> | <b>6,635</b>   | <b>2,194</b>                        | <b>74</b>    | <b>3,568</b> | <b>5,836</b>   |
| Insurance contracts issued liabilities   | 138,976                             | 2,746        | -            | 141,722        | 133,795                             | 2,079        | -            | 135,874        |
| Reinsurance contracts held liabilities   | -                                   | 1            | -            | 1              | -                                   | 1            | -            | 1              |
| <b>TOTAL INSURANCE AND REINSURANCE CONTRACTS LIABILITIES</b>                                 | <b>138,976</b>                      | <b>2,747</b> | <b>-</b>     | <b>141,723</b> | <b>133,795</b>                      | <b>2,080</b> | <b>-</b>     | <b>135,875</b> |

(1) The financial instruments measured using the fair value option correspond to the unit-linked contracts without participation features.

### NOTE 4.3.2 PERFORMANCE OF INSURANCE ACTIVITIES

The tables below show the details of the income and expenses recognised in the income statement or in the gains and losses directly recognised in equity by the Group's insurance subsidiaries for:

- the commercial performance of insurance services presented within the Net income of insurance services;
- the financial performance related to the management of contracts resulting from:
  - the financial income and expenses recognised on insurance contracts,
  - the financial income and expenses recognised on the investments backed on contracts;
- the financial performance of the other investments.

## NOTE 4.3.2.1 DETAIL OF PERFORMANCE OF INSURANCE ACTIVITIES

|  | 2023                                |             |            |                | 2022 R                              |              |             |                 |
|--|-------------------------------------|-------------|------------|----------------|-------------------------------------|--------------|-------------|-----------------|
|  | Insurance contracts                 |             |            | Total          | Insurance contracts                 |              |             | Total           |
|  | With direct participations features | Other       | Other      |                | With direct participations features | Other        | Other       |                 |
| <i>(In EURm)</i>   |                                     |             |            |                |                                     |              |             |                 |
| <b>Financial result of investments and other transactions from insurance activities</b>                                    | <b>6,527</b>                        | <b>110</b>  | <b>124</b> | <b>6,761</b>   | <b>(4,208)</b>                      | <b>(7)</b>   | <b>(36)</b> | <b>(4,251)</b>  |
| Interest and similar income  | 1,477                               | 33          | 168        | 1,678          | 1,738                               | 39           | 119         | 1,896           |
| Interest and similar expense   | (261)                               | (11)        | (113)      | (385)          | (238)                               | (19)         | (87)        | (344)           |
| Fee income   | 10                                  | -           | 1          | 11             | 9                                   | 12           | -           | 21              |
| Fee expense  | (16)                                | (3)         | (3)        | (22)           | (16)                                | (1)          | (1)         | (18)            |
| Net gains and losses on financial transactions   | 5,411                               | 92          | 74         | 5,577          | (5,723)                             | (23)         | (91)        | (5,837)         |
| <i>o/w gains and losses on financial instruments at fair value through profit or loss</i>                                  | 5,467                               | 97          | 74         | 5,638          | (5,581)                             | (20)         | (82)        | (5,683)         |
| <i>o/w gains and losses on financial instruments at fair value through other comprehensive income</i>                      | (56)                                | -           | -          | (56)           | (142)                               | -            | -           | (142)           |
| <i>o/w gains and losses from the derecognition of financial instruments at amortised cost</i>                              | -                                   | (5)         | -          | (5)            | -                                   | (3)          | (9)         | (12)            |
| Cost of credit risk from financial assets related to insurance activities  | 7                                   | -           | -          | 7              | 1                                   | -            | -           | 1               |
| Net income from other activities <sup>(1)</sup>  | (101)                               | (1)         | (3)        | (105)          | 21                                  | (15)         | 24          | 30              |
| <b>Insurance service result</b>  | <b>958</b>                          | <b>620</b>  |            | <b>1,578</b>   | <b>930</b>                          | <b>549</b>   |             | <b>1,479</b>    |
| Income from insurance contracts issued   | 1,259                               | 2,280       |            | 3,539          | 1,120                               | 1,984        |             | 3,104           |
| Insurance service expenses   | (301)                               | (1,677)     |            | (1,978)        | (190)                               | (1,416)      |             | (1,606)         |
| Income and expenses from reinsurance contracts held  | -                                   | 17          |            | 17             | -                                   | (19)         |             | (19)            |
| <b>Financial result of insurance services</b>  | <b>(6,245)</b>                      | <b>(35)</b> |            | <b>(6,280)</b> | <b>4,053</b>                        | <b>22</b>    |             | <b>4,075</b>    |
| Net finance income or expenses from insurance contracts issued   | (6,245)                             | (40)        |            | (6,285)        | 4,053                               | (23)         |             | 4,030           |
| Net finance income or expenses from reinsurance contracts held   | -                                   | 5           |            | 5              | -                                   | 45           |             | 45              |
| <b>Unrealised or deferred gains and losses from investments that will be reclassified subsequently into income</b>         | <b>2,137</b>                        | <b>72</b>   | <b>10</b>  | <b>2,219</b>   | <b>(10,032)</b>                     | <b>(259)</b> | <b>(17)</b> | <b>(10,308)</b> |
| Revaluation of debt instruments at fair value through other comprehensive income   | 2,099                               | 72          | 10         | 2,181          | (9,843)                             | (259)        | (17)        | (10,119)        |
| Revaluation of hedging derivatives   | 38                                  | -           | -          | 38             | (189)                               | -            | -           | (189)           |
| <b>Unrealised or deferred gains and losses from insurance contracts that will be reclassified subsequently into income</b> | <b>(2,150)</b>                      | <b>16</b>   |            | <b>(2,134)</b> | <b>10,025</b>                       | <b>25</b>    |             | <b>10,050</b>   |
| Revaluation of insurance contracts issued  | (2,147)                             | 17          |            | (2,130)        | 10,025                              | 42           |             | 10,067          |
| Revaluation of the reinsurance contracts held  | (3)                                 | (1)         |            | (4)            | -                                   | (17)         |             | (17)            |

(1) The item Net income from other activities corresponds to Income from other activities and Expenses from other activities.

### NOTE 4.3.2 MONITORING OF THE AMOUNT OF THE GAINS AND LOSSES DIRECTLY RECOGNISED IN EQUITY FOR DEBTS INSTRUMENTS UNDERLYING PARTICIPATION CONTRACTS WITH DIRECT PARTICIPATION FEATURES PRESENT AS AT THE TRANSITION DATE

The Group elected, for the groups of contracts with direct participation features, to recognise in the Net income of the period the financial income or expenses that eliminate accounting mismatches with the income or expenses recognised in the Net income for the underlying items held. Consequently, insurance subsidiaries directly recognise in equity the difference between the total financial income or expenses to be booked for the period for the contracts with direct participation features and the amount recognised in the Net income to eliminate an accounting mismatch.

The table below shows the changes in cumulative amount of the financial income and expenses related to insurance activities recognised directly in equity in relation to the contracts with direct participation features identified as at 1 January 2022 (date of transition to the new measurement method of contracts provided by IFRS 17).

|   | 2023  | 2022 R  |
|---|---|---|
|   | Cumulative amounts included in OCI for debt instruments underlying direct participation contracts present on the date of transition | Cumulative amounts included in OCI for debt instruments underlying direct participation contracts present on the date of transition |
| <b>Opening balance</b>  | (4,308)   | 5,577   |
| Unrealised or deferred gains and losses for the period and Unrealised or deferred gains and losses reclassified in profit or loss | 1,942   | (9,885)   |
| <b>Closing balance</b>  | (2,366)   | (4,308)   |

### NOTE 4.3.3 DETAILS RELATING TO OUTSTANDING INSURANCE CONTRACTS

The Group elected not to show detailed information regarding the reinsurance contracts held owing to their low materiality Group-wide.

### SUMMARY OF THE OUTSTANDING STOCK

|   | 2023                                |       |       |         | 2022 R                              |       |       |         |
|---|-------------------------------------|-------|-------|---------|-------------------------------------|-------|-------|---------|
|   | Insurance contracts                 |       |       | Total   | Insurance contracts                 |       |       | Total   |
|   | With direct participations features | Other | Other |         | With direct participations features | Other | Other |         |
| <i>(In EURm)</i>  |                                     |       |       |         |                                     |       |       |         |
| Insurance contracts issued assets                                 | -                                   | 81    | -     | 81      | -                                   | 42    | -     | 42      |
| <i>o/w insurance contracts measured under the general model</i>   | -                                   | 46    | -     | 46      | -                                   | 40    | -     | 40      |
| Insurance contracts issued liabilities                            | 138,976                             | 2,746 | -     | 141,722 | 133,795                             | 2,079 | -     | 135,874 |
| <i>o/w insurance contracts measured under the general model</i>   | 138,976                             | 1,474 | -     | 140,450 | 133,795                             | 1,072 | -     | 134,867 |
| Reinsurance contracts held assets                                 | -                                   | 378   | -     | 378     | -                                   | 305   | -     | 305     |
| <i>o/w reinsurance contracts measured under the general model</i> | -                                   | 137   | -     | 137     | -                                   | 110   | -     | 110     |
| Reinsurance contracts held liabilities                            | -                                   | 1     | -     | 1       | -                                   | 1     | -     | 1       |
| <i>o/w reinsurance contracts measured under the general model</i> | -                                   | -     | -     | -       | -                                   | -     | -     | -       |
| Investment contracts <sup>(1)</sup>                               | -                                   | -     | 3,514 | 3,514   | -                                   | -     | 2,976 | 2,976   |

(1) Investment contracts with no discretionary participation features measured at fair value through profit or loss using the fair value option.

**DETAILED NET INCOME FROM INSURANCE SERVICES**

The table below shows the Net income from insurance services. The way in which the Insurance income and expenses are recognised are detailed in the accounting principles under the “Presentation of the financial performance of insurance contracts heading”.

|   | 2023                                |                |                | 2022 R                              |                |                |
|---|-------------------------------------|----------------|----------------|-------------------------------------|----------------|----------------|
|   | Insurance contracts                 |                |                | Insurance contracts                 |                |                |
|   | with direct participations features | Other          | Total          | with direct participations features | Other          | Total          |
| (In EURm)   |                                     |                |                |                                     |                |                |
| <b>Income from insurance contracts issued</b>   | <b>1,259</b>                        | <b>2,280</b>   | <b>3,539</b>   | <b>1,120</b>                        | <b>1,984</b>   | <b>3,104</b>   |
| Contracts measured under the general model  | 1,259                               | 1,040          | 2,299          | 1,120                               | 998            | 2,118          |
| <i>Income of premiums (relating to changes in Liabilities for Remaining Coverage) relative to:</i>  |                                     |                |                |                                     |                |                |
| <i>Deferred acquisition costs</i>   | 25                                  | 170            | 195            | 45                                  | 175            | 220            |
| <i>Expected claims and handling costs</i>   | 147                                 | 441            | 588            | 156                                 | 437            | 593            |
| <i>Expected non financial risk adjustment</i>   | 272                                 | 115            | 387            | 145                                 | 123            | 268            |
| <i>Expected contractual services margin</i>   | 815                                 | 314            | 1,129          | 774                                 | 263            | 1,037          |
| Contracts measured under the PAA  | -                                   | 1,240          | 1,240          | -                                   | 986            | 986            |
| <b>Insurance service expenses</b>   | <b>(301)</b>                        | <b>(1,677)</b> | <b>(1,978)</b> | <b>(190)</b>                        | <b>(1,416)</b> | <b>(1,606)</b> |
| Amortisation of acquisition costs   | (25)                                | (288)          | (313)          | (45)                                | (304)          | (349)          |
| Net expenses for expected costs of claims, handling costs and non-financial risk adjustment (changes in Liabilities Incurred Claims) – Incurred in the period | (276)                               | (1,645)        | (1,921)        | (148)                               | (1,344)        | (1,492)        |
| Changes in net expenses for expected costs of claims and handling costs (changes in Liabilities Incurred Claims) – Past services                              | -                                   | 265            | 265            | 3                                   | 255            | 258            |
| Losses and reversals of losses on onerous contracts (changes in Liabilities for Remaining Coverage)   | -                                   | (9)            | (9)            | -                                   | (23)           | (23)           |
| <b>Net income or expenses from reinsurance contracts held</b>   | <b>-</b>                            | <b>17</b>      | <b>17</b>      | <b>-</b>                            | <b>(19)</b>    | <b>(19)</b>    |
| <b>INSURANCE SERVICE RESULT</b>   | <b>958</b>                          | <b>620</b>     | <b>1,578</b>   | <b>930</b>                          | <b>549</b>     | <b>1,479</b>   |

**NOTE 4.3.3.1 INSURANCE CONTRACTS MEASURED UNDER THE GENERAL MODEL (INCLUDING INSURANCE CONTRACTS ISSUED WITH DIRECT PARTICIPATION FEATURES) AND THE SIMPLIFIED MODEL**
**TABLE OF RECONCILIATION OF THE INSURANCE CONTRACTS LIABILITIES BY TYPE OF COVERAGE (REMAINING COVERAGE AND CLAIMS INCURRED)**

|   | 2023                         |                |   |   |                               |                | Total |
|---|------------------------------|----------------|---|---|-------------------------------|----------------|-------|
|   | Remaining coverage           |                | Incurred claims<br>(measured under the general model) | Incurred claims<br>(measured under the PAA) |                               |                |       |
|   | Excluding the loss component | Loss component |   | Present value of the future cash flows      | Non financial risk adjustment |                |       |
| <i>(In EURm)</i>  |                              |                |   |   |                               |                |       |
| Insurance contracts issued liabilities  | 134,009                      | 21             | 944   | 820   | 80                            | 135,874        |       |
| Insurance contracts issued assets   | (39)                         | 5              | (10)  | 2   | -                             | (42)           |       |
| <b>NET BALANCE AS AT 1 JANUARY</b>  | <b>133,970</b>               | <b>26</b>      | <b>934</b>  | <b>822</b>                                  | <b>80</b>                     | <b>135,832</b> |       |
| <b>Income from insurance contracts issued<sup>(1)</sup></b>   | <b>(3,539)</b>               | -              | -   | -   | -                             | <b>(3,539)</b> |       |
| <b>Insurance service expenses</b>   | <b>313</b>                   | <b>9</b>       | <b>796</b>  | <b>854</b>                                  | <b>6</b>                      | <b>1,978</b>   |       |
| Amortisation of acquisition costs   | 313                          | -              | -   | -   | -                             | 313            |       |
| Net expenses for expected costs of claims, handling costs and non-financial risk adjustment (changes in Liabilities Incurred Claims) – Incurred in the period | -                            | -              | 987   | 893   | 41                            | 1,921          |       |
| Changes in net expenses for expected costs of claims and handling costs (changes in Liabilities Incurred Claims) – Past services                              | -                            | -              | (191)   | (39)  | (35)                          | (265)          |       |
| Losses and reversals of losses on onerous contracts (changes in Liabilities for Remaining Coverage)   | -                            | 9              | -   | -   | -                             | 9              |       |
| <b>Net finance income or expenses from insurance contracts issued<sup>(2)</sup></b>   | <b>8,394</b>                 | <b>1</b>       | <b>(5)</b>  | <b>23</b>                                   | <b>2</b>                      | <b>8,415</b>   |       |
| <b>Changes relative to the deposits component including in the insurance contract</b>   | <b>(14,635)</b>              | -              | <b>14,635</b>   | -   | -                             | -              |       |
| <b>Other changes</b>  | <b>(328)</b>                 | -              | <b>128</b>  | <b>499</b>                                  | <b>18</b>                     | <b>317</b>     |       |
| <b>Cash flows</b>   | <b>14,893</b>                | -              | <b>(15,470)</b>                                       | <b>(785)</b>                                | -                             | <b>(1,362)</b> |       |
| Premiums received (as a reduction of premiums to be received included in the remaining coverage)  | 15,348                       | -              | -   | -   | -                             | 15,348         |       |
| Costs of claims and handling costs (as a reduction of the incurred claims liabilities)  | -                            | -              | (15,470)  | (785)                                       | -                             | (16,255)       |       |
| Paid acquisition costs (as a net adjustment of the remaining coverage following the transfer of deferred amounts or amortisations)                            | (455)                        | -              | -   | -   | -                             | (455)          |       |
| <b>NET BALANCE AS AT 31 DECEMBER</b>  | <b>139,068</b>               | <b>36</b>      | <b>1,018</b>  | <b>1,413</b>                                | <b>106</b>                    | <b>141,641</b> |       |
| Insurance contracts issued liabilities  | 139,155                      | 32             | 985   | 1,444                                       | 106                           | 141,722        |       |
| Insurance contracts issued assets   | (87)                         | 4              | 33  | (31)  | -                             | (81)           |       |

(1) Of which, for the insurance contracts present on the transition date (and measured under the general model excluding the VFA model): EUR 371 million using the modified retrospective approach. Products from insurance contracts issued with direct participation are not monitored because the Group does not subdivide these contracts into annual cohorts in accordance with the exemption adopted by the European Union.

(2) This heading includes the financial expenses and income that were recorded under the heading Revaluation of insurance contracts in equity within Gains and losses recognised directly in equity and which will be reclassified later in profit or loss.

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|   | Remaining coverage           |                | Incurred claims<br>(measured under the general model) | Incurred claims<br>(measured under the PAA) |                               | Total           |
|---|------------------------------|----------------|---|---|-------------------------------|-----------------|
|   | Excluding the loss component | Loss component |   | Present value of the future cash flows      | Non financial risk adjustment |                 |
| <i>(In EURm)</i>  |                              |                |   |   |                               |                 |
| Insurance contracts issued liabilities  | 148,665                      | 4              | 1,060   | 780   | 56                            | 150,565         |
| Insurance contracts issued assets   | (72)                         | -              | 27  | 2   | -                             | (43)            |
| <b>NET BALANCE AS AT 1 JANUARY</b>  | <b>148,593</b>               | <b>4</b>       | <b>1,087</b>  | <b>782</b>                                  | <b>56</b>                     | <b>150,522</b>  |
| <b>Income from insurance contracts issued<sup>(1)</sup></b>   | <b>(3,104)</b>               | -              | -   | -   | -                             | <b>(3,104)</b>  |
| <b>Insurance service expenses</b>   | <b>349</b>                   | <b>23</b>      | <b>607</b>  | <b>600</b>                                  | <b>27</b>                     | <b>1,606</b>    |
| Amortisation of acquisition costs   | 349                          | -              | -   | -   | -                             | 349             |
| Net expenses for expected costs of claims, handling costs and non-financial risk adjustment (changes in Liabilities Incurred Claims) – Incurred in the period | -                            | -              | 792   | 665   | 35                            | 1,492           |
| Changes in net expenses for expected costs of claims and handling costs (changes in Liabilities Incurred Claims) – Past services                              | -                            | -              | (185)   | (65)  | (8)                           | (258)           |
| Losses and reversals of losses on onerous contracts (changes in Liabilities for Remaining Coverage)   | -                            | 23             | -   | -   | -                             | 23              |
| <b>Net finance income or expenses from insurance contracts issued<sup>(2)</sup></b>   | <b>(14,043)</b>              | <b>(1)</b>     | <b>(16)</b>   | <b>(31)</b>                                 | <b>(4)</b>                    | <b>(14,095)</b> |
| <b>Changes relative to the deposits component including in the insurance contract</b>   | <b>(14,132)</b>              | -              | <b>14,132</b>   | -   | -                             | -               |
| <b>Other changes</b>  | <b>293</b>                   | -              | <b>(291)</b>  | <b>(322)</b>                                | <b>1</b>                      | <b>(319)</b>    |
| <b>Cash flows</b>   | <b>16,014</b>                | -              | <b>(14,585)</b>                                       | <b>(207)</b>                                | -                             | <b>1,222</b>    |
| Premiums received (as a reduction of premiums to be received included in the remaining coverage)  | 16,375                       | -              | -   | -   | -                             | 16,375          |
| Costs of claims and handling costs (as a reduction of the incurred claims liabilities)  | -                            | -              | (14,585)  | (207)                                       | -                             | (14,792)        |
| Paid acquisition costs (as a net adjustment of the remaining coverage following the transfer of deferred amounts or amortisations)                            | (361)                        | -              | -   | -   | -                             | (361)           |
| <b>NET BALANCE AS AT 31 DECEMBER</b>  | <b>133,970</b>               | <b>26</b>      | <b>934</b>  | <b>822</b>                                  | <b>80</b>                     | <b>135,832</b>  |
| Insurance contracts issued liabilities  | 134,009                      | 21             | 944   | 820   | 80                            | 135,874         |
| Insurance contracts issued assets   | (39)                         | 5              | (10)  | 2   | -                             | (42)            |

(1) Of which, for the insurance contracts present on the transition date (and measured under the general model): EUR 634 million using the modified retrospective approach. Products from insurance contracts issued with direct participation are not monitored because the Group does not subdivide these contracts into annual cohorts in accordance with the exemption adopted by the European Union.

(2) This heading includes the financial expenses and income that were recorded under the heading Revaluation of insurance contracts in equity within Gains and losses recognised directly in equity and which will be reclassified later in profit or loss.



**NOTE 4.3.3.2 CONTRACTS MEASURED UNDER THE GENERAL MODEL (INCLUDING INSURANCE CONTRACTS ISSUED WITH DIRECT PARTICIPATION)**
**TABLE OF RECONCILIATION OF THE INSURANCE CONTRACTS LIABILITIES ISSUED BY ESTIMATE COMPONENTS (DISCOUNTED FUTURE CASH FLOWS, ADJUSTMENT FOR NON-FINANCIAL RISK AND CONTRACTUAL SERVICE MARGIN)**

|  | 2023                                   |                               |                             | Total          |
|--|--|-------------------------------|-----------------------------|----------------|
|  | Present value of the future cash flows | Non financial risk adjustment | Contractual services margin |                |
| <i>(In EURm)</i>   |  |                               |                             |                |
| Insurance contracts issued liabilities   | 123,297                                | 3,452                         | 8,118                       | 134,867        |
| Insurance contracts issued assets  | (214)                                  | 40                            | 134                         | (40)           |
| <b>NET BALANCE AS AT 1 JANUARY</b>   | <b>123,083</b>                         | <b>3,492</b>                  | <b>8,252</b>                | <b>134,827</b> |
| <b>Changes that relate to future services</b>  | <b>(3,018)</b>                         | <b>767</b>                    | <b>2,266</b>                | <b>15</b>      |
| Changes in estimates that adjust the CSM   | (2,582)                                | 622                           | 1,960                       | -              |
| Changes in estimates that result in losses and reversals on onerous contracts ( <i>i.e.</i> , that do not adjust the CSM)          | 11                                     | 1                             | -                           | 12             |
| Effect of new contracts recognised in the year   | (447)                                  | 144                           | 306                         | 3              |
| <b>Changes that relate to current services</b>   | <b>311</b>                             | <b>(308)</b>                  | <b>(1,129)</b>              | <b>(1,126)</b> |
| Contractual services margin recognised in profit or loss for services provided   | -                                      | -                             | (1,129)                     | (1,129)        |
| Change in non-financial risk adjustment for risk expired   | -                                      | (308)                         | -                           | (308)          |
| Experiences adjustments  | 311                                    | -                             | -                           | 311            |
| <b>Changes that relate to past services (<i>i.e.</i>, changes in fullfilment cash flows relative to incurred claims)</b>           | <b>(137)</b>                           | <b>(54)</b>                   | <b>-</b>                    | <b>(191)</b>   |
| <b>Net finance income or expenses from insurance contracts issued<sup>(1)</sup></b>  | <b>8,370</b>                           | <b>1</b>                      | <b>18</b>                   | <b>8,389</b>   |
| <b>Other changes</b>   | <b>376</b>                             | <b>3</b>                      | <b>(39)</b>                 | <b>340</b>     |
| <b>Cash flows</b>  | <b>(1,850)</b>                         | <b>-</b>                      | <b>-</b>                    | <b>(1,850)</b> |
| Premiums received (as a reduction of premiums to be received included in the remaining coverage)                                   | 13,954                                 | -                             | -                           | 13,954         |
| Costs of claims and handling costs (as a reduction of the incurred claims liabilities)   | (15,470)                               | -                             | -                           | (15,470)       |
| Paid acquisition costs (as a net adjustment of the remaining coverage following the transfer of deferred amounts or amortisations) | (334)                                  | -                             | -                           | (334)          |
| <b>NET BALANCE AS AT 31 DECEMBER</b>   | <b>127,135</b>                         | <b>3,901</b>                  | <b>9,368</b>                | <b>140,404</b> |
| Insurance contracts issued liabilities <sup>(2)</sup>  | 127,374                                | 3,844                         | 9,232                       | 140,450        |
| Insurance contracts issued assets <sup>(2)</sup>   | (239)                                  | 57                            | 136                         | (46)           |

(1) This heading includes the financial income and expenses that were recorded under the heading Revaluation of insurance contracts in equity within Gains and losses recognised directly in equity and which will be reclassified later in profit or loss.

(2) Of which, for the contractual service margin of the insurance contracts present on the transition date (and measured under the general model excluding the VFA model): EUR 255 million using the modified retrospective approach. The stock of contractual service margin of the insurance contracts present on the transition date is not monitored on the VFA model because the Group does not distinguish between annual cohorts on this scope (see exemption on annual cohorts in the Accounting Principles on contract groupings).

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| <i>(In EURm)</i>   | Present value<br>of the future<br>cash flows | Non financial<br>risk<br>adjustment | Contractual<br>services<br>margin | Total           |
|--|--|-------------------------------------|-----------------------------------|-----------------|
| Insurance contracts issued liabilities   | 138,337                                      | 3,064                               | 8,269                             | 149,670         |
| Insurance contracts issued assets  | (229)  | 52                                  | 135                               | (42)            |
| <b>NET BALANCE AS AT 1 JANUARY<sup>(1)</sup></b>   | <b>138,108</b>                               | <b>3,116</b>                        | <b>8,404</b>                      | <b>149,628</b>  |
| <b>Changes that relate to future services</b>  | <b>(1,586)</b>                               | <b>667</b>                          | <b>945</b>                        | <b>26</b>       |
| Changes in estimates that adjust the CSM   | (1,157)                                      | 439                                 | 718                               | -               |
| Changes in estimates that result in losses and reversals on onerous contracts ( <i>i.e.</i> , that do not adjust the CSM)          | 18   | 2                                   | -                                 | 20              |
| Effect of new contracts recognised in the year   | (447)  | 226                                 | 227                               | 6               |
| <b>Changes that relate to current services</b>   | <b>115</b>                                   | <b>(194)</b>                        | <b>(1,036)</b>                    | <b>(1,115)</b>  |
| Contractual services margin recognised in profit or loss for services provided   | -  | -                                   | (1,036)                           | (1,036)         |
| Change in non-financial risk adjustment for risk expired   | -  | (194)                               | -                                 | (194)           |
| Experiences adjustments  | 115  | -                                   | -                                 | 115             |
| <b>Changes that relate to past services (<i>i.e.</i>, changes in fullfilment cash flows relative to incurred claims)</b>           | <b>(108)</b>                                 | <b>(77)</b>                         | <b>-</b>                          | <b>(185)</b>    |
| <b>Net finance income or expenses from insurance contracts issued<sup>(2)</sup></b>  | <b>(14,037)</b>                              | <b>(39)</b>                         | <b>16</b>                         | <b>(14,060)</b> |
| <b>Other changes</b>   | <b>254</b>                                   | <b>19</b>                           | <b>(77)</b>                       | <b>196</b>      |
| <b>Cash flows</b>  | <b>337</b>                                   | <b>-</b>                            | <b>-</b>                          | <b>337</b>      |
| Premiums received (as a reduction of premiums to be received included in the remaining coverage)                                   | 15,261                                       | -                                   | -                                 | 15,261          |
| Costs of claims and handling costs (as a reduction of the incurred claims liabilities)   | (14,585)                                     | -                                   | -                                 | (14,585)        |
| Paid acquisition costs (as a net adjustment of the remaining coverage following the transfer of deferred amounts or amortisations) | (339)  | -                                   | -                                 | (339)           |
| <b>NET BALANCE AS AT 31 DECEMBER</b>   | <b>123,083</b>                               | <b>3,492</b>                        | <b>8,252</b>                      | <b>134,827</b>  |
| Insurance contracts issued liabilities <sup>(3)</sup>  | 123,297                                      | 3,452                               | 8,118                             | 134,867         |
| Insurance contracts issued assets <sup>(3)</sup>   | (214)  | 40                                  | 134                               | (40)            |

(1) Of which, for the contractual service margin of the insurance contracts and measured under the BBA general model: EUR 808 million using the modified retrospective approach and measured under the VFA model EUR 7,590 million using the modified retrospective approach.

(2) This heading includes the financial income and expenses that were recorded under the heading Revaluation of insurance contracts in equity within Gains and losses recognised directly in equity and which will be reclassified later in profit or loss.

(3) Of which, for the contractual service margin of the insurance contracts present on the transition date (and measured under the general model): EUR 390 million using the modified retrospective approach. The stock of contractual service margin of the insurance contracts present on the transition date is not monitored on the VFA model because the Group does not distinguish between annual cohorts on this scope (see exemption on annual cohorts in the Accounting Principles on contract groupings).

**DETAILED EFFECT OF THE NEW CONTRACTS RECOGNISED DURING THE PERIOD**

| (In EURm)                                  | 2023                       |                           | 2022 R                     |                           |
|--|----------------------------|---------------------------|----------------------------|---------------------------|
|  | Insurance contracts issued | o/w transfer of contracts | Insurance contracts issued | o/w transfer of contracts |
| <b>Present value of:</b>                   |                            |                           |                            |                           |
| Estimated cash outflows                    | 6,846                      | -                         | 7,245                      | -                         |
| o/w acquisitions costs                     | 334                        | -                         | 339                        | -                         |
| o/w costs of claims and handling costs     | 6,512                      | -                         | 6,906                      | -                         |
| Estimated cash inflows                     | (7,296)                    | -                         | (7,698)                    | -                         |
| <b>Non-financial risk adjustment</b>       | <b>144</b>                 | <b>-</b>                  | <b>226</b>                 | <b>-</b>                  |
| <b>Contractual services margin</b>         | <b>306</b>                 | <b>-</b>                  | <b>227</b>                 | <b>-</b>                  |
| <b>Loss component on onerous contracts</b> | <b>3</b>                   | <b>-</b>                  | <b>6</b>                   | <b>-</b>                  |
| <b>TOTAL</b>                               | <b>3</b>                   | <b>-</b>                  | <b>6</b>                   | <b>-</b>                  |

**NOTE 4.3.3.3 DETAILS ON THE PROJECTED ITEMS RELATING TO THE MEASUREMENT OF CONTRACTS****SCHEDULING OF THE CASH FLOWS RELATED TO THE INSURANCE AND REINSURANCE CONTRACTS LIABILITIES**

| (In EURm)                                       | Up to 3 months | 3 months to 1 year | 1 to 5 years | More than 5 years | 31.12.2023 |
|---|----------------|--------------------|--------------|-------------------|------------|
| Insurance and reinsurance contracts liabilities | 3,571          | 9,188              | 36,538       | 92,426            | 141,723    |

**EXPECTED RECOGNITION IN THE INCOME STATEMENT OF THE CONTRACTUAL SERVICE MARGIN DETERMINED AT THE END OF THE PERIOD<sup>(1)</sup>**

| (In EURm)  | 31.12.2023                        | 31.12.2022 R                      |
|--|-----------------------------------|-----------------------------------|
| <b>Expected years before recognising CSM in profit or loss</b> | <b>Insurance contracts issued</b> | <b>Insurance contracts issued</b> |
| 1 to 5 years   | 3,901                             | 3,520                             |
| 6 to 10 years  | 1,913                             | 1,973                             |
| > 10 years   | 3,554                             | 2,759                             |
| <b>TOTAL</b>   | <b>9,368</b>                      | <b>8,252</b>                      |

(1) The contractual service margin determined at the end of the period does not include future new insurance contracts, and insurance contracts valued according to the simplified model. Furthermore, this contractual service margin includes the discounting effect and the adjustment taking into account the financial performance of the underlying assets.

#### NOTE 4.3.4 INSURANCE RISK MANAGEMENT

Insurance risk is the risk of loss inherent in the insurance business; the Group is exposed to it through its insurance subsidiaries. In addition to asset and liability risk management (interest rate, valuation, counterparty and exchange rate risk), this covers the risks related to premium pricing, mortality and increase in the number of claims.

##### NOTE 4.3.4.1 MANAGEMENT OF INSURANCE RISK

There are two main types of insurance risk:

- **technical risks**, and particularly underwriting risk in life insurance, individual personal protection and non-life insurance. These risks may be biometric: disability, longevity, mortality, or related to policyholders' behaviour (risk of surrender). To a lesser extent, in non-life and health insurance, such risks may also arise from claims pricing, selection and management, or from disaster risk;
- **risks associated with financial markets and asset-liability management**: the Insurance business line, mainly through life insurance on the French market, is exposed to hazards in financial markets (changes in interest rates and stock market fluctuations). These market hazards can be aggravated by policyholder behaviour (particularly in the case of surrender of savings life insurance policies) insofar as the amount of benefits on savings life insurance policies depends on the financial performance of the assets. This interaction between assets and liabilities is considered in the valuation of future cash flows.

The savings life insurance portfolio constitutes the majority of commitments for an amount of EUR 138,976 million as at 31 December 2023 recognised as Insurance contracts issued liabilities with direct participation features (EUR 133,795 million as at 31 December 2022). In addition, the commitments of the protection portfolio recognised in Insurance contracts issued liabilities excluding direct participation feature amounted to EUR 2,746 million as at 31 December 2023 (EUR 2,079 million as at 31 December 2022).

Managing these risks is at the core of the Insurance business line activity. It is carried out by qualified and experienced teams, with significant and appropriate IT resources. Risks are regularly monitored and reported within the framework of risk policies validated by the Board of Directors of the entities.

##### Technical risk management

Technical risk management are based on the following:

- heightened security for the risk acceptance process, with the aim of ensuring that the *ab initio* pricing matches the policyholder's risk profile and underwritten guarantees;
- regular monitoring of claim indicators in order to adjust some product parameters, such as the pricing or the level of coverage, if necessary;
- implementation of a reinsurance plan to protect the business line against major/serial claims;
- establishment of committees to monitor portfolio risks and decide on the launch of significant new products;
- implementation of the policies on subscription, provisioning and reinsurance risks.

#### RISK CONCENTRATION

The most material exposures in the portfolio are diversified on the French territory and do not show any specific concentration with regard to the French insurance market. The ALM and Risk Management Committee of the Insurance business line sets concentration limits per issuer and for certain sectors. This committee is regularly informed of the exposures and possible exceedances.

##### Risk management related to financial markets and asset-liability management

The management of the risks linked to the financial markets and asset-liability management is an integral part of the investment strategy just like long-term performance objectives. The optimisation of these two factors is highly influenced by the asset/liability balances. Liability commitments (guarantees offered to customers, policies length of detention), as well as the amounts booked under the major items on the accounting and prudential balance sheet (shareholders' equity, net income, provisions etc.) are analysed by the Finance, Investments and Risk Division of the Insurance business line.

The management of the risks related to financial markets (interest rate, credit and equity) and to asset-liability management is based on the following:

- monitoring short- and long-term cash flows (match between the duration of the liabilities and assets, liquidity risk management);
- particular monitoring of policyholder behaviour (surrender);
- close monitoring of financial markets;
- hedging against interest rate risks (both upside and downside);
- hedging against equity risk downside;
- determination of thresholds and limits per counterparty, per issuer rating and per asset class;
- performance of stress tests, the result of which are presented annually to the entities' Board of Directors, as part of the ORSA (*Own Risk and Solvency Assessment*), transferred to the ACPR after approval by the Board;
- organisation of committees to monitor the portfolio and to rule on investment decisions; implementation of the asset-liability management and investment risk policies.

##### CONCENTRATION OF MARKET RISK AND CREDIT RISK

The companies in the Insurance business line invest in the various types of financial products while respecting a prudent investment risk management policy. Within each type of securities, exposures are diversified in terms of geography, issuers and sectors. The implementation of this policy is characterised by the definition of thresholds, limits and constraints. The main concentrations are monitored within the framework of the ALM and Risk Management Committee. Similarly, the concentration of credit risk is subject to thresholds and limits. Any crossing of thresholds or limits is reported to the ALM and Risk Management Committee, an emanation of the Board of Directors.

##### Regulatory framework

The Sogecap group is subject to the European "Solvency 2" framework. The capital requirement is determined using the standard formula and the yield curve with the volatility adjustment provided by the European Insurance and Occupational Pensions Authority.

**NOTE 4.3.4.2 INSURANCE RISK MODELING**

In savings life insurance, the ALM stochastic model takes into account asset/liability interactions and integrates assumptions regarding policyholder behaviour (surrenders, death, arbitrage), the behaviour of the insurer (interest rate policy in line with the investment policy), the use of financial reserves, and the modelling of fees and commissions.

In protection, liabilities are projected based on adapted models that reflect the flows of premiums, claims and fees related to the management of these claims. They include assumptions and calculation parameters such as experience or mortality tables, fall or early repayment rates depending on the product, overhead rates, inflation, etc.

The models used in relation to Insurance activities are reviewed by the Risk and Actuarial Supervision Department, which is the second line of defence in the context of model risk management. The review work focuses on the theoretical robustness (evaluation of the quality of design and development) of the models, their use, the compliance of their implementation and the continuous monitoring of their relevance over time. The independent review process ends with (i) the publication of a report describing the scope of the review, tests performed, results, conclusions or recommendations and by (ii) Validation committees.

**NOTE 4.3.4.3 INSURANCE RISK EXPOSURES AND SENSITIVITY ANALYSES****Technical insurance risks**

In life insurance, the Insurance business line is mainly exposed to surrender risks due to the preponderance of euro-denominated contracts in life insurance and borrower' insurance, and to a lesser extent, to mortality risk. The risk of surrender in life insurance is mitigated by the loss absorption capacity of the technical reserves (ability to reduce the level of discretionary profit-sharing attributed to policyholders). The Group implements a reinsurance program mainly to mitigate the mortality risks carried in the borrowers' insurance, individual personal protection and term life insurance contracts.

**SENSITIVITY OF THE INSURANCE BUSINESS LINE TO UNDERWRITING RISK ON THE "SAVINGS" SCOPE (INSURANCE CONTRACTS WITH DIRECT PARTICIPATION FEATURES)**

| Risk factors          | Shock used                      | 31.12.2023               |                       |
|-----------------------|---------------------------------|--------------------------|-----------------------|
|                       |                                 | Impact On the Net Income | Impact on the capital |
| Increase in surrender | 5% of outstanding 2023 year end | (13)                     | (13)                  |

In property and casualty insurance, the Group is exposed to underwriting risk, *i.e.* the risk of loss of capital resulting from the difference between the costs related to the claims expected when pricing and the actual costs resulting from unfavourable changes in one or more risk factors (deviation in the frequency, the average costs, occurrence of atypical events).

**Financial risks**

**Market risk:** Given the preponderance of savings life insurance among its insurance business line, the Group is mainly exposed to market risk,

defined as the risk of loss of capital on the value of financial instruments resulting from variations in market parameters, the volatility of these parameters and correlations between these parameters. The parameters concerned are, in particular exchange rates, interest rates, as well as the prices of securities (shares, bonds), financial derivatives, real estate assets or any other assets.

Sensitivities have been identified in relation to the main financial risk factors analysed either alone or in combination. They take into account policyholder behaviours (in particular surrender) and are net of tax and net of the participation allocated to policyholders.

**SENSITIVITY OF THE INSURANCE BUSINESS LINE TO MARKET RISKS IN THE SAVINGS SCOPE (INSURANCE CONTRACTS WITH DIRECT PARTICIPATION)**

| Risk factors        | Shock used | 31.12.2023               |                       |
|---------------------|------------|--------------------------|-----------------------|
|                     |            | Impact On the Net Income | Impact on the capital |
| Rising rates        | +50 bps    | (8)                      | (8)                   |
| Lower rates         | -50 bps    | 11                       | 11                    |
| Decline in equities | -10%       | (17)                     | (17)                  |

**Liquidity risk:** In the context of insurance operations, liquidity risk corresponds to the inability of the Insurance business line to meet its contractual obligations and settle reported claims (potential losses incurred in the event of forced sales of assets or when financial assets are invested in illiquid markets). Liquidity risk is governed by the investment risk management policy and the risk management policy of the Insurance business line; The rules for allocating asset portfolios lead to a diversification of these portfolios and a limitation of investments in low liquidity assets (private equity, real estate, etc.).

ALM studies on liquidity risk ensure that the investment structure of

the Insurance business line is consistent with its insurance commitments. The framework for strategic asset allocation also makes it possible to limit this risk.

**Credit risk:** The implementation of thresholds and limits per counterparty makes it possible to limit this risk on financial assets. Information on the credit risk of the financial assets of the insurance business is detailed in Note 3.8. In addition, the default risk of reinsurers (representative of the claims receivable net of premiums to be paid) is mitigated by collateral received from reinsurers, mainly in the form of high-quality securities or cash.

## NOTE 4.4 Other assets and liabilities

### NOTE 4.4.1 OTHER ASSETS

| <i>(In EURm)</i>   | <b>31.12.2023</b> | <b>31.12.2022 R</b> |
|--|-------------------|---------------------|
| Guarantee deposits paid <sup>(1)</sup>                                 | 51,611            | 67,768              |
| Settlement accounts on securities transactions                         | 2,835             | 3,895               |
| <i>o/w due from clearing houses bearing credit risk</i>                | 163               | 262                 |
| Prepaid expenses   | 1,680             | 1,387               |
| Miscellaneous receivables <sup>(2)</sup>                               | 14,111            | 9,684               |
| <i>o/w miscellaneous receivables bearing credit risk<sup>(3)</sup></i> | 6,404             | 4,208               |
| <b>GROSS AMOUNT</b>  | <b>70,237</b>     | <b>82,734</b>       |
| Impairments  | (472)             | (419)               |
| <i>Credit risk<sup>(3)</sup></i>                                       | (328)             | (295)               |
| <i>Other risks</i>   | (144)             | (124)               |
| <b>NET AMOUNT</b>  | <b>69,765</b>     | <b>82,315</b>       |

(1) *Mainly relates to guarantee deposits paid on financial instruments, their fair value is assumed to be the same as their book value net of impairment for credit risk.*

(2) *Miscellaneous receivables primarily include trade receivables, fee income and income from other activities to be received. The operating leases receivables equal to EUR 2,325 million as of 31 December 2023, compared to EUR 1,258 million as of 31 December 2022.*

(3) *Net value of miscellaneous receivables bearing credit risk amounts to EUR 6,076 million as of 31 December 2023, compared to EUR 3,913 million as of 31 December 2022 (see Note 3.8).*

### NOTE 4.4.2 OTHER LIABILITIES

| <i>(In EURm)</i>                               | <b>31.12.2023</b> | <b>31.12.2022 R</b> |
|--|-------------------|---------------------|
| Guarantee deposits received <sup>(1)</sup>     | 53,253            | 74,306              |
| Settlement accounts on securities transactions | 3,576             | 4,759               |
| Expenses payable on employee benefits          | 2,566             | 2,610               |
| Lease liability                                | 2,065             | 2,104               |
| Deferred income                                | 1,643             | 1,297               |
| Miscellaneous payables <sup>(2)</sup>          | 30,555            | 22,239              |
| <b>TOTAL</b>                                   | <b>93,658</b>     | <b>107,315</b>      |

(1) *Mainly relates to guarantee deposits received on financial instruments, their fair value is assumed to be the same as their book value.*

(2) *Miscellaneous payables primarily include trade payables, fee expense and expense from other activities to be paid.*

## NOTE 5 OTHER GENERAL OPERATING EXPENSES

| (In EURm)   |          | 31.12.2023      | 31.12.2022 R    |
|---|----------|-----------------|-----------------|
| Personnel expenses <sup>(1)</sup>   | Note 5.1 | (10,645)        | (10,052)        |
| Other operating expenses <sup>(1)</sup>   | Note 5.2 | (6,887)         | (7,009)         |
| Other general operating expenses attributable to the insurance contracts <sup>(2)</sup> |          | 683             | 636             |
| <b>TOTAL</b>  |          | <b>(16,849)</b> | <b>(16,425)</b> |

(1) The amount of Personnel expenses and Other administrative expenses detailed in Note 5.1 and Note 5.2 are presented in the income statement before reallocation in the net banking income of the expenses attributable to insurance contracts.

(2) The Other general operating expenses attributable to insurance contracts are recognised during the period as service expenses relating to the insurance and reinsurance contracts issued, except for acquisition costs which are recorded in the balance sheet to be recognised in profit or loss in subsequent periods.

### Event after the reporting period

#### PLAN TO IMPLEMENT ORGANISATIONAL CHANGES IN SOCIETE GENERALE HEAD OFFICE IN FRANCE

On 5 February 2024, Societe Generale has announced a plan to implement organisational changes in its head office in France to simplify its operations and structurally improve its operational efficiency.

Several French head office entities are considering organisational changes that require specific social support measures. The objective is to group and pool certain activities and functions, remove hierarchical layers to streamline decision-making, and resize certain teams due to reviews of projects or processes.

This reorganisation project has been submitted for consultation with the staff representative bodies. Following the completion of the consultation scheduled for the second quarter of 2024, the implementation of these organisational changes would result in approximately 900 job cuts at head office without forced departures (i.e. approximately 5% of head office staff).

The cost of the social support measures that will be recorded as provision during the first quarter of 2024 is estimated to be around EUR 0.3 billion.

### NOTE 5.1 Personnel expenses and employee benefits



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Employee benefits correspond to the compensation granted by the Group to its employees in exchange for work carried out during the annual reporting period.

All forms of compensation for work rendered are recorded in the expenses:

- whether it be paid to employees or to outside social security agencies;
- whether it be paid during the annual reporting period or to be paid by the Group in the future as entitlements to employees (pension plans, retirement benefits...);
- whether it be paid in cash or in Societe Generale shares (free share plans, stock options).

Information related to the Group headcount is presented in the Chapter 5 of the Universal Registration Document (Corporate Social Responsibility).

**NOTE 5.1.1 PERSONNEL EXPENSES AND RELATED PARTY TRANSACTIONS****ACCOUNTING PRINCIPLES**

Personnel expenses include all expenses related to personnel, including employee benefits and expenses related to payments based on Societe Generale shares.

Short-term employee benefits are recorded under Personnel expenses during the period according to the services provided by the employee.

The accounting principles relating to post-employment benefits and other long-term benefits are described in Note 5.1.2.

Personnel expenses include related party transactions, within the meaning of IAS 24.

The Group has selected as related parties:

- directors, corporate officers (the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers) and spouses and children living in their households;
- the following subsidiaries: subsidiaries controlled exclusively or jointly and companies over which Societe Generale exercises significant influence;
- entities controlled exclusively or jointly by a related party that is an individual.

**NOTE 5.1.1.1 PERSONNEL EXPENSES**

| <i>(In EURm)</i>  | <b>2023</b>     | <b>2022</b>     |
|---|-----------------|-----------------|
| Employee compensation                                     | (7,708)         | (7,244)         |
| Social security charges and payroll taxes                 | (1,749)         | (1,655)         |
| Net pension expenses – defined contribution plans         | (772)           | (709)           |
| Net pension expenses – defined benefit plans              | (69)            | (61)            |
| Employee profit-sharing and incentives                    | (347)           | (383)           |
| <b>TOTAL</b>  | <b>(10,645)</b> | <b>(10,052)</b> |
| <i>Including net expenses from share – based payments</i> | <i>(254)</i>    | <i>(196)</i>    |

**NOTE 5.1.1.2 RELATED-PARTY TRANSACTIONS****Remuneration of the Group's managers**

This includes amounts effectively paid by the Group to Directors and corporate officers as remuneration (including employer contributions) and other benefits as indicated below according to the nomenclature of IAS 24 – paragraph 17.

| <i>(In EURm)</i>         | <b>2023</b> | <b>2022</b> |
|--------------------------|-------------|-------------|
| Short-term benefits      | 13.2        | 10.0        |
| Post-employment benefits | 0.5         | 0.4         |
| Long-term benefits       | -           | -           |
| Termination benefits     | -           | -           |
| Share-based payments     | 2.2         | 2.4         |
| <b>TOTAL</b>             | <b>15.9</b> | <b>12.8</b> |

**Related-party transactions**

The transactions with members of the Board of Directors, Chief Executive Officers and members of their families included in this note only comprise loans and guarantees outstanding as at 31 December 2023 for a total amount of EUR 2.5 million. All other transactions with these individuals are insignificant.

**Total amounts provisioned or booked by the Societe Generale Group for the payment of pensions and other benefits**

The total amount provisioned or booked by the Societe Generale Group as at 31 December 2023 under IAS 19 for the payment of pensions and other benefits to Societe Generale's Chief Executive Officers (Mr. Krupa, Mr. Aymerich, Mr. Palmieri et Ms. Lebot and the three staff-elected Directors) is EUR 7.4 million.



**NOTE 5.1.2 EMPLOYEE BENEFITS****ACCOUNTING PRINCIPLES**

Employee benefits are divided into four categories:

- short-term employee benefits;
- post-employment benefits, including defined contributions plans and defined benefit plans such as pension plans and retirement benefits;
- others long-term employee benefits which are employee benefits not expected to be settled wholly before twelve months, such as defined variable compensation paid in cash and not indexed to the Societe Generale share, long service awards and time saving accounts;
- termination benefits.

**Short-term employee benefits**

Short-term employee benefits are recognised as Expenses payable on employee benefits. The settlement is expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, such as fixed and variable compensation, annual leave, taxes and social security contributions, mandatory employer contributions and profit-sharing.

**Post-employment benefits**

Post-employment benefits can be broken down into two categories: defined contribution pension plans or defined benefit pension plans.

**POST-EMPLOYMENT DEFINED CONTRIBUTION PLANS**

Defined contribution plans limit the Group's liability to the subscriptions paid into the plan but do not commit the Group to a specific level of future benefits. Contributions paid are recorded as an expense for the current year.

**POST-EMPLOYMENT DEFINED BENEFIT PLANS**

Defined benefit plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the associated medium or long-term risk.

Provisions are recognised on the liabilities side of the balance sheet under Provisions, to cover the whole of these retirement obligations. These provisions are assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

The Group can choose to finance defined benefit plans by assets held by a long-term employee benefit fund or by qualifying insurance policies. Funding assets, made by funds or insurance policies, are classified as plan assets if assets are held by an entity (fund) that is legally separate from the reporting entity and are available to be used only to pay employee benefits. When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations. When these plans are financed from funds not classified as plan assets, these funds, classified as separate assets, are displayed separately in the assets of the balance sheet under Financial assets at fair value through profit or loss.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) and differences between actuarial assumptions and real performance are recognised as actuarial gains and losses. Actuarial gains and losses, as well as the return on plan assets excluding amounts expensed as net interest on the net defined benefit liability (or asset) and any change in the effect of the asset ceiling are components used to re-measure the net defined benefit liability (or asset). These components are immediately and fully recognised in shareholder's equity among Unrealised or deferred gains and losses and they cannot be subsequently reclassified as income. These items cannot be subsequently reclassified as income and are presented under Retained earnings on the liabilities side of the balance sheet and on a separate line under the Statement of net income and unrealised or deferred gains and losses.

When a new or amended plan comes into force, past service cost is immediately recognised in profit or loss.

An annual charge is recorded under Personnel expenses for defined benefit plans consisting of the additional entitlements vested by each employee (current service cost), past service cost resulting from a plan amendment or a curtailment, the financial expense resulting from the discount rate and the interest income on plan assets (net interest on the net defined benefit liability or asset), plan settlements.

**Other long-term benefits**

Other long-term employee benefits are benefits other than post-employment and termination benefits, that are paid to employees more than twelve months after the end of the annual period in which they provided the related services.

Other long-term benefits are measured and recognised in the same way as post-employment benefits, with the exception of actuarial gains and losses, which are immediately recognised as profit or loss.

**Termination benefits**

Termination benefits refer to the benefits to be granted to an employee following the termination by the entity of the staff member's employment contract before the normal retirement age or the decision of the staff member to voluntarily leave in exchange for these benefits.

Termination benefits payable more than twelve months after the closing date shall be discounted.

**DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS**

| (In EURm)                           | Provisions<br>as at<br>31.12.2022 | Allocations | Write-<br>backs<br>available | Net<br>allocation | Write-<br>backs<br>used | Actuarial<br>gains and<br>losses | Currency<br>and scope<br>effects | Provisions<br>as at<br>31.12.2023 |
|-------------------------------------|-----------------------------------|-------------|------------------------------|-------------------|-------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Post-employment benefits            | 1,171                             | 92          | (26)                         | 66                | (78)                    | 46                               | 12                               | 1,217                             |
| Other long-term benefits            | 604                               | 162         | (54)                         | 108               | (45)                    | -                                | (21)                             | 646                               |
| Termination benefits <sup>(1)</sup> | 227                               | 129         | (50)                         | 79                | (96)                    | (33)                             | 33                               | 210                               |
| <b>TOTAL<sup>(2)</sup></b>          | <b>2,002</b>                      | <b>383</b>  | <b>(130)</b>                 | <b>253</b>        | <b>(219)</b>            | <b>13</b>                        | <b>24</b>                        | <b>2,073</b>                      |

(1) Termination benefits include mainly the expenses from the cost of voluntary redundancy related to the New French Retail Banking organisation project presented by the Group in the 4<sup>th</sup> quarter of 2021, which led to the legal merger of Crédit du Nord and Societe Generale on 1 January 2023. The accounting treatment of the expenses for these measures has been assimilated with the post-employment benefits.

(2) In France, the Group has taken into account the effects of the Amending Social Security Financing Act of 14 April 2023 to assess its employee retirement obligations (impact of EUR 13 million under Other general operating expenses).

A provision of EUR 12 million was recorded to take into account, in France, the judgments of the Court of Cassation regarding the acquisition of rights to paid leave in the event of absence due to illness; this provision was calculated with 3-year retroactivity.

**NOTE 5.1.2.1 EMPLOYMENT DEFINED CONTRIBUTION PLANS**

The main defined contribution plans provided to employees of the Group are located in France, in the United Kingdom and in the United States.

In France, they include state pension plans and other national pension plans such as AGIRC-ARRCO, as well as pension schemes put in place by certain Group entities whose only commitment is to pay annual contributions (PERCO).

In the United Kingdom, the employer pays contributions according to the age of the employees (from 2.5 to 10% of the salary) and can make extra contributions up to 4.5% for the voluntary additional employee contributions.

In the United States, employers fully match the first 8% of employee contributions, within the limit of USD 10,000.

**NOTE 5.1.2.2 POST-EMPLOYMENT DEFINED BENEFIT PLANS**

Post-employment pension plans include schemes offering annuities, plans offering retirement bonuses and mixed plans (cash balance). Benefits paid out in annuities supplement the pensions paid by the mandatory basic plans.

The main defined benefit plans are located in France, in Switzerland, in the United Kingdom and in the United States.

In France, the supplementary pension plan for executive managers, set up in 1991, allocates an annual allowance to beneficiaries covered by Societe Generale. This allowance depends in particular on the beneficiary's seniority within Societe Generale as described in the Chapter 3 "Corporate Governance" of the present Universal Registration Document. Since 4 July 2019, date of publication of the ordinance ending the so-called "random rights" defined benefit pension plans in application of the *Loi Pacte*, this plan is closed to new employees and the rights of beneficiaries were frozen on 31 December 2019.

In Switzerland, the plan is managed by a personal protection insurance institution (the Foundation), comprised of employer and employee representatives. The employer and its employees pay contributions to the Foundation. Pension benefits are revalued at a guaranteed rate of return and converted to annuities (or lump-sum payment) also at a guaranteed conversion rate ("cash balance" scheme). Because of this minimum guaranteed return, the plan is considered similar to a defined benefit plan.

In the United Kingdom, the defined benefit plan has been closed to new employees for nearly 20 years, and the benefits of the last beneficiaries were frozen in 2015. The plan is managed by an independent institution (Trustee).

Similarly, in the United States, defined benefit plans were closed to new employees in 2015 and the vesting of new benefits was frozen.

## RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

| (In EURm)  | 31.12.2023   |                |            |              |
|--|--------------|----------------|------------|--------------|
|  | France       | United Kingdom | Others     | Total        |
| A – Present value of defined benefit obligations             | 882          | 582            | 962        | 2,426        |
| B – Fair value of plan assets                                | 78           | 617            | 555        | 1,250        |
| C – Fair value of separate assets                            | 1,076        | -              | -          | 1,076        |
| D – Change in asset ceiling                                  | -            | -              | 1          | 1            |
| <b>A - B - C + D = Net balance</b>                           | <b>(272)</b> | <b>(35)</b>    | <b>408</b> | <b>101</b>   |
| <b>ON THE LIABILITIES SIDE OF THE BALANCE SHEET</b>          | <b>805</b>   | <b>-</b>       | <b>412</b> | <b>1,217</b> |
| <b>ON THE ASSETS SIDE<sup>(1)</sup> OF THE BALANCE SHEET</b> | <b>1,077</b> | <b>35</b>      | <b>4</b>   | <b>1,116</b> |

(1) o/w EUR 1,076 million of separate assets recorded under Financial assets at fair value through profit or loss and EUR 40 million linked to surplus assets under Otherassets"

| (In EURm)  | 31.12.2022   |                |            |              |
|--|--------------|----------------|------------|--------------|
|  | France       | United Kingdom | Others     | Total        |
| A – Present value of defined benefit obligations             | 875          | 576            | 847        | 2,298        |
| B – Fair value of plan assets                                | 72           | 604            | 506        | 1,182        |
| C – Fair value of separate assets                            | 1,002        | -              | -          | 1,002        |
| D – Change in asset ceiling                                  | -            | -              | 22         | 22           |
| <b>A - B - C + D = Net balance</b>                           | <b>(199)</b> | <b>(28)</b>    | <b>363</b> | <b>136</b>   |
| <b>ON THE LIABILITIES SIDE OF THE BALANCE SHEET</b>          | <b>805</b>   | <b>-</b>       | <b>367</b> | <b>1,171</b> |
| <b>ON THE ASSETS SIDE<sup>(1)</sup> OF THE BALANCE SHEET</b> | <b>1,004</b> | <b>28</b>      | <b>4</b>   | <b>1,036</b> |

(1) o/w EUR 1,002 million of separate assets recorded under Financial assets at fair value through profit or loss and EUR 33 million linked to surplus assets under Otherassets.

## COMPONENTS OF THE COST OF DEFINED BENEFITS

| (In EURm)   | 2023        | 2022        |
|---|-------------|-------------|
| Current service cost including social security contributions                    | 58          | 90          |
| Employee contributions  | (7)         | (5)         |
| Past service cost/curtailments  | (5)         | (20)        |
| Transfer via the expense  | (0)         | -           |
| Net interest  | 3           | 2           |
| <b>A – Components recognised in income statement</b>                            | <b>49</b>   | <b>67</b>   |
| Actuarial gains and losses on assets  | (59)        | 802         |
| Actuarial gains and losses due to changes in demographic assumptions            | (14)        | 2           |
| Actuarial gains and losses due to changes in economic and financial assumptions | 60          | (917)       |
| Actuarial gains and losses due to experience                                    | (0)         | (1)         |
| Change in asset ceiling   | 1           | 22          |
| <b>B – Components recognised in unrealised or deferred gains and losses</b>     | <b>(12)</b> | <b>(92)</b> |
| <b>C = A + B TOTAL COMPONENTS OF THE COST OF DEFINED BENEFITS</b>               | <b>37</b>   | <b>(25)</b> |

**CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS**

| <i>(In EURm)</i>  | <b>2023</b>  | <b>2022</b>  |
|---|--------------|--------------|
| <b>Balance as at 1 January</b>  | <b>2,298</b> | <b>3,336</b> |
| Current service cost including social security contributions                    | 58           | 90           |
| Past service cost/curtailments  | (7)          | (20)         |
| Settlements   | (0)          | -            |
| Net interest  | 91           | 43           |
| Actuarial gains and losses due to changes in demographic assumptions            | (14)         | 2            |
| Actuarial gains and losses due to changes in economic and financial assumptions | 60           | (917)        |
| Actuarial gains and losses due to experience                                    | 1            | (1)          |
| Foreign exchange adjustment   | 15           | (10)         |
| Benefit payments  | (152)        | (190)        |
| Change in consolidation scope   | (3)          | (33)         |
| Transfers and others  | 79           | (2)          |
| <b>Balance as at 31 December</b>  | <b>2,426</b> | <b>2,298</b> |

**CHANGES IN THE FAIR VALUE OF FUNDING ASSETS**

| <i>(In EURm)</i>                      | <b>Plan assets</b> |              | <b>Separate assets</b> |              |
|---------------------------------------|--------------------|--------------|------------------------|--------------|
|                                       | <b>2023</b>        | <b>2022</b>  | <b>2023</b>            | <b>2022</b>  |
| <b>Balance as at 1 January</b>        | <b>1,160</b>       | <b>1,699</b> | <b>1,002</b>           | <b>1,331</b> |
| Interest expenses on assets           | 50                 | 29           | 38                     | 12           |
| Actuarial gains and losses on assets  | 23                 | (466)        | 36                     | (336)        |
| Foreign exchange adjustment           | 16                 | (10)         | -                      | -            |
| Employee contributions                | 5                  | 5            | -                      | -            |
| Employer contributions to plan assets | 20                 | 13           | -                      | -            |
| Benefit payments                      | (69)               | (79)         | (0)                    | (5)          |
| Change in consolidation scope         | -                  | (9)          | -                      | -            |
| Transfers and others                  | 45                 | -            | -                      | -            |
| Change in asset ceiling               | (1)                | (22)         | -                      | -            |
| <b>Balance as at 31 December</b>      | <b>1,249</b>       | <b>1,160</b> | <b>1,076</b>           | <b>1,002</b> |

**INFORMATION AND TERMS REGARDING FUNDING ASSETS**

Funding assets include plan assets and separate assets.

Funding assets represent around 96% of Group obligations, with different rates depending on the country.

Accordingly defined benefit plan obligations in France and the United Kingdom are fully hedged and hedged at 97% for the United States, while they are not funded in Germany.

The breakdown of the fair value of plan assets is as follows: 63% bonds, 15% equities and 22% other investments. Directly held Societe Generale shares are not significant.

Funding assets excess is EUR 338 million.

Employer contributions to be paid to post-employment defined benefit plans for 2024 are estimated at EUR 17 million.

Plan hedging strategies are defined locally in connection with the Finance and Human Resources departments of the entities, by *ad hoc* structures (Trustees, Foundations, Joint structures etc.) if necessary. Besides, liability investment or financing strategies are monitored at Group level through a global governance system. Committee meetings, with the participation of representatives of the Human Resources Department, the Finance Department and the Risk Division, are organised in order to define Group guidelines for employee benefits investment and management, to validate decisions and to follow up the associated risks for the Group.

Depending on the duration of each plan and local regulations, funding assets are invested in equities and/or in fixed income products, whether guaranteed or not.

The actual returns on plan and separate assets can be broken down as follows:

| <i>(In EURm)</i> | 2023 | 2022  |
|------------------|------|-------|
| Plan assets      | 73   | (437) |
| Separate assets  | 74   | (325) |

### MAIN ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

|  | 31.12.2023 | 31.12.2022 |
|--|------------|------------|
| <b>Discount rate</b>   |            |            |
| France   | 3.19%      | 3.62%      |
| United-Kingdom   | 4.52%      | 4.80%      |
| Others   | 3.64%      | 4.07%      |
| <b>Long-term inflation</b>   |            |            |
| France   | 2.21%      | 2.45%      |
| United-Kingdom   | 3.10%      | 3.30%      |
| Others   | 2.11%      | 2.01%      |
| <b>Future salary increase</b>  |            |            |
| France   | 1.91%      | 2.20%      |
| United-Kingdom   | N/A        | N/A        |
| Others   | 1.50%      | 1.40%      |
| <b>Average remaining working lifetime of employees <i>(in years)</i></b> |            |            |
| France   | 7.56       | 7.84       |
| United-Kingdom   | 2.52       | 3.07       |
| Others   | 8.46       | 8.83       |
| <b>Duration <i>(in years)</i></b>  |            |            |
| France   | 11.69      | 11.63      |
| United-Kingdom   | 12.06      | 12.69      |
| Others   | 11.44      | 11.94      |

Assumptions by geographical area are weighted average by the defined benefit obligations (DBO).

The discount yield curves used are AA corporate bonds yield curves (source: Merrill Lynch) observed at the end of October for USD, GBP and EUR, and corrected at the end of December if the change in discount rates had a significant impact.

Inflation rates used for EUR and GBP monetary areas are market rates observed at the end of October and corrected at the end of December if

the change had a significant impact. Inflation rates used for the other monetary areas are the long-term targets of the central banks.

The average remaining working lifetime of employees is calculated taking into account turnover assumptions.

The assumptions described above have been applied to post-employment benefit plans.

### SENSITIVITIES OF DEFINED BENEFIT OBLIGATIONS TO THE CHANGES IN MAIN ACTUARIAL ASSUMPTION

| <i>(Percentage of item measured)</i>  | 31.12.2023 | 31.12.2022 |
|---|------------|------------|
| <b>Variation in discount rate</b>   |            |            |
| Impact on the present value of defined benefit obligations at 31 December N | +0.5%      | +0.5%      |
| <b>Variation in long-term inflation</b>                                     |            |            |
| Impact on the present value of defined benefit obligations at 31 December N | -5%        | -6%        |
| <b>Variation in future salary increase</b>                                  |            |            |
| Impact on the present value of defined benefit obligations at 31 December N | +0.5%      | +0.5%      |
|   | 4%         | 4%         |
|   | 1%         | 1%         |

Disclosed sensitivities are averages of the variations weighted by the present value of the defined benefit obligations.

**BREAKDOWN OF FUTURE PAYMENTS OF BENEFITS**

| (In EURm)   | 2023 | 2022 |
|-------------|------|------|
| N+1         | 161  | 166  |
| N+2         | 147  | 150  |
| N+3         | 154  | 163  |
| N+4         | 163  | 165  |
| N+5         | 172  | 152  |
| N+6 to N+10 | 855  | 853  |

**NOTE 5.1.3 SHARE-BASED PAYMENT PLANS****ACCOUNTING PRINCIPLES**

Societe Generale, and its subsidiaries, share-based payments include:

- payments in equity instruments;
- cash payments whose amount depends on the performance of equity instruments.

Share-based payments systematically give rise to an operating expense recognised as Personnel expenses in the amount of the fair value of the share-based payments granted to employees and according to their terms of settlement.

For equity-settled share-based payments (free shares, stock purchase or subscription options), the fair value of these instruments, measured at the vesting date, is spread over the vesting period and recorded in shareholders' equity under Issued common stocks and capital reserves. At each accounting date, the number of these instruments is revised in order to take into account performance and service conditions and adjust the overall cost of the plan as originally determined. Expenses recognised under Personnel expenses from the start of the plan are then adjusted accordingly.

For cash-settled share-based payments (compensation indexed on Societe Generale, or one of its subsidiaries, shares), the fair value of the amounts payable is recorded under Personnel expenses as an expense over the vesting period against a corresponding liabilities entry recognised in the balance sheet under Other liabilities – Expenses payable on employee benefits. This payables item is then remeasured to take into account performance and presence conditions, as well as changes in the value of the underlying shares. When the expense is hedged by an equity derivative instrument, the effective portion of the change in the fair value of the hedging derivative is recorded in the income statement under Personnel expenses, as well.

The Group may award some of its employees stock purchase or subscription options, free shares or rights to a future cash payment indexed to the Societe Generale, or one of its subsidiaries, share price.

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, or for the beneficiaries to exercise their options.

Group stock-option plans are measured using a binomial formula when the Group has adequate statistics to take into account the behaviour of the option beneficiaries. When such data are not available, the Black & Scholes model or *Monte-Carlo* model is used. Valuations are performed by independent actuaries.



The vesting conditions for beneficiaries of payments based on Societe Generale shares include conditions of presence and performance. The performance conditions may be indexed on the Group's financial

data (for instance, the Group's profitability, or the relative performance of the Societe Generale share) and/or on the Group's non-financial data (for instance, the achievement of the Group's objectives in terms of social and environmental responsibility – CSR).

**EXPENSES RECORDED IN THE INCOME STATEMENT**

| (In EURm)   | 31.12.2023         |                      |             | 31.12.2022 R       |                      |             |
|---|--------------------|----------------------|-------------|--------------------|----------------------|-------------|
|   | Cash settled plans | Equity settled plans | Total plans | Cash settled plans | Equity settled plans | Total plans |
| Net expenses from purchase plans, stock option and free share plans | 139                | 115                  | 254         | 104                | 92                   | 196         |

The description of Societe Generale stock-options plans and free share plans, which supplements this note, is presented in Chapter 3 of the present Universal Registration Document.

**NOTE 5.2 Other operating expenses****ACCOUNTING PRINCIPLES**

The Group records operating expenses under expenses, according to the type of services to which they refer and the rate of use of said services.

"Rentals" include real estate and equipment leasing expenses, which do not result in a recognition of a lease liability and right-of-use asset (see Note 8.3).

Taxes and levies are only booked when the triggering event provided for by law occurs. If the obligation to pay the tax arises from the gradual operation of an activity, the expense must be spread out over the same period. Finally, if the obligation to pay is generated when a threshold is reached, the expense is only recorded once the threshold is reached.

Taxes and levies cover all contributions levied by a public authority and include the contributions paid to the Single Resolution Fund and the Deposit Insurance and Resolution Fund, the systemic risk tax, and contributions for ACPR control costs, which are recognised in profit or loss at the start of the financial year. The Company social solidarity contribution (C3S), based on income generated in previous financial year, is fully recognised in profit or loss as at 1 January of the current financial year.

"Other" mainly includes building maintenance and other costs, travel and business expenses, and advertising expenses.

| (In EURm)                            | 2023           | 2022           |
|--------------------------------------|----------------|----------------|
| Rentals                              | (449)          | (348)          |
| Taxes and levies                     | (1,126)        | (1,359)        |
| Data and telecom (excluding rentals) | (2,440)        | (2,574)        |
| Consulting fees                      | (1,319)        | (1,351)        |
| Other                                | (1,553)        | (1,377)        |
| <b>TOTAL</b>                         | <b>(6,887)</b> | <b>(7,009)</b> |

### CONTRIBUTION TO BANK RESOLUTION MECHANISMS

The European regulatory framework designed to enhance financial stability was updated by the Directive 2014/59/UE of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (Bank Recovery and Resolution Directive).

The European Regulation UE no806/2014 of 15 July 2014 then determined the financing means of resolution mechanisms within the European Banking Union through the establishment of a Single Resolution Fund (SRF). In addition to this instrument, the National Resolution Fund (NRF) exists for institutions subject to this resolution mechanisms, but that have no SRF.

The SRF, established in January 2016, shall receive annual contributions from the participating European financial institutions. By the end of 2023, the available financial means of the Fund shall reach at least 1% of the amount of covered deposits of all these participating financial institutions. A share of the annual contributions can be provided through irrevocable payment commitments.

In 2023, the Group's contributions to the SRF and the NRF were as follows:

- cash contributions (77.5%) for a total of EUR 658 million (versus EUR 863 million in 2022) of which EUR 603 million for the SRF and EUR 55 million for the NRF. These contributions are non-tax-deductible in France and have been recorded in the income statement in Other operating expenses, among Taxes and levies;

- irrevocable payment commitments (22.5%) backed by a cash collateral for EUR 175 million related to the SRF (versus EUR 142 million in 2022) recorded as an asset in the balance sheet, among Other assets.

As at 31 December 2023, the amount of cash collateral paid to the SRF and NRF and stated as balance sheet assets under "Other assets" are EUR 772 million and EUR 173 million respectively.

In its ruling of 25 October 2023, the General Court of the European Union dismissed the appeal of a French credit institution against the Single Resolution Board (SRB) following the rejection by the latter of the request for the return of collateral linked to *ex ante* contributions provided in the form of irrevocable payment commitments for the 2015 contribution period. The reimbursement of the collateral, requested by the institution after the withdrawal of its licence from the European Central Bank, had been refused by the SRB; the latter required, as a condition precedent to returning the collateral backing, the prior payment by the institution of an amount in cash corresponding to the amount committed under the irrevocable payment commitments entered into. The institution concerned decided to appeal to the European Court of Justice against the ruling of the General Court of the European Union. Societe Generale will keep informed of further developments in the matter and analyse the possible consequences for its financial statements.



## NOTE 6 INCOME TAX



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Income tax expenses are presented separately from other taxes which are classified among Other operating expenses. They are calculated according to the rates and tax regulations applicable in the countries where each consolidated entity is located.

Income tax presented in the income statement includes current taxes and deferred taxes:

- current taxes correspond to the amount of taxes due (or refundable) as calculated according to the taxable profit base for the reporting period;
- deferred taxes correspond to the amount of taxes resulting from past transactions and that will be payable (or refundable) in a future reporting period.

### ACCOUNTING PRINCIPLES

#### Current taxes

Current tax is based on the taxable profits of each consolidated taxable entity and determined in accordance with the rules established by the local taxation authorities, upon which income taxes are payable. This tax expense also includes net allowances for tax adjustments pertaining to income tax.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under Income tax in the income statement.

#### Deferred taxes

Deferred taxes are recognised whenever the Group identifies a temporary difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments.

Deferred tax assets and liabilities are measured in each consolidated taxable entity and in accordance with the rules established by the local taxation authorities, upon which their income taxes are payable. This amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realised or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value.

Deferred tax assets can result from deductible temporary differences or from tax loss carry-forwards. These deferred tax assets are recorded only if the entity concerned is likely to recover these assets within a set time. These temporary differences or tax loss carry-forwards can also be used against future taxable profit.

Tax loss carry-forwards are subject to an annual review taking into account the tax system applicable to each relevant tax entity and a realistic projection of their tax income or expense: any previously unrecognised deferred tax assets are recorded in the balance sheet to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered; however, the carrying value of deferred tax assets already recognised in the balance sheet is reduced where a risk of total or partial non-recovery occurs.

Current and deferred taxes are recognised in the consolidated income statement under Income tax. However, deferred taxes related to gains and losses recorded under Unrealised or deferred gains and losses are also recognised under the same heading in shareholders' equity.

#### Tax uncertainties

There may be uncertainty over the tax treatments applied by the Group. If it is probable that the tax Authority will not accept some tax treatments, these uncertainties shall be booked under tax expenses/income by the counterpart of Provisions for tax adjustments recorded among tax liabilities.

Information on the nature and the amount of the associated risks is not disclosed when the Group considers that such disclosure could seriously undermine its position in a dispute with other parties on the object of the provision.

**NOTE 6.1 Breakdown of the tax expense**

| <i>(In EURm)</i> | <b>2023</b>    | <b>2022 R</b>  |
|------------------|----------------|----------------|
| Current taxes    | (1,470)        | (1,274)        |
| Deferred taxes   | (209)          | (209)          |
| <b>TOTAL</b>     | <b>(1,679)</b> | <b>(1,483)</b> |

**RECONCILIATION OF THE DIFFERENCE BETWEEN THE GROUP'S STANDARD TAX RATE AND ITS EFFECTIVE TAX RATE**

| <i>(In EURm)</i>  | <b>2023</b>   |              | <b>2022 R</b> |              |
|---|---------------|--------------|---------------|--------------|
|   | %             | EURm         | %             | EURm         |
| <b>Income before tax, excluding net income from companies accounted for using the equity method and impairment losses on goodwill</b> |               | <b>5,442</b> |               | <b>4,224</b> |
| <b>Group effective tax rate</b>   | <b>30.85%</b> |              | <b>35.11%</b> |              |
| Permanent differences   | 0.58%         | 31           | 0.92%         | 39           |
| Differential on securities with tax exemption or taxed at reduced rate  | -0.24%        | (13)         | -14.04%       | (593)        |
| Tax rate differential on profits taxed outside France   | 1.33%         | 72           | 2.56%         | 108          |
| Changes in the measurement of deferred tax assets/liabilities   | -6.69%        | (364)        | 1.28%         | 54           |
| Normal tax rate applicable to French companies (including 3.3% national contribution)   | 25.83%        |              | 25.83%        |              |

In compliance with the French tax provisions that define the ordinary corporate tax rate, the latter is set to 25% in 2023 (article 219 of the French Tax Code), plus the existing national contribution (CSB) of 3.3% (article 235 *ter* ZC of the French Tax Code), *i.e.* a compound tax rate of 25.83%.

Long-term capital gains on affiliates are exempt from this corporate tax, except for a 12% fee on the gross amount in a net long term capital gains situation (article 219 I a *quinquies* of the French Tax Code).

Furthermore, under the parent-subsidiary regime, dividends from companies in which Societe Generale's equity interest is at least 5% are tax exempt, subject to taxation of a portion of fees and expenses of 1% or 5% at the full statutory tax rate (article 216 of the French Tax Code).

**NOTE 6.2 Tax assets and liabilities****TAX ASSETS**

| <i>(In EURm)</i>  | <b>31.12.2023</b> | <b>31.12.2022 R</b> |
|---|-------------------|---------------------|
| Current tax assets  | 1,026             | 819                 |
| Deferred tax assets                                       | 3,691             | 3,665               |
| <i>o/w deferred tax assets on tax loss carry-forwards</i> | 1,832             | 1,662               |
| <i>o/w deferred tax assets on temporary differences</i>   | 1,818             | 1,982               |
| <i>o/w deferred tax on deferrable tax credits</i>         | 41                | 21                  |
| <b>TOTAL</b>  | <b>4,717</b>      | <b>4,484</b>        |

## TAX LIABILITIES

| (In EURm)                      | 31.12.2023   | 31.12.2022 R |
|--------------------------------|--------------|--------------|
| Current tax liabilities        | 933          | 735          |
| Provisions for tax adjustments | 41           | 72           |
| Deferred tax liabilities       | 1,428        | 838          |
| <b>TOTAL</b>                   | <b>2,402</b> | <b>1,645</b> |

The Group performs an annual review of its capacity to use tax loss carry-forwards, taking into account the tax system applicable to each tax entity (or tax group) concerned and a realistic forecast of its tax results. For this purpose, the tax results are determined based on the projected performance of the businesses. This performance corresponds to the estimated budget (scenario SG Central) over four years (from 2024 to 2027), extrapolated to 2028, which corresponds to a "normative" year.



These budgets notably take into account the impacts of the commitments to energy and environmental transition and regional development detailed in the Declaration of Non-Financial Performance.

The tax results also take into consideration the accounting and tax adjustments (including the reversal of the deferred tax assets and liabilities bases on temporary differences) applicable to the entities and jurisdictions concerned. These adjustments are determined on the

basis of historical tax results and on the Group's tax expertise. An extrapolation of the tax results is performed from 2028 on and over a timeframe considered reasonable and depending on the nature of the activities carried out within each tax entity.

On principle, the appreciation of the selected macroeconomic factors and the internal estimates used to determine the tax results involve risks and uncertainties about their materialisation over the estimated timeframe for the absorption of the losses. These risks and uncertainties are especially related to possible changes in the applicable tax rules (computation of the tax result, as well as allocation rules for tax loss carry-forwards) or materialisation of the assumptions selected. These uncertainties are mitigated by robustness checks of the budgetary and strategic assumptions.

As at 31 December 2023, discounted projections confirm the probability that the Group will be able to offset the tax losses covered by deferred tax assets against future profits.

### NOTE 6.3 Deferred tax assets recognised on tax loss carry-forwards and deferred tax assets not recognised

As at 31 December 2023, based on the tax system of each entity and a realistic projection of their tax income, the projected period for deferred tax assets recovery is indicated in the table below:

| (In EURm)  | 31.12.2023   | Statutory time limit on carry-forwards | Expected recovery period |
|--|--------------|--|--------------------------|
| <b>Total deferred tax assets relating to tax loss carry-forwards</b> | <b>1,832</b> | -                                      | -                        |
| <i>o/w French tax group</i>  | 1,572        | Unlimited <sup>(1)</sup>               | 8 years                  |
| <i>o/w US tax group</i>  | 88           | 20 years <sup>(2)</sup>                | 7 years                  |
| <i>Others</i>  | 172          | -                                      | -                        |

(1) In accordance with the 2013 French Finance Act, the deduction of previous losses is limited to EUR 1 million plus 50% of the fraction of the taxable income for the fiscal year exceeding this limit. The non-deductible portion of losses may be carried forward to the following fiscal years with no time limit and under the same conditions.

(2) Tax losses generated before 31 December 2011.

The main deferred taxes not recognised as assets in the balance sheet by tax group are presented in the table below. They may be recognised in the balance sheet when it becomes probable that a future taxable profit will allow their recovery.

| (In EURm)  | 31.12.2023 | 31.12.2022 |
|--|------------|------------|
| French tax group                                   | 930        | 520        |
| US tax groups                                      | 228        | 277        |
| SG Singapore                                       | 80         | 82         |
| SG de Banques en Guinée Équatoriale <sup>(1)</sup> | 34         | 36         |

(1) Including EUR 10 million of tax carry forward and EUR 24 million temporary differences as at 31 December 2023, versus respectively EUR 10 million and EUR 26 million as at 31 December 2022.

The other deferred taxes on tax loss carryforwards and temporary differences not recognised as assets on the balance sheet amount, respectively, to EUR 122 million and EUR 1 million as at 31 December 2023.

For the France tax group, deferred tax assets of EUR 410 million could not be recognised at the end of December 2023, bringing the amount of unrecognised deferred tax assets in France to EUR 930 million. If tax projections improve, all or part of these deferred taxes may be recognised as deferred tax assets in future years.

In parallel, the unrecognised deferred tax assets of US tax groups decreased by EUR 49 million due to the recognition in the 2023 balance sheet of EUR 40 million deferred taxes and of EUR 9 million due to currency effects.

Regarding the tax treatment of the loss resulting from the actions of Jérôme Kerviel, Societe Generale considers that the judgment of the Versailles Court of Appeal of 23 September 2016 is not such as to call into question its validity in light of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'État*) and its established case law. Consequently, Societe Generale considers that the related tax loss remains recoverable against future taxable income (see Note 9).

### **PILLAR 2: TAX REFORM – GLOBAL MINIMUM CORPORATE TAX RATE (“GLOBE” RULES)**

In October 2021, 137 of the 140 jurisdictions members of the OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) committed to the principle of establishing a global minimum corporate income tax rate of 15%. A set rules, referred to as “Pillar 2”, published by the OECD on 20 December 2021, specifies the mechanism which will apply, in the states that will adopt it, to the profits by country of multinational groups with revenues exceeding EUR 750 million.

European Directive (EU) 2022/2523 incorporating the Pillar 2 rules was adopted and published in the Official Journal of the European Union on 22 December 2022.

Article 4 of the French Finance Act for 2024 incorporates the directive into French law. The minimum level of tax will take the form of an additional “top-up” tax determined according to rules compliant with the directive. Transitional Safe Harbour set out by the OECD for the first three fiscal years are also included in the law. These rules apply to the Group from 1 January 2024, in respect of any additional top-up tax due in France as well as of any qualified domestic top-up taxes implemented in jurisdictions where the Group operates.

Under the provisions introduced by the amendments to IAS 12, adopted by the European Union on 8 November 2023 with immediate and retrospective implementation (see Note 1), the Group applies, from 1 January 2023 on, the mandatory and temporary exception to the accounting recognition of the deferred taxes associated with the top-up taxes resulting from the Pillar 2 rules.

A project structure has been established at Group level to analyse the provisions of the Pillar 2 European directive and take the necessary measures to comply with them as soon as they enter into force. According to initial estimates based on the available data (in particular data from the country-by-country reports of years 2021 and 2022), the effective Pillar 2 tax rates would exceed 15% in most jurisdictions in which the Group operates. However, there is a limited number of jurisdictions in which a top-up tax would have to be paid. To date, the Group does not anticipate any material impact of this reform in respect of its current tax burden. Because of the calculation complexity resulting from these rules and the changes in the Group's consolidation scope, the effects of this reform are still being examined to refine the quantification in view of the first accounting recognition of any additional tax burden in the Group's consolidated accounts as at 30 June 2024.

## NOTE 7 SHAREHOLDERS' EQUITY



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Equity are the resources contributed to the Group by external shareholders as capital, as well as the cumulative and undistributed results (retained earnings). It also includes resources received when financial instruments are issued and for which the issuer has no contractual obligation to deliver cash to the holders of these instruments.

Equity has no contractual maturity, and when compensation is awarded to shareholders or holders of other equity instruments, it does not affect the income statement but directly reduces the retained earnings in the equity.

The statement "Changes in Shareholders' Equity" presents the various changes that affect the components of equity over the reporting period.

### NOTE 7.1 Treasury shares and shareholders' equity issued by the Group

#### ACCOUNTING PRINCIPLES

##### Treasury shares

Societe Generale shares held by the Group are deducted from consolidated equity irrespective of the purpose for which they are held. Income on these shares is recognised in Retained earnings.

Recognition of shares issued by Group subsidiaries, which are bought and sold by the Group, is described in Note 2.

##### Shareholders' equity issued by the Group

Financial instruments issued by the Group are booked in whole or in part to debt or to equity depending on whether or not they contractually oblige the issuer to deliver cash to the holders of the securities.

When they are classified as equity, securities issued by Societe Generale are recorded under Other equity instruments. If they are issued by Group subsidiaries, these securities are recognised under Non-controlling interests. External costs associated with issuing equity instruments are deducted directly from equity at their after-tax amount.

When they are classified as debt instruments, securities issued by the Group are recorded under Debt securities issued or Subordinated debt depending on their characteristics. They are accounted for in the same way as other financial liabilities measured at amortised cost (see Note 3.6).

**NOTE 7.1.1 ORDINARY SHARES AND CAPITAL RESERVES**

| (In EURm)                             | <b>31.12.2023</b> | <b>31.12.2022</b> |
|---------------------------------------|-------------------|-------------------|
| Issued capital                        | 1,004             | 1,062             |
| Issuing premiums and capital reserves | 20,412            | 21,377            |
| Elimination of treasury stock         | (230)             | (1,191)           |
| <b>TOTAL</b>                          | <b>21,186</b>     | <b>21,248</b>     |

**ORDINARY SHARES ISSUED BY SOCIETE GENERALE SA**

| (Number of shares)   | <b>31.12.2023</b> | <b>31.12.2022</b> |
|--|-------------------|-------------------|
| Ordinary shares  | 802,979,942       | 849,883,778       |
| <i>Including treasury stock with voting rights<sup>(1)</sup></i> | <i>6,736,010</i>  | <i>48,737,016</i> |
| <i>Including shares held by employees</i>                        | <i>90,162,610</i> | <i>79,097,967</i> |

(1) Excluding Societe Generale shares held for trading purposes or in respect of the liquidity contract.

As at 31 December 2022, 41,674,813 Societe Generale shares were acquired on the market at a cost price of EUR 914 million, for the purpose of cancellation, in accordance with the decision of the General Meeting of 17 May 2022. The capital reduction by cancellation of securities was carried out on 1 February 2023.

On 24 July 2023, a capital increase, reserved for Group employees and retirees as part of the Global Employee Share Ownership Plan open in 40 countries, was carried out for a total amount of EUR 221 million, resulting in the issuance of 12,548,674 new Societe Generale shares.

From 7 August 2023 to 22 September 2023, 17,777,697 Societe Generale shares were acquired on the market at a cost price of EUR 441 million, for the purpose of cancellation, in accordance with the decision of the General Meeting of 17 May 2022. The capital reduction by cancellation of securities was carried out on 17 November 2023.

As at 31 December 2023, Societe Generale SA's fully paid up capital amounted to EUR 1,003,724,927.50 and was made up of 802,979,942 shares with a nominal value of EUR 1.25.

**NOTE 7.1.2 TREASURY STOCK**

As at 31 December 2023, the Group held 4,425,083 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 0.55% of the capital of Societe Generale SA.

The amount deducted by the Group from its equity for treasury shares (and related derivatives) came to EUR 230 million, including EUR 36 million in shares held for trading activities.

The change in treasury stock over 2023 breaks down as follows:

| (In EURm)  | <b>Liquidity contract</b> | <b>Trading activities</b> | <b>Treasury stock and active management of shareholders' equity</b> | <b>Total</b> |
|--|---------------------------|---------------------------|---|--------------|
| Disposals net of purchases   | -                         | 31                        | 930   | 961          |
| Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders' equity | 0                         | (10)                      | (52)  | (62)         |

The variation of EUR 930 million in treasury shares and active capital management is mainly due to EUR 914 million relating to the capital reduction on 1 February 2023 by cancellation of 41,674,813 Societe Generale shares acquired in 2022.

**NOTE 7.1.3 SHAREHOLDERS' EQUITY ISSUED BY THE GROUP****PERPETUAL DEEPLY SUBORDINATED NOTES**

Given the discretionary nature of the decision to pay dividends to shareholders, the perpetual deeply subordinated notes have been classified as equity and recognised under Other equity instruments.

As at 31 December 2023, perpetual deeply subordinated notes issued by Societe Generale S.A. and recognised under Group shareholders'

equity in Other equity instruments totalled EUR 8,924 million, valued at historical rate.

The change in the amount of undated deeply subordinated notes issued by the Group is explained by two issuances and two redemptions at pair made over the year.

| Issuance Date     | Amount in local currency at 31.12.2022 | Repurchases and redemptions in 2023 | Amount in local currency at 31.12.2023 | Amount in millions of euros at historical rate | Remuneration   |
|-------------------|--|-------------------------------------|--|--|--|
| 18 December 2013  | USD 1,750m                             | USD 1,750m                          |  |  | 7.875%, from 18 December 2023<br>USD 5-year Mid Swap Rate +4.979%    |
| 29 September 2015 | USD 1,250m                             |                                     | USD 1,250m                             | 1,111  | 8%, from 29 September 2025<br>USD 5-year Mid Swap rate +5.873%       |
| 6 April 2018      | USD 1,250m                             |                                     | USD 1,250m                             | 1,035  | 6.750%, from 6 April 2028<br>USD 5-year Mid Swap rate +3.929%        |
| 4 October 2018    | USD 1,250m                             | USD 1,250m                          |  |  | 7.375%, from 4 October 2023<br>USD 5-year Mid Swap rate +4.302%      |
| 16 April 2019     | SGD 750m                               |                                     | SGD 750m                               | 490  | 6.125%, from 16 April 2024<br>SGD 5-year Mid Swap rate +4.207%       |
| 12 September 2019 | AUD 700m                               |                                     | AUD 700m                               | 439  | 4.875%, from 12 September 2024<br>AUD 5-year Mid Swap rate +4.036%   |
| 18 November 2020  | USD 1,500m                             |                                     | USD 1,500m                             | 1,264  | 5.375%, from 18 November 2030<br>USD 5-year US Treasury rate +4.514% |
| 26 May 2021       | USD 1,000m                             |                                     | USD 1,000m                             | 818  | 4.75%, from 26 May 2026<br>USD 5-year US Treasury rate +3.931%       |
| 15 July 2022      | SGD 200m                               |                                     | SGD 200m                               | 141  | 8.25%, from 15 December 2027<br>SGD 5-year SGD OIS rate +5.6%        |
| 22 November 2022  | USD 1,500m                             |                                     | USD 1,500m                             | 1,460  | 9.3750%, from 22 May 2028<br>USD 5-year US Treasury rate +5.385%     |
| 18 January 2023   |  |                                     | EUR 1,000m                             | 1,000  | 7.875%, from 18 July 2029<br>EUR 5-year Mid Swap rate +5.228%        |
| 14 November 2023  |  |                                     | USD 1,250m                             | 1,166  | 10%, from 14 May 2029<br>USD 5-year US Treasury rate +5.448%         |

**OTHER EQUITY INSTRUMENTS ISSUED BY SUBSIDIARIES**

The perpetual subordinated notes that are issued by the Group's subsidiaries and include discretionary clauses relating to the payment of interest are classified as equity instruments.

As at 31 December 2023, the nominal of other equity instruments issued by the Group's subsidiaries and recognised under Non-controlling interests totalled EUR 1,300 million.

| Issuance Date                                    | Amount   | Remuneration                                      |
|--|----------|---|
| 18 December 2014 (step-up clause after 12 years) | EUR 800m | 4.125%, from 2026 5-year<br>Mid Swap rate +4.150% |
| 29 May 2019                                      | EUR 500m | 7.375%, from 2024 5-year<br>Mid swap rate +7.556% |

## SUMMARY OF CHANGES IN EQUITY INSTRUMENTS ISSUED

Changes related to the perpetual subordinated notes and deeply subordinated notes included in Shareholder's equity, Group share are detailed below:

| (In EURm)   | 2023                      |                              |       | 2022                      |                              |       |
|---|---------------------------|------------------------------|-------|---------------------------|------------------------------|-------|
|   | Deeply subordinated notes | Perpetual subordinated notes | Total | Deeply subordinated notes | Perpetual subordinated notes | Total |
| Exchange rate effect on TSS/TSDI reimbursement  | (404)                     | -                            | (404) | -                         | -                            | -     |
| Remuneration paid booked under reserves   | (734)                     | -                            | (734) | (581)                     | -                            | (581) |
| Changes in nominal values   | (212)                     | -                            | (212) | 1,602                     | -                            | 1,602 |
| Tax savings on remuneration payable to shareholders and recorded under profit or loss | 190                       | -                            | 190   | 150                       | -                            | 150   |
| Issuance fees relating to subordinated notes  | (5)                       | -                            | (5)   | (9)                       | -                            | (9)   |

### NOTE 7.1.4 EFFECT OF THE CHANGES IN THE SCOPE OF CONSOLIDATION

The impact of changes in the consolidation scope recognised in shareholders' equity (EUR -34 million in Group share and EUR 3,523 million in Non-controlling interests) is mainly explained by the acquisition of LeasePlan (see Note 2.1) with:

- the decrease in the ownership interest in ALD from 75.94% to 52.59% with EUR -4 million in Group share and EUR 3,003 million in Non-controlling interests;

- an impact of EUR 513 million on the Non-controlling interests linked to other equity instruments issued by LeasePlan.

## NOTE 7.2 Earnings per share and dividends

### ACCOUNTING PRINCIPLES

The earnings per share are measured by dividing the net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, excluding treasury shares. The net earnings attributable to ordinary shareholders are adjusted for the preferred shareholders rights, such as holders of preferred shares, subordinated securities or deeply subordinated notes classified in equity. The diluted earnings per share take into account the potential dilution of shareholders' interests in the event where dilutive instruments (stock options or free share plans) are converted into ordinary shares. This dilutive effect is determined using the share buyback method.

### NOTE 7.2.1 EARNINGS PER SHARE

| (In EURm)  | 2023         | 2022 R       |
|--|--------------|--------------|
| Net income, Group share  | 2,493        | 1,825        |
| Attributable remuneration to subordinated and deeply subordinated notes                              | (753)        | (587)        |
| Premium and issuance fees related and deeply subordinated notes                                      | (5)          | (9)          |
| <b>Net income attributable to ordinary shareholders</b>  | <b>1,735</b> | <b>1,229</b> |
| Weighted average number of ordinary shares outstanding <sup>(1)</sup>                                | 799,315,070  | 822,437,425  |
| <b>Earnings per ordinary share (in euros)</b>  | <b>2.17</b>  | <b>1.50</b>  |
| Average number of ordinary shares used in the dilution calculation                                   | -            | -            |
| Weighted average number of ordinary shares used in the calculation of diluted net earnings per share | 799,315,070  | 822,437,425  |
| <b>Diluted earnings per ordinary share (in euros)</b>  | <b>2.17</b>  | <b>1.50</b>  |

(1) Excluding treasury shares.



**NOTE 7.2.2 DIVIDENDS PAID**

Dividends paid on ordinary shares by the Group in 2023 amounted to EUR 1,861 million and are detailed in the following table:

| (In EURm)      | 2023           |                           |                | 2022           |                           |                |
|----------------|----------------|---------------------------|----------------|----------------|---------------------------|----------------|
|                | Group Share    | Non-controlling interests | Total          | Group Share    | Non-controlling interests | Total          |
| Paid in shares | -              | -                         | -              | -              | -                         | -              |
| Paid in cash   | (1,362)        | (499)                     | (1,861)        | (1,371)        | (754)                     | (2,125)        |
| <b>TOTAL</b>   | <b>(1,362)</b> | <b>(499)</b>              | <b>(1,861)</b> | <b>(1,371)</b> | <b>(754)</b>              | <b>(2,125)</b> |

**NOTE 7.3 Unrealised or deferred gains and losses****BREAKDOWN OF CHANGES OF UNREALISED OR DEFERRED GAINS AND LOSSES**

| (In EURm)   | 31.12.2023  |             |            |                 |                           |
|---|-------------|-------------|------------|-----------------|---------------------------|
|   | Gross value | Tax         | Net value  | o/w             |                           |
|   |             |             |            | Net Group share | Non-controlling interests |
| Translation differences   | 997         | (24)        | 973        | 996             | (23)                      |
| Revaluation of debt instruments at fair value through other comprehensive income <sup>(3)</sup>             | (2,673)     | 664         | (2,009)    | (1,907)         | (102)                     |
| Revaluation of insurance contracts at fair value through other comprehensive income                         | 2,315       | (596)       | 1,719      | 1,708           | 11                        |
| Revaluation of hedging derivatives  | (449)       | 30          | (419)      | (414)           | (5)                       |
| <b>Subtotal of unrealised gains and losses with subsequent recycling in the income statement</b>            | <b>190</b>  | <b>74</b>   | <b>264</b> | <b>383</b>      | <b>(119)</b>              |
| Actuarial gains and losses on defined benefit plans <sup>(1)</sup>  | 12          | (1)         | 11         | 14              | (3)                       |
| Revaluation of own credit risk of financial liabilities at fair value through profit or loss <sup>(2)</sup> | 68          | (18)        | 50         | 51              | (1)                       |
| Revaluation of equity instruments at fair value through other comprehensive income                          | 35          | (2)         | 33         | 33              | -                         |
| <b>Subtotal of unrealised gains and losses without subsequent recycling in the income statement</b>         | <b>115</b>  | <b>(21)</b> | <b>94</b>  | <b>98</b>       | <b>(4)</b>                |
| <b>TOTAL</b>  | <b>305</b>  | <b>53</b>   | <b>358</b> | <b>481</b>      | <b>(123)</b>              |

| (In EURm)   | Changes of the period |             |              |                 |                           |
|---|-----------------------|-------------|--------------|-----------------|---------------------------|
|   | Gross value           | Tax         | Net value    | o/w             |                           |
|   |                       |             |              | Net Group share | Non-controlling interests |
| <b>Allocation to retained earnings</b>  |                       |             |              |                 |                           |
| Actuarial gains and losses on defined benefit plans   | (93)                  | 26          | (67)         | (56)            | (11)                      |
| <b>TOTAL</b>  | <b>(93)</b>           | <b>26</b>   | <b>(67)</b>  | <b>(56)</b>     | <b>(11)</b>               |
| Translation differences   | (356)                 | (12)        | (368)        | (389)           | 21                        |
| Revaluation of debt instruments at fair value through other comprehensive income <sup>(3)</sup>             | 2,402                 | (593)       | 1,809        | 1,734           | 75                        |
| Revaluation of insurance contracts at fair value through other comprehensive income                         | (2,134)               | 545         | (1,589)      | (1,583)         | (6)                       |
| Revaluation of hedging derivatives  | (68)                  | 50          | (18)         | 5               | (23)                      |
| <b>Variation of unrealised gains and losses with subsequent recycling in the income statement</b>           | <b>(156)</b>          | <b>(10)</b> | <b>(166)</b> | <b>(233)</b>    | <b>67</b>                 |
| Actuarial gains and losses on defined benefit plans <sup>(1)</sup>  | 12                    | -           | 12           | 14              | (2)                       |
| Revaluation of own credit risk of financial liabilities at fair value through profit or loss <sup>(2)</sup> | (257)                 | 67          | (190)        | (191)           | 1                         |
| Revaluation of equity instruments at fair value through other comprehensive income                          | 1                     | -           | 1            | 2               | (1)                       |
| <b>Variation of unrealised gains and losses without subsequent recycling in the income statement</b>        | <b>(244)</b>          | <b>67</b>   | <b>(177)</b> | <b>(175)</b>    | <b>(2)</b>                |
| <b>TOTAL OF VARIATION</b>   | <b>(400)</b>          | <b>57</b>   | <b>(343)</b> | <b>(408)</b>    | <b>65</b>                 |
| <b>TOTAL OF CHANGES</b>   | <b>(493)</b>          | <b>83</b>   | <b>(410)</b> | <b>(464)</b>    | <b>54</b>                 |

| (In EURm)   | 31.12.2022 R |              |            |                 |                           |
|---|--------------|--------------|------------|-----------------|---------------------------|
|   | Gross value  | Tax          | Net value  | o/w             |                           |
|   |              |              |            | Net Group share | Non-controlling interests |
| Translation differences   | 1,353        | (12)         | 1,341      | 1,385           | (44)                      |
| Revaluation of debt instruments at fair value through other comprehensive income <sup>(3)</sup>             | (5,075)      | 1,257        | (3,818)    | (3,641)         | (177)                     |
| Revaluation of insurance contracts at fair value through other comprehensive income                         | 4,449        | (1,141)      | 3,308      | 3,291           | 17                        |
| Revaluation of hedging derivatives  | (381)        | (20)         | (401)      | (419)           | 18                        |
| <b>SUBTOTAL OF UNREALISED GAINS AND LOSSES WITH SUBSEQUENT RECYCLING IN THE INCOME STATEMENT</b>            | <b>346</b>   | <b>84</b>    | <b>430</b> | <b>616</b>      | <b>(186)</b>              |
| Actuarial gains and losses on defined benefit plans <sup>(1)</sup>  | 93           | (27)         | 66         | 56              | 10                        |
| Revaluation of own credit risk of financial liabilities at fair value through profit or loss <sup>(2)</sup> | 325          | (85)         | 240        | 242             | (2)                       |
| Revaluation of equity instruments at fair value through other comprehensive income                          | 34           | (2)          | 32         | 31              | 1                         |
| <b>SUBTOTAL OF UNREALISED GAINS AND LOSSES WITHOUT SUBSEQUENT RECYCLING IN THE INCOME STATEMENT</b>         | <b>452</b>   | <b>(114)</b> | <b>338</b> | <b>329</b>      | <b>9</b>                  |
| <b>TOTAL</b>  | <b>798</b>   | <b>(30)</b>  | <b>768</b> | <b>945</b>      | <b>(177)</b>              |

(1) Gains and losses presented in these items are transferred into Retained earnings for the next financial year opening.

(2) When a financial liability is derecognised, unrealised gains and losses are attributable to Group own credit risk are subject to transfer into Retained earnings for the next financial year opening.

(3) Including EUR -2,298 million for insurance sector subsidiaries as at 31 December 2023 (EUR -4,479 million as at 31 December 2022). This amount must be read together with the financial income and expenses recorded directly in equity as part of the measurement of the associated insurance contracts (see Note 4.3, Detail of performance of insurance activities).

## NOTE 8 ADDITIONAL DISCLOSURES

### NOTE 8.1 Segment reporting

#### NOTE 8.1.1 DEFINITION OF SEGMENT REPORTING

The Group is managed on a matrix basis that takes into account its different business lines and the geographical breakdown of its activities. Segment reporting information is therefore presented under both criteria.

The Group includes in the results of each sub-division all operating income and expenses directly related to its activity. Income for each sub-division, except for the Corporate Centre, also includes the return on equity allocated to it, based on the estimated rate of return on Group equity. The return on the sub-division's book equity is then reallocated to the Corporate Centre. Transactions between sub-divisions are carried out under the same terms and conditions as those applying to non-Group customers.

Following changes in the Group's governance during the second half of 2023, the Group's core businesses are now managed through the three following strategic pillars:

- French Retail Banking, Private Banking and Insurance which includes:
  - French Retail and Private Banking including Boursorama,
  - Insurance activities;
- International Retail, Mobility and Leasing Services, which consists of:
  - International Retail,
  - Mobility and Leasing Services which comprises Financial services to Corporates, operational vehicle leasing and fleet management, and consumer credit activities;
- Global Banking and Investor Solutions which comprises:
  - Global Markets and Investors Services,
  - Financing and Advisory.

In addition to the strategic pillars, the Corporate Centre acts as the Group's central funding department. As such, it recognises the carrying cost of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's Asset and Liability Management (ALM) and income from the Group's management of its assets (management of its industrial and bank equity portfolio and of its real estate assets). Income or expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Centre.

Segment income take intra-group transactions into account, while these transactions are eliminated from segment assets and liabilities.

The tax rate levied on each business line is based on the standard tax rate applicable in each country where the division makes profits. Any difference with respect to the Group's tax rate is allocated to the Corporate Centre.

For the purpose of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the booking entities.

## NOTE 8.1.2 SEGMENT REPORTING BY DIVISION AND SUB-DIVISION

|   | 2023   |                |                |                                       |                        |                |   |                               |                |                                 |                              |
|---|--|----------------|----------------|---------------------------------------|------------------------|----------------|---|-------------------------------|----------------|---------------------------------|------------------------------|
|   | French Retail, Private Banking and Insurance |                |                | Global Banking and Investor Solutions |                        |                | International Retail, Mobility and Leasing Services |                               |                |                                 | Total Group Societe Generale |
| (In EURm)   | French Retail and Private Banking            | Insurance      | Total          | Global Markets and Investors Services | Financial and Advisory | Total          | International Retail Banking <sup>(4)</sup>         | Mobility and Leasing Services | Total          | Corporate Centre <sup>(1)</sup> | Total Group Societe Generale |
| Net banking income  | 7,403  | 620            | 8,023          | 6,299                                 | 3,341                  | 9,640          | 4,191   | 4,316                         | 8,507          | (1,066)                         | 25,104                       |
| Operating expenses <sup>(2)</sup>                                 | (6,577)                                      | (131)          | (6,708)        | (4,755)                               | (2,032)                | (6,787)        | (2,374)   | (2,391)                       | (4,765)        | (264)                           | (18,524)                     |
| <b>Gross operating income</b>                                     | <b>826</b>                                   | <b>489</b>     | <b>1,315</b>   | <b>1,544</b>                          | <b>1,309</b>           | <b>2,853</b>   | <b>1,817</b>  | <b>1,925</b>                  | <b>3,742</b>   | <b>(1,330)</b>                  | <b>6,580</b>                 |
| Cost of risk  | (505)  | -              | (505)          | 20                                    | (50)                   | (30)           | (185)   | (301)                         | (486)          | (4)                             | (1,025)                      |
| <b>Operating income</b>   | <b>321</b>                                   | <b>489</b>     | <b>810</b>     | <b>1,564</b>                          | <b>1,259</b>           | <b>2,823</b>   | <b>1,632</b>  | <b>1,624</b>                  | <b>3,256</b>   | <b>(1,334)</b>                  | <b>5,555</b>                 |
| Net income from investments accounted for using the equity method | 7  | -              | 7              | 7                                     | -                      | 7              | -   | 10                            | 10             | -                               | 24                           |
| Net income/expense from other assets <sup>(4)</sup>               | 10   | -              | 10             | -                                     | -                      | -              | (8)   | (3)                           | (11)           | (112)                           | (113)                        |
| Value adjustments on goodwill                                     | -  | -              | -              | -                                     | -                      | -              | -   | -                             | -              | (338)                           | (338)                        |
| <b>Earnings before Tax</b>  | <b>338</b>                                   | <b>489</b>     | <b>827</b>     | <b>1,571</b>                          | <b>1,259</b>           | <b>2,830</b>   | <b>1,624</b>  | <b>1,631</b>                  | <b>3,255</b>   | <b>(1,784)</b>                  | <b>5,128</b>                 |
| Income tax  | (86)   | (127)          | (213)          | (371)                                 | (146)                  | (517)          | (429)   | (394)                         | (823)          | (126)                           | (1,679)                      |
| <b>Consolidated Net Income</b>                                    | <b>252</b>                                   | <b>362</b>     | <b>614</b>     | <b>1,200</b>                          | <b>1,113</b>           | <b>2,313</b>   | <b>1,195</b>  | <b>1,237</b>                  | <b>2,432</b>   | <b>(1,910)</b>                  | <b>3,449</b>                 |
| Non controlling interests   | -  | 4              | 4              | 34                                    | (1)                    | 33             | 465   | 361                           | 826            | 93                              | 956                          |
| <b>Net income, Group Share</b>                                    | <b>252</b>                                   | <b>358</b>     | <b>610</b>     | <b>1,166</b>                          | <b>1,114</b>           | <b>2,280</b>   | <b>730</b>  | <b>876</b>                    | <b>1,606</b>   | <b>(2,003)</b>                  | <b>2,493</b>                 |
| <b>Segment assets</b>   | <b>263,833</b>                               | <b>172,353</b> | <b>436,186</b> | <b>650,502</b>                        | <b>169,783</b>         | <b>820,285</b> | <b>109,836</b>                                      | <b>108,091</b>                | <b>217,927</b> | <b>79,647</b>                   | <b>1,554,045</b>             |
| <b>Segment liabilities<sup>(3)</sup></b>                          | <b>289,846</b>                               | <b>158,076</b> | <b>447,922</b> | <b>670,821</b>                        | <b>80,101</b>          | <b>750,922</b> | <b>88,969</b>                                       | <b>53,760</b>                 | <b>142,729</b> | <b>136,225</b>                  | <b>1,477,798</b>             |

| (In EURm)   | 2022 R                                       |                |                |                                       |                        |                |   |                               |                |                                 |                              |
|---|--|----------------|----------------|---------------------------------------|------------------------|----------------|---|-------------------------------|----------------|---------------------------------|------------------------------|
|   | French Retail, Private Banking and Insurance |                |                | Global Banking and Investor Solutions |                        |                | International Retail, Mobility and Leasing Services |                               |                | Corporate Centre <sup>(1)</sup> | Total Group Societe Generale |
|   | French Retail and Private Banking            | Insurance      | Total          | Global Markets and Investors Services | Financial and Advisory | Total          | International Retail Banking <sup>(4)</sup>         | Mobility and Leasing Services | Total          |                                 |                              |
| Net banking income  | 8,700  | 510            | 9,210          | 6,721                                 | 3,387                  | 10,108         | 4,190   | 3,949                         | 8,139          | (302)                           | 27,155                       |
| Operating expenses <sup>(2)</sup>                                 | (6,791)                                      | (105)          | (6,896)        | (4,878)                               | (1,954)                | (6,832)        | (2,368)   | (1,589)                       | (3,957)        | (309)                           | (17,994)                     |
| <b>Gross operating income</b>                                     | <b>1,909</b>                                 | <b>405</b>     | <b>2,314</b>   | <b>1,843</b>                          | <b>1,433</b>           | <b>3,276</b>   | <b>1,822</b>  | <b>2,360</b>                  | <b>4,182</b>   | <b>(611)</b>                    | <b>9,161</b>                 |
| Cost of risk  | (483)  | -              | (483)          | 5                                     | (426)                  | (421)          | (464)   | (241)                         | (705)          | (38)                            | (1,647)                      |
| <b>Operating income</b>   | <b>1,426</b>                                 | <b>405</b>     | <b>1,831</b>   | <b>1,848</b>                          | <b>1,007</b>           | <b>2,855</b>   | <b>1,358</b>  | <b>2,119</b>                  | <b>3,477</b>   | <b>(649)</b>                    | <b>7,514</b>                 |
| Net income from investments accounted for using the equity method | 8  | -              | 8              | 6                                     | -                      | 6              | -   | 1                             | 1              | -                               | 15                           |
| Net income/expense from other assets <sup>(4)</sup>               | 57   | -              | 57             | 3                                     | 3                      | 6              | 11  | -                             | 11             | (3,364)                         | (3,290)                      |
| Value adjustments on goodwill                                     | -  | -              | -              | -                                     | -                      | -              | -   | -                             | -              | -                               | -                            |
| <b>Earnings before Tax</b>  | <b>1,491</b>                                 | <b>405</b>     | <b>1,896</b>   | <b>1,857</b>                          | <b>1,010</b>           | <b>2,867</b>   | <b>1,369</b>  | <b>2,120</b>                  | <b>3,489</b>   | <b>(4,013)</b>                  | <b>4,239</b>                 |
| Income tax  | (383)  | (106)          | (489)          | (420)                                 | (118)                  | (538)          | (360)   | (478)                         | (838)          | 382                             | (1,483)                      |
| <b>Consolidated Net Income</b>                                    | <b>1,108</b>                                 | <b>299</b>     | <b>1,407</b>   | <b>1,437</b>                          | <b>892</b>             | <b>2,329</b>   | <b>1,009</b>  | <b>1,642</b>                  | <b>2,651</b>   | <b>(3,631)</b>                  | <b>2,756</b>                 |
| Non controlling interests   | (1)  | 2              | 1              | 35                                    | 1                      | 36             | 444   | 286                           | 730            | 164                             | 931                          |
| <b>Net income, Group Share</b>                                    | <b>1,109</b>                                 | <b>297</b>     | <b>1,406</b>   | <b>1,402</b>                          | <b>891</b>             | <b>2,293</b>   | <b>565</b>  | <b>1,356</b>                  | <b>1,921</b>   | <b>(3,795)</b>                  | <b>1,825</b>                 |
| <b>Segment assets</b>   | <b>300,473</b>                               | <b>160,817</b> | <b>461,290</b> | <b>591,685</b>                        | <b>172,360</b>         | <b>764,045</b> | <b>99,571</b>                                       | <b>70,861</b>                 | <b>170,432</b> | <b>89,133</b>                   | <b>1,484,900</b>             |
| <b>Segment liabilities<sup>(3)</sup></b>                          | <b>308,606</b>                               | <b>146,586</b> | <b>455,192</b> | <b>637,899</b>                        | <b>72,072</b>          | <b>709,971</b> | <b>83,940</b>                                       | <b>21,201</b>                 | <b>105,141</b> | <b>141,270</b>                  | <b>1,411,574</b>             |

(1) Income and expenses, as well as assets and liabilities that are not directly related to business line activities are allocated to the Corporate Centre. Corporate Centre income includes, in particular, some consequences of the Group's centralised management of litigation and of transactions leading to changes in the consolidation scope. Management fees incurred by banking entities in connection with the distribution of insurance contracts are considered as costs directly related to the performance of the contracts and are therefore included in the valuation of the latter and presented under "Insurance services expense" (see Note 1); this restatement is allocated to the Corporate Centre.

(2) These amounts include Other operating expenses and Amortisation, depreciation and impairment of tangible and intangible fixed assets.

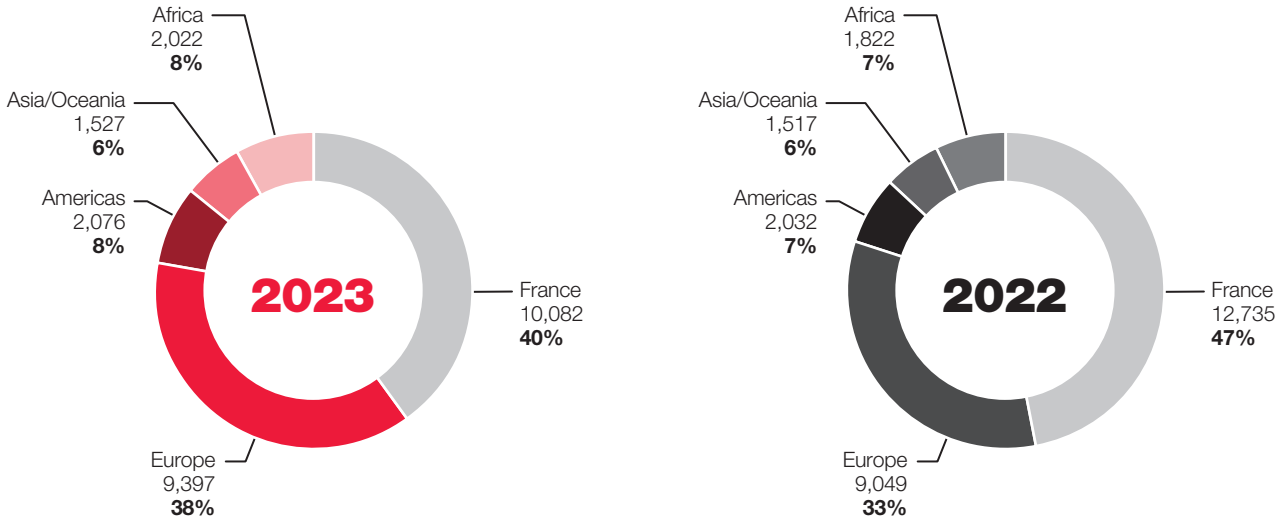
(3) Segment liabilities correspond to debts (i.e. total liabilities excluding equity).

(4) The Net income/expense from other assets items as at 31 December 2022, mainly includes the impacts of the sale of Rosbank and the Group's insurance subsidiaries in Russia.

2022 figures restated in compliance with IFRS 17 and IFRS 9 for insurance entities, and in accordance with changes in performance reporting.

NOTE 8.1.3 SEGMENT REPORTING BY GEOGRAPHICAL REGION

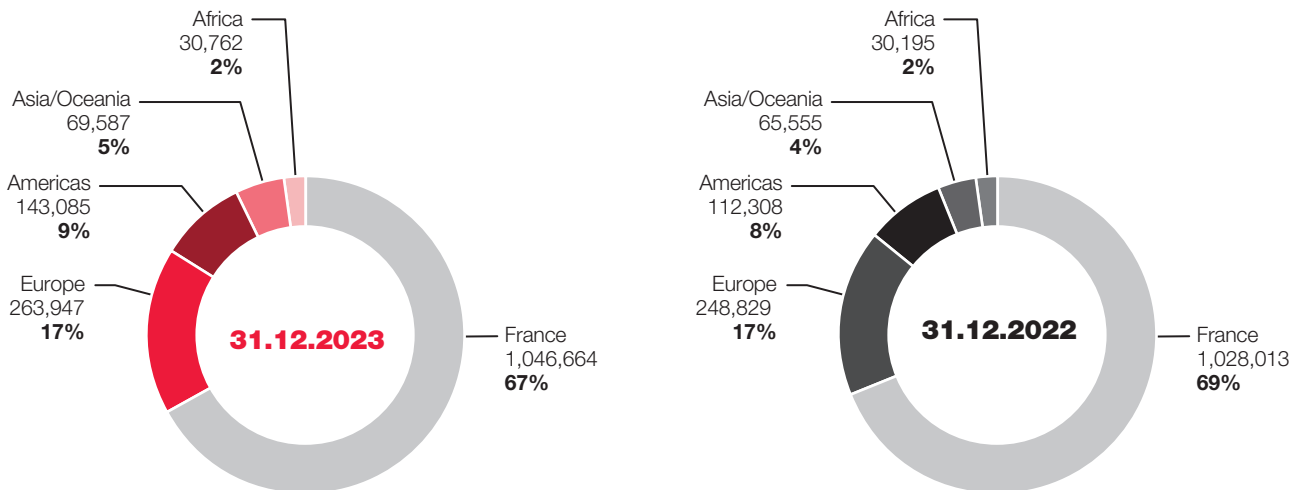
GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME (IN EURM)



As at 31 December 2023, the amount of net banking income is EUR 25,104 million compared to EUR 27,155 million as at 31 December 2022.

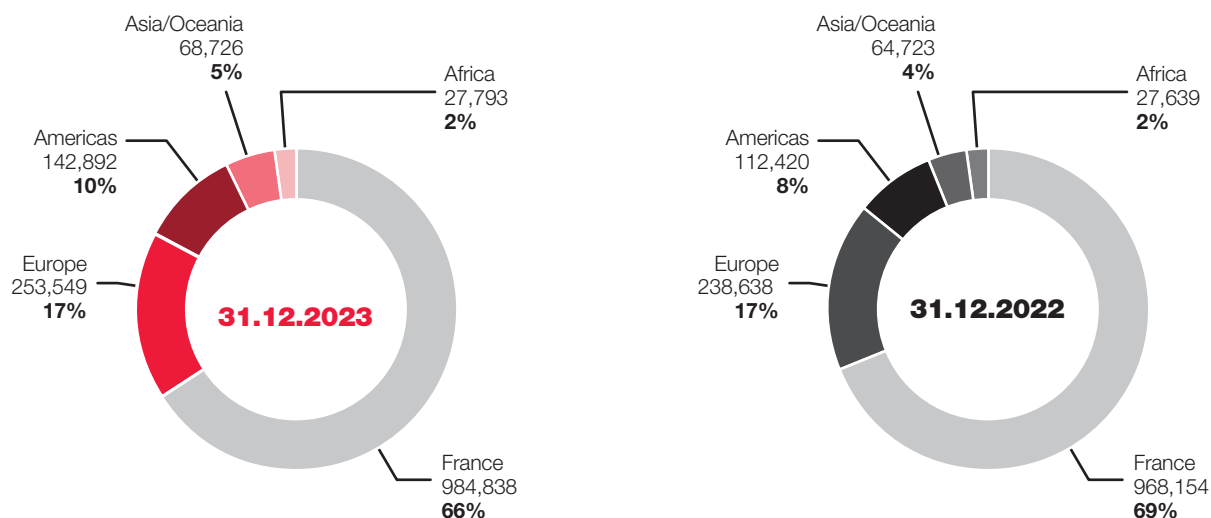
GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS (IN EURM)

ASSETS



As at 31 December 2023, the amount of assets is EUR 1,554,045 million compared to EUR 1,484,900 million as at 31 December 2022.

## LIABILITIES



As at 31 December 2023, the amount of liabilities (except shareholder equity) is EUR 1,477,798 million compared to EUR 1,411,574 million as at 31 December 2022.

Segment liabilities correspond to debts (total liabilities excluding equity).

## NOTE 8.2 Provisions

## ACCOUNTING PRINCIPLES

Under balance sheet liabilities, "Provisions" are comprised of provisions for financial instruments, disputes and employee benefits.

## OVERVIEW

| (In EURm)  | Provisions as at 31.12.2022 | Allocations  | Write-backs available | Net allocation | Write-backs used | Currency and others | Provisions as at 31.12.2023 |
|--|-----------------------------|--------------|-----------------------|----------------|------------------|---------------------|-----------------------------|
| Provisions for credit risk on off balance sheet commitments (see Note 3.8) | 898                         | 528          | (585)                 | (57)           | -                | (22)                | 819                         |
| Provisions for employee benefits (see Note 5.1)                            | 2,002                       | 383          | (130)                 | 253            | (219)            | 37                  | 2,073                       |
| Provisions for mortgage savings plans and accounts commitments             | 125                         | 47           | (51)                  | (4)            | -                | -                   | 121                         |
| Other provisions <sup>(1)</sup>  | 1,554                       | 313          | (419)                 | (106)          | (160)            | (66)                | 1,222                       |
| <b>TOTAL</b>   | <b>4,579</b>                | <b>1,271</b> | <b>(1,185)</b>        | <b>86</b>      | <b>(379)</b>     | <b>(51)</b>         | <b>4,235</b>                |

(1) Including provisions for legal disputes, fines, penalties and commercial disputes.

**NOTE 8.2.1 COMMITMENTS UNDER MORTGAGE SAVINGS AGREEMENTS****ACCOUNTING PRINCIPLES**

In France, *Comptes d'épargne-logement* (CEL or mortgage savings accounts) and *Plans d'épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of 10 July 1965. These products combine an initial deposit phase in the form of an interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans. The lending phase is subject to the prior existence of the savings phase and is therefore inseparable from it. The savings deposits collected and loans granted are measured at amortised cost.

These instruments create two types of commitments for the Group: the obligation to pay interest on customer savings for an indeterminate future period at an interest rate established at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also established at the inception of the savings agreement.

If it is clear that commitments under the PEL/CEL agreements will have negative consequences for the Group, a provision is recorded on the liabilities side of the balance sheet. Any changes in these provisions are recognised as net banking income under net interest income. These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between different PEL generations, and for all mortgage saving accounts (CEL) making up a single generation.

During the deposit phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of deposits and the minimum expected amount. These two amounts are determined statistically on the basis of the historical observations of past customer behaviour.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable on the basis of deposits that are currently recognised in the balance sheet at the date of calculation and on the basis of historical observations of past customer behaviour.

A provision is recognised if the discounted value of expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated on the basis of interest rates available to individual customers for equivalent savings and loan products, with a similar estimated life and date of inception.

**OUTSTANDING DEPOSITS IN PEL/CEL ACCOUNTS**

| <i>(In EURm)</i>                  | <b>31.12.2023</b> | <b>31.12.2022</b> |
|-----------------------------------|-------------------|-------------------|
| PEL accounts                      | 15,677            | 17,846            |
| <i>Less than 4 years old</i>      | 907               | 773               |
| <i>Between 4 and 10 years old</i> | 5,852             | 8,774             |
| <i>More than 10 years old</i>     | 8,918             | 8,299             |
| CEL accounts                      | 1,733             | 1,629             |
| <b>TOTAL</b>                      | <b>17,410</b>     | <b>19,475</b>     |

**OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO PEL/CEL ACCOUNTS**

| <i>(In EURm)</i>           | <b>31.12.2023</b> | <b>31.12.2022</b> |
|----------------------------|-------------------|-------------------|
| Less than 4 years old      | 3                 | -                 |
| Between 4 and 10 years old | -                 | 1                 |
| More than 10 years old     | 3                 | 6                 |
| <b>TOTAL</b>               | <b>6</b>          | <b>7</b>          |



**PROVISIONS FOR COMMITMENTS LINKED TO PEL/CEL ACCOUNTS**

| (In EURm)                         | 31.12.2022 | Allocations | Write-backs | 31.12.2023 |
|-----------------------------------|------------|-------------|-------------|------------|
| PEL accounts                      | 80         | 10          | (51)        | 39         |
| <i>Less than 4 years old</i>      | 3          | 1           | -           | 4          |
| <i>Between 4 and 10 years old</i> | 2          | 9           | -           | 11         |
| <i>More than 10 years old</i>     | 75         | -           | (51)        | 24         |
| CEL accounts                      | 45         | 37          | -           | 82         |
| <b>TOTAL</b>                      | <b>125</b> | <b>47</b>   | <b>(51)</b> | <b>121</b> |

The increase in interest rates (to which the level of provisioning is sensitive) explains the sharp decrease in the provisions for mortgage savings accounts and plans observed in 2023. These provisions are still mainly related to the commitment to remunerate cash deposits. The level of provisions amounts to 0.7% of the total outstanding stock as at 31 December 2023.

**METHODS USED TO ESTABLISH PROVISION VALUATION INPUTS**

The inputs used to estimate future customer behaviour are derived from historical observations of customer behaviour patterns over a long period (more than 10 years). The values of these inputs can be

adjusted whenever changes are made to regulations that may undermine the effectiveness of past data as an indicator of future customer behaviour.

The values of the different market inputs used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate by Societe Generale, at the date of valuation, of the future value of these items for the period in question, in line with the Retail Banking Division's policy of interest rate risk management.

The discount rates used are derived from the zero-coupon swaps versus Euribor yield curve at the valuation date, averaged over a 12-month period.

**NOTE 8.2.2 OTHER PROVISIONS**

Other provisions include provisions for restructuring (except staff costs), provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.

The Group is subject to an extensive legal and regulatory framework in the countries where it operates. In this complex legal context, the Group and some of its former and current representatives may be involved in various legal actions, including civil, administrative and criminal proceedings. The vast majority of these proceedings are part of the Group's current business. In recent years, litigation with investors and the number of disputes involving financial intermediaries such as banks and investment advisors has increased, partly due to a difficult financial environment.

It is by nature difficult to foresee the outcome of disputes, regulatory proceedings and acts involving Group entities, particularly if they are initiated by various categories of complainants, if the amount of claims for damages is not specified or is indeterminate or if the proceedings have no precedent.

In preparing its financial statements, the Group assesses the consequences of the legal, regulatory or arbitration proceedings in which it is involved. A provision is booked when losses from these proceedings become probable and the amount can be estimated reliably.

To assess the probability of losses and the amount of these losses, and thus to determine the amount of provisions to book, estimations are important. Management makes these estimates by exercising its judgment and taking into account all information available when financial statements are prepared. In particular, the Group takes into account the nature of the dispute, the underlying facts, ongoing proceedings and court decisions already taken, as well as its experience and the experiences of other companies dealing with similar cases (assuming that the Group has knowledge thereof) and, where appropriate, the opinion and reports of experts and independent legal advisers.

Each quarter, the Group carries out a detailed examination of outstanding disputes that present a significant risk. The description of those disputes is presented in Note 9 "Information on risks and litigation".

**NOTE 8.3 Tangible and intangible fixed assets****ACCOUNTING PRINCIPLES****Tangible and intangible fixed assets**

Tangible and intangible fixed assets include operating and investment fixed assets. Equipment assets held for operating leases purpose are included in operating tangible assets, while buildings held for leasing purposes are included in investment property.

Tangible and intangible fixed assets are carried at their purchase price on the asset side of the balance sheet, less depreciation, amortisation and impairment, except investment property held by insurance entities to back insurance contracts measured at fair value. The purchase price of fixed assets includes borrowing costs incurred to fund a lengthy construction period for the fixed assets, along with all other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets. Software developed internally is recorded on the asset side of the balance sheet in the amount of the direct cost of development.

As soon as they are fit for use, fixed assets are depreciated or amortised using the component-based approach. Each component is depreciated or amortised over its own useful life. The Group has applied this approach to its operating properties, breaking down its assets into components with depreciation periods of 10 to 50 years. Depreciation periods for fixed assets other than buildings depend on their useful life, which is usually estimated at 3 to 20 years.

Any residual value of the asset is deducted from its depreciable amount. If there is a subsequent decrease or increase in this initial residual value, the depreciable amount of the asset is adjusted, leading to a prospective modification of the depreciation schedule.

Depreciation and amortisation are recorded in the income statement under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

Fixed assets grouped into Cash Generating Units are tested for impairment whenever there is any indication that their value may have diminished. Allocations and reversals of provisions for impairment are recorded in profit or loss under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

Realised capital gains and losses on operating fixed assets are recognised under Net income from other assets.

Investment properties, insurance activities excluded, are depreciated using the component-based method. Each component is depreciated over its own useful life, ranging from 10 to 50 years.

Investment property held by insurance entities to back the insurance contracts issued, are measured at fair value through profit or loss, once a year, based on valuation reports by an independent expert. The fair value of investment property is based on unobservable inputs, thus corresponding to the level 3 category of fair value measurement (see Note 3.4).

Profits or losses on operating lease assets and on investment property, including amortisation, depreciation and revaluation are recognised under "Income from other activities" and "Expense from other activities" (see Note 4.2).

**Operating lease assets**

The cars leased by the Group in the context of fleet management are depreciated on a straight-line basis over the lease term for an average of 3 to 5 years. The depreciable amount of these cars is their acquisition cost less their residual value.

The acquisition cost of rental cars includes their acquisition cost plus the direct initial costs necessary for making them available to rental customers. Their residual value is an estimate of its resale value at the end of the contract. The estimate is based on statistical data and is reviewed at least once a year to take into account of price developments in the second-end car market. In case of increase or decrease in the residual value compared to its initial estimate, this change in estimate leads to adjust, vehicle by vehicle, its remaining depreciable value in order to modify its depreciation plan prospectively.

Profits or losses on the operating lease assets, including depreciation and impairment, are recognised under Income from other activities and Expense from other activities (see Note 4.2).

## Rights-of-use for assets leased by the Group

### LEASE

#### Definition of the lease

A contract is, or contains, a lease if it conveys to the lessor the right to control the use of an identified asset for a period of time in exchange for consideration:

- control is conveyed when the customer has both the right to direct the identified asset's use, and to obtain substantially all the economic benefits from that use throughout the lease period;
- the existence of an identified asset will depend on the absence, for the lessor, of substantive substitution rights for the leased asset; this condition is measured with regard to the facts and circumstances existing at the commencement of the contract. If the lessor has the option of freely substituting the leased asset, the contract can not be qualified as a lease, since its purpose is the provision of a capacity and not an asset;
- a capacity portion of an asset is still an identified asset if it is physically distinct (e.g. a floor of a building). Conversely, a portion of the capacity or of an asset that is not physically distinct does not constitute an identified asset (e.g. the lease of co-working area within a unit with no pre-defined location inside that unit).

#### Separation of lease and non-lease components

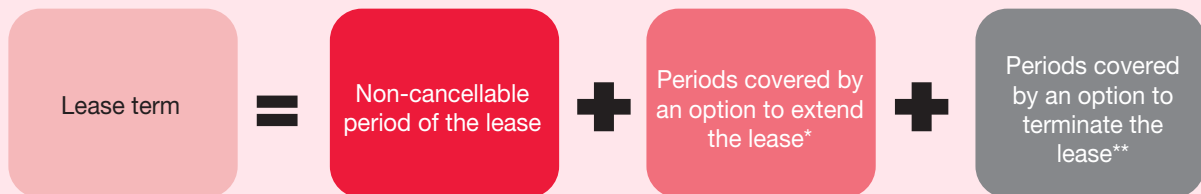
A contract may cover the lease of an asset by the lessor as well as the supply of additional services by that lessor. In this scenario, the lessee can separate the lease components from the non-lease components of the contract and treat them separately. The rental payments stipulated in the contract must be separated between the lease components and the non-lease components based on their individual prices (as directly indicated in the contract or estimated on the basis on all of the observable information). If the lessee cannot separate the lease components from the non-lease components (or services), the entire contract is treated as a lease.

### LEASE TERM

#### Definition of the lease term

The lease period to be applied in determining the rental payments to be discounted matches the non-cancellable period of the lease adjusted for:

- options to extend the contract that the lessee is reasonably certain to exercise;
- and early termination options that the lessee is reasonably certain not to exercise.



\* if the lessee is reasonably certain to exercise that option.

\*\* if the lessee is reasonably certain not to exercise that option.

The measurement of the reasonable certainty of exercising or not exercising the extension or early termination options shall take into account all the facts and circumstances that may create an economic incentive to exercise or not these options, specifically:

- the conditions for exercising these options (including measurement of the amount of the rental payments in case of an extension, or of the amount of penalties that may be imposed for early termination);
- substantial changes made to the leased premises (specific layouts, such as a bank vault);
- the costs associated with terminating the contract (negotiation costs, moving costs, research costs for a new asset that meets the lessee's requirements, etc.);
- the importance of the leased asset for the lessee, in view of its specific nature, its location, or the availability of substitute assets (specifically for branches located in commercially strategic sites, given their accessibility, expected traffic, or the prestige of the location);
- the history of renewals of similar contracts, as well as the strategy for the future use of the assets (based on the prospect of redeployment or rearrangement of a commercial branch network, for example).

When the lessee and the lessor each have the right to terminate the lease without the prior agreement of the other party and with no penalty other than a negligible one, the contract is no longer binding, and thus it no longer creates a lease liability.

In France, most property leases on premises occupied by branches are 9-year leases with an early-termination option at the end of 3 and 6-year term (leases referred to as "3/6/9"); at the end of the 9-year term, if no new agreement is signed, the initial lease is renewed by tacit agreement for a 5-year term. This 5-year term may be modified depending on the quality of the location, the completion of major investments, or the planned closure of a group of designated branches.

**Changing the lease term**

The term must be modified in case of a change of circumstances which lead the lessee to revise the exercise of the options included in the lease contract or in case of events which contractually oblige the lessee to exercise (or not) an option that had not been included (or is included) in the lease contract.

Following a change in the lease term, the lease obligation must be reassessed to reflect those changes by using a revised discount rate for the remaining estimated term of the contract.

**ACCOUNTING TREATMENT BY THE GROUP AS A LESSEE**

On the commencement date (on which the leased asset is made available for use), the lessee must record a lease liability on the liabilities side of the balance sheet and a right-of-use asset on the assets side of the balance sheet except for the exemptions described below.

In the income statement, the lessee must recognise an interest expense calculated on the lease liability under net banking income and a depreciation of the right-of-use under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

The rental payments will partly reduce the lease liability and partly remunerate this liability in the form of interest expense.

**Exemptions and exclusions**

The Group does not apply the new lease treatment to contracts with a term of less than one year (including renewal options), nor to contracts on low-value items by applying the exemption threshold of USD 5,000 as indicated in the standard's Basis for Conclusions (the threshold should be measured against the replacement cost per unit of the leased asset).

**Rental payment amounts**

The payments to be considered for the measurement of the lease liability include fixed and variable rental payments based on an index (e.g. consumer price index or construction cost index), plus, where applicable, the funds that the lessee expects to pay the lessor for residual value guarantees, purchase options, or early termination penalties.

However, variable lease payments that are indexed on the use of the leased asset (indexed on revenue or mileage, for example) are excluded from the measurement of lease liability. This variable portion of the rental payments is recorded in the net income over time according to fluctuations in contractual indexes fluctuations.

Rental payments have to be considered based on their amount net of value-added tax. In addition, for building leases, occupancy taxes and property taxes passed on by lessors will be excluded from lease liabilities because their amount, as set by the competent public authorities, is variable.

**Recognition of the lease liability**

The liability initial amount is equal to the discounted value of the rental payments that will be payable over the lease period.

This lease liability is then measured at the amortised cost using the effective interest rate method: part of each rental payment will then be booked as interest expenses in the income statement, and part will be gradually deducted from the lease liability on the balance sheet.

After the commencement date, the amount of the lease liability may be adjusted if the lease is amended, the lease period is re-estimated, or to account for contractual changes in the rental payments related to the application of indices or rates.

As applicable, the lessee must also recognise a provision in its liabilities to cover the costs of restoring the leased asset that would be assumed when the lease ends.

**Recognition of the right-of-use**

On the availability date of the leased asset, the lessee must enter a right-of-use asset, on the assets side of the balance sheet, for an amount equal to the initial value of the lease liability, plus, as applicable, initial direct costs (e.g. issuance of an authenticated lease, registration fees, negotiation fees, front-end fee, leasehold right, lease premium, etc.), advance payments, and restoration costs.

This asset is then depreciated on a straight-line basis over the lease period that is applied for measuring the lease liability.

After the commencement date, the asset's value may be adjusted if the lease is amended, as it is the case for the lease liability.

Rights-of-use is presented on the lessee's balance sheet under the items of fixed assets where properties of the same type that are held in full ownership are entered. If the lease stipulates the initial payment of a leasehold right to the former tenant of the premises, the amount of that right is stated as a separate component of the right of use and presented under the same heading as the latter.

**Lease discount rates**

The Group uses the lessees' incremental borrowing rate to discount the rental payments as well as the amount of lease liabilities. For the entities which can directly refinance themselves on their local markets, the incremental borrowing rate is set at the lessee entity level, not at the Group level, in consideration of the borrowing terms and that entity's credit risk. For the entities which refinance themselves through the Group, the incremental borrowing rate is set by the Group.

The discount rates are set according to the currency, the country of the lessee entities and the maturity estimated of the contracts.

## CHANGES IN TANGIBLE AND INTANGIBLE FIXED ASSETS

| (In EURm)   | 31.12.2022 R  | Increases/<br>allowances | Disposals/<br>reversals | Revaluation  | Other<br>movements | 31.12.2023    |
|---|---------------|--------------------------|-------------------------|--------------|--------------------|---------------|
| <b>Intangible Assets</b>  | <b>2,874</b>  | <b>665</b>               | <b>(155)</b>            | -            | <b>178</b>         | <b>3,562</b>  |
| of which gross value  | 8,935         | 1,379                    | (728)                   | -            | 404                | 9,990         |
| of which amortisation and impairments                           | (6,061)       | (714)                    | 573                     | -            | (226)              | (6,428)       |
| <b>Tangible Assets<br/>(w/o assets under operating leases)</b>  | <b>4,289</b>  | <b>96</b>                | <b>(148)</b>            | -            | <b>(18)</b>        | <b>4,219</b>  |
| of which gross value  | 11,031        | 652                      | (391)                   | -            | (85)               | 11,207        |
| of which amortisation and impairments                           | (6,742)       | (556)                    | 243                     | -            | 67                 | (6,988)       |
| <b>Assets under operating leases<sup>(1)</sup></b>              | <b>24,071</b> | <b>16,411</b>            | <b>(11,204)</b>         | -            | <b>21,143</b>      | <b>50,421</b> |
| of which gross value  | 32,933        | 22,463                   | (16,618)                | -            | 28,628             | 67,406        |
| of which amortisation and impairments                           | (8,862)       | (6,052)                  | 5,414                   | -            | (7,485)            | (16,985)      |
| <b>Investment Property<br/>(except insurancy activities)</b>    | <b>11</b>     | <b>(1)</b>               | -                       | -            | <b>2</b>           | <b>12</b>     |
| of which gross value  | 30            | -                        | (2)                     | -            | 7                  | 35            |
| of which amortisation and impairments                           | (19)          | (1)                      | 2                       | -            | (5)                | (23)          |
| <b>Investment Property<br/>(including insurancy activities)</b> | <b>877</b>    | <b>1</b>                 | -                       | <b>(148)</b> | -                  | <b>730</b>    |
| <b>Rights-of-use</b>  | <b>1,836</b>  | <b>(33)</b>              | <b>(152)</b>            | -            | <b>119</b>         | <b>1,770</b>  |
| of which gross value  | 3,221         | 417                      | (280)                   | -            | 239                | 3,597         |
| of which amortisation and impairments                           | (1,385)       | (450)                    | 128                     | -            | (120)              | (1,827)       |
| <b>TOTAL</b>  | <b>33,958</b> | <b>17,139</b>            | <b>(11,659)</b>         | <b>(148)</b> | <b>21,424</b>      | <b>60,714</b> |


(1) The other movements are mainly explained by the acquisition of LeasePlan (cf. Note 2.1).

## BREAKDOWN OF MINIMUM PAYMENTS RECEIVABLE ON OPERATING LEASE ASSETS

| (In EURm)                             | 31.12.2023    | 31.12.2022*  |
|---------------------------------------|---------------|--------------|
| Payments due in less than five years  | 21,555        | 7,426        |
| Payments due in less than one year    | 5,115         | 966          |
| Payments due from one to two years    | 5,125         | 1,766        |
| Payments due from two to three years  | 5,615         | 2,408        |
| Payments due from three to four years | 4,376         | 1,809        |
| Payments due from four to five years  | 1,324         | 477          |
| Payments due in more than five years  | 146           | 27           |
| <b>TOTAL</b>                          | <b>21,701</b> | <b>7,453</b> |

\* Amounts restated compared to the financial statements published for 2022.

## INFORMATIONS RELATIVE TO LEASES ON TANGIBLE ASSETS USED BY THE GROUP

|  |   |
|--|---|
| <br><br><br> | <p><b>Property Leases</b></p> <p>Most of the leases (more than 90%) involve building leases contracted for the lease of commercial and office space:</p> <ul style="list-style-type: none"> <li>the commercial spaces are branches in the Group's French and international retail banking networks. In France, the majority of property leases contracted are 9-year commercial leases with early termination options at 3 and 6 years (so-called "3/6/9" leases). If a new contract is not signed by the end of that 9-year period, the initial lease is automatically extended;</li> <li>the office buildings are leased for certain departments reporting to the Group's French headquarters or the local head offices of the main foreign subsidiaries, and for certain locations in the main international financial centres: London, New York, Hong Kong...</li> </ul> <p>Outside France, residual lease periods are generally below 10 years. In some countries, leases can be annual, with optional automatic renewal. In other locations, specifically London and New York, lease periods can be as long as 25 years.</p> <p><b>Equipment Leases</b></p> <p>Other leases (less than 10%) are mainly computer equipment leases and a very small percentage of vehicle leases.</p> |
|--|---|

## OVERVIEW TABLE OF LEASE TRANSACTION COSTS AND SUBLEASE INCOME

|  | 31.12.2023  |      |        |       |
|--|-------------|------|--------|-------|
|  | Real estate | IT   | Others | Total |
| (In EURm)                                      |             |      |        |       |
| Lease  | (458)       | (47) | (9)    | (514) |
| Interest expenses on lease liabilities         | (45)        | (1)  | (1)    | (47)  |
| Depreciation charge for right-of-use assets    | (378)       | (41) | (4)    | (423) |
| Expense relating to short-term leases          | (22)        | (1)  | (4)    | (27)  |
| Expense relating to leases of low-value assets | (2)         | (4)  | -      | (6)   |
| Expense relating to variable lease payments    | (11)        | -    | -      | (11)  |
| Sublease income                                | 11          | -    | -      | 11    |
|  |             |      |        |       |
|  | 31.12.2022  |      |        |       |
|  | Real estate | IT   | Others | Total |
| (In EURm)                                      |             |      |        |       |
| Lease  | (440)       | (47) | (8)    | (495) |
| Interest expenses on lease liabilities         | (37)        | (0)  | (0)    | (37)  |
| Depreciation charge for right-of-use assets    | (361)       | (42) | (4)    | (407) |
| Expense relating to short-term leases          | (29)        | (1)  | (3)    | (33)  |
| Expense relating to leases of low-value assets | (1)         | (4)  | (1)    | (6)   |
| Expense relating to variable lease payments    | (12)        | (0)  | (0)    | (12)  |
| Sublease income                                | 11          | -    | -      | 11    |

**NOTE 8.4 Companies included in the consolidation scope**

| Country             | Activity   | Method*              | Group ownership interest |                  | Group voting interest |                  |       |
|---------------------|--|----------------------|--------------------------|------------------|-----------------------|------------------|-------|
|                     |  |                      | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| <b>South Africa</b> |  |                      |                          |                  |                       |                  |       |
| (1)                 | SG JOHANNESBURG  | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Algeria</b>      |  |                      |                          |                  |                       |                  |       |
|                     | ALD AUTOMOTIVE ALGERIE SPA   | Specialist Financing | FULL                     | 52.59            | 75.94                 | 99.99            | 99.99 |
|                     | SOCIETE GENERALE ALGERIE   | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Germany</b>      |  |                      |                          |                  |                       |                  |       |
|                     | ALD AUTOLEASING D GmbH   | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                     | ALD INTERNATIONAL GmbH   | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                     | ALD INTERNATIONAL GROUP HOLDINGS GmbH                                      | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                     | ALD LEASE FINANZ GmbH  | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                     | BANK DEUTSCHES KRAFTFAHRZEUGGEWERBE GmbH                                   | Specialist Financing | FULL                     | 99.94            | 99.94                 | 90               | 90    |
|                     | BDK LEASING UND SERVICE GmbH   | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                     | CAR PROFESSIONAL FUHRPARKMANAGEMENT UND BERATUNGSGESELLSCHAFT MBH & CO. KG | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                     | CARPOOL GmbH   | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                     | FLEETPOOL GmbH   | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                     | GEFA BANK GmbH   | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                     | GEFA VERSICHERUNGSDIENST GmbH  | Specialist Financing | EFS                      | 100              | 100                   | 100              | 100   |
|                     | HANSEATIC BANK GmbH & CO KG  | Specialist Financing | FULL                     | 75               | 75                    | 75               | 75    |
|                     | HANSEATIC GESELLSCHAFT FUR BANKBETEILIGUNGEN MBH                           | Portfolio Management | FULL                     | 75               | 75                    | 100              | 100   |
|                     | HSCE HANSEATIC SERVICE CENTER GmbH   | Services             | FULL                     | 75               | 75                    | 100              | 100   |
|                     | INTERLEASING DELLO HAMBURG G.M.B.H.  | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
| (6)                 | LEAN AUTOVERMIETUNG GmbH   | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                 | LEASEPLAN DEUTSCHLAND GmbH   | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                 | LEASEPLAN SERVICES GmbH  | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                 | LEASEPLAN VERSICHERUNGSVERMITTLUNGS-GESELLSCHAFT MBH                       | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                 | PHILIPS MEDICAL CAPITAL GmbH   | Specialist Financing | FULL                     | 60               | 0                     | 60               | 0     |
| (6)                 | RED & BLACK AUTO GERMANY 10  | Financial Company    | FULL                     | 100              | 0                     | 100              | 0     |
|                     | RED & BLACK AUTO GERMANY 4 UG (HAFTUNGSBESCHRANKT)                         | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |
| (2)                 | RED & BLACK AUTO GERMANY 6 UG  | Financial Company    | FULL                     | 0                | 100                   | 0                | 100   |
|                     | RED & BLACK AUTO GERMANY 7   | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |

| Country                | Activity   | Method*                               | Group ownership interest |                  | Group voting interest |                  |     |
|------------------------|--|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-----|
|                        |  |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |     |
| <b>Germany</b>         | RED & BLACK AUTO GERMANY 8                         | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100 |
|                        | RED & BLACK AUTO GERMANY 9 UG (HAFTUNGSBESCHRANKT) | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100 |
|                        | SG EQUIPMENT FINANCE GmbH                          | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100 |
| (1)                    | SG FRANCFORT                                       | Bank                                  | FULL                     | 100              | 100                   | 100              | 100 |
|                        | SOCIETE GENERALE EFFEKTEN GmbH                     | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100 |
|                        | SOCIETE GENERALE SECURITIES SERVICES GmbH          | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100 |
| (1)                    | SOGECAP DEUTSCHE NIEDERLASSUNG                     | Insurance                             | FULL                     | 100              | 100                   | 100              | 100 |
| (1)                    | SOGESSUR DEUTSCHE NIEDERLASSUNG                    | Insurance                             | FULL                     | 100              | 100                   | 100              | 100 |
| <b>Arabie Saoudite</b> |  |                                       |                          |                  |                       |                  |     |
| (6)                    | SOCIETE GENERALE SAUDI ARABIA JSC                  | Bank                                  | FULL                     | 100              | 0                     | 100              | 0   |
| <b>Australia</b>       |  |                                       |                          |                  |                       |                  |     |
|                        | SOCIETE GENERALE SECURITIES AUSTRALIA PTY LTD      | Broker                                | FULL                     | 100              | 100                   | 100              | 100 |
| (1)                    | SOCIETE GENERALE SYDNEY BRANCH                     | Bank                                  | FULL                     | 100              | 100                   | 100              | 100 |
| <b>Austria</b>         |  |                                       |                          |                  |                       |                  |     |
|                        | ALD AUTOMOTIVE FUHRPARKMANAGEMENT UND LEASING GmbH | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100 |
| (6)                    | FLOTTENMANAGEMENT GmbH                             | Specialist Financing                  | ESI                      | 25.77            | 0                     | 49               | 0   |
| (6)                    | LEASEPLAN OSTERREICH FUHRPARKMANAGEMENT GmbH       | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0   |
| (1)                    | SG VIENNE  | Bank                                  | FULL                     | 100              | 100                   | 100              | 100 |
| <b>Belarus</b>         |  |                                       |                          |                  |                       |                  |     |
| (4)                    | ALD AUTOMOTIVE LLC                                 | Specialist Financing                  | FULL                     | 0                | 75.94                 | 0                | 100 |
| <b>Belgium</b>         |  |                                       |                          |                  |                       |                  |     |
|                        | AXUS FINANCE SRL                                   | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100 |
|                        | AXUS SA/NV   | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100 |
|                        | BASTION EUROPEAN INVESTMENTS SA                    | Financial Company                     | FULL                     | 60.74            | 60.74                 | 100              | 100 |
| (6)                    | BUMPER BE  | Financial Company                     | FULL                     | 52.59            | 0                     | 100              | 0   |
| (6)                    | LEASEPLAN FLEET MANAGEMENT N.V.                    | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0   |
| (6)                    | LEASEPLAN PARTNERSHIPS & ALLIANCES                 | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0   |
| (6)                    | LEASEPLAN TRUCK N.V.                               | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0   |
|                        | PARCOURS BELGIUM                                   | Real Estate and Real Estate Financing | FULL                     | 52.59            | 75.94                 | 100              | 100 |
| (1)                    | SG BRUXELLES                                       | Bank                                  | FULL                     | 100              | 100                   | 100              | 100 |
| (1)                    | SG EQUIPMENT FINANCE BENELUX B.V. BELGIAN BRANCH   | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100 |
|                        | SOCIETE GENERALE IMMOBEL                           | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100 |



| Country               | Activity  | Method*              | Group ownership interest |                  | Group voting interest |                  |       |
|-----------------------|---|----------------------|--------------------------|------------------|-----------------------|------------------|-------|
|                       |   |                      | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| <b>Benin</b>          |   |                      |                          |                  |                       |                  |       |
|                       | SOCIETE GENERALE BENIN  | Bank                 | FULL                     | 93.43            | 93.43                 | 94.1             | 94.1  |
| <b>Bermuda</b>        |   |                      |                          |                  |                       |                  |       |
|                       | CATALYST RE INTERNATIONAL LTD.                                  | Insurance            | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Brazil</b>         |   |                      |                          |                  |                       |                  |       |
|                       | ALD AUTOMOTIVE SA   | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                       | ALD CORRETORA DE SEGUROS LTDA                                   | Broker               | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                       | BANCO SOCIETE GENERALE BRASIL SA                                | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
| (6)                   | LEASEPLAN ARRENDAMENTO MERCANTIL SA                             | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                   | LEASEPLAN BRASIL LTDA.  | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0     |
|                       | SOCIETE GENERALE EQUIPMENT FINANCE S/A – ARRENDAMENTO MERCANTIL | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Bulgaria</b>       |   |                      |                          |                  |                       |                  |       |
|                       | ALD AUTOMOTIVE EOOD   | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
| <b>Burkina Faso</b>   |   |                      |                          |                  |                       |                  |       |
|                       | SOCIETE GENERALE BURKINA FASO                                   | Bank                 | FULL                     | 51.27            | 51.27                 | 52.61            | 52.61 |
| <b>Cayman Islands</b> |   |                      |                          |                  |                       |                  |       |
|                       | AEGIS HOLDINGS (OFFSHORE) LTD.                                  | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Cameroon</b>       |   |                      |                          |                  |                       |                  |       |
|                       | SOCIETE GENERALE CAMEROUN                                       | Bank                 | FULL                     | 58.08            | 58.08                 | 58.08            | 58.08 |
| <b>Canada</b>         |   |                      |                          |                  |                       |                  |       |
| (8)                   | 13406300 CANADA INC.  | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
| (6)                   | SG MONTREAL SOLUTION CENTER 2 INC.                              | Services             | FULL                     | 100              | 0                     | 100              | 0     |
| (6)                   | SG MONTREAL SOLUTION CENTER INC.                                | Services             | FULL                     | 100              | 0                     | 100              | 0     |
| (1)                   | SOCIETE GENERALE (CANADA BRANCH)                                | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
|                       | SOCIETE GENERALE CAPITAL CANADA INC                             | Broker               | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Chile</b>          |   |                      |                          |                  |                       |                  |       |
|                       | ALD AUTOMOTIVE LIMITADA   | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
| <b>China</b>          |   |                      |                          |                  |                       |                  |       |
|                       | SOCIETE GENERALE (CHINA) LIMITED                                | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
|                       | SOCIETE GENERALE LEASING AND RENTING CO. LTD                    | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Colombia</b>       |   |                      |                          |                  |                       |                  |       |
|                       | ALD AUTOMOTIVE SAS  | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
| <b>Congo</b>          |   |                      |                          |                  |                       |                  |       |
| (4)                   | SOCIETE GENERALE CONGO  | Bank                 | FULL                     | 0                | 93.47                 | 0                | 93.47 |
| <b>South Korea</b>    |   |                      |                          |                  |                       |                  |       |
|                       | SG SECURITIES KOREA CO., LTD.                                   | Broker               | FULL                     | 100              | 100                   | 100              | 100   |
| (1)                   | SG SEOUL  | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |

| Country                     | Activity  | Method*                               | Group ownership interest |                  | Group voting interest |                  |       |
|-----------------------------|---|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|                             |   |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| <b>Côte d'Ivoire</b>        |   |                                       |                          |                  |                       |                  |       |
| (6)                         | SOCIETE GENERALE AFRICAN BUSINESS SERVICES ABIDJAN                | Services                              | FULL                     | 97.88            | 0                     | 100              | 0     |
|                             | SOCIETE GENERALE CAPITAL SECURITIES WEST AFRICA                   | Portfolio Management                  | FULL                     | 71.27            | 71.25                 | 100              | 99.98 |
|                             | SOCIETE GENERALE COTE D'IVOIRE                                    | Bank                                  | FULL                     | 73.25            | 73.25                 | 73.25            | 73.25 |
| <b>Croatia</b>              |   |                                       |                          |                  |                       |                  |       |
|                             | ALD AUTOMOTIVE D.O.O. ZA OPERATIVNI I FINANCIJSKI LEASING         | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                             | ALD FLEET SERVICES D.O.O ZA TRGOVINU I USLUGE                     | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100   |
| <b>Denmark</b>              |   |                                       |                          |                  |                       |                  |       |
|                             | ALD AUTOMOTIVE A/S  | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100   |
| (6)                         | AUTO CLAIM HANDLING DANMARK A/S                                   | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                         | LEASEPLAN DANMARK A/S   | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
|                             | NF FLEET A/S  | Specialist Financing                  | FULL                     | 42.07            | 60.75                 | 80               | 80    |
| <b>United Arab Emirates</b> |   |                                       |                          |                  |                       |                  |       |
| (6)                         | LEASEPLAN EMIRATES FLEET MANAGEMENT – LEASEPLAN EMIRATES LLC, UAE | Specialist Financing                  | ESI                      | 25.77            | 0                     | 49               | 0     |
| (1)                         | SOCIETE GENERALE, DIFC BRANCH                                     | Bank                                  | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Spain</b>                |   |                                       |                          |                  |                       |                  |       |
|                             | ALD AUTOMOTIVE SAU.   | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                             | ALTURA MARKETS, SOCIEDAD DE VALORES, SA                           | Broker                                | EJV                      | 50               | 50                    | 50               | 50    |
| (6)                         | GARANTHIA PLAN S.L.   | Broker                                | FULL                     | 52.59            | 0                     | 100              | 0     |
| (1)                         | GENEFIM SUCURSAL EN ESPANA  | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
| (6)                         | LEASE PLAN SERVICIOS SAU.   | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                         | PAYXPERT SPAIN  | Financial Company                     | FULL                     | 60               | 0                     | 100              | 0     |
| (6)                         | PIRAMBU S.L.  | Financial Company                     | FULL                     | 100              | 0                     | 100              | 0     |
|                             | SG EQUIPMENT FINANCE IBERIA, E.F.C, SAU.                          | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
|                             | SOCGEN FINANCIACIONES IBERIA, S.L.                                | Bank                                  | FULL                     | 100              | 100                   | 100              | 100   |
|                             | SOCGEN INVERSIONES FINANCIERAS S.L.                               | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
| (1)                         | SOCIETE GENERALE SUCCURSAL EN ESPANA                              | Bank                                  | FULL                     | 100              | 100                   | 100              | 100   |
|                             | SODEPROM  | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                             | SOLUCIONES DE RENTING Y MOVILIDAD, S.L. (SOCIEDAD UNIPERSONAL)    | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100   |
| <b>Estonia</b>              |   |                                       |                          |                  |                       |                  |       |
|                             | ALD AUTOMOTIVE EESTI AS   | Specialist Financing                  | FULL                     | 39.45            | 56.96                 | 75.01            | 75.01 |

| Country                         | Activity                                | Method*                               | Group ownership interest |                  | Group voting interest |                  |       |
|---------------------------------|---|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|                                 |   |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| <b>United States of America</b> |   |                                       |                          |                  |                       |                  |       |
|                                 | AEGIS HOLDINGS (ONSHORE) INC.           | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                                 | SG AMERICAS EQUITIES CORP.              | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                                 | SG AMERICAS OPERATIONAL SERVICES, LLC   | Services                              | FULL                     | 100              | 100                   | 100              | 100   |
|                                 | SG AMERICAS SECURITIES HOLDINGS, LLC    | Bank                                  | FULL                     | 100              | 100                   | 100              | 100   |
|                                 | SG AMERICAS SECURITIES, LLC             | Broker                                | FULL                     | 100              | 100                   | 100              | 100   |
|                                 | SG AMERICAS, INC.                       | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
| (5)                             | SG CONSTELLATION, INC.                  | Financial Company                     | FULL                     | 0                | 100                   | 0                | 100   |
|                                 | SG EQUIPMENT FINANCE USA CORP.          | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
|                                 | SG MORTGAGE FINANCE CORP.               | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                                 | SG MORTGAGE SECURITIES, LLC             | Portfolio Management                  | FULL                     | 100              | 100                   | 100              | 100   |
|                                 | SG STRUCTURED PRODUCTS, INC.            | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
| (1)                             | SOCIETE GENERALE (NEW YORK)             | Bank                                  | FULL                     | 100              | 100                   | 100              | 100   |
|                                 | SOCIETE GENERALE FINANCIAL CORPORATION  | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                                 | SOCIETE GENERALE INVESTMENT CORPORATION | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                                 | SOCIETE GENERALE LIQUIDITY FUNDING, LLC | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Finland</b>                  |   |                                       |                          |                  |                       |                  |       |
|                                 | AXUS FINLAND OY                         | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                                 | NF FLEET OY                             | Specialist Financing                  | FULL                     | 42.07            | 60.75                 | 80               | 80    |
| <b>France</b>                   |   |                                       |                          |                  |                       |                  |       |
|                                 | 29 HAUSSMANN EQUILIBRE                  | Financial Company                     | FULL                     | 87.1             | 87.1                  | 87.1             | 87.1  |
| (6)                             | 29 HAUSSMANN EURO CREDIT – PART-C       | Financial Company                     | FULL                     | 60.05            | 0                     | 60.05            | 0     |
|                                 | 29 HAUSSMANN EURO RDT                   | Financial Company                     | FULL                     | 58.1             | 58.1                  | 58.1             | 58.1  |
|                                 | 29 HAUSSMANN SELECTION EUROPE – K       | Financial Company                     | FULL                     | 45.23            | 45.23                 | 45.23            | 45.23 |
|                                 | 29 HAUSSMANN SELECTION MONDE            | Financial Company                     | FULL                     | 68.7             | 68.7                  | 68.7             | 68.7  |
|                                 | 908 REPUBLIQUE                          | Real Estate and Real Estate Financing | ESI                      | 40               | 40                    | 40               | 40    |
| (6)                             | ADMINISTRATIVE AND MANAGEMENT SERVICES  | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
|                                 | AIR BAIL                                | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
|                                 | AIX – BORD DU LAC – 3                   | Financial Company                     | EJV                      | 50               | 50                    | 50               | 50    |
| (2)                             | AIX – BORD DU LAC – 4                   | Real Estate and Real Estate Financing | EJV                      | 0                | 50                    | 0                | 50    |
|                                 | ALD                                     | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 68.97            | 75.94 |
|                                 | ALFORTVILLE BAIGNADE                    | Real Estate and Real Estate Financing | ESI                      | 40               | 40                    | 40               | 40    |
|                                 | AMPERIM                                 | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |

| Country |     | Activity                                     | Method*                               | Group ownership interest |                  | Group voting interest |                  |       |
|---------|-----|--|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|         |     |  |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| France  | (4) | AMUNDI CREDIT EURO – P                       | Financial Company                     | FULL                     | 0                | 57.43                 | 0                | 57.43 |
|         |     | ANNEMASSE-ILOT BERNARD                       | Real Estate and Real Estate Financing | FULL                     | 80               | 80                    | 80               | 80    |
|         |     | ANTALIS SA                                   | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|         |     | ANTARES                                      | Real Estate and Real Estate Financing | ESI                      | 45               | 45                    | 45               | 45    |
|         |     | ANTARIUS                                     | Insurance                             | FULL                     | 100              | 100                   | 100              | 100   |
|         |     | ARTISTIK                                     | Real Estate and Real Estate Financing | ESI                      | 30               | 30                    | 30               | 30    |
|         | (5) | BANQUE COURTOIS                              | Bank                                  | FULL                     | 0                | 100                   | 0                | 100   |
|         |     | BANQUE FRANCAISE COMMERCIALE OCEAN INDIEN    | Bank                                  | FULL                     | 50               | 50                    | 50               | 50    |
|         | (5) | BANQUE KOLB                                  | Bank                                  | FULL                     | 0                | 100                   | 0                | 100   |
|         | (5) | BANQUE LAYDERNIER                            | Bank                                  | FULL                     | 0                | 100                   | 0                | 100   |
|         | (5) | BANQUE NUGER                                 | Bank                                  | FULL                     | 0                | 100                   | 0                | 100   |
|         | (3) | BANQUE POUYANNE                              | Bank                                  | ESI                      | 0                | 35                    | 0                | 35    |
|         | (5) | BANQUE RHONE ALPES                           | Bank                                  | FULL                     | 0                | 99.99                 | 0                | 99.99 |
|         | (5) | BANQUE TARNEAUD                              | Bank                                  | FULL                     | 0                | 100                   | 0                | 100   |
|         |     | BAUME LOUBIERE                               | Real Estate and Real Estate Financing | ESI                      | 40               | 40                    | 40               | 40    |
|         | (6) | BERCK RUE DE BOUVILLE                        | Real Estate and Real Estate Financing | ESI                      | 25               | 0                     | 25               | 0     |
|         |     | BERLIOZ                                      | Financial Company                     | FULL                     | 84.05            | 84.05                 | 84.05            | 84.05 |
|         | (6) | BEZIERS-LA COURONDELLE                       | Real Estate and Real Estate Financing | EJV                      | 50               | 0                     | 50               | 0     |
|         |     | BOURSORAMA MASTER HOME LOANS FRANCE          | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
|         |     | BOURSORAMA SA                                | Bank                                  | FULL                     | 100              | 100                   | 100              | 100   |
|         |     | BREMANY LEASE SAS                            | Real Estate and Real Estate Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|         | (6) | BUMPER FR 2022-1                             | Financial Company                     | FULL                     | 52.59            | 0                     | 100              | 0     |
|         |     | CARBURAUTO                                   | Group Real Estate Management Company  | EJV                      | 50               | 50                    | 50               | 50    |
|         | (6) | CEGELEASE                                    | Real Estate and Real Estate Financing | FULL                     | 99.99            | 0                     | 100              | 0     |
|         |     | CENTRE IMMO PROMOTION                        | Real Estate and Real Estate Financing | FULL                     | 60               | 60                    | 60               | 60    |
|         | (2) | CHARTREUX LOT A1                             | Real Estate and Real Estate Financing | ESI                      | 0                | 100                   | 0                | 100   |
|         |     | COMPAGNIE FINANCIERE DE BOURBON              | Specialist Financing                  | FULL                     | 99.99            | 99.99                 | 100              | 100   |
|         |     | COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)  | Group Real Estate Management Company  | FULL                     | 100              | 100                   | 100              | 100   |
|         |     | COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS | Specialist Financing                  | FULL                     | 99.89            | 99.89                 | 99.89            | 99.89 |

| Country       | Activity   | Method*                               | Group ownership interest |                  | Group voting interest |                  |       |
|---------------|--|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|               |  |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| <b>France</b> | CONTE  | Group Real Estate Management Company  | EJV                      | 50               | 50                    | 50               | 50    |
| (5)           | CREDIT DU NORD   | Bank                                  | FULL                     | 0                | 100                   | 0                | 100   |
| (3)           | DARWIN DIVERSIFIE 0-20   | Portfolio Management                  | FULL                     | 0                | 89.94                 | 0                | 89.94 |
|               | DARWIN DIVERSIFIE 40-60  | Financial Company                     | FULL                     | 79.78            | 79.78                 | 79.78            | 79.78 |
|               | DARWIN DIVERSIFIE 80-100   | Financial Company                     | FULL                     | 78.34            | 78.34                 | 78.34            | 78.34 |
|               | DISPONIS   | Specialist Financing                  | FULL                     | 99.99            | 99.99                 | 100              | 100   |
|               | ECHIQUIER AGENOR EURO SRI MID CAP                                    | Financial Company                     | FULL                     | 40.85            | 40.85                 | 40.85            | 40.85 |
| (2)           | ESNI – COMPARTIMENT SG-CREDIT CLAIMS – 1                             | Financial Company                     | FULL                     | 0                | 100                   | 0                | 100   |
|               | ETOILE CAPITAL   | Financial Company                     | FULL                     | 100              | 99.99                 | 100              | 99.99 |
| (3)           | ETOILE MULTI GESTION EUROPE-C  | Insurance                             | FULL                     | 0                | 51.59                 | 0                | 51.59 |
| (3)           | ETOILE MULTI GESTION USA – PART P                                    | Insurance                             | FULL                     | 0                | 35.18                 | 0                | 35.18 |
|               | F.E.P. INVESTISSEMENTS   | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
| (4)           | FCC ALBATROS   | Portfolio Management                  | ESI                      | 0                | 100                   | 0                | 51    |
|               | FCT LA ROCHE   | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
|               | FEEDER LYX E ST50 D6   | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|               | FEEDER LYXOR CAC40 D2-EUR  | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|               | FENWICK LEASE  | Specialist Financing                  | FULL                     | 99.99            | 99.99                 | 100              | 100   |
|               | FINASSURANCE SNC   | Insurance                             | FULL                     | 98.89            | 98.89                 | 99               | 99    |
|               | FRANFINANCE  | Specialist Financing                  | FULL                     | 99.99            | 99.99                 | 99.99            | 99.99 |
|               | FRANFINANCE LOCATION   | Specialist Financing                  | FULL                     | 99.99            | 99.99                 | 100              | 100   |
|               | GALYBET  | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|               | GENEBANQUE   | Bank                                  | FULL                     | 100              | 100                   | 100              | 100   |
|               | GENECAL FRANCE   | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
|               | GENECAR – SOCIETE GENERALE DE COURTAGE D'ASSURANCE ET DE REASSURANCE | Insurance                             | FULL                     | 100              | 100                   | 100              | 100   |
|               | GENECOMI FRANCE  | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
|               | GENEFIM  | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|               | GENEFINANCE  | Portfolio Management                  | FULL                     | 100              | 100                   | 100              | 100   |
|               | GENEGIS I  | Group Real Estate Management Company  | FULL                     | 100              | 100                   | 100              | 100   |
|               | GENEGIS II   | Group Real Estate Management Company  | FULL                     | 100              | 100                   | 100              | 100   |
|               | GENEPIERRE   | Real Estate and Real Estate Financing | FULL                     | 60.34            | 56.56                 | 60.34            | 56.56 |

| Country | Activity                          | Method*                               | Group ownership interest |                  | Group voting interest |                  |     |
|---------|-----------------------------------|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-----|
|         |                                   |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |     |
| France  | GENEVALMY                         | Group Real Estate Management Company  | FULL                     | 100              | 100                   | 100              | 100 |
| (3)     | HAGA NYGATA                       | Specialist Financing                  | FULL                     | 0                | 100                   | 0                | 100 |
|         | HIPPOLYTE                         | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100 |
|         | HYUNDAI CAPITAL FRANCE (EX SEFIA) | Specialist Financing                  | ESI                      | 49.95            | 49.95                 | 50               | 50  |
|         | ILOT AB                           | Real Estate and Real Estate Financing | FULL                     | 80               | 80                    | 80               | 80  |
|         | IMMOBILIERE PROMEX                | Real Estate and Real Estate Financing | ESI                      | 35               | 35                    | 35               | 35  |
|         | INVESTIR IMMOBILIER NORMANDIE     | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100 |
|         | INVESTISSEMENT 81                 | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100 |
| (6)     | IVRY CHAUSSINAND                  | Real Estate and Real Estate Financing | FULL                     | 64               | 0                     | 64               | 0   |
|         | JSJ PROMOTION                     | Real Estate and Real Estate Financing | ESI                      | 45               | 45                    | 45               | 45  |
|         | LA CORBEILLERIE                   | Real Estate and Real Estate Financing | ESI                      | 40               | 40                    | 40               | 40  |
|         | LA FONCIERE DE LA DEFENSE         | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100 |
| (6)     | LEASEPLAN FRANCE SAS              | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0   |
|         | LES ALLEES DE L'EUROPE            | Real Estate and Real Estate Financing | ESI                      | 34               | 34                    | 34               | 34  |
|         | LES JARDINS D'ALHAMBRA            | Real Estate and Real Estate Financing | ESI                      | 35               | 35                    | 35               | 35  |
| (2)     | LES JARDINS DE L'ALCAZAR          | Real Estate and Real Estate Financing | ESI                      | 0                | 30                    | 0                | 30  |
| (6)     | LES JARDINS DU VILLAGE            | Real Estate and Real Estate Financing | FULL                     | 80               | 0                     | 80               | 0   |
|         | LES MESANGES                      | Real Estate and Real Estate Financing | FULL                     | 55               | 55                    | 55               | 55  |
|         | LES TROIS LUCS 13012              | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100 |
|         | LES VILLAS VINCENTI               | Real Estate and Real Estate Financing | ESI                      | 30               | 30                    | 30               | 30  |
|         | L'HESPEL                          | Real Estate and Real Estate Financing | ESI                      | 30               | 30                    | 30               | 30  |
|         | LOTISSEMENT DES FLEURS            | Real Estate and Real Estate Financing | ESI                      | 30               | 30                    | 30               | 30  |
|         | LYON LA FABRIC                    | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |

| Country | Activity                         | Method*                               | Group ownership interest |                  | Group voting interest |                  |       |
|---------|----------------------------------|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|         |                                  |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| France  | LYX ACT EURO CLIMAT-D3EUR        | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|         | LYX ACT EURO CLIMAT-DEUR         | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|         | LYXOR ACTIONS EURO CLIMAT D4 EUR | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|         | LYXOR GL OVERLAY F               | Financial Company                     | FULL                     | 87.27            | 87.27                 | 87.27            | 87.27 |
|         | LYXOR SKYFALL FUND               | Financial Company                     | FULL                     | 88.98            | 88.98                 | 88.98            | 88.98 |
|         | MEDITERRANEE GRAND ARC           | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |
|         | (2) NORBAIL IMMOBILIER           | Real Estate and Real Estate Financing | ESI                      | 0                | 100                   | 0                | 100   |
|         | NORBAIL SOFERGIE                 | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|         | NORMANDIE REALISATIONS           | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|         | ONYX                             | Group Real Estate Management Company  | EJV                      | 50               | 50                    | 50               | 50    |
|         | OPCI SOGECAPIMMO                 | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|         | ORADEA VIE                       | Insurance                             | FULL                     | 100              | 100                   | 100              | 100   |
|         | ORPAVIMOB                        | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
|         | PARCOURS                         | Real Estate and Real Estate Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|         | PARCOURS ANNECY                  | Real Estate and Real Estate Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|         | PARCOURS BORDEAUX                | Real Estate and Real Estate Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|         | PARCOURS NANTES                  | Real Estate and Real Estate Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|         | PARCOURS STRASBOURG              | Real Estate and Real Estate Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|         | PARCOURS TOURS                   | Real Estate and Real Estate Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|         | (5) PAREL                        | Services                              | FULL                     | 0                | 100                   | 0                | 100   |
|         | (6) PAYXPERT FRANCE              | Financial Company                     | FULL                     | 60               | 0                     | 100              | 0     |
|         | PHILIPS MEDICAL CAPITAL FRANCE   | Specialist Financing                  | FULL                     | 60               | 60                    | 60               | 60    |
|         | PIERRE PATRIMOINE                | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|         | (6) PLEASE                       | Specialist Financing                  | EJV                      | 52.23            | 0                     | 50               | 0     |
|         | PRAGMA                           | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|         | PRIMONIAL DOUBLE IMMO            | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|         | PRIORIS                          | Specialist Financing                  | FULL                     | 94.89            | 94.89                 | 95               | 95    |

| Country | Activity                            | Method*                               | Group ownership interest |                  | Group voting interest |                  |       |
|---------|-------------------------------------|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|         |                                     |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| France  | PROGEREAL                           | Real Estate and Real Estate Financing | ESI                      | 25.01            | 25.01                 | 25.01            | 25.01 |
|         | PROJECTIM                           | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|         | RED & BLACK AUTO LEASE FRANCE 1     | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100   |
| (6)     | RED & BLACK AUTO LEASE FRANCE 2     | Financial Company                     | FULL                     | 52.59            | 0                     | 100              | 0     |
|         | RED & BLACK CONSUMER FRANCE 2013    | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|         | RED & BLACK HOME LOANS FRANCE 2     | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
| (6)     | REEZOCORP                           | Specialist Financing                  | FULL                     | 96.83            | 0                     | 96.88            | 0     |
|         | RIVAPRIM REALISATIONS               | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|         | S.C.I. DU DOMAINE DE STONEHAM       | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |
|         | SAGEMCOM LEASE                      | Specialist Financing                  | FULL                     | 99.99            | 99.99                 | 100              | 100   |
|         | SAINTE-MARTHE ILOT C                | Real Estate and Real Estate Financing | ESI                      | 40               | 40                    | 40               | 40    |
|         | SAINTE-MARTHE ILOT D                | Real Estate and Real Estate Financing | ESI                      | 40               | 40                    | 40               | 40    |
| (2)     | SAINT-MARTIN 3                      | Real Estate and Real Estate Financing | EJV                      | 0                | 50                    | 0                | 50    |
|         | SARL BORDEAUX-20-26 RUE DU COMMERCE | Real Estate and Real Estate Financing | ESI                      | 30               | 30                    | 30               | 30    |
|         | SARL D'AMENAGEMENT DU MARTINET      | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |
|         | SARL DE LA VECQUERIE                | Real Estate and Real Estate Financing | ESI                      | 32.5             | 32.5                  | 32.5             | 32.5  |
|         | SARL SEINE CLICHY                   | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|         | SAS AMIENS – AVENUE DU GENERAL FOY  | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|         | SAS BF3 NOGENT THIERS               | Portfolio Management                  | ESI                      | 20               | 20                    | 20               | 20    |
|         | SAS BONDUES – COEUR DE BOURG        | Real Estate and Real Estate Financing | ESI                      | 25               | 25                    | 25               | 25    |
|         | SAS COPRIM RESIDENCES               | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
| (2)     | SAS ECULLY SO'IN                    | Real Estate and Real Estate Financing | FULL                     | 0                | 75                    | 0                | 75    |



| Country                | Activity   | Method*                               | Group ownership interest |                  | Group voting interest |                  |      |
|------------------------|--|---------------------------------------|--------------------------|------------------|-----------------------|------------------|------|
|                        |  |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |      |
| France                 | (2) SAS FOCH SULLY                                 | Real Estate and Real Estate Financing | FULL                     | 0                | 90                    | 0                | 90   |
|                        | SAS MERIGNAC OASIS URBAINE                         | Real Estate and Real Estate Financing | FULL                     | 90               | 90                    | 90               | 90   |
|                        | (5) SAS NORMANDIE HABITAT                          | Real Estate and Real Estate Financing | FULL                     | 0                | 100                   | 0                | 100  |
|                        | SAS NORMANDIE RESIDENCES                           | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100  |
|                        | (2) SAS NOYALIS                                    | Real Estate and Real Estate Financing | ESI                      | 0                | 28                    | 0                | 28   |
|                        | SAS ODESSA DEVELOPPEMENT                           | Real Estate and Real Estate Financing | ESI                      | 49               | 49                    | 49               | 49   |
|                        | (5) SAS PARNASSE                                   | Real Estate and Real Estate Financing | FULL                     | 0                | 100                   | 0                | 100  |
|                        | SAS PAYSAGES                                       | Real Estate and Real Estate Financing | FULL                     | 51               | 51                    | 51               | 51   |
|                        | SAS PROJECTIM IMMOBILIER                           | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100  |
|                        | (2) SAS RESIDENCE AUSTRALIS                        | Real Estate and Real Estate Financing | FULL                     | 0                | 77                    | 0                | 77   |
|                        | (2) SAS RESIDENCIAL                                | Real Estate and Real Estate Financing | FULL                     | 0                | 68.4                  | 0                | 68.4 |
|                        | SAS ROANNE LA TRILOGIE                             | Real Estate and Real Estate Financing | ESI                      | 41               | 41                    | 41               | 41   |
|                        | SAS SCENES DE VIE                                  | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50   |
|                        | SAS SOAX PROMOTION                                 | Real Estate and Real Estate Financing | FULL                     | 58.5             | 58.5                  | 58.5             | 58.5 |
|                        | (5) SAS SOGEBROWN POISSY                           | Real Estate and Real Estate Financing | FULL                     | 0                | 100                   | 0                | 100  |
|                        | SAS SOGEMYSJ                                       | Real Estate and Real Estate Financing | FULL                     | 51               | 51                    | 51               | 51   |
|                        | SAS SOJEPRIM                                       | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100  |
|                        | SAS TIR A L'ARC AMENAGEMENT                        | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50   |
|                        | SAS TOUR D2  | Real Estate and Real Estate Financing | JO                       | 50               | 50                    | 50               | 50   |
|                        | SAS VILLENEUVE D'ASCQ – RUE DES TECHNIQUES BUREAUX | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50   |
| SCCV 282 MONTOLIVET 12 | Real Estate and Real Estate Financing              | FULL                                  | 60                       | 60               | 60                    | 60               |      |

| Country | Activity                               | Method*                               | Group ownership interest |                  | Group voting interest |                  |     |
|---------|--|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-----|
|         |  |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |     |
| France  | SCCV ALFORTVILLE MANDELA               | Real Estate and Real Estate Financing | ESI                      | 49               | 49                    | 49               | 49  |
|         | SCCV BAC GALLIENI                      | Real Estate and Real Estate Financing | FULL                     | 51               | 51                    | 51               | 51  |
|         | SCCV BOIS-GUILLAUME PARC DE HALLEY     | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
|         | SCCV BOURG BROU                        | Real Estate and Real Estate Financing | FULL                     | 60               | 60                    | 60               | 60  |
|         | SCCV BRON CARAVELLE                    | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
|         | SCCV CAEN CASERNE MARTIN               | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100 |
|         | SCCV CAEN PANORAMIK                    | Real Estate and Real Estate Financing | ESI                      | 40               | 40                    | 40               | 40  |
|         | SCCV CANNES JOURDAN                    | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
|         | SCCV CHARTREUX LOT C                   | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
|         | SCCV CHARTREUX LOT E                   | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100 |
|         | (2) SCCV CHARTREUX LOTS B-D            | Real Estate and Real Estate Financing | FULL                     | 0                | 100                   | 0                | 100 |
|         | SCCV CHOISY LOGEMENT                   | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100 |
|         | SCCV CLICHY BAC D'ASNIERES             | Real Estate and Real Estate Financing | FULL                     | 75               | 75                    | 75               | 75  |
|         | SCCV CLICHY BRC                        | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
|         | SCCV COLOMBES                          | Real Estate and Real Estate Financing | ESI                      | 28.66            | 28.66                 | 49               | 49  |
|         | (6) SCCV COMPIEGNE ROYALLIEU           | Real Estate and Real Estate Financing | ESI                      | 30               | 0                     | 30               | 0   |
|         | SCCV COMPIEGNE – RUE DE L'EPARGNE      | Real Estate and Real Estate Financing | ESI                      | 35               | 35                    | 35               | 35  |
|         | SCCV CUGNAUX-LEO LAGRANGE              | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
|         | SCCV DEVILLE-CARNOT                    | Real Estate and Real Estate Financing | FULL                     | 60               | 60                    | 60               | 60  |
|         | SCCV DUNKERQUE PATINOIRE DEVELOPPEMENT | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |

| Country | Activity                                | Method*                               | Group ownership interest |                  | Group voting interest |                  |       |
|---------|---|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|         |   |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| France  | (4) SCCV EIFFEL FLOQUET                 | Real Estate and Real Estate Financing | FULL                     | 0                | 51                    | 0                | 51    |
|         | SCCV EPRON – ZAC L'OREE DU GOLF         | Real Estate and Real Estate Financing | FULL                     | 70               | 70                    | 70               | 70    |
|         | (6) SCCV ERAGNY GUICHARD                | Real Estate and Real Estate Financing | FULL                     | 51               | 0                     | 51               | 0     |
|         | SCCV ESPACES DE DEMAIN                  | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |
|         | SCCV ETERVILLE ROUTE D'AUNAY            | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |
|         | SCCV EURONANTES 1E                      | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |
|         | SCCV FAVERGES                           | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|         | SCCV GAMBETTA LA RICHE                  | Real Estate and Real Estate Financing | ESI                      | 25               | 25                    | 25               | 25    |
|         | SCCV GIGNAC MOUSSELINE                  | Real Estate and Real Estate Financing | FULL                     | 70               | 70                    | 70               | 70    |
|         | SCCV GIVORS ROBICHON                    | Real Estate and Real Estate Financing | FULL                     | 85               | 85                    | 85               | 85    |
|         | (6) SCCV GOELETTES GRAND LARGE          | Real Estate and Real Estate Financing | EJV                      | 50               | 0                     | 50               | 0     |
|         | SCCV HEROUVILLE ILOT A2                 | Real Estate and Real Estate Financing | ESI                      | 33.33            | 33.33                 | 33.33            | 33.33 |
|         | SCCV ISTRES PAPAILLE                    | Real Estate and Real Estate Financing | FULL                     | 70               | 70                    | 70               | 70    |
|         | SCCV JA LE HAVRE 22 COTY                | Real Estate and Real Estate Financing | ESI                      | 40               | 40                    | 40               | 40    |
|         | SCCV JDA OUISTREHAM                     | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |
|         | SCCV KYMA MERIGNAC                      | Real Estate and Real Estate Financing | ESI                      | 30               | 30                    | 30               | 30    |
|         | SCCV LA BAULE – LES JARDINS D'ESCOUBLAC | Real Estate and Real Estate Financing | ESI                      | 25               | 25                    | 25               | 25    |
|         | SCCV LA MADELEINE – PRE CATELAN         | Real Estate and Real Estate Financing | FULL                     | 51               | 51                    | 51               | 51    |
|         | SCCV LA MADELEINE SAINT-CHARLES         | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |
|         | SCCV LA PORTE DU CANAL                  | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |

| Country | Activity                                   | Method*                               | Group ownership interest |                  | Group voting interest |                  |       |
|---------|--|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|         |  |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| France  | SCCV LACASSAGNE BRICKS                     | Real Estate and Real Estate Financing | ESI                      | 49               | 49                    | 49               | 49    |
| (2)     | SCCV LE BOUSCAT CARRE SOLARIS              | Real Estate and Real Estate Financing | ESI                      | 0                | 25                    | 0                | 25    |
|         | SCCV LE CENTRAL C1.4                       | Real Estate and Real Estate Financing | ESI                      | 33.4             | 33.4                  | 33.4             | 33.4  |
| (6)     | SCCV LE CENTRAL C1.5A                      | Real Estate and Real Estate Financing | ESI                      | 33.3             | 0                     | 33.3             | 0     |
| (6)     | SCCV LE CENTRAL C1.7                       | Real Estate and Real Estate Financing | ESI                      | 33.3             | 0                     | 33.3             | 0     |
|         | SCCV LES BASTIDES FLEURIES                 | Real Estate and Real Estate Financing | FULL                     | 64.29            | 64.29                 | 64.29            | 64.29 |
|         | SCCV LES ECRIVAINS                         | Real Estate and Real Estate Financing | FULL                     | 70               | 70                    | 70               | 70    |
| (6)     | SCCV LES HAUTS VERGERS                     | Real Estate and Real Estate Financing | FULL                     | 55               | 0                     | 55               | 0     |
|         | SCCV LES PATIOS D'OR DE FLEURY LES AUBRAIS | Real Estate and Real Estate Financing | FULL                     | 64               | 64                    | 80               | 80    |
|         | SCCV LES SUCRES                            | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |
|         | SCCV LESQUIN PARC                          | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |
|         | SCCV L'IDEAL – MODUS 1.0                   | Real Estate and Real Estate Financing | FULL                     | 80               | 80                    | 80               | 80    |
|         | SCCV LILLE – JEAN MACE                     | Real Estate and Real Estate Financing | ESI                      | 33.4             | 33.4                  | 33.4             | 33.4  |
|         | SCCV LOOS GAMBETTA                         | Real Estate and Real Estate Financing | ESI                      | 35               | 35                    | 35               | 35    |
|         | SCCV MARCQ EN BAROEUL GABRIEL PERI         | Real Estate and Real Estate Financing | ESI                      | 20               | 20                    | 20               | 20    |
|         | SCCV MARQUETTE CALMETTE                    | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |
| (6)     | SCCV MASSY NOUAILLE                        | Real Estate and Real Estate Financing | FULL                     | 80               | 0                     | 80               | 0     |
|         | SCCV MEHUL 34000 (ex-SCCV MEHUL)           | Real Estate and Real Estate Financing | FULL                     | 70               | 70                    | 70               | 70    |
|         | SCCV MONROC – LOT 3                        | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |
|         | SCCV MONS EQUATION                         | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |

| Country              | Activity                              | Method*                               | Group ownership interest |                  | Group voting interest |                  |     |
|----------------------|---------------------------------------|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-----|
|                      |                                       |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |     |
| France               | SCCV NICE ARENAS                      | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100 |
|                      | SCCV NOGENT PLAISANCE                 | Real Estate and Real Estate Financing | FULL                     | 60               | 60                    | 60               | 60  |
|                      | SCCV NOISY BOISSIERE                  | Real Estate and Real Estate Financing | FULL                     | 51               | 51                    | 51               | 51  |
|                      | SCCV PARIS ALBERT                     | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
|                      | SCCV PRADES BLEU HORIZON              | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
|                      | SCCV QUAI DE SEINE A ALFORTVILLE      | Real Estate and Real Estate Financing | FULL                     | 51               | 51                    | 51               | 51  |
|                      | SCCV QUAI NEUF BORDEAUX               | Real Estate and Real Estate Financing | ESI                      | 35               | 35                    | 35               | 35  |
|                      | (5) SCCV ROUEN 27 ANGLAIS             | Real Estate and Real Estate Financing | FULL                     | 0                | 100                   | 0                | 100 |
|                      | SCCV ROUSSET – LOT 03                 | Real Estate and Real Estate Financing | FULL                     | 70               | 70                    | 70               | 70  |
|                      | SCCV SAINT JUST DAUDET                | Real Estate and Real Estate Financing | FULL                     | 80               | 80                    | 80               | 80  |
|                      | SCCV SAY                              | Real Estate and Real Estate Financing | ESI                      | 35               | 35                    | 35               | 35  |
|                      | SCCV SENGHOR                          | Real Estate and Real Estate Financing | ESI                      | 35               | 35                    | 35               | 35  |
|                      | SCCV SENSORIUM BUREAUX                | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
|                      | SCCV SENSORIUM LOGEMENT               | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
|                      | SCCV SOGAB ILE DE FRANCE              | Real Estate and Real Estate Financing | FULL                     | 80               | 80                    | 80               | 80  |
|                      | SCCV SOGAB ROMAINVILLE                | Real Estate and Real Estate Financing | FULL                     | 80               | 80                    | 80               | 80  |
|                      | SCCV SOGEPROM LYON HABITAT            | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100 |
|                      | SCCV SOPRAB IDF                       | Real Estate and Real Estate Financing | FULL                     | 70               | 70                    | 70               | 70  |
|                      | SCCV ST MARTIN DU TOUCH ILOT S9       | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
|                      | (2) SCCV SWING RIVE GAUCHE            | Real Estate and Real Estate Financing | EJV                      | 0                | 50                    | 0                | 50  |
| (2) SCCV TALENCE PUR | Real Estate and Real Estate Financing | FULL                                  | 0                        | 95               | 0                     | 95               |     |

| Country | Activity  | Method*                               | Group ownership interest |                  | Group voting interest |                  |     |
|---------|---|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-----|
|         |   |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |     |
| France  | SCCV TOULOUSE LES IZARDS                        | Specialist Financing                  | FULL                     | 51               | 51                    | 51               | 51  |
|         | SCCV TRETZ CASSIN LOT 4                         | Real Estate and Real Estate Financing | FULL                     | 70               | 70                    | 70               | 70  |
| (2)     | SCCV VERNAISON – RAZAT                          | Real Estate and Real Estate Financing | EJV                      | 0                | 50                    | 0                | 50  |
|         | SCCV VERNONNET-FIESCHI                          | Real Estate and Real Estate Financing | FULL                     | 51               | 51                    | 51               | 51  |
|         | SCCV VILLA CHANZY                               | Real Estate and Real Estate Financing | ESI                      | 40               | 40                    | 40               | 40  |
|         | SCCV VILLA VALERIANE                            | Specialist Financing                  | ESI                      | 30               | 30                    | 30               | 30  |
|         | SCCV VILLAS URBAINES                            | Real Estate and Real Estate Financing | FULL                     | 80               | 80                    | 80               | 80  |
|         | SCCV VILLENAVE D'ORNON GARDEN VO                | Real Estate and Real Estate Financing | ESI                      | 25               | 25                    | 25               | 25  |
| (6)     | SCCV VILLENEUVE BONGARDE T2                     | Real Estate and Real Estate Financing | FULL                     | 51               | 0                     | 51               | 0   |
|         | SCCV VILLENEUVE D'ASCQ- RUE DES TECHNIQUES      | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
|         | SCCV VILLENEUVE VILLAGE BONGARDE                | Specialist Financing                  | FULL                     | 51               | 51                    | 51               | 51  |
|         | SCCV VILLEURBANNE TEMPO                         | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100 |
|         | SCCV WAMBRECHIES RESISTANCE                     | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
|         | SCI 1134, AVENUE DE L'EUROPE A CASTELNAU LE LEZ | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
| (2)     | SCI 637 ROUTE DE FRANS                          | Real Estate and Real Estate Financing | ESI                      | 0                | 30                    | 0                | 30  |
|         | SCI AQPRIM PROMOTION                            | Real Estate and Real Estate Financing | FULL                     | 79.8             | 79.8                  | 50               | 50  |
| (2)     | SCI ASC LA BERGEONNERIE                         | Real Estate and Real Estate Financing | EJV                      | 0                | 42                    | 0                | 50  |
| (2)     | SCI AVARICUM                                    | Real Estate and Real Estate Financing | FULL                     | 0                | 99                    | 0                | 99  |
|         | SCI CENTRE IMMO PROMOTION RESIDENCES            | Real Estate and Real Estate Financing | FULL                     | 80               | 80                    | 100              | 100 |
|         | SCI CHELLES AULNOY MENDES FRANCE                | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
|         | SCI DU PARC SAINT ETIENNE                       | Real Estate and Real Estate Financing | ESI                      | 40               | 40                    | 40               | 40  |

| Country       | Activity                               | Method*                               | Group ownership interest |                  | Group voting interest |                  |     |
|---------------|--|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-----|
|               |  |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |     |
| <b>France</b> | SCI ETAMPES NOTRE-DAME                 | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
|               | (5) SCI LA MANTILLA COMMERCES          | Real Estate and Real Estate Financing | FULL                     | 0                | 100                   | 0                | 100 |
|               | SCI L'ACTUEL                           | Real Estate and Real Estate Financing | ESI                      | 30               | 30                    | 30               | 30  |
|               | SCI LAVOISIER                          | Real Estate and Real Estate Financing | FULL                     | 80               | 80                    | 80               | 80  |
|               | (2) SCI LE HAMEAU DES GRANDS PRES      | Real Estate and Real Estate Financing | EJV                      | 0                | 40                    | 0                | 40  |
|               | (2) SCI LE MANOIR DE JEREMY            | Real Estate and Real Estate Financing | ESI                      | 0                | 40                    | 0                | 40  |
|               | (2) SCI LES CASTELLINES                | Real Estate and Real Estate Financing | ESI                      | 0                | 30                    | 0                | 30  |
|               | (2) SCI LES JARDINS DE LA BOURBRE      | Real Estate and Real Estate Financing | ESI                      | 0                | 40                    | 0                | 40  |
|               | SCI LES JARDINS D'IRIS                 | Real Estate and Real Estate Financing | FULL                     | 60               | 60                    | 60               | 60  |
|               | SCI LES JARDINS DU BLAVET              | Real Estate and Real Estate Financing | ESI                      | 40               | 40                    | 40               | 40  |
|               | SCI LES PORTES DU LEMAN                | Real Estate and Real Estate Financing | FULL                     | 70               | 70                    | 70               | 70  |
|               | SCI LINAS COEUR DE VILLE 1             | Real Estate and Real Estate Financing | FULL                     | 70               | 71                    | 70               | 71  |
|               | SCI LOCMINE- LAMENNAIS                 | Real Estate and Real Estate Financing | ESI                      | 30               | 30                    | 30               | 30  |
|               | (2) SCI L'OREE DES LACS                | Real Estate and Real Estate Financing | FULL                     | 0                | 70                    | 0                | 70  |
|               | SCI MONTPELLIER JACQUES CŒUR           | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50  |
|               | SCI PRIMO E+                           | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100 |
|               | SCI PRIMO N+                           | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100 |
|               | SCI PRIMO N+2                          | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100 |
|               | SCI PRIMO N+3                          | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100 |
|               | SCI PROJECTIM HABITAT                  | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100 |
|               | (2) SCI PROJECTIM MARCQ COEUR DE VILLE | Real Estate and Real Estate Financing | FULL                     | 0                | 60                    | 0                | 60  |

| Country                                   | Activity                                 | Method*                               | Group ownership interest |                  | Group voting interest |                  |       |
|---|--|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|   |  |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| France                                    | (2) SCI PRONY                            | Real Estate and Real Estate Financing | EJV                      | 0                | 50                    | 0                | 50    |
|   | SCI QUINTEFEUILLE                        | Real Estate and Real Estate Financing | ESI                      | 30               | 30                    | 30               | 30    |
|   | SCI RESIDENCE DU DONJON                  | Real Estate and Real Estate Financing | EJV                      | 40               | 40                    | 40               | 40    |
|   | SCI RHIN ET MOSELLE 1                    | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|   | SCI RIVAPRIM HABITAT                     | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|   | SCI RIVAPRIM RESIDENCES                  | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|   | (2) SCI SAINT OUEN L'AUMONE – L'OISE     | Real Estate and Real Estate Financing | EJV                      | 0                | 38                    | 0                | 38    |
|   | SCI SAINT-DENIS WILSON                   | Real Estate and Real Estate Financing | FULL                     | 60               | 60                    | 60               | 60    |
|   | SCI SCS IMMOBILIER D'ENTREPRISES         | Real Estate and Real Estate Financing | FULL                     | 52.8             | 52.8                  | 66               | 66    |
|   | SCI SOGECIP                              | Real Estate and Real Estate Financing | FULL                     | 80               | 80                    | 100              | 100   |
|   | SCI SOGECTIM                             | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|   | SCI SOGEPROM LYON RESIDENCES             | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|   | (2) SCI TERRES NOUVELLES FRANCILIENNES   | Real Estate and Real Estate Financing | FULL                     | 0                | 80                    | 0                | 80    |
|   | SCI TOULOUSE CENTREDA 3                  | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|   | SCI VILLA EMILIE                         | Real Estate and Real Estate Financing | ESI                      | 35               | 35                    | 35               | 35    |
|   | SCI VITAL BOUHOT 16-22 NEUILLY SUR SEINE | Real Estate and Real Estate Financing | ESI                      | 40               | 40                    | 40               | 40    |
|   | SERVIPAR                                 | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|   | SG 29 HAUSSMANN                          | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|   | (3) SG ACTIONS EURO                      | Insurance                             | FULL                     | 0                | 47.75                 | 0                | 47.75 |
|   | SG ACTIONS EURO SELECTION                | Financial Company                     | FULL                     | 40.05            | 40.05                 | 40.05            | 40.05 |
|   | SG ACTIONS FRANCE                        | Financial Company                     | FULL                     | 38.14            | 38.14                 | 38.14            | 38.14 |
|   | SG ACTIONS LUXE-C                        | Financial Company                     | FULL                     | 84.25            | 84.25                 | 84.25            | 84.25 |
|   | (3) SG ACTIONS MONDE                     | Insurance                             | FULL                     | 0                | 67.59                 | 0                | 67.59 |
| SG ACTIONS MONDE EMERGENT                 | Financial Company                        | FULL                                  | 60.05                    | 60.05            | 60.05                 | 60.05            |       |
| SG ACTIONS US                             | Financial Company                        | FULL                                  | 65.06                    | 65.06            | 65.06                 | 65.06            |       |
| (6) SG AMUNDI ACTIONS FRANCE ISR – PART-C | Financial Company                        | FULL                                  | 60.05                    | 0                | 60.05                 | 0                |       |



| Country                 | Activity  | Method*                               | Group ownership interest |                  | Group voting interest |                  |       |
|-------------------------|---|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|                         |   |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| France                  | (6) SG AMUNDI ACTIONS MONDE EAU – PART-C          | Financial Company                     | FULL                     | 60.05            | 0                     | 60.05            | 0     |
|                         | SG AMUNDI MONETAIRE ISR                           | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                         | (6) SG AMUNDI MONETAIRE ISR – PART P-C            | Financial Company                     | FULL                     | 60.05            | 0                     | 60.05            | 0     |
|                         | (6) SG AMUNDI OBLIG ENTREPRISES EURO ISR – PART-C | Financial Company                     | FULL                     | 60.05            | 0                     | 60.05            | 0     |
|                         | SG BLACKROCK ACTIONS US ISR                       | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                         | SG BLACKROCK FLEXIBLE ISR                         | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                         | (6) SG BLACKROCK OBLIGATIONS EURO ISR – PART-C    | Financial Company                     | FULL                     | 60.05            | 0                     | 60.05            | 0     |
|                         | SG CAPITAL DEVELOPPEMENT                          | Portfolio Management                  | FULL                     | 100              | 100                   | 100              | 100   |
|                         | (6) SG DNCA ACTIONS EURO ISR – PART-C             | Financial Company                     | FULL                     | 60.05            | 0                     | 60.05            | 0     |
|                         | SG FINANCIAL SERVICES HOLDING                     | Portfolio Management                  | FULL                     | 100              | 100                   | 100              | 100   |
|                         | SG FLEXIBLE                                       | Financial Company                     | FULL                     | 92.48            | 92.48                 | 92.48            | 92.48 |
|                         | (6) SG OBLIG ETAT EURO – PART P-C                 | Financial Company                     | FULL                     | 60.05            | 0                     | 60.05            | 0     |
|                         | SG OBLIG ETAT EURO-R                              | Financial Company                     | FULL                     | 79.94            | 79.94                 | 79.94            | 79.94 |
|                         | SG OBLIGATIONS                                    | Financial Company                     | FULL                     | 82.92            | 82.92                 | 82.92            | 82.92 |
|                         | SG OPCIMMO  | Financial Company                     | FULL                     | 97.95            | 97.95                 | 97.95            | 97.95 |
|                         | SG OPTION EUROPE                                  | Broker                                | FULL                     | 100              | 100                   | 100              | 100   |
|                         | SG VALOR ALPHA ACTIONS FRANCE                     | Financial Company                     | FULL                     | 72.77            | 72.77                 | 72.77            | 72.77 |
|                         | SGA 48-56 DESMOULINS                              | Real Estate and Real Estate Financing | FULL                     | 99               | 99                    | 99               | 99    |
|                         | SGA AXA IM US CORE HY LOW CARBON                  | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                         | SGA AXA IM US SD HY LOW CARBON                    | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                         | SGA INFRASTRUCTURES                               | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                         | SGB FINANCE SA                                    | Specialist Financing                  | FULL                     | 50.94            | 50.94                 | 51               | 51    |
|                         | SGEF SA   | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
|                         | SGI 10-16 VILLE L'EVEQUE                          | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                         | SGI 1-5 ASTORG                                    | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                         | SGI HOLDING SIS                                   | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                         | SGI PACIFIC                                       | Real Estate and Real Estate Financing | FULL                     | 89.24            | 89.24                 | 89.53            | 89.53 |
|                         | SHINE   | Financial Company                     | FULL                     | 93.97            | 90.9                  | 93.97            | 90.9  |
|                         | SNC COEUR 8EME MONPLAISIR                         | Real Estate and Real Estate Financing | ESI                      | 30               | 30                    | 30               | 30    |
|                         | SNC D'AMENAGEMENT FORUM SEINE ISSY LES MOULINEAUX | Real Estate and Real Estate Financing | EJV                      | 33.33            | 33.33                 | 33.33            | 33.33 |
| (6) SNC HPL ARROMANCHES | Real Estate and Real Estate Financing             | FULL                                  | 100                      | 0                | 100                   | 0                |       |

| Country          | Activity  | Method*                               | Group ownership interest |                  | Group voting interest |                  |       |
|------------------|---|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|                  |   |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| France           | SNC NEUILLY ILE DE LA JATTE                               | Real Estate and Real Estate Financing | ESI                      | 40               | 40                    | 40               | 40    |
|                  | SNC PROMOSEINE  | Real Estate and Real Estate Financing | EJV                      | 33.33            | 33.33                 | 33.33            | 33.33 |
|                  | SOCIETE ANONYME DE CREDIT A L'INDUSTRIE FRANCAISE (CALIF) | Bank                                  | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOCIETE CIVILE IMMOBILIERE CAP THALASSA                   | Real Estate and Real Estate Financing | ESI                      | 45               | 45                    | 45               | 45    |
|                  | SOCIETE CIVILE IMMOBILIERE CAP VEYRE                      | Real Estate and Real Estate Financing | ESI                      | 50               | 50                    | 50               | 50    |
|                  | SOCIETE CIVILE IMMOBILIERE DE DIANE                       | Real Estate and Real Estate Financing | ESI                      | 30               | 30                    | 30               | 30    |
|                  | SOCIETE CIVILE IMMOBILIERE DE PIERLAS                     | Real Estate and Real Estate Financing | ESI                      | 28               | 28                    | 28               | 28    |
|                  | SOCIETE CIVILE IMMOBILIERE DES COMBEAUX DE TIGERY         | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOCIETE CIVILE IMMOBILIERE ESTEREL TANNERON               | Real Estate and Real Estate Financing | ESI                      | 30               | 30                    | 30               | 30    |
|                  | SOCIETE CIVILE IMMOBILIERE FONTENAY – ESTIENNES D'ORVES   | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |
|                  | SOCIETE CIVILE IMMOBILIERE GAMBETTA DEFENSE V             | Real Estate and Real Estate Financing | ESI                      | 20               | 20                    | 20               | 20    |
|                  | (2) SOCIETE CIVILE IMMOBILIERE LE BOTERO                  | Real Estate and Real Estate Financing | ESI                      | 0                | 30                    | 0                | 30    |
|                  | SOCIETE CIVILE IMMOBILIERE LES HAUTS DE L'ESTAQUE         | Services                              | ESI                      | 35               | 35                    | 35               | 35    |
|                  | SOCIETE CIVILE IMMOBILIERE LES HAUTS DE SEPTEMES          | Real Estate and Real Estate Financing | ESI                      | 25               | 25                    | 25               | 25    |
|                  | SOCIETE CIVILE IMMOBILIERE MIRECRAU                       | Real Estate and Real Estate Financing | ESI                      | 35               | 35                    | 35               | 35    |
|                  | SOCIETE CIVILE IMMOBILIERE VERT COTEAU                    | Real Estate and Real Estate Financing | ESI                      | 35               | 35                    | 35               | 35    |
|                  | SOCIETE DE BOURSE GILBERT DUPONT                          | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                  | (6) SOCIETE DE COURTAGES D'ASSURANCES GROUPE              | Broker                                | FULL                     | 52.59            | 0                     | 100              | 0     |
|                  | SOCIETE DE LA RUE EDOUARD VII                             | Portfolio Management                  | FULL                     | 100              | 100                   | 100              | 100   |
|                  | (6) SOCIETE DE SERVICES FIDUCIAIRES (2SF)                 | Financial Company                     | EJV                      | 33.33            | 0                     | 33.33            | 0     |
|                  | SOCIETE DES TERRAINS ET IMMEUBLES PARISIENS (STIP)        | Group Real Estate Management Company  | FULL                     | 100              | 100                   | 100              | 100   |
|                  | (2) SOCIETE DU PARC D'ACTIVITE DE LA VALENTINE            | Real Estate and Real Estate Financing | ESI                      | 0                | 30                    | 0                | 30    |
| SOCIETE GENERALE | Bank  | FULL                                  | 100                      | 100              | 100                   | 100              |       |

| Country |     | Activity   | Method*                               | Group ownership interest              |                  | Group voting interest |                  |       |       |
|---------|-----|--|---------------------------------------|---------------------------------------|------------------|-----------------------|------------------|-------|-------|
|         |     |  |                                       | As at 31.12.2023                      | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |       |
| France  | (6) | SOCIETE GENERALE - FORGE   | Services                              | FULL                                  | 90.9             | 0                     | 90.9             | 0     |       |
|         |     | SOCIETE GENERALE CAPITAL FINANCE   | Portfolio Management                  | FULL                                  | 100              | 100                   | 100              | 100   |       |
|         |     | SOCIETE GENERALE CAPITAL PARTENAIRES   | Portfolio Management                  | FULL                                  | 100              | 100                   | 100              | 100   |       |
|         |     | SOCIETE GENERALE FACTORING   | Specialist Financing                  | FULL                                  | 100              | 100                   | 100              | 100   |       |
|         |     | SOCIETE GENERALE POUR LE DEVELOPPEMENT DES OPERATIONS DE CREDIT-BAIL IMMOBILIER "SOGEBAIL" | Real Estate and Real Estate Financing | FULL                                  | 100              | 100                   | 100              | 100   |       |
|         |     | SOCIETE GENERALE REAL ESTATE   | Real Estate and Real Estate Financing | FULL                                  | 100              | 100                   | 100              | 100   |       |
|         |     | SOCIETE GENERALE SCF   | Financial Company                     | FULL                                  | 100              | 100                   | 100              | 100   |       |
|         |     | SOCIETE GENERALE SECURITIES SERVICES HOLDING   | Portfolio Management                  | FULL                                  | 100              | 100                   | 100              | 100   |       |
|         |     | SOCIETE GENERALE SFH   | Specialist Financing                  | FULL                                  | 100              | 100                   | 100              | 100   |       |
|         |     | SOCIETE GENERALE VENTURES  | Portfolio Management                  | FULL                                  | 100              | 100                   | 100              | 100   |       |
|         |     | SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN  | Group Real Estate Management Company  | FULL                                  | 100              | 100                   | 100              | 100   |       |
|         |     | (5)  | SOCIETE MARSEILLAISE DE CREDIT        | Bank                                  | FULL             | 0                     | 100              | 0     | 100   |
|         |     | (3)  | SOFIDY CONVICTIONS IMMOBILIERES       | Insurance                             | FULL             | 0                     | 35.1             | 0     | 35.1  |
|         |     |  | SOGE BEAUJOIRE                        | Group Real Estate Management Company  | FULL             | 100                   | 100              | 100   | 100   |
|         |     |  | SOGE PERIVAL I                        | Group Real Estate Management Company  | FULL             | 100                   | 100              | 100   | 100   |
|         |     |  | SOGE PERIVAL II                       | Group Real Estate Management Company  | FULL             | 100                   | 100              | 100   | 100   |
|         |     |  | SOGE PERIVAL III                      | Group Real Estate Management Company  | FULL             | 100                   | 100              | 100   | 100   |
|         |     |  | SOGE PERIVAL IV                       | Group Real Estate Management Company  | FULL             | 100                   | 100              | 100   | 100   |
|         |     |  | SOGEACT.SELEC.MON.                    | Financial Company                     | FULL             | 99.78                 | 99.78            | 99.78 | 99.78 |
|         |     |  | SOGEAX                                | Real Estate and Real Estate Financing | FULL             | 60                    | 60               | 60    | 60    |
|         |     |  | SOGECAMPUS                            | Group Real Estate Management Company  | FULL             | 100                   | 100              | 100   | 100   |
|         |     |  | SOGECAP                               | Insurance                             | FULL             | 100                   | 100              | 100   | 100   |
|         |     |  | SOGECAP - DIVERSIFIED LOANS FUND      | Financial Company                     | FULL             | 100                   | 100              | 100   | 100   |
|         |     | (6)  | SOGECAP ACTIONS PROTEGEES - PART-C/D  | Financial Company                     | FULL             | 60.05                 | 0                | 60.05 | 0     |
|         |     |  | SOGECAP DIVERSIFIE 1                  | Financial Company                     | FULL             | 100                   | 100              | 100   | 100   |
|         |     |  | SOGECAP EQUITY OVERLAY (FEEDER)       | Financial Company                     | FULL             | 100                   | 100              | 100   | 100   |
|         |     |  | SOGECAP LONG TERME N°1                | Financial Company                     | FULL             | 100                   | 100              | 100   | 100   |
|         |     |  | SOGECAPIMMO 2                         | Financial Company                     | FULL             | 90.71                 | 90.71            | 90.84 | 90.84 |
|         |     |  | SOGEFIM HOLDING                       | Portfolio Management                  | FULL             | 100                   | 100              | 100   | 100   |
|         |     |  | SOGEFIMUR                             | Specialist Financing                  | FULL             | 100                   | 100              | 100   | 100   |

| Country          | Activity   | Method*                               | Group ownership interest |                  | Group voting interest |                  |       |
|------------------|--|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|                  |  |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| France           | SOGEFINANCEMENT                                      | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEFINERG FRANCE                                    | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEFONTENAY   | Group Real Estate Management Company  | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGELEASE FRANCE                                     | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEMARCHE   | Group Real Estate Management Company  | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEPARTICIPATIONS                                   | Portfolio Management                  | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEPIERRE   | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEPROM   | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEPROM ALPES HABITAT                               | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEPROM CENTRE-VAL DE LOIRE                         | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEPROM COTE D'AZUR                                 | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEPROM ENTREPRISES                                 | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEPROM LYON  | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEPROM LYON AMENAGEMENT (ex-SAS NOAHO AMENAGEMENT) | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEPROM PARTENAIRES                                 | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEPROM REALISATIONS                                | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEPROM SERVICES                                    | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEPROM SUD REALISATIONS                            | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGESSUR   | Insurance                             | FULL                     | 100              | 100                   | 100              | 100   |
|                  | SOGEVIMMO  | Real Estate and Real Estate Financing | FULL                     | 98.75            | 98.75                 | 98.75            | 98.75 |
| ST BARNABE 13004 | Real Estate and Real Estate Financing                | EJV                                   | 50                       | 50               | 50                    | 50               |       |
| STAR LEASE       | Specialist Financing                                 | FULL                                  | 100                      | 100              | 100                   | 100              |       |

| Country                  | Activity   | Method*                               | Group ownership interest |                  | Group voting interest |                  |       |
|--------------------------|--|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|                          |  |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| France                   | TEMSYS   | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                          | TRANSACTIS   | Services                              | EJV                      | 50               | 50                    | 50               | 50    |
|                          | TREEZOR SAS  | Financial Company                     | FULL                     | 95.35            | 95.12                 | 95.35            | 95.12 |
|                          | URBANISME ET COMMERCE PROMOTION  | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                          | VALMINCO   | Portfolio Management                  | FULL                     | 100              | 100                   | 100              | 100   |
|                          | VALMINVEST   | Group Real Estate Management Company  | FULL                     | 100              | 100                   | 100              | 100   |
|                          | VG PROMOTION   | Real Estate and Real Estate Financing | ESI                      | 35               | 35                    | 35               | 35    |
|                          | VIENNE BON ACCUEIL   | Real Estate and Real Estate Financing | EJV                      | 50               | 50                    | 50               | 50    |
|                          | VILLA D'ARMONT   | Real Estate and Real Estate Financing | ESI                      | 40               | 40                    | 40               | 40    |
| <b>Ghana</b>             |  |                                       |                          |                  |                       |                  |       |
|                          | SOCIETE GENERALE GHANA PLC (ex-SOCIETE GENERAL GHANA PLC)  | Bank                                  | FULL                     | 60.22            | 60.22                 | 60.22            | 60.22 |
| <b>Gibraltar</b>         |  |                                       |                          |                  |                       |                  |       |
|                          | HAMBROS (GIBRALTAR NOMINEES) LIMITED   | Services                              | FULL                     | 100              | 100                   | 100              | 100   |
|                          | SG KLEINWORT HAMBROS (GIBRALTAR) LIMITED (ex-SG KLEINWORT HAMBROS BANK (GIBRALTAR) LIMITED)          | Bank                                  | FULL                     | 100              | 100                   | 100              | 100   |
| (1)                      | SG KLEINWORT HAMBROS BANK LIMITED GIBRALTAR BRANCH   | Bank                                  | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Greece</b>            |  |                                       |                          |                  |                       |                  |       |
|                          | ALD AUTOMOTIVE SA LEASE OF CARS  | Bank                                  | FULL                     | 52.59            | 75.94                 | 100              | 100   |
| (6)                      | LEASEPLAN HELLAS COMMERCIAL VEHICLE LEASING AND FLEET MANAGEMENT SERVICES SINGLE-MEMBER SOCIETE ANON | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
| <b>Guinea</b>            |  |                                       |                          |                  |                       |                  |       |
|                          | SOCIETE GENERALE GUINEE  | Bank                                  | FULL                     | 57.93            | 57.93                 | 57.93            | 57.93 |
| <b>Equatorial Guinea</b> |  |                                       |                          |                  |                       |                  |       |
|                          | SOCIETE GENERALE DE BANQUES EN GUINEE EQUATORIALE  | Bank                                  | FULL                     | 52.44            | 52.44                 | 57.23            | 57.23 |
| <b>Hong Kong</b>         |  |                                       |                          |                  |                       |                  |       |
|                          | SG ASSET FINANCE (HONG KONG) LIMITED   | Broker                                | FULL                     | 100              | 100                   | 100              | 100   |
|                          | SG CAPITAL FINANCE (ASIA PACIFIC) LIMITED  | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                          | SG CAPITAL FINANCE (HONG KONG) LIMITED   | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |

| Country              | Activity   | Method*                               | Group ownership interest |                  | Group voting interest |                  |     |
|----------------------|--|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-----|
|                      |  |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |     |
| Hong Kong            | SG CORPORATE FINANCE (ASIA PACIFIC) LIMITED  | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100 |
|                      | SG CORPORATE FINANCE (HONG KONG) LIMITED   | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100 |
|                      | SG FINANCE (ASIA PACIFIC) LIMITED  | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100 |
|                      | SG FINANCE (HONG KONG) LIMITED   | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100 |
|                      | (1) SG HONG KONG   | Bank                                  | FULL                     | 100              | 100                   | 100              | 100 |
|                      | SG LEASING (HONG KONG) LIMITED   | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100 |
|                      | SG SECURITIES (HK) LIMITED   | Broker                                | FULL                     | 100              | 100                   | 100              | 100 |
|                      | SG SECURITIES ASIA INTERNATIONAL HOLDINGS LIMITED  | Broker                                | FULL                     | 100              | 100                   | 100              | 100 |
|                      | (1) SGL ASIA HK  | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100 |
|                      | SOCIETE GENERALE ASIA LTD  | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100 |
|                      | TH INVESTMENTS (HONG KONG) 1 LIMITED   | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100 |
|                      | TH INVESTMENTS (HONG KONG) 5 LIMITED   | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100 |
| <b>Hungary</b>       |  |                                       |                          |                  |                       |                  |     |
|                      | ALD AUTOMOTIVE MAGYARORSZAG AUTOPARK-KEZELO ES FINANSZIROZO KORLATOLT FELELOSSEGU TARSASAG | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100 |
| (6)                  | LEASEPLAN HUNGARIA GEPJARMU KEZELO ES FIANSZIROZO RESZVENYTARSASAG                         | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0   |
| (6)                  | SG EQUIPMENT FINANCE HUNGARY ZRT   | Specialist Financing                  | FULL                     | 100              | 0                     | 100              | 0   |
| <b>Jersey Island</b> |  |                                       |                          |                  |                       |                  |     |
|                      | ELMFORD LIMITED  | Services                              | FULL                     | 100              | 100                   | 100              | 100 |
|                      | HANOM I LIMITED  | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100 |
| (5)                  | HANOM II LIMITED   | Financial Company                     | ESI                      | 0                | 100                   | 0                | 100 |
| (5)                  | HANOM III LIMITED  | Financial Company                     | ESI                      | 0                | 100                   | 0                | 100 |
|                      | J D CORPORATE SERVICES LIMITED   | Services                              | FULL                     | 100              | 100                   | 100              | 100 |
| (5)                  | KLEINWORT BENSON CUSTODIAN SERVICES LIMITED  | Bank                                  | ESI                      | 0                | 100                   | 0                | 100 |
| (5)                  | SG HAMBROS NOMINEES (JERSEY) LIMITED   | Financial Company                     | ESI                      | 0                | 100                   | 0                | 100 |
| (2)                  | SG HAUSSMANN FUND  | Financial Company                     | FULL                     | 0                | 100                   | 0                | 100 |
|                      | SG KLEINWORT HAMBROS (CI) LIMITED (ex-SG KLEINWORT HAMBROS BANK (CI) LIMITED)              | Bank                                  | FULL                     | 100              | 100                   | 100              | 100 |
| (1)                  | SG KLEINWORT HAMBROS BANK LIMITED, JERSEY BRANCH   | Bank                                  | FULL                     | 100              | 100                   | 100              | 100 |
|                      | SG KLEINWORT HAMBROS CORPORATE SERVICES (CI) LIMITED                                       | Portfolio Management                  | FULL                     | 100              | 100                   | 100              | 100 |
|                      | SG KLEINWORT HAMBROS TRUST COMPANY (CI) LIMITED  | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100 |
|                      | SGKH TRUSTEES (CI) LIMITED   | Services                              | FULL                     | 100              | 100                   | 100              | 100 |

| Country                | Activity  | Method*              | Group ownership interest |                  | Group voting interest |                  |     |
|------------------------|---|----------------------|--------------------------|------------------|-----------------------|------------------|-----|
|                        |   |                      | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |     |
| <b>Isle of Man</b>     |   |                      |                          |                  |                       |                  |     |
|                        | KBBIOM LIMITED  | Bank                 | FULL                     | 100              | 100                   | 100              | 100 |
| (2)                    | KBTIOM LIMITED  | Bank                 | FULL                     | 0                | 100                   | 0                | 100 |
| <b>Guernsey Island</b> |   |                      |                          |                  |                       |                  |     |
|                        | CDS INTERNATIONAL LIMITED   | Services             | FULL                     | 100              | 100                   | 100              | 100 |
|                        | HAMBROS (GUERNSEY NOMINEES) LTD                                       | Services             | FULL                     | 100              | 100                   | 100              | 100 |
| (5)                    | HTG LIMITED   | Services             | ESI                      | 0                | 100                   | 0                | 100 |
|                        | KLEINWORT BENSON INTERNATIONAL TRUSTEES LIMITED                       | Bank                 | FULL                     | 100              | 100                   | 100              | 100 |
| (1)<br>(2)             | SG KLEINWORT HAMBROS BANK (CI) LIMITED, GUERNSEY BRANCH               | Bank                 | FULL                     | 0                | 100                   | 0                | 100 |
| (1)                    | SG KLEINWORT HAMBROS BANK LIMITED GUERNSEY BRANCH                     | Bank                 | FULL                     | 100              | 100                   | 100              | 100 |
| <b>India</b>           |   |                      |                          |                  |                       |                  |     |
|                        | ALD AUTOMOTIVE PRIVATE LIMITED  | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100 |
| (6)                    | LEASE PLAN INDIA PRIVATE LTD.   | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0   |
| (6)                    | LEASEPLAN FLEET MANAGEMENT INDIA PVT. LTD.                            | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0   |
| (1)                    | SG MUMBAI   | Bank                 | FULL                     | 100              | 100                   | 100              | 100 |
|                        | SOCIETE GENERALE GLOBAL SOLUTION CENTRE INDIA                         | Services             | FULL                     | 100              | 100                   | 100              | 100 |
|                        | SOCIETE GENERALE SECURITIES INDIA PRIVATE LIMITED                     | Broker               | FULL                     | 100              | 100                   | 100              | 100 |
| <b>Ireland</b>         |   |                      |                          |                  |                       |                  |     |
|                        | ALD RE PUBLIC LIMITED COMPANY (ex-ALD RE DESIGNATED ACTIVITY COMPANY) | Insurance            | FULL                     | 52.59            | 75.94                 | 100              | 100 |
| (6)                    | EURO INSURANCES DESIGNATED ACTIVITY COMPANY                           | Insurance            | FULL                     | 52.59            | 0                     | 100              | 0   |
|                        | IRIS SPV PLC SERIES MARK  | Financial Company    | FULL                     | 100              | 100                   | 100              | 100 |
|                        | IRIS SPV PLC SERIES SOGECAP   | Financial Company    | FULL                     | 100              | 100                   | 100              | 100 |
| (1)<br>(6)             | LEASEPLAN DIGITAL B.V. (DUBLIN BRANCH)                                | Services             | FULL                     | 52.59            | 0                     | 100              | 0   |
| (1)<br>(6)             | LEASEPLAN FINANCE B.V. (DUBLIN BRANCH OF LEASEPLAN FINANCE B.V.)      | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0   |
| (6)                    | LEASEPLAN FLEET MANAGEMENT SERVICES IRELAND LTD.                      | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0   |
| (4)                    | MERRION FLEET MANAGEMENT LIMITED                                      | Specialist Financing | FULL                     | 0                | 75.94                 | 0                | 100 |
|                        | NB SOG EMER EUR – I   | Financial Company    | FULL                     | 100              | 100                   | 100              | 100 |
| (1)                    | SG DUBLIN   | Bank                 | FULL                     | 100              | 100                   | 100              | 100 |
| (2)                    | SG KLEINWORT HAMBROS PRIVATE INVESTMENT OFFICE SERVICES LIMITED       | Bank                 | FULL                     | 0                | 100                   | 0                | 100 |
|                        | SGBT FINANCE IRELAND DESIGNATED ACTIVITY COMPANY                      | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100 |
|                        | SOCIETE GENERALE SECURITIES SERVICES, SGSS (IRELAND) LIMITED          | Financial Company    | FULL                     | 100              | 100                   | 100              | 100 |

| Country           | Activity   | Method*              | Group ownership interest |                  | Group voting interest |                  |       |
|-------------------|--|----------------------|--------------------------|------------------|-----------------------|------------------|-------|
|                   |  |                      | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| <b>Italy</b>      |  |                      |                          |                  |                       |                  |       |
|                   | ALD AUTOMOTIVE ITALIA S.R.L.   | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                   | FIDITALIA S.P.A.   | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                   | FRAER LEASING SPA  | Specialist Financing | FULL                     | 86.91            | 74.99                 | 86.91            | 74.99 |
| (6)               | LEASEPLAN ITALIA S.P.A.  | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0     |
|                   | MORIGI FINANCE S.R.L.  | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                   | RED & BLACK AUTO ITALY S.R.L.  | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SG EQUIPMENT FINANCE ITALY S.P.A.  | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SG FACTORING SPA   | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SG LEASING SPA   | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
| (1)               | SG LUXEMBOURG ITALIAN BRANCH   | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
| (1)               | SG MILAN   | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SOCIETE GENERALE SECURITIES SERVICES S.P.A.  | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
| (1)               | SOGECAP SA RAPPRESENTANZA GENERALE PER L'ITALIA (ex-SOCECAP SA RAPPRESENTANZA GENERALE PER L'ITALIA) | Insurance            | FULL                     | 100              | 100                   | 100              | 100   |
| (1)               | SOGESSUR SA RAPPRESENTANZA GENERALE PER L'ITALIA (ex-SOGESSUR SA)                                    | Insurance            | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Japan</b>      |  |                      |                          |                  |                       |                  |       |
| (1)               | SG TOKYO   | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SOCIETE GENERALE HAUSSMANN MANAGEMENT JAPAN LIMITED  | Portfolio Management | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SOCIETE GENERALE SECURITIES JAPAN LIMITED  | Broker               | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Latvia</b>     |  |                      |                          |                  |                       |                  |       |
|                   | ALD AUTOMOTIVE SIA   | Specialist Financing | FULL                     | 39.44            | 56.96                 | 75               | 75    |
| <b>Lithuania</b>  |  |                      |                          |                  |                       |                  |       |
|                   | UAB ALD AUTOMOTIVE   | Specialist Financing | FULL                     | 39.44            | 56.96                 | 75               | 75    |
| <b>Luxembourg</b> |  |                      |                          |                  |                       |                  |       |
|                   | ALD INTERNATIONAL SERVICES SA  | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                   | AXUS LUXEMBOURG SA   | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                   | BARTON CAPITAL SA  | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |
| (6)               | BUMPER DE SA   | Financial Company    | FULL                     | 52.59            | 0                     | 100              | 0     |
|                   | CODEIS COMPARTIMENT A0084  | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |
|                   | CODEIS COMPARTIMENT A0076  | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |
|                   | CODEIS SECURITIES SA   | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |



| Country           | Activity   | Method*                               | Group ownership interest |                  | Group voting interest |                  |       |
|-------------------|--|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|                   |  |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| <b>Luxembourg</b> | COVALBA  | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
| (4)               | GOLDMAN SACHS 2 G EM M DBP ID  | Financial Company                     | FULL                     | 0                | 100                   | 0                | 100   |
| (6)               | INFRAMEWA CO-INVEST SCSP   | Financial Company                     | FULL                     | 60.05            | 0                     | 60.05            | 0     |
|                   | IVEFI SA   | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
| (1)<br>(6)        | LEASEPLAN GLOBAL PROCUREMENT (A LUXEMBOURGISH BRANCH OF LEASEPLAN GLOBAL B.V.) | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)               | MERIBOU INVESTMENTS SA   | Specialist Financing                  | FULL                     | 100              | 0                     | 100              | 0     |
| (6)               | MOOREA FUND SG CREDIT MILLESIME 2028 RE (EUR CAP)                              | Financial Company                     | FULL                     | 60.05            | 0                     | 60.05            | 0     |
|                   | MOOREA GLB BALANCED  | Financial Company                     | FULL                     | 68.08            | 68.08                 | 68.08            | 68.08 |
| (6)               | MOOREA SUSTAINABLE US EQUITY RE  | Financial Company                     | FULL                     | 60.05            | 0                     | 60.05            | 0     |
|                   | PIONEER INVESTMENTS DIVERSIFIED LOANS FUND                                     | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
| (6)               | RED & BLACK AUTO LEASE GERMANY 3 SA  | Financial Company                     | FULL                     | 52.59            | 0                     | 100              | 0     |
|                   | RED & BLACK AUTO LEASE GERMANY SA  | Financial Company                     | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                   | SALINGER SA  | Bank                                  | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SG ISSUER  | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
| (6)               | SG LUCI  | Insurance                             | FULL                     | 100              | 0                     | 100              | 0     |
|                   | SGBT ASSET BASED FUNDING SA  | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SGBT CI  | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SGL ASIA   | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SGL RE   | Insurance                             | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SOCIETE GENERALE CAPITAL MARKET FINANCE  | Bank                                  | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SOCIETE GENERALE FINANCING AND DISTRIBUTION                                    | Bank                                  | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SOCIETE GENERALE LIFE INSURANCE BROKER SA                                      | Insurance                             | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SOCIETE GENERALE LUXEMBOURG  | Bank                                  | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SOCIETE GENERALE LUXEMBOURG LEASING  | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SOCIETE GENERALE PRIVATE WEALTH MANAGEMENT SA                                  | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SOCIETE GENERALE RE SA   | Insurance                             | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SOCIETE IMMOBILIERE DE L'ARSENAL   | Group Real Estate Management Company  | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SOGLIFE  | Insurance                             | FULL                     | 100              | 100                   | 100              | 100   |
| (2)               | SOLYS  | Financial Company                     | FULL                     | 0                | 100                   | 0                | 100   |
|                   | SPIRE SA – COMPARTIMENT 2021-51  | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                   | SURYA INVESTMENTS SA   | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
|                   | ZEUS FINANCE LEASING SA  | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100   |

| Country           | Activity   | Method*                              | Group ownership interest |                  | Group voting interest |                  |       |
|-------------------|--|--------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|                   |  |                                      | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| <b>Madagascar</b> |  |                                      |                          |                  |                       |                  |       |
|                   | BFV – SOCIETE GENERALE                             | Bank                                 | FULL                     | 70               | 70                    | 70               | 70    |
| <b>Malaysia</b>   |  |                                      |                          |                  |                       |                  |       |
|                   | ALD MHC MOBILITY SERVICES MALAYSIA SDN BHD         | Specialist Financing                 | FULL                     | 31.55            | 45.56                 | 60               | 60    |
| <b>Morocco</b>    |  |                                      |                          |                  |                       |                  |       |
|                   | ALD AUTOMOTIVE SA (ex-ALD AUTOMOTIVE SA MAROC)     | Specialist Financing                 | FULL                     | 27.06            | 35.23                 | 50               | 50    |
|                   | ATHENA COURTAGE                                    | Insurance                            | FULL                     | 58.26            | 58.28                 | 99.9             | 99.93 |
|                   | FONCIMMO   | Group Real Estate Management Company | FULL                     | 57.67            | 57.67                 | 100              | 100   |
| (6)               | INVESTIMA SA                                       | Bank                                 | FULL                     | 38.14            | 0                     | 58.48            | 0     |
|                   | LA MAROCAINE VIE                                   | Insurance                            | FULL                     | 79.24            | 79.24                 | 99.98            | 99.98 |
|                   | SG MAROCAINE DE BANQUES                            | Bank                                 | FULL                     | 57.67            | 57.67                 | 57.67            | 57.67 |
|                   | SOCIETE D'EQUIPEMENT DOMESTIQUE ET MENAGER "EQDOM" | Specialist Financing                 | FULL                     | 32.37            | 31.19                 | 57.09            | 53.98 |
| (6)               | SOCIETE GENERALE AFRICAN BUSINESS SERVICES SAS     | Services                             | FULL                     | 97.88            | 0                     | 100              | 0     |
|                   | SOCIETE GENERALE DE LEASING AU MAROC               | Specialist Financing                 | FULL                     | 57.67            | 57.67                 | 100              | 100   |
|                   | SOCIETE GENERALE OFFSHORE                          | Financial Company                    | FULL                     | 57.64            | 57.64                 | 99.94            | 99.94 |
|                   | SOGECAPITAL GESTION                                | Financial Company                    | FULL                     | 57.65            | 57.64                 | 99.95            | 99.94 |
|                   | SOGECAPITAL PLACEMENT                              | Portfolio Management                 | FULL                     | 57.66            | 57.66                 | 99.97            | 99.98 |
| (8)               | SOGEFINANCEMENT MAROC                              | Specialist Financing                 | FULL                     | 57.67            | 57.67                 | 100              | 100   |
| <b>Mauritius</b>  |  |                                      |                          |                  |                       |                  |       |
|                   | SG SECURITIES BROKING (M) LIMITED                  | Broker                               | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Mauritania</b> |  |                                      |                          |                  |                       |                  |       |
|                   | SOCIETE GENERALE MAURITANIE                        | Bank                                 | FULL                     | 100              | 95.5                  | 100              | 95.5  |
| <b>Mexico</b>     |  |                                      |                          |                  |                       |                  |       |
|                   | ALD AUTOMOTIVE SA DE C.V.                          | Specialist Financing                 | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                   | ALD FLEET SA DE CV SOFOM ENR                       | Specialist Financing                 | FULL                     | 52.59            | 75.94                 | 100              | 100   |
| (6)               | LEASEPLAN MEXICO SA DE C.V.                        | Specialist Financing                 | FULL                     | 52.59            | 0                     | 100              | 0     |
|                   | SGFP MEXICO, SA DE C.V.                            | Financial Company                    | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Monaco</b>     |  |                                      |                          |                  |                       |                  |       |
| (5)               | SOCIETE DE BANQUE MONACO                           | Bank                                 | FULL                     | 0                | 100                   | 0                | 100   |
|                   | SOCIETE GENERALE PRIVATE BANKING (MONACO)          | Bank                                 | FULL                     | 99.99            | 100                   | 99.99            | 100   |
| (1)               | SOCIETE GENERALE (SUCCURSALE MONACO)               | Bank                                 | FULL                     | 100              | 100                   | 100              | 100   |

| Country              | Activity                                | Method*                               | Group ownership interest |                  | Group voting interest |                  |       |
|----------------------|---|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|                      |   |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| <b>Norway</b>        |   |                                       |                          |                  |                       |                  |       |
| (4)                  | ALD AUTOMOTIVE AS                       | Specialist Financing                  | FULL                     | 0                | 75.94                 | 0                | 100   |
| (6)                  | LEASEPLAN NORGE AS                      | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
|                      | NF FLEET AS                             | Specialist Financing                  | FULL                     | 42.07            | 60.75                 | 80               | 80    |
| <b>New Caledonia</b> |   |                                       |                          |                  |                       |                  |       |
|                      | CREDICAL                                | Specialist Financing                  | FULL                     | 88.34            | 88.34                 | 98.05            | 98.05 |
| (6)                  | SOCALFI                                 | Financial Company                     | FULL                     | 88.34            | 0                     | 100              | 0     |
|                      | SOCIETE GENERALE CALEDONIENNE DE BANQUE | Bank                                  | FULL                     | 90.09            | 90.09                 | 90.09            | 90.09 |
| <b>Netherlands</b>   |   |                                       |                          |                  |                       |                  |       |
| (6)                  | AALH PARTICIPATIES B.V.                 | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                  | ACCIDENT MANAGEMENT SERVICES (AMS) B.V. | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
|                      | ALVARENGA INVESTMENTS B.V.              | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
|                      | ASTEROLD B.V.                           | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
|                      | AXUS FINANCE NL B.V.                    | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                      | AXUS NEDERLAND BV                       | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                      | BRIGANTIA INVESTMENTS B.V.              | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
| (6)                  | BUMPER NL 2020-1 B.V.                   | Financial Company                     | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                  | BUMPER NL 2022-1 B.V.                   | Financial Company                     | FULL                     | 52.59            | 0                     | 100              | 0     |
|                      | CAPEREA B.V.                            | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
| (6)                  | FIRENTA B.V.                            | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
|                      | FORD FLEET MANAGEMENT B.V.              | Real Estate and Real Estate Financing | FULL                     | 26.35            | 38.05                 | 50.1             | 50.1  |
|                      | HERFSTTAFEL INVESTMENTS B.V.            | Specialist Financing                  | FULL                     | 100              | 100                   | 100              | 100   |
|                      | HORDLE FINANCE B.V.                     | Financial Company                     | FULL                     | 100              | 100                   | 100              | 100   |
| (6)                  | LEASE BEHEER HOLDING B.V.               | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                  | LEASE BEHEER VASTGOED B.V.              | Real Estate and Real Estate Financing | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                  | LEASEPLAN CN HOLDING B.V.               | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                  | LEASEPLAN CORPORATION N.V.              | Financial Company                     | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                  | LEASEPLAN DIGITAL B.V.                  | Services                              | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                  | LEASEPLAN FINANCE B.V.                  | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                  | LEASEPLAN GLOBAL B.V.                   | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                  | LEASEPLAN NEDERLAND N.V.                | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |

| Country                 | Activity   | Method*              | Group ownership interest |                  | Group voting interest |                  |      |
|-------------------------|--|----------------------|--------------------------|------------------|-----------------------|------------------|------|
|                         |  |                      | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |      |
| <b>Netherlands</b>      | (6) LEASEPLAN RECHTSHULP B.V.  | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0    |
|                         | (6) LP GROUP B.V.  | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0    |
|                         | MONTALIS INVESTMENT BV   | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100  |
|                         | (1) SG AMSTERDAM   | Bank                 | FULL                     | 100              | 100                   | 100              | 100  |
|                         | SG EQUIPMENT FINANCE BENELUX BV  | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100  |
|                         | SOGELEASE B.V.   | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100  |
|                         | SOGELEASE FILMS  | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100  |
|                         | (6) TRANSPORT PLAN B.V.  | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0    |
|                         | TYNEVOR B.V.   | Financial Company    | FULL                     | 100              | 100                   | 100              | 100  |
| <b>Peru</b>             | ALD AUTOMOTIVE PERU SAC.   | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100  |
| <b>Poland</b>           | ALD AUTOMOTIVE POLSKA SP Z O.O.  | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100  |
|                         | (6) FLEET ACCIDENT MANAGEMENT SERVICES SP Z O.O.                                       | Broker               | FULL                     | 52.59            | 0                     | 100              | 0    |
|                         | (6) LEASEPLAN FLEET MANAGEMENT (POLSKA) SP Z O.O.                                      | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0    |
|                         | SG EQUIPMENT LEASING POLSKA SP Z O.O.  | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100  |
|                         | (1) SOCIETE GENERALE SA ODDZIAL W POLSCE   | Bank                 | FULL                     | 100              | 100                   | 100              | 100  |
|                         | (1) SOGECAP SPOLKA AKCYJNA ODDZIAL W POLSCE  | Insurance            | FULL                     | 100              | 100                   | 100              | 100  |
|                         | (1) SOGESSUR SPOLKA AKCYJNA ODDZIAL W POLSCE   | Insurance            | FULL                     | 100              | 100                   | 100              | 100  |
| <b>French Polynesia</b> | BANQUE DE POLYNESIE  | Bank                 | FULL                     | 72.1             | 72.1                  | 72.1             | 72.1 |
|                         | SOGELEASE BDP "SAS"  | Specialist Financing | FULL                     | 72.1             | 72.1                  | 100              | 100  |
| <b>Portugal</b>         | (6) FLEET COVER-SOCIEDADE MEDIACAO DE SEGUROS, LDA.                                    | Broker               | FULL                     | 52.59            | 0                     | 100              | 0    |
|                         | (6) LEASEPLAN PORTUGAL COMERCIO E ALUGUER DE AUTOMÓVEIS E EQUIPAMENTOS UNIPessoal LDA. | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0    |
|                         | (4) SGALD AUTOMOTIVE SOCIEDADE GERAL DE COMERCIO E ALUGUER DE BENS SA                  | Specialist Financing | FULL                     | 0                | 75.94                 | 0                | 100  |

| Country               | Activity  | Method*                               | Group ownership interest |                  | Group voting interest |                  |       |
|-----------------------|---|---------------------------------------|--------------------------|------------------|-----------------------|------------------|-------|
|                       |   |                                       | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| <b>Czech Republic</b> |   |                                       |                          |                  |                       |                  |       |
|                       | ALD AUTOMOTIVE S.R.O.                           | Specialist Financing                  | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                       | ESSEX SRO                                       | Specialist Financing                  | FULL                     | 80               | 80                    | 100              | 100   |
|                       | FACTORING KB                                    | Financial Company                     | FULL                     | 60.73            | 60.73                 | 100              | 100   |
|                       | KB PENZIJNI SPOLECNOST, A.S.                    | Financial Company                     | FULL                     | 60.73            | 60.73                 | 100              | 100   |
|                       | KB REAL ESTATE                                  | Real Estate and Real Estate Financing | FULL                     | 60.73            | 60.73                 | 100              | 100   |
|                       | KB SMARTSOLUTIONS, S.R.O.                       | Bank                                  | FULL                     | 60.73            | 60.73                 | 100              | 100   |
|                       | KOMERCNI BANKA A.S.                             | Bank                                  | FULL                     | 60.73            | 60.73                 | 60.73            | 60.73 |
|                       | KOMERCNI POJISTOVNA A.S                         | Insurance                             | FULL                     | 80.76            | 80.76                 | 100              | 100   |
|                       | MODRA PYRAMIDA STAVEBNI SPORITELNA AS           | Financial Company                     | FULL                     | 60.73            | 60.73                 | 100              | 100   |
|                       | PROTOS  | Financial Company                     | FULL                     | 60.73            | 60.73                 | 100              | 100   |
|                       | SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O.      | Specialist Financing                  | FULL                     | 80.33            | 80.33                 | 100              | 100   |
|                       | SOGEPROM CESKA REPUBLIKA S.R.O.                 | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                       | SOGEPROM MICHLE S.R.O.                          | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                       | STD2, S.R.O.                                    | Group Real Estate Management Company  | FULL                     | 60.73            | 60.73                 | 100              | 100   |
|                       | VN 42   | Real Estate and Real Estate Financing | FULL                     | 60.73            | 60.73                 | 100              | 100   |
|                       | WORLDLINE CZECH REPUBLIC S.R.O.                 | Services                              | ESI                      | 0.61             | 0.06                  | 40               | 40    |
| <b>Romania</b>        |   |                                       |                          |                  |                       |                  |       |
| (6)                   | ACCIDENT MANAGEMENT SERVICES S.R.L.             | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
|                       | ALD AUTOMOTIVE SRL                              | Specialist Financing                  | FULL                     | 52.59            | 72.79                 | 100              | 100   |
|                       | BRD – GROUPE SOCIETE GENERALE SA                | Bank                                  | FULL                     | 60.17            | 60.17                 | 60.17            | 60.17 |
|                       | BRD ASSET MANAGEMENT SAI SA                     | Portfolio Management                  | FULL                     | 60.17            | 60.17                 | 100              | 100   |
|                       | BRD FINANCE IFN SA                              | Financial Company                     | FULL                     | 80.48            | 80.48                 | 100              | 100   |
|                       | BRD SOGELEASE IFN SA                            | Portfolio Management                  | FULL                     | 60.17            | 60.17                 | 100              | 100   |
| (6)                   | LEASEPLAN ROMANIA S.R.L.                        | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                   | LEASEPLAN SERVICE CENTER S.R.L.                 | Specialist Financing                  | FULL                     | 52.59            | 0                     | 100              | 0     |
|                       | S.C. ROGARIU IMOBILIARE S.R.L.                  | Real Estate and Real Estate Financing | FULL                     | 75               | 75                    | 75               | 75    |
|                       | SOCIETE GENERALE GLOBAL SOLUTION CENTRE ROMANIA | Services                              | FULL                     | 100              | 100                   | 100              | 100   |
|                       | SOGEPROM ROMANIA SRL                            | Real Estate and Real Estate Financing | FULL                     | 100              | 100                   | 100              | 100   |
| (1)                   | SOGESSUR S.A PARIS – SUCURSALA BUCURESTI        | Insurance                             | FULL                     | 100              | 100                   | 100              | 100   |

| Country               | Activity   | Method*              | Group ownership interest |                  | Group voting interest |                  |     |
|-----------------------|--|----------------------|--------------------------|------------------|-----------------------|------------------|-----|
|                       |  |                      | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |     |
| <b>United Kingdom</b> |  |                      |                          |                  |                       |                  |     |
|                       | ACR  | Financial Company    | FULL                     | 100              | 100                   | 100              | 100 |
|                       | ALD AUTOMOTIVE GROUP LIMITED                       | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100 |
|                       | ALD AUTOMOTIVE LIMITED                             | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100 |
| (6)                   | AUTOMOTIVE LEASING LIMITED                         | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0   |
| (1)                   | BRIGANTIA INVESTMENTS B.V. (UK BRANCH)             | Financial Company    | FULL                     | 100              | 100                   | 100              | 100 |
| (6)                   | BUMPER UK 2019-1 FINANCE PLC                       | Financial Company    | FULL                     | 52.59            | 0                     | 100              | 0   |
| (6)                   | BUMPER UK 2021-1 FINANCE PLC                       | Financial Company    | FULL                     | 52.59            | 0                     | 100              | 0   |
| (1)<br>(6)            | COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS UK    | Specialist Financing | FULL                     | 99.89            | 0                     | 100              | 0   |
| (6)                   | DIAL CONTRACTS LIMITED                             | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0   |
| (6)                   | DIAL VEHICLE MANAGEMENT SERVICES LTD               | Specialist Financing | FULL                     | 52.38            | 0                     | 99.6             | 0   |
|                       | FENCHURCH NOMINEES LIMITED                         | Bank                 | FULL                     | 100              | 100                   | 100              | 100 |
|                       | FORD FLEET MANAGEMENT UK LIMITED                   | Specialist Financing | FULL                     | 26.35            | 38.05                 | 100              | 100 |
|                       | FRANK NOMINEES LIMITED                             | Bank                 | FULL                     | 100              | 100                   | 100              | 100 |
| (1)                   | HORDLE FINANCE B.V. (UK BRANCH)                    | Financial Company    | FULL                     | 100              | 100                   | 100              | 100 |
| (6)                   | INTERNAL FLEET PURCHASING LIMITED                  | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0   |
| (6)                   | INULA HOLDING UK LIMITED                           | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0   |
|                       | JWB LEASING LIMITED PARTNERSHIP                    | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100 |
|                       | KBIM STANDBY NOMINEES LIMITED                      | Bank                 | FULL                     | 100              | 100                   | 100              | 100 |
|                       | KBPB NOMINEES LIMITED                              | Bank                 | FULL                     | 100              | 100                   | 100              | 100 |
|                       | KH COMPANY SECRETARIES LIMITED                     | Bank                 | FULL                     | 100              | 100                   | 100              | 100 |
|                       | KLEINWORT BENSON FARMLAND TRUST (MANAGERS) LIMITED | Bank                 | FULL                     | 75               | 75                    | 75               | 75  |
|                       | LANGBOURN NOMINEES LIMITED                         | Bank                 | FULL                     | 100              | 100                   | 100              | 100 |
| (6)                   | LEASEPLAN UK LIMITED                               | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0   |
| (6)                   | PAYXPRT SERVICES LTD                               | Financial Company    | FULL                     | 60               | 0                     | 60               | 0   |
|                       | RED & BLACK AUTO LEASE UK 1 PLC                    | Financial Company    | FULL                     | 52.59            | 75.94                 | 100              | 100 |
|                       | ROBERT BENSON, LONSDALE & CO. (CANADA) LIMITED     | Bank                 | FULL                     | 100              | 100                   | 100              | 100 |
|                       | SG (MARITIME) LEASING LIMITED                      | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100 |
|                       | SG EQUIPMENT FINANCE (DECEMBER) LIMITED            | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100 |
|                       | SG FINANCIAL SERVICES LIMITED                      | Financial Company    | FULL                     | 100              | 100                   | 100              | 100 |
|                       | SG HAMBROS TRUST COMPANY LIMITED                   | Financial Company    | FULL                     | 100              | 100                   | 100              | 100 |

| Country                   | Activity  | Method*              | Group ownership interest |                  | Group voting interest |                  |       |
|---------------------------|---|----------------------|--------------------------|------------------|-----------------------|------------------|-------|
|                           |   |                      | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| <b>United Kingdom</b>     | SG HEALTHCARE BENEFITS TRUSTEE COMPANY LIMITED                                  | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SG INVESTMENT LIMITED   | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SG KLEINWORT HAMBROS BANK LIMITED   | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SG KLEINWORT HAMBROS LIMITED  | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SG KLEINWORT HAMBROS NOMINEES LIMITED (ex-SG HAMBROS (LONDON) NOMINEES LIMITED) | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SG KLEINWORT HAMBROS TRUST COMPANY (UK) LIMITED                                 | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SG LEASING (ASSETS) LIMITED   | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SG LEASING (GEMS) LIMITED   | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SG LEASING (JUNE) LIMITED   | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SG LEASING (MARCH) LIMITED  | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SG LEASING (USD) LIMITED  | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SG LEASING IX   | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
| (1)                       | SG LONDRES  | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SG TITANIUM LIMITED (ex-SG LEASING (CENTRAL 3) LIMITED)                         | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SOCGEN NOMINEES (UK) LIMITED  | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SOCIETE GENERALE EQUIPMENT FINANCE LIMITED                                      | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SOCIETE GENERALE INTERNATIONAL LIMITED  | Broker               | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED                                     | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |
|                           | STRABUL NOMINEES LIMITED  | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |
| (1)                       | TYNEVOR B.V. (UK BRANCH)  | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Russian Federation</b> |   |                      |                          |                  |                       |                  |       |
| (4)                       | ALD AUTOMOTIVE OOO  | Specialist Financing | ESI                      | 0                | 75.94                 | 0                | 100   |
| (6)                       | LEASEPLAN RUS LLC   | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0     |
| <b>Senegal</b>            |   |                      |                          |                  |                       |                  |       |
|                           | SOCIETE GENERALE SENEGAL  | Bank                 | FULL                     | 64.45            | 64.45                 | 64.87            | 64.87 |
| <b>Serbia</b>             |   |                      |                          |                  |                       |                  |       |
|                           | ALD AUTOMOTIVE D.O.O BEOGRAD  | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
| <b>Singapore</b>          |   |                      |                          |                  |                       |                  |       |
|                           | SG MARKETS (SEA) PTE. LTD.  | Broker               | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SG SECURITIES (SINGAPORE) PTE. LTD.   | Broker               | FULL                     | 100              | 100                   | 100              | 100   |
| (1)                       | SG SINGAPOUR  | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
|                           | SG TRUST (ASIA) LTD   | Financial Company    | FULL                     | 100              | 100                   | 100              | 100   |

| Country            | Activity   | Method*              | Group ownership interest |                  | Group voting interest |                  |       |
|--------------------|--|----------------------|--------------------------|------------------|-----------------------|------------------|-------|
|                    |  |                      | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| <b>Slovakia</b>    |  |                      |                          |                  |                       |                  |       |
|                    | ALD AUTOMOTIVE SLOVAKIA S.R.O.   | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
|                    | ESSOX FINANCE S.R.O.   | Specialist Financing | FULL                     | 80               | 80                    | 100              | 100   |
| (6)                | INSURANCEPLAN S.R.O.   | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0     |
| (1)                | KOMERCNI BANKA SLOVAKIA  | Bank                 | FULL                     | 60.73            | 60.73                 | 100              | 100   |
| (6)                | LEASEPLAN SLOVAKIA S.R.O.  | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0     |
| (1)                | SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O. ORGANIZACNA ZLOZKA (SLOVAK RUPUBLIC BRANCH) | Specialist Financing | FULL                     | 80.33            | 80.33                 | 100              | 100   |
| <b>Slovenia</b>    |  |                      |                          |                  |                       |                  |       |
|                    | ALD AUTOMOTIVE OPERATIONAL LEASING DOO   | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
| <b>Sweden</b>      |  |                      |                          |                  |                       |                  |       |
|                    | ALD AUTOMOTIVE AB  | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
| (6)                | CLAIMS MANAGEMENT SVERIGE AB   | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                | LEASEPLAN SVERIGE AB   | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0     |
|                    | NF FLEET AB  | Specialist Financing | FULL                     | 42.07            | 60.75                 | 80               | 80    |
| (1)                | SOCIETE GENERALE SA BANKFILIAL SVERIGE   | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Switzerland</b> |  |                      |                          |                  |                       |                  |       |
|                    | ALD AUTOMOTIVE AG  | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
| (6)                | ALL-IN A.G.  | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0     |
| (6)                | LEASEPLAN (SCHWEIZ) A.G.   | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0     |
|                    | SG EQUIPMENT FINANCE SCHWEIZ AG  | Specialist Financing | FULL                     | 100              | 100                   | 100              | 100   |
| (1)                | SG ZURICH  | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
|                    | SOCIETE GENERALE PRIVATE BANKING (SUISSE) SA   | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Taiwan</b>      |  |                      |                          |                  |                       |                  |       |
| (1)                | SG SECURITIES (HONG KONG) LIMITED TAIPEI BRANCH  | Broker               | FULL                     | 100              | 100                   | 100              | 100   |
| (1)                | SG TAIPEI  | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Chad</b>        |  |                      |                          |                  |                       |                  |       |
|                    | SOCIETE GENERALE TCHAD   | Bank                 | FULL                     | 56.91            | 56.91                 | 67.92            | 67.92 |
| <b>Thailand</b>    |  |                      |                          |                  |                       |                  |       |
|                    | SOCIETE GENERALE (THAILAND) LIMITED (ex-SOCIETE GENERALE SECURITIES (THAILAND) LTD.)   | Broker               | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Togo</b>        |  |                      |                          |                  |                       |                  |       |
| (1)                | SOCIETE GENERALE TOGO  | Bank                 | FULL                     | 93.43            | 93.43                 | 100              | 100   |



| Country        | Activity   | Method*              | Group ownership interest |                  | Group voting interest |                  |       |
|----------------|--|----------------------|--------------------------|------------------|-----------------------|------------------|-------|
|                |  |                      | As at 31.12.2023         | As at 31.12.2022 | As at 31.12.2023      | As at 31.12.2022 |       |
| <b>Tunisia</b> |  |                      |                          |                  |                       |                  |       |
|                | UNION INTERNATIONALE DE BANQUES                  | Bank                 | FULL                     | 55.1             | 55.1                  | 52.34            | 52.34 |
| <b>Turkey</b>  |  |                      |                          |                  |                       |                  |       |
|                | ALD AUTOMOTIVE TURIZM TICARET ANONIM SIRKETI     | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |
| (6)            | LEASEPLAN OTOMOTIV SERVIS VE TICARET A.S.        | Specialist Financing | FULL                     | 52.59            | 0                     | 100              | 0     |
| (1)            | SG ISTANBUL                                      | Bank                 | FULL                     | 100              | 100                   | 100              | 100   |
| <b>Ukraine</b> |  |                      |                          |                  |                       |                  |       |
|                | ALD AUTOMOTIVE UKRAINE LIMITED LIABILITY COMPANY | Specialist Financing | FULL                     | 52.59            | 75.94                 | 100              | 100   |

\* FULL: Full consolidation – JO: Joint Operation – EJV: Equity (Joint Venture) – ESI: Equity (significant influence) – EFS: Equity For Simplification (Entities controlled by the Group

that are consolidated using the equity method for simplification because are not significant).

- (1) Branches.
- (2) Entities wound up.
- (3) Removal from the scope.
- (4) Entities sold.
- (5) Merged.
- (6) Newly consolidated.

Additional information related to the consolidation scope and equity investments as required by the Regulation 2016-09 of the Autorité des Normes Comptables (ANC, the French Accounting standard setter), dated 2 December 2016 is available on Societe Generale Group website at: <https://investors.societegenerale.com/en/publications-documents>.

### NOTE 8.5 Fees paid to Statutory Auditors

The consolidated financial statements of the Societe Generale Group are jointly certified by Ernst & Young et Autres, represented by Micha Missakian and Vincent Roty, on the one hand, and Deloitte et Associés, represented by Jean-Marc Mickeler and Maud Monin, on the other.

On the proposal of the Board of Directors and following the recommendation of the Audit and Internal Control Committee (CACI) of Societe Generale, the General Meeting of 23 May 2018 renewed the mandates of Ernst & Young et Autres and Deloitte et Associés for a period of six years. Their terms of office will expire at the General Meeting approving the 2023 financial statements.

In accordance with European audit regulations, the CACI implements a specific policy for the approval of services other than the certification of accounts (SACC) provided by the Statutory Auditors and their networks in order to verify the compliance of the mission with these regulations prior to the launch of the mission.

A summary of the SACCs (approved or rejected) is presented at each meeting of the CACI.

Lastly, the Finance Departments of the entities or business lines make annual decisions on the quality of the audits of Deloitte et Associés and Ernst & Young et Autres. The findings of this investigation are also presented to the CACI.

The table below presents the fees invoiced by Ernst & Young et Autres, on the one hand, and Deloitte et Associés on the other hand, as well as by their respective networks, to Societe Generale S.A. and its subsidiaries.

|   |                                 | Ernst & Young et Autres |           | Deloitte et Associés |           | Total     |           |
|---|---------------------------------|-------------------------|-----------|----------------------|-----------|-----------|-----------|
|   |                                 | 2023                    | 2022 R    | 2023                 | 2022 R    | 2023      | 2022 R    |
| <i>(In EURm excluded VAT)</i>   |                                 |                         |           |                      |           |           |           |
| Statutory audit, certification, examination of parent company and consolidated accounts | Issuer                          | 5                       | 4         | 4                    | 4         | 9         | 8         |
|   | Fully consolidated subsidiaries | 15                      | 15        | 16                   | 16        | 31        | 31        |
| <b>SUB-TOTAL AUDIT</b>  |                                 | <b>20</b>               | <b>19</b> | <b>20</b>            | <b>20</b> | <b>40</b> | <b>39</b> |
| Non-audit services (SACC)   | Issuer                          | 1                       | 1         | 1                    | 1         | 2         | 2         |
|   | Fully consolidated subsidiaries | 1                       | 2         | 3                    | 2         | 4         | 4         |
| <b>TOTAL</b>  |                                 | <b>22</b>               | <b>22</b> | <b>24</b>            | <b>23</b> | <b>46</b> | <b>45</b> |

Services other than the certification of accounts mainly consist of missions to review compliance with regulatory requirements, internal control reviews in the context of compliance with ISAE (International Standard on Assurance Engagements) standards and extended audit procedures (agreed procedures). They also include services expressly and exclusively entrusted to the Statutory Auditors for EUR 0.3 million.

## NOTE 9 INFORMATION ON RISKS AND LITIGATION

Every quarter, the Group reviews in detail the disputes presenting a significant risk. These disputes may lead to the recording of a provision if it becomes probable or certain that the Group will incur an outflow of resources for the benefit of a third party without receiving at least the equivalent value in exchange. These provisions for litigations are classified among the Other provisions included in the Provisions item in the liabilities of the balance-sheet.

No detailed information can be disclosed on either the recording or the amount of a specific provision given that such disclosure would likely seriously prejudice the outcome of the disputes in question.

- On 24 October 2012, the Court of Appeal of Paris confirmed the first judgment delivered on 5 October 2010, finding J. Kerviel guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. J. Kerviel was sentenced to serve a prison sentence of five years, two years of which are suspended, and was ordered to pay EUR 4.9 billion in damages to Societe Generale. On 19 March 2014, the Supreme Court confirmed the criminal liability of J. Kerviel. This decision puts an end to the criminal proceedings. On the civil front, on 23 September 2016, the Versailles Court of Appeal rejected J. Kerviel's request for an expert determination of the damage suffered by the Bank, and therefore confirmed that the net accounting losses suffered by the Bank as a result of his criminal conduct amount to EUR 4.9 billion. It also declared J. Kerviel partially responsible for the damage caused to Societe Generale and sentenced him to pay to Societe Generale EUR 1 million. Societe Generale and J. Kerviel did not appeal before the Supreme Court. Societe Generale considers that this decision has no impact on its tax situation. However, as indicated by the Minister of the Economy and Finance in September 2016, the tax authorities have examined the tax consequences of this book loss and indicated that they intended to call into question the deductibility of the loss caused by the actions of J. Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by an adjustment notice sent by the tax authorities when Societe Generale will be in a position to deduct the tax loss carry forwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the Bank's forecasts. In view of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'État*) and its established case law which was recently confirmed again in this regard, Societe Generale considers that there is no need to provision the corresponding deferred tax assets. In the event that the authorities decide, in due course, to confirm their current position, Societe Generale group will not fail to assert its rights before the competent courts. By a decision handed down on 20 September 2018, the Investigation Committee of the reviewing and reassessment Criminal Court has furthermore declared inadmissible the request filed in May 2015 by J. Kerviel against his criminal sentence, confirming the absence of any new element or fact that could justify the reopening of the criminal file.
- Between 2003 and 2008, Societe Generale set up gold consignment lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold stocks held by Goldas. These suspicions were rapidly confirmed following the failure by Goldas to pay or refund gold worth EUR 466.4 million. Societe Generale brought civil proceedings against its insurers and various Goldas Group entities. Goldas launched various proceedings in Turkey and in the UK against Societe Generale. In the action brought by Societe Generale against Goldas in the UK, Goldas applied to have the action of Societe Generale struck-out and applied to the UK court for damages. On 3 April 2017, the UK court granted both applications and will, after an inquiry into damages, rule on the amount due to Goldas, if any. On 15 May 2018, the London Court of Appeal discharged entirely the inquiry into damages granted by the London High Court to Goldas but rejected Societe Generale's arguments relating to service of the claims issued against Goldas, which are therefore time-barred. On 18 December 2018, the Supreme Court refused permission to appeal to both Societe Generale and Goldas, which has therefore become definitive. On 16 February 2017, the Paris Commercial Court dismissed Societe Generale's claims against its insurers. Societe Generale filed an appeal against the Paris Commercial Court's decision. On 1 February 2023, the Paris Court of Appeals confirmed this decision. Societe Generale filed an appeal before the Supreme Court against this decision.
- In the early 2000s, the French banking industry decided to transition to a new digital system in order to streamline cheque clearing. To support this reform (known as EIC – *Échange d'Images Chèques*), which has contributed to the improvement of cheque payments security and to the fight against fraud, the Banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities.
  - On 20 September 2010, the French competition authority ruled that the joint implementation and the setting of the amount of the CEIC and of two additional fees for related services were in breach of competition law. The authority fined all the participants to the agreement (including the *Banque de France*) a total of approximately EUR 385 million of penalties. On 2 December 2021, after several years of proceedings and two decisions of the Supreme Court, the Paris Court of Appeal overturned the decision of the French competition authority and ruled that (i) it was not proven that the establishment of the CEIC and the fees for related services on AOCT (cancellation of wrongly cleared transactions) as well as their collection had infringed the provisions of Article L. 420-1 of the French Commercial Code and of Article 101 of the Treaty on the Functioning of the European Union and, (ii) that its decision was giving rise to a right of restitution of the sums paid in execution of the overturned decision, namely approximately EUR 53.5 million for Societe Generale and approximately EUR 7 million for Crédit du Nord, together with interests at the legal rate. On 31 December 2021, the French competition authority filed an appeal before the Supreme court against this decision. The Supreme Court dismissed this appeal by a decision of 28 June 2023, putting a definitive end to this litigation.
  - On 3 January 2023, Societe Generale Private Banking (Switzerland) ("SGPBS") entered into an agreement to settle litigation in the United States stemming from the Ponzi scheme of Robert Allen Stanford and his affiliates. On 21 February 2023, the US Receiver and the Official Stanford Investors Committee ("OSIC") filed a motion in US District Court for the Northern District of Texas seeking approval of the settlement. The settlement provides for the payment by SGPBS of USD 157 million in exchange for the release of all claims. During the 7 June 2023 hearing, the Court granted the US Receiver's motion to approve the settlement. This order is now subject to an appeal. The settlement amount that SGPBS must pay is fully covered by reserves in the accounts of Societe Generale SA following a financial guarantee provided by Societe Generale S.A. to SGPBS. Each of the other defendant banks in this litigation also announced settlements in the first quarter of 2023 with the US Receiver and OSIC resolving their claims. These settlements were reached in advance of a jury trial that had been scheduled to start on 27 February 2023 (which ultimately did not take place).

In the same matter, a pre-contentious claim (*requête en conciliation*) was initiated in Geneva in November 2022 by the Joint Liquidators of Stanford International Bank Limited (“SIBL”), appointed by the courts in Antigua, representing the same investors as those represented by the US plaintiffs. SGPBS was served with the statement of claim on 20 June 2023 and will defend itself against the claims in this proceeding.

- Notwithstanding the agreements reached in 2018 with the US authorities regarding certain London Interbank Offered Rates and the Euro Interbank Offered Rate (“the IBOR matter”) and the dismissal on 30 November 2021 of the legal proceedings brought by the DOJ in this matter (see Chapter 4 of the present Universal Registration Document), the Bank continues to defend civil proceedings in the United States (as described below) and has responded to information requests received from other authorities, including the Attorneys General of various States of the United States and the New York Department of Financial Services.

In the United States, Societe Generale, along with other financial institutions, has been named as a defendant in putative class actions involving the setting of US Dollar Libor, Japanese Yen Libor, and Euribor rates and trading in instruments indexed to those rates. Societe Generale has also been named in several individual (non-class) actions concerning the US Dollar Libor rate. All of these actions are pending in the US District Court in Manhattan (the “District Court”).

As to US Dollar Libor, all claims against Societe Generale were dismissed by the District Court or voluntarily dismissed by the plaintiffs, except in two putative class actions and one individual action that were effectively stayed. The class plaintiffs and a number of individual plaintiffs appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit (“Second Circuit”). On 30 December 2021, the Second Circuit reversed the dismissal and reinstated the antitrust claims. These reinstated claims which have been returned to the District Court include those asserted by a proposed class of over-the-counter (OTC) plaintiffs and by OTC plaintiffs that have filed individual actions. On 21 June 2022, the U.S. Supreme Court denied a petition filed by Societe Generale and other defendants that sought review of the Second Circuit’s ruling. Discovery is ongoing. The stayed putative class actions were voluntarily dismissed by plaintiffs on 10 August 2022 and 26 October 2023. On 9 January 2023, the claims against Societe Generale by one of the individual plaintiffs, National Credit Union Administration (as Liquidating Agent for certain credit unions) which included the stayed individual action referred to above, were voluntarily dismissed with prejudice. On 12 May 2023, Societe Generale and two other financial institutions entered into a settlement agreement to resolve the OTC class action for a combined USD 90 million. Societe Generale’s portion of this settlement was fully covered by reserves. On 17 October 2023, the District Court granted final settlement approval.

As to Japanese Yen Libor, the District Court dismissed the complaint brought by purchasers of Euroyen over-the-counter derivative products. On 1 April 2020, the Second Circuit reversed the dismissal and reinstated the claims. On 30 September 2021, the District Court dismissed certain plaintiffs and all Racketeer Influenced and Corrupt Organizations Act claims but upheld certain federal antitrust and New York state law claims against Societe Generale. On 16 February 2024, plaintiffs and Societe Generale entered into a settlement agreement, which is covered by reserves. The settlement received preliminary approval from the Court on 20 February 2024. Discovery in that action is ongoing. In the other action, brought by purchasers

or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange on 27 September 2019, plaintiff filed a motion for class certification. On 25 September 2020, the District Court granted defendants’ motion for judgment on the pleadings and dismissed plaintiff’s remaining claims. Plaintiff appealed to the Second Circuit. On 18 October 2022, as amended on 8 December 2022, the Second Circuit affirmed the District Court’s dismissal of plaintiff’s claims. On 2 October 2023, the U.S. Supreme Court denied a petition filed by plaintiff that sought review of the Second Circuit’s ruling. As a result, the action is now concluded.

As to Euribor, the District Court dismissed all claims against Societe Generale in the putative class action and denied the plaintiffs’ motion to file a proposed amended complaint. Plaintiffs have appealed those rulings to the Second Circuit. Societe Generale reached a settlement of this action in an amount covered by reserves. Shortly thereafter, on 21 November 2022, the Second Circuit stayed plaintiffs’ appeal as to Societe Generale and remanded that portion of the case to the District Court for consideration of the proposed settlement. On 31 October 2023, the District Court granted final settlement approval. As a result, this action is now concluded.

In Argentina, Societe Generale, along with other financial institutions, has been named as a defendant in litigation brought by a consumer association on behalf of Argentine consumers who held government bonds or other specified instruments that paid interest tied to US Dollar Libor. The allegations concern violations of Argentine consumer protection law in connection with alleged manipulation of the US Dollar Libor rate. Societe Generale has not yet been served with the complaint in this matter.

- Societe Generale, along with several other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the Commodities Exchange Act (CEA) in connection with foreign exchange spot and derivatives trading. The action was brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. Societe Generale reached a settlement of USD 18 million, which was approved by the Court on 6 August 2018. On 7 November 2018, a group of individual entities that elected to opt out of the settlement filed a lawsuit against Societe Generale, SG Americas Securities, LLC and several other financial institutions. SG Americas Securities, LLC was dismissed by order dated 28 May 2020.

On 11 November 2020, Societe Generale was named, along with several other banks, in a UK action alleging collusion in the market for FX instruments. The action was subsequently transferred to the Competition Appeal Tribunal. By orders dated 17 May 2023 and 23 May 2023 respectively, the US and UK actions were dismissed. These actions are now concluded.

- On 10 December 2012, the French Supreme Administrative Court (*Conseil d’État*) rendered two decisions confirming that the “*précompte tax*” which used to be levied on corporations in France does not comply with EU law and defined a methodology for the reimbursement of the amounts levied by the tax authorities. However, such methodology considerably reduces the amount to be reimbursed. Societe Generale purchased in 2005 the “*précompte tax*” claims of two companies (Rhodia and Suez, now Engie) with a limited recourse on the selling companies. One of the above decisions of the French Supreme Administrative Court relates to Rhodia. Societe Generale has brought proceedings before the French administrative courts.

- Several French companies applied to the European Commission, which considered that the decisions handed down by the *Conseil d'État* on 10 December 2012, which were supposed to implement the decision rendered by the European Union Court of Justice (EUCJ) on 15 September 2011, breached a number of principles of European law. The European Commission subsequently brought infringement proceedings against the French Republic in November 2014, and since then confirmed its position by referring the matter to the EUCJ on 8 December 2016. The EUCJ rendered its judgement on 4 October 2018 and sentenced France on the basis that the *Conseil d'État* disregarded the tax on EU sub-subsidiaries in order to secure the *précompte* paid erroneously and failed to raise a preliminary question before the EUCJ. With regard to the practical implementation of the decision, Societe Generale has continued to assert its rights with the competent courts and the tax authorities. On 23 June 2020, the Administrative Court of Appeal of Versailles issued a ruling in favour of Engie on our 2002 and 2003 Suez claims, and ordered a financial enforcement in our favour. The Court held that the advance payment (*précompte*) did not comply with the Parent-Subsidiary Directive. Further to proceedings brought before the *Conseil d'État*, the latter ruled that a question should be raised before the EUCJ in order to obtain a preliminary ruling on this issue. The EUCJ has confirmed on 12 May 2022 that the *précompte* did not comply with the Parent-Subsidiary Directive. The *Conseil d'État*, by an Engie judgment of 30 June 2023 took note of this incompatibility and confirmed the decision held by the Administrative Court of Appeal of Versailles with respect to the 2002 year, but referred the examination of the 2003 year to this same Court, which confirmed on 9 January 2024 the partial relief granted by the administration in the course of the proceedings. In parallel, a compensation litigation in relation to the Rhodia claim and the Suez claims (between 1999 and 2001) was brought in March 2023 before the European Commission and the Paris Administrative Court of Appeal, further to the negative judgements issued by the *Conseil d'État* in 2012 (Rhodia) and 2016 (Suez).
  - Societe Generale, along with other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with its involvement in the London Gold Market Fixing. The action is brought on behalf of persons or entities that sold physical gold, sold gold futures contracts traded on the CME, sold shares in gold ETFs, sold gold call options traded on CME, bought gold put options traded on CME, sold over-the-counter gold spot or forward contracts or gold call options, or bought over-the-counter gold put options. Societe Generale, along with three other defendants, has reached a settlement to resolve this action for USD 50 million. By order dated 13 January 2022, the Court granted preliminary approval of the settlement. The final fairness hearing was held on 5 August 2022, and the settlement received final approval by order dated 8 August 2022. This matter is now concluded. Although Societe Generale's share of the settlement is not public, it was not material from a financial perspective. Societe Generale, along with other financial institutions, is also named as a defendant in two putative class actions in Canada (in the Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims. Societe Generale is defending the claims.
  - Since August 2015, various former and current employees of the Societe Generale Group have been under investigation by German criminal prosecution and tax authorities for their alleged participation in the so called "CumEx" patterns in connection with withholding tax on dividends on German shares. These investigations relate *inter alia* to a fund administered by SGSS GmbH proprietary trading activities and transactions carried out on behalf of clients. The Group entities respond to the requests of the German authorities.
- Societe Generale Group entities may also be exposed to claims by third parties, including German tax offices, and become party to legal disputes initiated by clients involved in proceedings against the German tax administration.
- In May 2019, SGAS was named, along with other financial institutions, as a defendant in a putative class action in the US alleging anticompetitive behaviour in the pricing of "agency bonds" issued by US Government Sponsored Enterprises (GSEs), including Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae). On 16 June 2020, SGAS and twelve other bank defendants reached a final settlement with plaintiffs. Although SGAS's share of the settlement is not public, the amount was not material from a financial statement perspective. SGAS was also named in four separate individual opt-out litigations by the following plaintiffs: the State of Louisiana (filed September 2019), the City of Baton Rouge/East Baton Rouge Parish and related entities (October 2019), Louisiana Asset Management Pool (April 2020), and the City of New Orleans and related entities (September 2020). These suits also asserted antitrust claims (and in some cases other related claims) against SGAS and multiple other bank defendants based on these plaintiffs' purchases of GSE bonds. As to the opt-out litigations, a settlement was reached involving all defendants in June 2021, of which SGAS's share was immaterial, and these actions have been dismissed. SGAS also received a subpoena from the US Department of Justice (DOJ) in connection with its US agency bond business. SGAS responded to these requests and is cooperating with the DOJ investigation.
  - Societe Generale and certain of its subsidiaries are defendants in an action pending in the US Bankruptcy Court in Manhattan brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS). The action is similar to those brought by the BLMIS Trustee against numerous institutions and seeks recovery of amounts allegedly received by the Societe Generale entities indirectly from BLMIS through so-called "feeder funds" that were invested in BLMIS and from which the Societe Generale entities received redemptions. The suit alleges that the amounts that the Societe Generale entities received are avoidable and recoverable under the US Bankruptcy Code and New York state law. The BLMIS Trustee seeks to recover, in the aggregate, approximately USD 150 million from the Societe Generale entities. The Societe Generale entities are defending the action. In decisions dated 22 November 2016 and 3 October 2018, the Court rejected most of the claims brought by the BLMIS Trustee. The Trustee appealed to the US Court of Appeals for the Second Circuit. By order dated 25 February 2019, the Second Circuit vacated the judgements and remanded for further proceedings. On 1 June 2020, the United States Supreme Court denied Defendant-Appellees' petition for a writ of certiorari. The case is now before the Bankruptcy Court for further proceedings. The Societe Generale defendants filed a motion to dismiss on 29 April 2022. The motion was denied by order dated 7 October 2022. Discovery is proceeding.
  - On 10 July 2019, Societe Generale was named as a defendant in a litigation filed in the US District Court in Miami by plaintiffs seeking compensation under the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996 (known as the Helms-Burton Act) stemming from the expropriation by the Cuban government in 1960 of Banco Nunez in which they are alleged to have held an interest. Plaintiff claims damages from Societe Generale under the terms of this statute. Plaintiff filed an amended complaint on 24 September 2019 adding three other banks as defendants and adding several new factual allegations as to Societe Generale.



Societe Generale filed a motion to dismiss, which was fully briefed as of 10 January 2020. While the motion to dismiss was pending, plaintiffs filed an unopposed motion on 29 January 2020, to transfer the case to federal court in Manhattan, which the court granted on 30 January 2020. Plaintiffs filed a second amended complaint on 11 September 2020, in which it dropped the three other banks as defendants, added a different bank as an additional defendant, and added as additional plaintiffs who purport to be heirs of the founders of Banco Nunez. The court granted Societe Generale's motion to dismiss on 22 December 2021 but permitted plaintiffs to replead their claims. On 25 February 2022, plaintiffs filed an amended complaint, and on 11 April 2022, Societe Generale filed its motion to dismiss. By order entered 30 March 2023, the court granted Societe Generale's motion to dismiss. Plaintiffs have appealed.

- On 9 November 2020, Societe Generale was named as a defendant, together with another bank, in a similar Helms-Burton litigation filed in the US District Court in Manhattan (Pujol I) by the purported heirs of former owners, and personal representatives of estates of heirs or former owners, of Banco Pujol, a Cuban bank alleged to have been confiscated by the Cuban government in 1960. On 27 January 2021, Societe Generale filed a motion to dismiss. In response, as permitted by the judge's rules, plaintiffs chose to file an amended complaint and did so on 26 February 2021. Societe Generale filed a motion to dismiss the amended complaint on 19 March 2021, which was granted by the court on 24 November 2021. The court permitted plaintiffs to replead their claims. On 4 February 2022, plaintiffs filed an amended complaint, and on 14 March 2022, Societe Generale filed its motion to dismiss, which was granted by the court on 23 January 2023. Plaintiffs have appealed.

On 16 March 2021, Societe Generale was named as a defendant, together with another bank, in a nearly identical Helms-Burton litigation filed in the US District Court in Manhattan (Pujol II) by the personal representative of one of the purported heirs to Banco Pujol who is also a plaintiff in Pujol I. The case was stayed pending developments in Pujol I. At the parties' request, following dismissal of Pujol I, the court lifted the stay on Pujol II and entered an order dismissing the case for the same reasons it dismissed Pujol I. Plaintiff has appealed.

- In the context of the sale of its Polish subsidiary Euro Bank to Bank Millennium on 31 May 2019 and of the indemnity granted to the latter against certain risks, Societe Generale continues to monitor the evolution of court cases related to CHF-denominated or CHF-indexed loans issued by Euro Bank. The reserve in this matter in Societe Generale SA's accounts takes into consideration the increase in the number of court cases regarding the loans subject of the sale and the substance of the decisions handed down by Polish courts.

- Like other financial institutions, Societe Generale is subject to audits by the tax authorities regarding its securities lending/borrowing activities as well as equity and index derivatives activities. The 2017, 2018, 2019 and 2020 audited years are subject to notifications of proposals of tax adjustments in respect of the application of a withholding tax. These proposals are contested by the Group. Given the significance of the matter, on 30 March 2023, the French Banking Federation has brought proceedings against the tax administration's doctrine. In this respect, on 8 December 2023, the French *Conseil d'État* ruled that the tax authorities may not extend the dividend withholding tax beyond its statutory scope, except if taxpayers engaged in an abusive behavior (*abus de droit*), thereby characterising the tax administration's position based on the concept of beneficial owner as illegal. In addition, further to raids conducted by the "*parquet national financier*" at the end of March 2023 at the premises of five banks in Paris, among which Societe Generale, the latter has been informed that it was subject to a preliminary investigation pertaining to the same issue. Societe Generale is defending the action.
- On 19 August 2022, a Russian fertiliser company, EuroChem North West-2 ("EuroChem"), a wholly owned subsidiary of EuroChem AG, filed a claim against Societe Generale SA and its Milan branch ("Societe Generale") before English courts. This claim relates to five on-demand bonds that Societe Generale issued to EuroChem in connection with a construction project in Kingisepp, Russia. On 4 August 2022, EuroChem made demands under the guarantees. Societe Generale explained it was unable to honour the claims due to international sanctions directly impacting the transactions, an assessment which EuroChem disputes. Societe Generale filed its defence submissions on 1 November 2022, to which EuroChem replied on 19 December 2022. A case management conference ("CMC") was held on 26 September 2023, in the course of which the court set the procedural timetable. As of the date of this update, the Parties' disclosures are due by the end of April 2024 and the trial (if any) is expected to take place in June 2025.
- SG Americas Securities, LLC ("SGAS") received a request for information in December 2022 from the US Securities and Exchange Commission ("SEC") focused on compliance with record-keeping requirements in connection with business-related communications on messaging platforms that were not approved by the firm. On 28 March 2023, SGAS and Societe Generale received a similar request from the US Commodity Futures Trading Commission ("CFTC"). These inquiries follow a number of regulatory settlements in 2022 with other firms covering similar matters. SGAS reached a settlement with the SEC, announced on 8 August 2023, and agreed to pay a penalty of USD 35 million, take certain remedial actions, and engage an independent compliance consultant. Societe Generale and SGAS reached a settlement with the CFTC, also announced on 8 August 2023, and agreed to pay a penalty of USD 75 million and take certain remedial actions.

## NOTE 10 RISK MANAGEMENT LINKED WITH FINANCIAL INSTRUMENTS

| <b>Note 10 of published financial statements</b>      | <b>Chapter 4 of URD (the audited parts of Note 10 are indicated as "Audited" in Chapter 4)</b> | <b>Page numbers – Chapter 4</b> |
|---|--|---------------------------------|
| 10.1 Risk management                                  | Part 4.2.3 Risk management organisation  | 211                             |
| 10.2 Capital management and adequacy                  | Part 4.4 Capital management and adequacy   | 225                             |
| 10.3 Credit risk                                      | Part 4.5 Credit risk   | 236                             |
| 10.4 Counterparty credit risk                         | Part 4.6 Counterparty credit risk  | 257                             |
| 10.5 Market risk                                      | Part 4.7 Market risk   | 265                             |
| 10.6 Structural interest rate and exchange rate risks | Part 4.8 Structural risks – Interest rate and exchange rate risks                              | 277                             |
| 10.7 Liquidity risk                                   | Part 4.9 Structural risk – Liquidity risk  |                                 |

## 6.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

*This is a translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.*

*This statutory auditors' report includes information specifically required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Société Générale Group presented in the management report.*

*This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.*

Year ended December 31, 2023

To the Annual General Meeting of Société Générale,

### Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Société Générale for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations of the Société Générale Group for the year then ended and of its financial position and of its assets and liabilities as at December 31, 2023 in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Internal Control Committee.

### Basis for opinion

#### AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

### INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for statutory auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from January 1, 2023 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

### EMPHASIS OF MATTER

Without qualifying the above opinion, we draw your attention to paragraph 4 of Notes 1 "Main valuation and presentation rules for the consolidated financial statements" and 4.3 "Insurance activities" to the consolidated financial statements, which outline the impacts relating to the first-time application of IFRS 17 "Insurance contracts" and IFRS 9 "Financial instruments" by insurance sector subsidiaries.

### Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.



## ASSESSMENT OF THE IMPAIRMENT OF CUSTOMER LOANS

**Risk identified**

Customer loans and receivables carry a credit risk which exposes your Group to a potential loss if its client or counterparty is unable to meet its financial commitments. Your Group recognizes impairment to cover this risk.

Such impairment is calculated according to IFRS 9, "Financial instruments" and the expected credit loss principle.

The assessment of expected credit losses for customer loan portfolios requires the exercise of judgment by Management, particularly in the uncertain context due to the geopolitical and economic situation, notably to:

- prepare, in an uncertain environment, macro-economic projections which are embedded in the deterioration criteria and in the expected credit losses measurement;
- determine the loan classification criteria under stages 1, 2 or 3, taking account of the material increase in credit risk at loan portfolio level and the impact of measures to support the economy;
- estimate the amount of expected credit losses depending on the different stages;
- determine the adjustments to models and parameters, as well as the sector adjustments considered necessary to reflect the impact of economic scenarios on expected credit losses and anticipate the default or recovery cycle for certain sectors.

The information concerning in particular the procedures used to estimate and recognize expected credit losses are mainly described in Notes 3.5 "Loans, receivables and securities at amortized cost" and 3.8 "Impairment and provisions" to the consolidated financial statements.

As at December 31, 2023, total customer loan outstandings exposed to credit risk totaled M€ 485,449; impairment totaled M€ 10,070.

We consider the assessment of the impairment of customer loans to be a key audit matter as they require Management to exercise judgment and make estimates, particularly concerning the economic sectors and geographic areas most affected by the crisis.

**Our response**

Our work focused on the most significant loans and customer loan portfolios, as well as the most vulnerable economic sectors and geographical areas, in particular, loans linked to Russia and sectors weakened by inflation and rising interest rates.

After including credit risk modeling specialists in our audit team, our audit work notably consisted in:

- obtaining an understanding of your Group's governance and internal control system relating to credit risk assessment and the measurement of expected losses, and testing key manual and IT controls;
- examining the compliance of policies implemented by the Group and the methodologies broken down in the different business units with IFRS 9 "Financial instruments";
- assessing, with the help of economists from our firms, the relevance of the macro-economic projections and the scenario weightings applied by your Group;
- examining the main parameters adopted by your Group to classify the loans and assess impairment in stages 1, 2 and 3 as at December 31, 2023;
- assessing the ability of adjustments to models and parameters, as well as sector adjustments to provide adequate coverage of the level of credit risk in the context of the economic crisis;
- assessing, using data analysis tools, the valuation of expected credit losses for a sample of stage 1 and 2 loan portfolios;
- testing for a selection of the most significant loans to corporate clients, the main criteria used to classify loans in stage 3, as well as the assumptions underlying the estimation of the related individual impairment.

We also analyzed the disclosures in Notes 1.5 "Use of estimates and judgment", 3.5 "Loans, receivables and securities at amortized cost", 3.8 "Impairment and provisions" and 10.3 "Credit and counterparty risk" to the consolidated financial statements relating to credit risk and, in particular, the information required by IFRS 7, Financial instruments: Disclosures, on credit risk.

**RECOVERABILITY OF DEFERRED TAX ASSETS IN FRANCE****Risk identified**

As at December 31, 2023, deferred tax assets on loss carryforwards were recorded in the amount of M€ 1,832, including M€ 1,572 for the tax group in France.

As stated in Note 6 "Income taxes" to the consolidated financial statements, your Group calculates deferred taxes at the level of each tax entity and recognizes deferred tax assets when it is considered probable that the tax entity concerned will have future taxable profits against which temporary differences and tax loss carryforwards can be offset, within a given timeframe. As at December 31, 2023, this timeframe is eight years for the tax group in France.

In addition, as stated in Notes 6 "Income taxes" and 9 "Information on risks and litigation" to the consolidated financial statements, certain tax loss carryforwards are challenged by the French tax authorities and are therefore liable to be called into question.

Given the importance of the assumptions used to assess the recoverability of the deferred tax assets in France, notably on future taxable profits, and of the judgment exercised by Management in this respect, we considered this issue to be a key audit matter.

**Our response**

Our audit approach consisted in assessing the probability that your Group will be able to use in the future its tax loss carryforwards generated to date, in particular with regard to its ability to generate future taxable profits in France.

After including tax experts in our audit team, our work notably consisted in:

- comparing the projected results of the previous years with the actual results of the corresponding fiscal years, to assess the reliability of the tax business plan preparation process;
- obtaining an understanding of the 2024 budget drawn up by Management and approved by the Board of Directors, as well as of the assumptions underlying projections for the 2024-2027 period, which take into account the expected impacts of operations known at the closing;
- assessing the relevance of tax profit extrapolation methods after the 2024-2027 period;
- reviewing the assumptions underlying sensitivity tests in the event of adverse scenarios defined by your Group;
- analyzing the sensitivity of the tax loss recovery period under a range of assumptions determined by us;
- analyzing the situation of your Group, notably by taking note of the opinions of its external tax advisers regarding its tax loss carryforwards in France, partly challenged by the tax authorities.

We have also examined the information provided by your Group concerning deferred tax assets disclosed in Notes 1.5 "Use of estimates and judgment", 6 "Income tax" and 9 "Information on risks and litigation" to the consolidated financial statements.

## PORTFOLIO-BASED INTEREST RATE RISK FAIR VALUE HEDGING OF OUTSTANDINGS OF THE RETAIL BANKING NETWORKS IN FRANCE

### Risk identified

To manage the interest rate risk generated by its retail banking activities in France in particular, your Group manages a portfolio of internal derivatives classified as hedges.

These internal transactions are classified as portfolio-based interest rate risk fair value hedging transactions ("macro-hedging") in accordance with IAS 39 as adopted in the European Union, as presented in Note 3.2 "Financial derivatives" to the consolidated financial statements.

Hedge accounting is only possible if certain criteria are met, in particular:

- designation and documentation at inception of the hedging relationship;
- eligibility of hedging and hedged instruments;
- demonstration of the hedge effectiveness;
- measurement of effectiveness;
- demonstration of the reversal of internal transactions at Group level.

The "macro-hedge" accounting of retail banking transactions in France requires Management to exercise judgment regarding in particular:

- the identification of eligible hedging and hedged items;
- determining the criteria adopted to schedule the outstandings' maturities by including behavioral criteria;
- the conduct of tests on over-hedging, the disappearance of hedged items, efficiency and the external reversal of hedging transactions entered into with internal Group counterparties.

As at December 31, 2023, the amount of hedged portfolio remeasurement differences was -M€ 443 in assets and -M€ 5,857 in liabilities. The fair value of the corresponding financial instruments is included under "Hedging derivative instruments" in assets and liabilities.

Given the documentation requirements for "macro-hedging" relationships, the volume of hedging derivative transactions and the use of Management judgment required, we consider the accounting treatment of portfolio-based interest rate risk fair value hedging of outstandings of the retail banking networks in France to be a key audit matter.

### Our response

Our audit procedures in response to the risk relating to the accounting treatment of portfolio-based interest rate risk fair value hedging of outstandings ("macro-hedging") consisted in obtaining an understanding of the procedures used to manage the structural interest rate risk, and reviewing the control environment set up by Management in particular for the documentation, identification and eligibility of hedged and hedging items, as well as for the performance of effectiveness tests.

After including financial modeling experts in our audit team, our work mainly consisted in:

- familiarizing ourselves with the accounting documentation of the hedging relationships;
- testing the eligibility of the financial assets and liabilities used by the Société Générale Group for the portfolio-based interest rate risk fair value hedge accounting, according to the terms and conditions defined by IAS 39 as adopted in the European Union;
- assessing the procedures used to prepare and control the criteria adopted to schedule the maturities of the hedged financial instruments, particularly with regard to the adopted maturities of the eligible financial liabilities;
- assessing the procedures used to determine the effectiveness of these hedging relationships, as well as the related governance;
- analyzing the market reversal system for hedges entered into with internal Group counterparties and the related documentation, and conducting tests on the matching of internal and external transactions;
- analyzing the results of tests on over-hedging, the disappearance of hedged items, efficiency and reversal required by applicable accounting standards.

We also assessed the information disclosed in Notes 1.5 "Use of estimates and judgment", 3.2 "Derivative financial instruments" and 3.4 "Fair value of financial instruments measured at fair value" and 10.5 "Structural interest rate and currency risks" to the consolidated financial statements and their compliance with IFRS 7 "Financial instruments: Disclosures" with regard to hedge accounting.

## VALUATION OF COMPLEX FINANCIAL INSTRUMENTS

### Risk identified

Within the scope of its market activities, your Group holds financial instruments for trading purposes. As at December 31, 2023, a total amount of M€ 305,200 is recognized in fair value levels 2 and 3 in assets and M€ 365,519 in liabilities on the Société Générale consolidated balance sheet, i.e. 51% and 93%, respectively, of financial assets and liabilities measured at fair value.

To determine the fair value of complex instruments, your Group uses techniques or in-house valuation models based on parameters and data, some of which are not observable in the market, which can defer the recognition of the margin for transactions in the income statement, as stated in point 7 of Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements. If necessary, these valuations include additional reserves or value adjustments.

The models and data used to value these instruments, and their classification under the fair value hierarchy, may be based for example on management's judgments and estimates, in the absence of available market data or a market valuation model.

Given the complexity of the modeling in determining the fair value, the multiplicity of models used, and the use of Management's judgment in determining these fair values, we consider the valuation of complex financial instruments to be a key audit matter.

### Our response

Our audit approach was based on a mixed approach using both tests on internal control processes relating to the valuation of complex financial instruments and substantive procedures.

After including financial instrument valuation specialists in our audit team, our procedures consisted in:

- obtaining an understanding of the procedure to authorize and validate new products and their valuation models, including the process for the entry of these models in the information systems;
- reviewing the governance of value adjustments and reserves;
- analyzing the valuation methodologies for certain categories of complex instruments and the related reserves or value adjustments;
- testing the key controls relating to the independent verification of the valuation parameters, and evaluating the reliability of the market parameters used to provide input for the valuation models with reference to external data;
- as regards the process used to explain the changes in fair value, obtaining an understanding of the bank's analysis principles and performing tests of controls on a sample basis;
- performing "analytical" IT procedures on the control data relating to certain activities;
- obtaining the quarterly results of the model independent validation process;
- obtaining the quarterly results of the valuation adjustment process based on external market data, and analyzing the differences in parameters with the market data in the event of a significant impact, and the accounting treatment of such differences. Where external data is absent, we assessed the existence of reserves or the non-materiality of the associated issues;
- performing counter-valuations of a selection of complex derivative financial instruments using our tools;
- analyzing the observability criteria, among others, used to determine the fair value hierarchy of such instruments, and to estimate deferred margin amounts and comparing the methods adopted by your Group to recognize these margins over time with the information presented in point 7 of Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements.

We also analyzed the compliance of the methods underlying the estimates with the principles described in Note 3.4 "Fair value of financial instruments measured at fair value" to the financial statements.

## IT RISK RELATING TO MARKET ACTIVITIES

### Risk identified

The Market Activities of the Global Banking & Investor Solutions division (GBIS) constitute an important activity, as illustrated by the significance of the financial instruments positions described in Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements.

This activity is highly complex given the nature of the financial instruments processed, the volume of transactions, and the use of numerous interfaced information systems. The risk of occurrence of a significant misstatement in the accounts related to an incident in the data processing chains used or the recording of transactions until their transfer into the accounting system may result from:

- changes made to management and financial information by unauthorized persons via the information systems or underlying databases;
- a failure in processing or in the transfer of data between systems;
- a service interruption or an operating incident which may or may not be related to internal or external fraud.

Furthermore, in a context of widespread home working, your Group is exposed to risks, relating to the opening up of information systems to allow remote access to transaction processing applications.

To ensure the reliability of the accounts, it is therefore essential for your Group to master the controls relating to the management of the information systems.

In this context, the IT risk relating to the Market Activities of the GBIS division constitutes a key audit matter.

### Our response

Our audit approach for this activity is based on the controls related to the management of the information systems set up by your Group. With the support of information system specialists included in the audit team, we tested the IT general controls of the applications that we considered to be key for this activity.

Our work mainly consisted in assessing:

- the controls set up by your Group on access rights, notably at sensitive periods in a professional career (recruitment, transfer, resignation, end of contract) with, where applicable, extended audit procedures in the event of ineffective control identified during the financial year;
- potential privileged access to applications and infrastructure;
- the management of changes made to applications, and more specifically the separation between development and business environments;
- security policies in general and their deployment in IT applications (for example, those related to passwords);
- the handling of IT incidents during the audit period;
- governance and the control environment on a sample of applications.

For these same applications, and in order to assess the transfer of information flows, we tested the key application controls relating to the automated interfaces between the systems.

In addition, our tests on the general IT and application controls were supplemented by data analytics procedures on certain IT applications.

We also evaluated the governance implemented by your Group to ensure the resilience of information systems faced with cyber risks. Our procedures consisted in discussions with the Société Générale Group's security teams and obtaining an understanding of the reports prepared by the cybersecurity committee meetings as well as any incidents during the year.

## ASSESSMENT OF THE LEGAL AND TAX RISK RELATING TO REGULATORY OR ARBITRATION PROCEEDINGS INVOLVING THE GROUP

### Risk identified

Your Group is a party to a number of legal or tax disputes and proceedings as indicated in Note 8.2.2 "Other provisions". Other provisions amounted to M€ 1,222 at December 31, 2023 and include provisions for litigation.

As indicated in Note 9 "Information on risks and disputes" to the consolidated financial statements, the situation and development of the various legal or administrative disputes and proceedings in progress are analyzed on a quarterly basis to assess the need to record provisions or adjust the amount of raised provisions.

Given the complexity of certain proceedings and the significant amount of management judgment in assessing the risks and financial repercussions for your Group, we consider the accounting treatment of disputes to be a key audit matter.

### Our response

After including tax experts in our audit team, our procedures consisted in:

- obtaining an understanding of the litigation provision assessment process set up by your Group to assess litigation provisions;
- conducting interviews with your Group's legal and tax departments and the functions affected by the ongoing proceedings to monitor the development of the main legal proceedings and ongoing investigations by legal and tax authorities and regulators;
- obtaining and analyzing available documentation such as: management's position and the memos of the Group's legal and tax advisors;
- requesting confirmation from the lawyers in charge of the most significant proceedings;
- assessing the reasonableness of the assumptions used to determine the need for and the amount of provisions raised, in particular on the basis of information gathered from your Group's external advisers involved in the relevant cases;
- assessing the suitability of the information provided in the notes to the consolidated financial statements.

**REASSESSMENT OF THE RESIDUAL VALUES OF VEHICLES LEASED BY YOUR GROUP****Risk identified**

Long-term rental fleet vehicles are depreciated on a straight-line basis as described in the "Operating lease assets" paragraph of Note 8.3 "Property, plant and equipment and intangible assets" to the consolidated financial statements. The depreciation period used is the lease term; the residual value corresponds to the estimated resale value of the vehicles on expiry of the lease. These residual values are determined for each vehicle at the beginning of the lease and are reviewed at least once annually. The methods of calculating these residual values are determined by the group.

The calculations are based on statistical data and are frequently reviewed to take into account changes in the market prices of used vehicles.

The residual value that is re-estimated during the fleet revaluation process may differ from the initial residual value. The difference, if any, represents a change in estimate and is amortized on a straight-line basis over the remaining lease term.

As of December 31, 2023, the total amount of depreciation determined for the fleet amounted to M€ 16,985, see table in Note 8.3 "Property, plant and equipment and intangible assets".

We consider the estimation of vehicle residual values to be a key audit matter since

- it results from a complex statistical approach;
- it incorporates assumptions and requires management judgment, particularly in the current context of the used vehicle market and uncertainties relating to the price of used electric vehicles, which represent a growing percentage of the fleet.

**Our response**

In response to this risk, we reviewed the residual value revaluation process set up by your Group. We analyzed the effectiveness of the key controls implemented by local and head office management, including those relating to the determination of assumptions and parameters that were used for this reassessment.

By integrating IT system experts into the team, we tested the general IT controls of the applications used in the fleet reassessment process.

Our work also consisted in:

- assessing the relevance of the statistical model adopted as well as the main parameters and assumptions used at the end of December 2023;
- conducting tests to ensure that data from the fleet management systems were correctly entered into the residual value calculation tool and testing key data security controls;
- comparing the data from the calculations with the amounts recorded in the accounts;
- checking, on a sampling basis, the accounting translation of changes in the estimation of residual values;
- checking that the estimates selected were based on documented methods that comply with the principles described in the notes to the consolidated financial statements.

## MEASUREMENT OF THE IMPACT OF THE FIRST-TIME APPLICATION OF IFRS 17 "INSURANCE CONTRACTS" ON OPENING BALANCES AND TECHNICAL PROVISIONS FOR RETIREMENT SAVINGS INSURANCE CONTRACTS

### Risk identified

The adoption of IFRS 17 "Insurance contracts" from January 1, 2023 gave rise to major changes in accounting policies and measurement rules for insurance contracts as well as financial statement presentation. It was adopted retrospectively as of January 1, 2022 for insurance contracts in effect on the transition date.

Note 1.4 to the consolidated financial statements presents in particular the required qualitative and quantitative information regarding the impact of IFRS 17 as well as the main accounting method choices applied to the transition. According to this note, the adoption of this new accounting standard increased consolidated equity by M€ 46 as of January 1, 2022 and generated an opening margin for contractual services in the pre-tax gross amount of M€ 8,386 as well as an adjustment for non-financial risks in the pre-tax gross amount of M€ 3,165.

Furthermore, as shown in table 4.3.F of Note 4.3 "Insurance activities" to the consolidated financial statements, your Group recognized as of December 31, 2023 liabilities relating to direct participating insurance contracts for M€ 138,976.

The application of IFRS 17 resulted in estimates requiring greater management judgment in choosing appropriate accounting and actuarial methods and determining key assumptions and criteria to reflect the most probable estimated future situation.

- On the transition date, this involved determining the transition approach applicable for each group of insurance contracts and the simplifying methodologies and assumptions used to calculate the opening margin for contractual services. In particular, its amount was mostly estimated using the modified retrospective approach for Savings and Retirement contracts, and on a case-by-case basis according to a full or modified retrospective approach for the scope of retirement benefits
- At the year-end, Savings and Retirement insurance contracts were measured using the Variable Fee Approach. As stated in Note 4.3 "Insurance activities" to the consolidated financial statements, this measurement accounting model draws on the following principles:
  - The best estimate of the discounted cash flows relating to the execution of contractual obligations for insured individuals determined using complex actuarial models involving data and assumptions relating to future periods, such as the determination of the discount rate, laws on the behavior of insured individuals and the future management decisions which may significantly affect the amount and schedule of future cash flows,
  - An adjustment for non-financial risks, intended to cover the uncertainty surrounding the amount and schedule of future cash flows as and when insurance contracts are fulfilled and whose level was estimated according to a level of confidence adopted by your Group taking into account risk diversification,
  - A contractual services margin representing the non-vested income that will be recognized as and when services are rendered and whose release to insurance revenue takes into account the difference between the actual return from underlying investments and the actuarial projection as a neutral risk.

The materiality of the changes in the measurement and recognition of insurance contract liabilities, the choice of accounting methods, the materiality of management's judgment to determine certain key valuation assumptions as well as the use of complex modeling techniques for retirement savings insurance contracts to assess the most probable estimated future situation led us to consider the impact of the first-time application of IFRS 17 on retirement savings insurance contract opening balances and liabilities to be a key audit matter.

### Our response

After including actuarial modeling specialists in our audit team, we conducted the following audit procedures:

- Obtaining an understanding of the procedure deployed by your Group to implement IFRS 17, particularly the processes defined by management to determine the impact of the adoption of IFRS 17 on the consolidated accounts as of January 1, 2022 as well as on the comparative financial statements for the year ended December 31, 2022;
- Measuring compliance with IFRS 17 for the first-time application of the actuarial principles and methodologies adopted for the opening balance sheet;
- Assessing the criteria and assumptions used in the transition methods applied to calculate the contractual services margin;
- Assessing the key methodologies and judgments used to define actuarial valuation models (mainly including those relating to the determination of the contractual services margin, the adjustment for non-financial risks and the key discount rate criteria adopted by management) with regard to IFRS 17;
- Performing tests, based on surveys and our risk assessment, on the key modeling data, assumptions and criteria and the adjustments made and used in calculating the opening balances and the comparative financial statements;
- Assessing the eligibility of "Retirement Savings" insurance contracts with the "variable fee" model and assessing the proper application by management of these Retirement Savings insurance contract valuation methods in accordance with IFRS 17;
- Performing work on the internal control environment of the information systems used to calculate the insurance assets and liabilities of the "Retirement Savings" activity;
- Assessing the new model governance process and testing the key controls in place;
- Testing, on a sampling basis, the main assumptions, data and criteria used to calculate the insurance assets and liabilities of the Retirement Savings activity and assessing the reasonableness of such estimates;
- Assessing the appropriateness of the disclosure in the notes to the consolidated financial statements relating to the transition to the new IFRS 17.



## Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations on the information presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance statement required by Article L.225-102-1 of the French Commercial Code is included in Société Générale Group management report, it being specified that, in accordance with the provisions of Article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

## Other Legal and Regulatory Verifications or Information

### FORMAT OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No. 2019/815 of December 17, 2018.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limits inherent to the macro-tagging of consolidated financial statements in accordance with the European single electronic format, it is possible that the content of certain tags in the notes to the consolidated financial statements are not presented in an identical manner to the accompanying consolidated financial statements.

### APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Société Générale by the Annual General Meeting held on April 18, 2003 for Deloitte & Associés and on May 22, 2012 for Ernst & Young et Autres.

As at December 31, 2023, Deloitte & Associés and Ernst & Young et Autres were in their twenty-first and twelfth year of total uninterrupted engagement, respectively.

Previously, Ernst & Young Audit was the statutory auditor of Société Générale from 2000 to 2011.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Internal Control Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

## Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

### OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.821-55 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;



- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these consolidated statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Société Générale Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

## REPORT TO THE AUDIT AND INTERNAL CONTROL COMMITTEE

We submit to the Audit and Internal Control Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Internal Control Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Internal Control Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 821-27 to L. 821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Audit and Internal Control Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 11, 2024

The Statutory Auditors

DELOITTE & ASSOCIES

Jean-Marc Mickeler

Maud Monin

ERNST & YOUNG et Autres

Micha Missakian

Vincent Roty

**APPENDIX 6**

**FIRST AMENDMENT TO THE UNIVERSAL REGISTRATION DOCUMENT 2024  
CONTAINING THE CONSOLIDATED FINANCIAL RESULTS OF  
THE GUARANTOR FOR THE FIRST QUARTER ENDED 31 MARCH 2024**



A French corporation with share capital of 1,003,724,927.50 euros  
Registered office: 29 boulevard Haussmann - 75009 PARIS  
552 120 222 R.C.S. PARIS

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# FIRST AMENDMENT

## TO UNIVERSAL REGISTRATION DOCUMENT

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### 2024

Universal registration document filed with AMF on 11 March 2024 under N° D.24-0094.



This first amendment to the Universal Registration Document has been filed on 3 Mai 2024 with the AMF, under D-24-0094-A01 as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

This document is a translation into English of the Annual Financial Report/Universal Registration Document of the Company issued in French and its available on the website of the Issuer.

# SUMMARY

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# 1. KEY FIGURES AND PROFILE OF SOCIETE GENERALE

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## 1.1 Recent developments and outlook

### Update of the pages 18 and 19 of the 2024 Universal Registration Document

On the regulatory front, political authorities continue to adapt to the emergence of a new global geopolitical and economic situation.

1. The deteriorating geopolitical context, marked by conflicts in several regions of the world, has forced governments to react and take measures to ensure the resilience of their economies and financial systems. The EU has continued its policy of financial sanctions while developing reflections on its strategic autonomy with two proposals (EU Net Zero Industry Act and EU Critical Raw Materials Act) aimed at responding to the protectionist measures put in place by the United States (notably by the Infrastructure Investment and Jobs Act and the Inflation Reduction Act). The EU has also encouraged investments in infrastructure (Next Generation EU), energy (REPowerEU) and defence (European Defense Industrial Strategy). The discussions around the Stability and Growth Pact (SGP), as well as its impact on the ability of European countries to (co-)finance the recovery and the ecological and environmental transitions, are thus the subject of great attention. In France in particular, the Government has succeeded in carrying out its strategic autonomy and productive investment projects by encouraging green and innovative reindustrialization in mid-2023 as well as by proposing ways to strengthen the economic attractiveness of the Paris market at the end of 2023.
2. The economic environment, still marked by high interest rates and persistent, albeit declining, inflation continues to be a concern for regulators in an environment of fiscal tightening. In this context, European banks have faced new measures weighing on their profitability (exceptional tax levies by certain member countries, tightening of the ECB's reserve requirements). In France, parliamentary debates have led to consumerist legislative proposals and commitments by banks whose impacts remain under control (e.g., usury rates, bank pricing, measures to support the economy and the real estate market), but which threaten to be rediscussed (e.g., taxation of market operations or savings).

The year 2024 includes important elections in Europe (European elections in June 2024 and the appointment of the Commission six months later), Asia (Taiwan in January 2024 and India in May 2024), the United States (presidential election in November 2024), and the United Kingdom (general elections before January 2025). The definition of the priorities of the various administrations will therefore have to be closely monitored.

It is with these important political deadlines approaching that many regulatory projects at the European level are accelerating, with a view to (i) strengthening the prudential, resolution and anti-money laundering framework, (ii) supporting the environmental and digital transitions, (iii) protecting consumers and (iv) developing European capital markets.

- The CRD6 and CRR3 proposals transposing the Basel Accords into the EU have been agreed between the co-legislators, with a planned entry into force in January 2025. It is unlikely that the Basel standards will be applied in the United States and the United Kingdom on this date and the implementation date of the market risk rules, "FRTB" (Fundamental Review of the Trading Book) is expected to be postponed to September 2024.

- Negotiations aimed at strengthening the European framework for the fight against money laundering and terrorist financing were also concluded in H1 2024 with in the adoption of the regulatory framework for the future European Authority (AMLA), to be established in Frankfurt and operational by 2027-2028.
- The EC has published its proposal to reform the Crisis Management and Deposit Insurance (CMDI) banking crisis management framework with the aim of extending the European resolution framework to more small and medium-sized banks. These negotiations continue in 2024 and could be concluded in 2025. The wider debate around the finalization of the Banking Union is likely to be revived by the next European Commission.
- The regulatory framework for sustainability, which is now in the implementation phase, continues to strengthen in 2024.

In addition to the climate targets already adopted, the EU taxonomy of sustainable activities has been enriched with several additional targets. Sector-specific initiatives provide elements to support banks' transition trajectory (e.g., *Fit for 55* and *Green Deal Industrial Plan for the Net Zero Age*, including the above-mentioned NZIAs and CRMAs).

ESG risks have been an integral part of the European prudential legislative framework since 2023. At the same time, the Group is preparing for the first publications in 2025 under the Corporate Sustainability Disclosures Directive (CSRD). European banks, such as Societe Generale Group, have also published their first green *asset ratio*, highlighting the issues of the availability of data related to the taxonomy criteria as well as the method of calculating the banks' alignment ratio.

In addition, the negotiations on the European Duty of Vigilance Directive (CS3D) have been concluded in Q1 2024 and require companies to be better responsible for their impacts in terms of human and environmental rights, probably from 2028.

While initiatives are multiplying at the international level and in other jurisdictions, the question of how to articulate the European framework with those adopted outside the EU remains more relevant than ever. The aim will be for the EU to confirm its pioneering role and avoid distortions of competition in relation to non-European or unregulated players.

- Digital transformation and innovation around financial services, which will be pursued in 2024 and by the next Commission, remain a regulatory priority.

The reflections on payments (e.g., the EPI project and the acceleration of the diffusion of instant payments) were complemented by proposals on *open finance*: the review of the Payment Services Directive (PSD3), a new text on the sharing of financial data (Financial Data Access) and the European proposal on a central bank digital currency (digital euro). At the same time, discussions continue on digital identity (e-IDAS), which could complement the strong authentication of current payment systems and for which banks will be trusted intermediaries for consumers.

The December 2023 European agreement to regulate the misuse of AI preserves innovation capabilities while strengthening controls on use cases considered high-risk, including certain aspects of credit decision-making and risk management. The required adaptations will be carried out soon, while closely following developments related to the EU Generative AI Pact.

Finally, as the institutional renewal of the EU approaches, in the post-Brexit context and the increase in financing needs induced by the challenges facing the EU, several institutions, both

European and national, wish to give new impetus to the development of the Capital Markets Union (CMU).

Several critical reforms have already been undertaken - and some of them finalized - within the framework of the CMU, with the aim of prioritizing the deepening and integration of European markets and *ultimately* ensuring European financial autonomy with the reviews of:

- MIFIR (Markets in Financial Instruments Settlement);
- The Alternative Management Directive (AIFMD) ;
- The European Long-Term Investment Funds Regulation (ELTIF);
- EMIR, for the establishment of a "safe, reliable and attractive" clearing system, ensuring the gradual relocation of part of the clearing of Euro products within the EU;
- The establishment of a centralized access point for companies' financial and non-financial information (ESAP),
- The simplification of access regimes to listing on the stock exchange (Listing Act).

The co-legislators continue to work on establishing an Investment Strategy for Retail Investors (RIS), which aims to facilitate savers' access to capital markets. However, the proposal has drawn strong criticism from producers and distributors of financial products, as some of its measures could in practice have many counterproductive effects on European household investment.

In addition to the reforms already underway, the European authorities have engaged in intense reflection on the priorities to be given to the next European mandate to ensure, in a context of financing needs and growing geopolitical tensions, the competitiveness and strategic independence of the Union:

- euro area finance ministers tasked Eurogroup President Paschal Donohoe with making policy recommendations on the future of European capital and financial markets;
- the Council mandated former Italian Prime Minister Enrico Letta to prepare a report by March 2024 on areas where integration into the Single Market is at a standstill and where barriers are hampering cross-border activities, with a focus on limited progress towards the Capital Markets Union;
- European Commission President Ursula von der Leyen has instructed former Italian ECB and Council President Mario Draghi to prepare a report on the future of European competitiveness by June 2024.

The various reflections seem to agree on the need to (i) continue to work towards the harmonization of regulation and supervisory practices in the Union, (ii) integrate the notions of competitiveness, attractiveness and agility more systematically into the European legislative approach, (iii) proactively relaunch the securitization market in Europe and (iv) mobilize European savings for the financing of the economy, via pan-European long-term savings products, possibly supported by tax incentives.

Global economic momentum seems to have bottomed out but there is no significant take off yet. Overall, activity remains weak, still affected by tight monetary policies. The global environment is characterized by the weakness of growth prospects. This takes its roots on the tighter policy mix in developed markets at least for the next two years and the weaker rebound capacity of emerging markets economies.

On both sides of the Atlantic, the pace of disinflation and signs of lesser tensions in the labour markets should set the path for first rate cuts in H1 2024. However, the level of interest rates will

remain expansionary and quantitative tightening is expected to continue in 2024. On the fiscal side, we expect some tightening in the United States, but uncertainty is significant with the upcoming Presidential elections. In the euro area, the reactivation of the fiscal rules will see ongoing tightening of fiscal policy.

Corporate and sovereign spreads have rallied and are now back at levels observed before the start of the monetary tightening cycle. Sovereign spreads in the euro area are close to their lowest levels since 2021. Nevertheless, corporate defaults have started to increase in the US and in Europe, while solvency issues of the most fragile emerging markets sovereigns remain.

Bond spreads are set to be tested for both credit and euro area sovereign. Credit spreads will see pressure from business failures, while euro area spreads could see some pressure as European fiscal rules come back into full effect. Despite some moderation, higher market volatility cannot be ruled out as recessionary effects start to materialize.

Geopolitical risks will likely remain elevated in 2024 with several key elections due in 2024, in the US, the EU, the UK and India.

Environmental issues, both physical and transition, may add volatility to both the inflation and growth outlook, and weigh on already stretched public finances.

## 1.2 Press release as of 2 April 2024: Societe Generale and AllianceBernstein announce the official launch of Bernstein, a new leader in cash equities & research

Societe Generale (EURONEXT: GLE) and AllianceBernstein (NYSE: AB) today announced the official launch of Bernstein, a joint venture creating a leading global cash equities and equity research business. The creation of Bernstein signals a historic milestone for both organizations, following the original announcement of the plan to form the joint venture in November 2022.

Built on a history of industry-leading research, Bernstein provides institutional investors, corporates and financial institutions with premier investment insights into North American, European and Asia Pacific equity markets, in addition to unparalleled liquidity access and leading global trading technology. With Bernstein, Societe Generale will now offer its clients a comprehensive suite of global services across the equities value-chain, from world-class equity and macro research to leading agency execution, equity derivatives, prime brokerage, and equity capital markets offerings. With over 750 employees serving clients globally, the joint venture is organised under two separate legal vehicles with a Head Office in New York covering North America and a Head Office in London covering Europe and Asia, complemented by major hubs in Paris and Hong Kong, and multiple regional offices.

The ultimate objective of Societe Generale and AllianceBernstein is for Societe Generale to eventually own 100% of both entities after five years\*. Robert van Brugge, previously CEO of Bernstein Research Services, has been appointed CEO of Bernstein, with Stephane Loiseau, previously Head of Societe Generale's cash equities business, appointed Deputy CEO of Bernstein. Slawomir Krupa, Chief Executive Officer of Societe Generale, comments: "With Bernstein, a new leader is emerging in cash equities. This joint venture illustrates Societe Generale's capability to develop innovative pathways to further expand our client offering as we increase our value proposition for the benefit of our investor and issuer clients, leverage synergies within our Group, and grow our revenues sustainably."

Seth Bernstein, Chief Executive Officer of AllianceBernstein, said: "Bernstein's mission has a foundation rooted in servicing clients with best-in-class research and insights. Through this joint venture, Bernstein can continue to build out a cash equities and research business that seeks to set



the standard for delivering global investment expertise and an even stronger set of products and services for global clients.”

The closing of the transaction has been approved by the relevant regulatory and antitrust authorities.

The launch of Bernstein is fully aligned with Societe Generale’s strategic priorities to increase stable, fee-based, client revenues. The impact of the joint venture on the Group's CET1 capital ratio is below 10 basis points.

The new brand capitalises on the Bernstein name with a Societe Generale Group byline:

**BERNSTEIN**  
SOCIETE GENERALE GROUP

\* The ability of Societe Generale to acquire additional ownership will depend on a number of factors, including obtaining any required regulatory approvals.

### 1.3 Press release as of 11 April 2024: Societe Generale has signed a memorandum of understanding with Groupe BPCE with a view to sell Societe Generale equipment finance’s activities

Societe Generale’s Board of Directors, which met on 10 April 2024 under the chairmanship of Lorenzo Bini Smaghi, has approved the signing of a Memorandum of Understanding with Groupe BPCE for the divestment of the professional equipment financing businesses operated by Societe Generale Equipment Finance (SGEF)\*.

Groupe BPCE would take over most of Societe Generale Equipment Finance’s\* activities, which offer tailor-made financing and leasing solutions for distributors, traders, manufacturers and companies. SGEF deploys its expertise internationally in the transport, industrial equipment, technology, medical and renewable energy sectors. The outstanding loans of the businesses covered by the Memorandum of Understanding amount to almost €15 billion at the end of December 2023, i.e. around €8 billion in risk-weighted assets (RWA).

This divestment project would mark an important step in the execution of Societe Generale's strategic roadmap presented in September 2023, targeting a streamlined, more synergetic and efficient business model, while strengthening the Group’s capital base. This transaction would be done at a price of €1.1billion and would have an estimated positive impact of approximately 25 basis points on the Group’s CET1 ratio at the completion date which should occur in the first quarter of 2025.

Slawomir Krupa, Chief Executive Officer of Societe Generale Group comments: "During the presentation of the Group's strategy in September 2023, we affirmed Societe Generale's ambition to be a rock-solid and sustainable top tier European bank. We announced that the Group would take strategic decisions to simplify its business portfolio and shape a more integrated, competitive and synergetic business model. The signing of the Memorandum of Understanding with Groupe BPCE for the sale of SGEF's activities illustrates the strategic roadmap’s execution that creates value for all our stakeholders.”

For Odile de Saivre, Chief Executive Officer of Societe Generale Equipment Finance: "Within Societe Generale, SGEF has developed its international activities to achieve a unique geographical coverage. SGEF's employees are recognized experts who work with our customers and partners to build innovative equipment financing solutions. With the proposed Groupe BPCE project, I am delighted to open a new chapter firmly oriented towards growth, thanks to the strong alignment of our activities.”

This project will be subject to the applicable social/labor procedures, the usual conditions precedent, and the approval of the relevant financial and regulatory authorities. Societe Generale remains fully committed to its employees, clients and partners during this transition period.

\*Only activities in the Czech Republic and Slovakia would remain part of Societe Generale.

#### 1.4 Press release as of 12 April 2024: Societe Generale Group has reached an agreement with Saham Group for the disposal of Societe Generale Marocaine de Banques and La Marocaine Vie

Societe Generale Group has signed two contracts with Saham Group, subject to the approval of the competent authorities, with a view for Societe Generale to sell Société Générale Marocaine de Banques including its subsidiaries\* and La Marocaine Vie. The two Groups also outlined the framework for a long-term business partnership.

Societe Generale's Board of Directors, which met on 11 April 2024 under the chairmanship of Lorenzo Bini Smaghi, has approved the signing of these contracts which provide for the sale of Societe Generale Group's shares (57.67%) in Société Générale Marocaine de Banques including its subsidiaries\* and the total divestment of Sogecap's stakes in the insurance company La Marocaine Vie.

Saham Group would take over all the activities operated by these companies, as well as all client portfolios and employees.

This divestment project is part of the execution of Societe Generale's strategic roadmap presented in September 2023, targeting a streamlined, more synergetic and efficient business model, while strengthening the Group's capital base. The transaction would be done at a price of EUR 745 million and will have an estimated positive effect of around 15 basis points on the Group's CET1 ratio upon the completion of the transaction, which could take place by the end of 2024. The announcement of this agreement is expected to have a negative accounting impact of approximately EUR -75 million\*\* on the Group's Q1 2024 results.

Societe Generale and Saham also outlined the framework for a long-term business partnership that would allow Societe Generale's corporate clients operating in Morocco to engage with a local banking partner. For Saham Group this partnership would offer its future large clients the support and financing solutions provided by Societe Generale Group experts.

Slawomir Krupa, Chief Executive Officer of Societe Generale Group, comments: "Societe Generale is pursuing the implementation of its strategic roadmap through this divestment project. Over the last decades, Societe Generale has built a solid and recognised bank in Morocco serving more than one million clients. We are convinced the quality of Saham Group's proposed project will offer new development prospects for these activities and will create value for customers and employees. Societe Generale is fully committed to support the transition and is pleased to enter into a long-term partnership with Saham Group."

The transaction is subject to the usual condition's precedent, including the approval of the relevant regulatory authorities.

\*Main entities in Morocco included in the scope of the disposal: Société Générale Marocaine de Banques whose brand is Société Générale Maroc, Société d'équipement Domestique et Ménager "EQDOM" (Specialised Financing), La Marocaine Vie (Insurance), Société Générale de Leasing au Maroc (Specialised Financing), Investima SA (Bank), Sogecapital Gestion (Financial Company), Sogecapital Placement (Portfolio Company), Sogecapital Bourse (Stock market intermediation).

\*\*Unaudited figures

## 2. GROUP MANAGEMENT REPORT

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### 2.1 Press release dated 3 May, 2024: First quarter 2024 results

**Update of the 2024 Universal Registration Document, pages 32 – 45**

**Press release**

Paris, 3 May 2024

#### **QUARTERLY RESULTS**

**Quarterly revenues of EUR 6.6 billion**, stable vs. Q1 23 (-0.4%), driven by very good performances of Global Banking and Investor Solutions, Private Banking and International Retail Banking, an increase in revenues and net interest income in France compared with Q4 23, despite a shift from sight deposits to remunerated savings, and a stabilisation of margins as well as the normalisation of used car sales' results at Ayvens

**Cost-to-income ratio at 74.9% in Q1 24**, operating expenses down -1.5% vs. Q1 23, transformation charges of around EUR 350 million

**Cost of risk at 27 basis points in Q1 24**, provision outstanding on performing loans of EUR 3.3<sup>1</sup> billion

**Group net income of EUR 680 million**

**Reported ROTE at 4.1%**

#### **SOLID CAPITAL AND LIQUIDITY PROFILE**

**CET 1 ratio of 13.2%<sup>2</sup> at end-Q1 24**, around 300 basis points above the regulatory requirement

**Liquidity Coverage Ratio at 159% at end-Q1 24**

**Provision for distribution of EUR 0.32<sup>3</sup> per share**, at end-March 2024

**Launch after the AGM of the 2023 share buy-back programme** of around EUR 280 million

#### **ACHIEVEMENTS IN THE EXECUTION OF THE STRATEGIC ROADMAP**

**Agreements for the disposals of Societe Generale Equipment Finance<sup>4</sup>, Société Générale Marocaine de Banques and La Marocaine Vie<sup>5</sup>**

**Streamlining project of the French head office** to simplify its operations and structurally improve its operating efficiency

**Launch of Bernstein**, a new leader in research and cash equities, allowing the Group to offer its clients a wide range of international services on the whole equity value chain

**Slawomir Krupa, the Group's Chief Executive Officer, commented:**

*"We are progressing in the execution of our strategic plan. Our operating performance improved thanks to a strong contribution from Global Banking and Investor Solutions and solid revenues from International Retail Banking. The rebound of retail banking in France is underway with an increase in the net interest income compared to last quarter, despite an increase in deposit beta in the French market. Similarly, the stabilisation of Ayvens's margins has already begun, in a context of normalisation of used car sales prices. Costs are under control, in line with the trajectory presented at our Capital Markets Day. Our capital position is stronger. In terms of strategic initiatives, we launched the Bernstein joint venture, creating a new leader in research and cash equity and we announced the planned disposals of Societe Generale Equipment Finance and subsidiaries in Morocco. These first positive results demonstrate the mobilisation of all the teams to shape a more synergetic and efficient model, a source of sustainable profitability."*

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<sup>1</sup> Excluding SG Equipment Finance, SG Marocaine de Banques and La Marocaine Vie in application of IFRS 5 accounting norm

<sup>2</sup> Phased-in ratio, proforma including Q1 24 results

<sup>3</sup> Based on a pay-out ratio of 50% of the Group net income, at the high-end of the 40%-50% payout ratio, as per regulation, restated from non-cash items and after deduction of interest on deeply subordinated notes and undated subordinated notes

<sup>4</sup> As announced in the press release dated 11 April 2024

<sup>5</sup> As announced in the press release dated 12 April 2024

## 1. GROUP CONSOLIDATED RESULTS

| In EURm                                 | Q1 24   | Q1 23   | Change |         |
|---|---------|---------|--------|---------|
| Net banking income                      | 6,645   | 6,671   | -0.4%  | -4.8%*  |
| Operating expenses                      | (4,980) | (5,057) | -1.5%  | -6.3%*  |
| Gross operating income                  | 1,665   | 1,614   | +3.2%  | +0.0%*  |
| Net cost of risk                        | (400)   | (182)   | x 2.2  | x 2.1*  |
| Operating income                        | 1,265   | 1,432   | -11.7% | -15.1%* |
| Net profits or losses from other assets | (80)    | (17)    | n/s    | n/s     |
| Income tax                              | (274)   | (328)   | -16.4% | -12.2%* |
| Net income                              | 917     | 1,092   | -16.0% | -22.8%* |
| O.w. non-controlling interests          | 237     | 224     | +5.8%  | -12.8%* |
| Group net income                        | 680     | 868     | -21.7% | -25.5%* |
| ROE                                     | 3.6%    | 5.0%    |        |         |
| ROTE                                    | 4.1%    | 5.7%    |        |         |
| Cost to income                          | 74.9%   | 75.8%   |        |         |

Asterisks\* in the document refer to data at constant perimeter and exchange

Societe Generale's Board of Directors, which met on 2 May 2024 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q1 24.

### Net banking income

**Net banking income stood at EUR 6.6 billion**, globally stable vs. Q1 23 (-0.4%).

Revenues of **French Retail, Private Banking and Insurance** were down by -3.5% vs. Q1 23 at EUR 2.0bn in Q1 24. The net interest income continued to be impacted by short-term hedges (around EUR -0.3 billion) and by the shift from sight deposits to financial savings and interest-bearing deposits which share continues to increase. Assets under management from **Private Banking and Insurance** strongly increased which contributed to higher financial fees for the pillar by around +10% in Q1 24 vs. same quarter of last year. Lastly, **BoursoBank** pursues its strong growth with 457k new clients in Q1 24 and a cost of acquisition which still weighs on service fees.

**Global Banking and Investor Solutions** posted a solid performance, with quarterly revenues of EUR 2.6 billion, down -5.1% relative to a historically high Q1 23 performance. Revenues **at Global Markets and Investor Services** were down by -8.8% vs. Q1 23 owing notably to Global Markets which posted however very solid revenues at EUR 1.6bn, down by -7.0% compared to a high Q1 23 base. This decline lies with fixed-income activities, down by -17% amid less conducive market conditions than last years, equity activities posting a higher performance by +3% thanks notably to strong results of equity derivatives. The **Financing and Advisory** business posted solid revenues of EUR 859 million, up by +3.5% in Q1 24 vs. Q1 23, with strong activity in Asset Finance, good commercial momentum in Natural Resources and a rebound in Debt Capital Markets, while volumes remain low in merger and acquisition activities as well as in Equity Capital Markets. **Global Transaction & Payment Services'** revenues were up by +7.8% relative to Q1 23, driven by a robust commercial performance and higher margins in Cash Management activities.

**International Retail, Mobility and Leasing Services'** revenues increased by +3.9% vs. Q1 23. Those of **International Retail Banking** stood at EUR 1.0 billion, which is stable compared to the Q1 23 performance, on the back of robust commercial activity in both regions. Revenues for the **Mobility and Leasing Services** businesses grew by +8.1%, mainly due to the EUR 417 million contribution

from LeasePlan, while Ayvens' margins continued to stabilise and the used car sale's market keeps on normalising.

The **Corporate Centre** recorded revenues of EUR -137 million in Q1 24.

### **Operating expenses**

**Operating expenses came to EUR 4,980 million in Q1 24, down -1.5% vs. Q1 23. The cost-to-income ratio stood at 74.9%, down relative to Q1 23 (75.8%) and Q4 23 (78.3%).**

They include EUR 254 million for the integration of LeasePlan and EUR 352 million in transformation costs, up EUR +106 million compared to Q1 23, notably due to transformation plan in the French head office, the transformation of Ayvens following the LeasePlan acquisition, as well as the ongoing projects in Global Banking and Investor Solutions. The Group recorded EUR 302 million in IFRIC 21 charges in Q1 24, down by EUR -608 million relative to Q1 23 as a result of the end of the contribution to the Single Resolution Fund. Restated from these items, the operating expenses increased moderately by EUR +171 million in Q1 24 vs. Q1 23 (by ~+3.4%, a level below inflation for the period).

### **Cost of risk**

**The cost of risk stood at 27 basis points in Q1 24**, or EUR 400 million, which is within the guidance of between 25 and 30 basis points for 2024. It breaks down as a EUR 499 million provision for doubtful loans (around 34 basis points) which includes the impact of the entry into defaults of several market-specific files in France and a EUR -99 million reversal of performing loan outstanding (around -7 basis points), notably related to reversals on the Russian offshore portfolio that is continuing to amortise.

The Group's provisions on performing loans amounted to EUR 3,286 million, down EUR -286 million relative to 31 December 2023, mainly due to the application of IFRS 5 accounting norms for activities under disposal.

The gross coverage ratio stood at 2.85%<sup>1</sup> at 31 March 2024. The net coverage ratio on the Group's non-performing loans stood at 82%<sup>2</sup> at 31 March 2024 (after netting of guarantees and collateral). At 31 March 2024, the Group again reduced its offshore exposure to Russia to around EUR 0.7 billion of EAD (Exposure at Default), compared with EUR 0.9 billion at end 2023 (-22%). The maximum risk exposure on this portfolio is estimated at around EUR 0.2 billion before provision. Total provisions stood at EUR 0.1 billion at end-March 2024. Furthermore, the Group divested the LeasePlan subsidiary in Russia in February 2024 and no longer operates any business locally in the country.

### **Net profits or losses from other assets**

Pursuant notably to IFRS 5, the Group recorded in Q1 24 a net loss from other assets of EUR 84 million in the Corporate Centre mainly following the announcement of the agreement for the disposals of Société Générale Marocaine de Banques, including its subsidiaries and La Marocaine Vie<sup>3</sup>.

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<sup>1</sup> Ratio calculated according to European Banking Authority (EBA) methodology published on 16 July 2019, excluding loans outstanding of companies currently being disposed of in compliance with IFRS 5 (in particular Société Générale Equipment Finance, SG Marocaine de Banques and La Marocaine Vie)

<sup>2</sup> Sum of S3 provisions guarantees and collateral divided by gross book value of NPL

<sup>3</sup> As announced in the press release dated 12 April 2024

## Group net income

Group net income stood at EUR 680 million in Q1 24<sup>1</sup>, i.e. Return on Tangible Equity (ROTE) of 4.1%.

## Financial structure

At 31 March 2024, the Group's **Common Equity Tier 1** ratio stood at 13.2%<sup>2</sup>, or around 300 basis points above the regulatory requirement. Likewise, the Liquidity Coverage Ratio (LCR) was well above regulatory requirements at 159% at end-March 2024 (an average of 167% for the quarter), while the Net Stable Funding Ratio (NSFR) stood at 117% at end-March 2024.

All liquidity and solvency ratios are well above the regulatory requirements.

|                                 | 31/03/2024 | 31/12/2023 | Requirements |
|---------------------------------|------------|------------|--------------|
| CET 1 <sup>(1)</sup>            | 13.2%      | 13.1%      | 10.22%       |
| CET 1 fully loaded              | 13.2%      | 13.0%      | 10.22%       |
| Tier 1 ratio <sup>(1)</sup>     | 15.8%      | 15.6%      | 12.14%       |
| Total Capital <sup>(1)</sup>    | 18.7%      | 18.2%      | 14.71%       |
| Leverage ratio                  | 4.2%       | 4.3%       | 3.6%         |
| TLAC (%RWA) <sup>(1)</sup>      | 32.5%      | 31.9%      | 22.28%       |
| TLAC (%leverage) <sup>(1)</sup> | 8.6%       | 8.7%       | 6.75%        |
| MREL (%RWA) <sup>(1)</sup>      | 34.2%      | 33.7%      | 27.24%       |
| MREL (%leverage) <sup>(1)</sup> | 9.1%       | 9.2%       | 6.08%        |
| End of period LCR               | 159%       | 160%       | >100%        |
| Period average LCR              | 167%       | 155%       | >100%        |
| NSFR                            | 117%       | 119%       | >100%        |

| In EURbn                                | 31/03/2024 | 31/12/2023 |
|---|------------|------------|
| Total consolidated balance sheet        | 1,591      | 1,554      |
| Group shareholders' equity              | 67         | 66         |
| Risk-weighted assets                    | 388        | 389        |
| o.w credit risk                         | 326        | 326        |
| Total funded balance sheet <sup>3</sup> | 961        | 970        |
| Customer loans                          | 468        | 497        |
| Customer deposits                       | 606        | 618        |

As of 18 April 2024, the parent company had issued a total of EUR 28.5 billion in medium/long-term debt, of which EUR 17.4 billion of vanilla notes. The subsidiaries had issued EUR 3.3 billion. In all, the Group has issued a total of EUR 31.8 billion in medium/long-term notes.

The Group is rated by four rating agencies: (i) FitchRatings - long-term rating "A-", positive outlook, senior preferred debt rating "A", short-term rating "F1" (ii) Moody's - long-term rating (senior preferred debt) "A1", stable outlook, short-term rating "P-1" (iii) R&I - long-term rating (senior preferred debt) "A", stable outlook; and (iv) S&P Global Ratings - long-term rating (senior preferred debt) "A", stable outlook, short-term rating "A-1".

<sup>1</sup> After recognition of a quarterly income tax of EUR 274m, adjusted based on an estimated annual Effective Tax Rate of around 23%, in application of IFRS 34

<sup>2</sup> Phased-in ratio, proforma including Q1 24 results

<sup>3</sup> Items restated in application of IFRS 5 regarding the announced disposals of SG Equipment Finance and Moroccan activities have been netted in "Other assets" (EUR 22bn in customer loans and EUR 9bn in client deposits)

## ESG

Societe Generale has set itself a new alignment target on the aviation sector as part of its work with the Net Zero Banking Alliance (NZBA). The Group is targeting a -18% reduction in carbon emissions intensity by 2030 vs. 2019 (i.e., 775g of CO<sub>2</sub>e per RTK in 2030 vs. 943g CO<sub>2</sub>e per RTK in 2019), the base year selected to eliminate the effects of the Covid crisis on aviation transport, using the Pegasus Guidelines methodology<sup>12</sup>.

Societe Generale is a founding member of the Pegasus Guidelines, in partnership with RMI (Rocky Mountain Institute) and four other banks. This first-of-its-kind framework enables banks to measure and disclose their aviation lending portfolios' emissions in a consistent and comprehensive manner.

Furthermore, BRD and International Finance Corporation (IFC), a member of the World Bank Group, completed a landmark synthetic risk transfer (SRT) transaction: IFC will provide a risk guarantee on a portfolio of small and medium enterprises (SMEs) granted by BRD. This transaction is part of the agreement signed in early 2024 between Societe Generale and IFC to strengthen support for sustainable finance projects and contribute to the United Nations' Sustainable Development Goals (SDGs).

Evidence of its leadership, Societe Generale was again singled out for a number of prestigious awards, including IFR's "Bank for Sustainability" for having "successfully accelerated and embedded change across its businesses" and Global Finance's "World's Best Bank for Sustainable Finance 2024". These awards are recognition of the efforts made by the Group to transform, build, accelerate and embed ESG into all aspects of its operations.

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<sup>1</sup> This target corresponds to an alignment score lower than the Mission Possible Partnership Prudent (MPP PRU) scenario. An alignment of the portfolio with a 1.5°C trajectory would have led to an intensity target of 781 gCO<sub>2</sub>e/RTK



## 2. FRENCH RETAIL, PRIVATE BANKING AND INSURANCE

| In EURm                                 | Q1 24        | Q1 23        | Change        |
|---|--------------|--------------|---------------|
| Net banking income                      | 2,010        | 2,083        | -3.5%         |
| <i>Net banking income excl. PEL/CEL</i> | 2,011        | 2,093        | -3.9%         |
| Operating expenses                      | (1,728)      | (1,837)      | -5.9%         |
| <b>Gross operating income</b>           | <b>282</b>   | <b>246</b>   | <b>+14.6%</b> |
| Net cost of risk                        | (247)        | (89)         | x2.8          |
| <b>Operating income</b>                 | <b>35</b>    | <b>157</b>   | <b>-77.7%</b> |
| Net profits or losses from other assets | 0            | 5            | -100.0%       |
| <b>Group net income</b>                 | <b>27</b>    | <b>121</b>   | <b>-77.7%</b> |
| <b>RONE</b>                             | <b>0.7%</b>  | <b>3.1%</b>  |               |
| <b>Cost to income</b>                   | <b>86.0%</b> | <b>88.2%</b> |               |

### SG Network, Private Banking and Insurance

Average outstanding loans of SG Network decreased by -1.2% vs. Q4 23 (-5% vs. Q1 23) to EUR 199 billion. Outstanding loans to corporate and professional clients rose by +1.2% vs. Q1 23, excluding government-guaranteed PGE loans, driven by short-term lending (PGE loans being down by -33% vs. Q1 23). In line with a proactive recovery in home loan origination, home loan production grew sharply doubling vs. Q4 23, off a low point.

Average outstanding deposits, which include corporate and professional clients of the SG Network, amount to EUR 233 billion in Q1 24. Deposits are stable compared to Q4 23 despite a continued shift from sight deposits to interest-bearing deposits and financial savings (-5.0% vs. Q1 23).

As a result, the average loan to deposit ratio came to 85.4% in Q1 24, stable vs. Q1 23.

**Private Banking** activities, which include French and International activities, posted record assets under management (AuM) of EUR 149 billion in Q1 24. The net asset gathering pace (net new money divided by AuM) rose by an average of +6%, with net asset inflows totalling EUR 2.1 billion at Q1 24. Net banking income came at EUR 375 million in Q1 24, an increase of +2.5% vs. Q1 23.

**Insurance**, which includes French and international activities, posted solid commercial performances. Life insurance outstandings increased by +6% vs. Q1 23 to reach a record EUR 141 billion at end-March 2024. The unit-linked portion of 39% remains at a high level and rose by +2 percentage points vs. Q1 23. Gross savings life insurance inflows amounted to EUR 6.1 billion in Q1 24, up by +68% vs. Q1 23.

Protection insurance premiums were by +4% vs. Q1 23, with strong commercial momentum in property and casualty premiums.

### BoursoBank

The number of clients at France's leading online bank reached 6.3 million at end-March 2024, representing an increase of 1.4 million net vs. Q1 23, thanks to the high onboarding (457 000 new clients in the first quarter of 2024). The churn rate stayed at a low level and continued to decrease this quarter.

For the fifth consecutive year, BoursoBank ranked No. 1 for client satisfaction in the French banking sector<sup>1</sup>.

<sup>1</sup> Jointly with another bank, Bain and Company March 2024



Whereas BoursoBank's average loan outstandings (EUR 15 billion in Q1 24) are down -2.5% vs. Q1 23, due to the selective origination policy endorsed until last year, home loans production began its rebound (+13% vs. Q4 23). Consumer loan outstandings were down -1.7% vs. Q4 23 (-11.9% vs. Q1 23).

Average outstanding savings, including deposits and financial savings, registered a sharp rise to EUR 58 billion (+14% vs. Q1 23). Deposits increased by +18% vs. Q1 23 on back of record deposit inflows, enabling gain in market share. Life insurance savings outstandings increased by +4.0% vs. Q1 23 to EUR 12 billion (with the unit-linked share accounting for 46%, +4.4 percentage points vs. Q1 23), and a sharp rebound in organic gross insurance inflows in Q1 24 (+20% vs. Q1 23).

At end-March 2024, BoursoBank posted an increase in revenues of +20% (excluding PEL/CEL and new client acquisition costs) compared with Q1 23.

### **Net banking income**

**In Q1 24**, revenues came to EUR 2,010 million, down -3.9% vs. Q1 23, excluding PEL/CEL.

Net interest income excluding PEL/CEL for French Retail, Private Banking and Insurance increased by +3.1% vs. Q4 23 at EUR 822 million (-2.9% vs. Q1 23). The pace of the increase is at the lower-end of the range of the projected scenarios notably following decreasing sight deposits outstanding due to the shift towards interest-bearing deposits and financial savings. Fees including insurance revenues were up by +1.6% relative to Q1 23 and +8.0% vs. Q4 23.

### **Operating expenses**

**In Q1 24**, operating expenses came to EUR 1,728 million, down -5.9% vs. Q1 23. Operating expenses include around 80 million euros of transformation costs. The cost-to-income ratio reached 86.0% in Q1 24 and improved by 2.2 percentage points vs. Q1 23.

### **Cost of risk**

**In Q1 24**, the cost of risk amounted to EUR 247 million or 41 basis points, which was higher than in Q4 23 (27 basis points) and Q1 23 (14 basis points), due notably to entry into default of specific market files in France.

### **Group net income**

**In Q1 24**, Group net income totalled EUR 27 million.

### 3. GLOBAL BANKING AND INVESTOR SOLUTIONS

| In EURm                | Q1 24   | Q1 23   | Change |         |
|------------------------|---------|---------|--------|---------|
| Net banking income     | 2,623   | 2,764   | -5.1%  | -5.0%*  |
| Operating expenses     | (1,757) | (2,072) | -15.2% | -15.0%* |
| Gross operating income | 866     | 692     | +25.1% | +24.9%* |
| Net cost of risk       | 19      | (5)     | n/s    | n/s     |
| Operating income       | 885     | 687     | +28.8% | +28.4%* |
| Group net income       | 690     | 546     | +26.4% | +25.9%* |
| RONE                   | 18.6%   | 13.8%   |        |         |
| Cost to income         | 67.0%   | 75.0%   |        |         |

#### Net banking income

**Global Banking and Investor Solutions** continued to deliver a strong performance in the first quarter, posting revenues of EUR 2,623 million, down -5.1% with respect to a record Q1 23.

**Global Markets & Investor Services** recorded durably robust revenues of EUR 1,764 million in Q1 24, down -8.8% on a high Q1 23 owing to an unfavourable base effect notably following very strong market revenues and revaluations of equity participations in the Securities Services business in Q1 23.

**Global Market** posted a solid performance overall with revenues at EUR 1,603 million in Q1 24, down by -7.0% vs. Q1 23 amid a normalising market environment notably for Fixed income and Currencies.

**The Equities business** posted a very good performance, recording Q1 24 revenues of EUR 870 million, up +3.1% vs. Q1 23. The business was driven by the rise in equity indices and by strong commercial momentum in derivatives.

**Fixed Income and Currencies** registered a good performance with revenues of EUR 733 million, notably owing to supportive client activity in the investment solutions business. However, revenues contracted by -16.7% compared with Q1 23 owing to less conducive market conditions, with lower volatility on rates, which notably impacted flow activities.

**Securities Services' revenues** decreased by -23.3% at EUR 161 million due to a base effect in Q1 23 linked to revaluations and dividends of equity participations. Excluding the impact of these one-off items, revenues were down by -4.8% vs. Q1 23. Assets under Custody and Assets under Administration amounted to EUR 4,944 billion and EUR 582 billion, respectively.

**The Financing and Advisory business** posted robust revenues of EUR 859 million, up +3.5% vs. Q1 23.

The **Global Banking and Advisory business** continued to record solid revenues, up +2.1% relative to Q1 23. The business was notably driven by strong demand in the Asset-Backed Products platform and good commercial momentum in the Natural Resources platform. In the Investment Banking business, activity continued to rebound in the Debt Capital Markets business, but volumes remain low in the Merger & Acquisitions and Equity Capital Markets activities.

**Global Transaction & Payment Services** turned in a very robust performance compared with last year, posting a +7.8% increase in revenues driven by strong commercial momentum and still favourable market conditions.

## **Operating expenses**

**Operating expenses came to EUR 1,757 million in Q1 24 and included around EUR 150 million in transformation costs.** Operating expenses were down by a sharp -15.2% relative to Q1 23 notably due to the end of contribution to the Single Resolution Fund which weighed on operating expenses in the amount of EUR 491 million in Q1 23. Accordingly, the cost-to-income ratio came to 67.0% in Q1 24.

## **Cost of risk**

**In Q1 24**, the cost of risk recorded a net reversal of EUR 19 million, representing -5 basis points vs. 1 basis point in Q1 23 owing to the write backs of Stage 1 and 2 provisions on the Russian offshore portfolio.

## **Group net income**

Group net income was **EUR 690 million** in Q1 24, up by +26.4% vs. Q1 23.

Global Banking and Investor Solutions reported **RONE of 18.6% for the quarter**.

## 4. INTERNATIONAL RETAIL, MOBILITY AND LEASING SERVICES

| In EURm                                 | Q1 24      | Q1 23      | Change        |                |
|---|------------|------------|---------------|----------------|
| Net banking income                      | 2,149      | 2,068      | +3.9%         | -13.2%*        |
| Operating expenses                      | (1,352)    | (1,088)    | +24.3%        | +2.6%*         |
| <b>Gross operating income</b>           | <b>797</b> | <b>980</b> | <b>-18.7%</b> | <b>-30.9%*</b> |
| Net cost of risk                        | (181)      | (91)       | +98.9%        | +82.5%*        |
| <b>Operating income</b>                 | <b>616</b> | <b>889</b> | <b>-30.7%</b> | <b>-43.0%*</b> |
| Net profits or losses from other assets | 4          | (1)        | n/s           | +19.2%*        |
| <b>Group net income</b>                 | <b>272</b> | <b>476</b> | <b>-42.9%</b> | <b>-52.2%*</b> |
| RONE                                    | 10.4%      | 20.8%      |               |                |
| Cost to income                          | 62.9%      | 52.6%      |               |                |

**International Retail Banking**<sup>1</sup> recorded loan outstandings of EUR 66 billion, up +1.6% relative to Q1 23 (+5.8%\* vs. Q1 23). Outstanding deposits totalled EUR 81 billion, an increase of +2.5% compared with Q1 23 (+7.3%\* vs. Q1 23).

In **Europe**, outstanding loans totalled EUR 41 billion at end-March 2024, stable vs. Q1 23 but up +6.3%\* at constant perimeter and exchange rates. Loans were up across both client segments, individual and corporate clients, in both countries (+11.7%\* vs. Q1 23 in Romania and +4.9%\* vs. Q1 23 in the Czech Republic). Outstanding deposits rose by +2.3% vs. Q1 23 (+8.5%\* vs. Q1 23), to total EUR 54 billion at end-March 2024. The increase was driven by Romania (+13.6%\* vs. Q1 23) and corporate clients in the Czech Republic (+17.1%\* vs. Q1 23).

**Africa, Mediterranean Basin and French Overseas Territories**<sup>1</sup> recorded robust commercial performances. Loan outstandings were up by +5.1%\* and deposits +4.8%\* relative to end-March 2023, totalling EUR 25 billion and EUR 27 billion respectively.

**Mobility and Leasing Services** recorded a solid performance. **Ayvens'** earning assets grew by +12.5% to EUR 53 billion at end-March 2024 vs. EUR 47 billion at end-March 2023 (+1.4% vs. end-December 2023).

The **Consumer Finance** business posted loans outstanding of EUR 24 billion at end-March 2024. They were slightly down -2.3% relative to end-March 2023, due to a still uncertain economic and inflationary environment.

The **Equipment Finance** business showed solid commercial momentum with leasing outstandings continuing to increase by +2.7% vs. Q1 23 (to EUR 15 billion in Q1 24) and by +34.6% for deposits (to EUR 2 billion in Q1 24).

### Net banking income

In **Q1 24**, International Retail, Mobility and Leasing Services' revenues increased by +3.9% vs. Q1 23 to EUR 2,149 million, driven by a EUR 417 million contribution to revenues by LeasePlan during the quarter (as LeasePlan was only integrated from the end of May 2023, no revenue was recognised in Q1 23).

**International Retail Banking's** net banking income was stable for the quarter at EUR 1,033 million vs. Q1 23 and up by +3.4%\* at constant perimeter and exchange rate.

<sup>1</sup> Including outstandings in Morocco

**Europe** posted solid revenues of EUR 490 million during the first quarter of 2024, up by +1%\* vs. Q1 23 (-3.2% including FX impact). This performance demonstrates the ongoing increase in net interest income in Romania (up by +4.3%\* vs. Q1 23), and its normalisation in Czech Republic.

Net banking income in **Africa, Mediterranean Basin and French Overseas Territories** rose by +5.9%\* vs. Q1 23 to stand at EUR 543 million in Q1 24, driven by a +8.1%\* increase in net interest income vs. Q1 23 and +8.4%\* in fees.

**Mobility and Leasing Services' revenues** grew by +8.1% in Q1 24 vs. Q1 23, to EUR 1,116 million.

**Ayvens** recorded a +14.0% increase in net banking income in Q1 24 vs. Q1 23 with margins<sup>1</sup> at 522 basis points<sup>2</sup>, up by +3.7% vs. Q4 23 in euros. The average result for used car sales (UCS) was at a high level of EUR 1,661 per unit in Q1 24 (excluding the impact of reduction in depreciation costs and Purchase Price Allocation) amid a normalising used car market (compared with EUR 1,706 in Q4 23 and EUR 3,102 in Q1 23). In this context of normalisation, fleet revaluation and impact of reduction in depreciation costs were limited during the quarter (EUR 18 million in Q1 24 vs. EUR 174 million in Q1 23).

The integration of LeasePlan is on schedule, with first revenue synergies of EUR 20 million generated during the quarter, on track to achieve the EUR 120 million target for 2024.

Net banking income for the **Consumer Finance** business decreased by -5.2% in Q1 24 relative to Q1 23. Revenues from the **Equipment Finance** business were down by -2.0% vs. Q1 23.

## Operating expenses

In **Q1 24**, operating expenses came to EUR 1,352 million, up by +24.3% vs. Q1 23 (+2.6%\* at constant perimeter and exchange rates). They were impacted by LeasePlan costs of around EUR 250 million and by transformation costs of around EUR 70 million. The cost-to-income ratio stood at 62.9% in Q1 24.

**International Retail Banking's** operating expenses grew by +2.5% in Q1 24 to EUR 650 million vs. Q1 23 amid an inflationary environment.

Operating expenses for **Mobility and Leasing Services** rose by +54.6% over the quarter to EUR 702 million notably due to LeasePlan integration and associated transformation costs. They decreased by -4.2%\* vs. Q1 23 at constant exchange rates.

## Cost of risk

In **Q1 24**, the cost of risk at EUR 181 million increased to 43 basis points vs. a particularly low level of 27 basis points in Q1 23.

## Group net income

In **Q1 24**, Group net income came to EUR 272 million, a -42.9% contraction vs. Q1 23. RONE stood at 10.4% in Q1 24. RONE was 12.3% in International Retail Banking, and 9.2% in Mobility and Leasing Services in Q1 24.

<sup>1</sup> Excluding non-recurring items and Purchase Price Allocation (impact of setting the financial components of the LeasePlan acquisition price)

<sup>2</sup> Annualised and as a percentage of average earning assets

## 5. CORPORATE CENTRE

| In EURm                                 | Q1 24        | Q1 23        |
|---|--------------|--------------|
| Net banking income                      | (137)        | (244)        |
| Operating expenses                      | (143)        | (60)         |
| <b>Gross operating income</b>           | <b>(280)</b> | <b>(304)</b> |
| Net cost of risk                        | 9            | 3            |
| Net profits or losses from other assets | (84)         | (21)         |
| Impairment losses on goodwill           | -            | -            |
| Income tax                              | 83           | 73           |
| <b>Group net income</b>                 | <b>(309)</b> | <b>(275)</b> |

The Corporate Centre includes:

- the property management of the Group's head office,
- the Group's equity portfolio,
- the Treasury function for the Group,
- certain costs related to cross-functional projects, as well as several costs incurred by the Group that are not re-invoiced to the businesses.

### Net banking income

The Corporate Centre's net banking income totalled **EUR -137 million** in Q1 24 vs. EUR -244 million in Q1 23.

### Operating expenses

Operating expenses totalled **EUR -143 million** in Q1 24 vs. EUR -60 million in Q1 23. They comprise in particular around EUR 50 million of transformation charges.

### Net losses from other assets

Pursuant to IFRS 5, the Group recognised a **EUR -84 million** expense notably due to the disposals of subsidiaries Société Générale Marocaine de Banques and La Marocaine Vie which were announced on 12 April 2024.

### Group net income

The Corporate Centre's net income totalled **EUR -309 million in Q1 24** vs. EUR -275 million in Q1 23.

## 6. 2024 AND 2025 FINANCIAL CALENDAR

### 2024 and 2025 Financial communication calendar

|                                 |  |
|---------------------------------|--|
| May 22 <sup>nd</sup> , 2024     | Combined General Meeting                   |
| May 27, 2024                    | Dividend detachment                        |
| May 29, 2024                    | Dividend payment                           |
| August 1 <sup>st</sup> , 2024   | Second quarter and first half 2024 results |
| October 31 <sup>st</sup> , 2024 | Third quarter and nine month 2024 results  |
| February 6 <sup>th</sup> , 2025 | Fourth quarter and full year 2024 results  |

**The Alternative Performance Measures, notably the notions of net banking income for the pillars, operating expenses, cost of risk in basis points, ROE, ROTE, RONE, net assets, tangible net assets, and the amounts serving as a basis for the different restatements carried out are presented in the methodology notes, as are the principles for the presentation of prudential ratios.**

This document contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.

These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:

- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the section "Risk Factors" in our Universal Registration Document filed with the French Autorité des Marchés Financiers (which is available on <https://investors.societegenerale.com/en>).

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

## 7. APPENDIX 1: FINANCIAL DATA

### GROUP NET INCOME BY CORE BUSINESS

| In EURm   | Q1 24      | Q1 23        | Variation     |
|---|------------|--------------|---------------|
| French Retail, Private Banking and Insurance        | 27         | 121          | -77.7%        |
| Global Banking and Investor Solutions               | 690        | 546          | +26.4%        |
| International Retail, Mobility and Leasing Services | 272        | 476          | -42.9%        |
| <b>Core Businesses</b>                              | <b>989</b> | <b>1,143</b> | <b>-13.5%</b> |
| Corporate Centre                                    | (309)      | (275)        | -12.4%        |
| <b>Group</b>  | <b>680</b> | <b>868</b>   | <b>-21.7%</b> |

### MAIN EXCEPTIONAL ITEMS

| In EURm  | Q1 24       | Q1 23      |
|--|-------------|------------|
| <b>Operating expenses - Total one-off items and transformation charges</b> | <b>352</b>  | <b>246</b> |
| Transformation charges   | 352         | 246        |
| <i>Of which French Retail, Private Banking and Insurance</i>               | 81          | 150        |
| <i>Of which Global Banking &amp; Investor Solutions</i>                    | 154         | 29         |
| <i>Of which International Retail, Mobility and Leasing Services</i>        | 69          | 67         |
| <i>Of which Corporate Centre</i>   | 47          | 0          |
| <b>Other one-off items - Total</b>   | <b>(80)</b> | <b>0</b>   |
| Net profits or losses on other assets - Disposals                          | (80)        | 0          |



## CONSOLIDATED BALANCE SHEET

| In EUR m  | 31.03.2024       | 31.12.2023       |
|---|------------------|------------------|
| Cash, due from central banks  | 217,727          | 223,048          |
| Financial assets at fair value through profit or loss                   | 531,406          | 495,882          |
| Hedging derivatives   | 9,450            | 10,585           |
| Financial assets at fair value through other comprehensive income       | 89,666           | 90,894           |
| Securities at amortised cost  | 28,363           | 28,147           |
| Due from banks at amortised cost  | 82,980           | 77,879           |
| Customer loans at amortised cost  | 459,254          | 485,449          |
| Revaluation differences on portfolios hedged against interest rate risk | (973)            | (433)            |
| Insurance and reinsurance contracts assets                              | 400              | 459              |
| Tax assets  | 4,545            | 4,717            |
| Other assets  | 73,061           | 69,765           |
| Non-current assets held for sale  | 28,581           | 1,763            |
| Investments accounted for using the equity method                       | 228              | 227              |
| Tangible and intangible fixed assets                                    | 60,927           | 60,714           |
| Goodwill  | 4,946            | 4,949            |
| <b>Total</b>  | <b>1,590,561</b> | <b>1,554,045</b> |
| In EUR m  | 31.03.2024       | 31.12.2023       |
| Due to central banks  | 10,642           | 9,718            |
| Financial liabilities at fair value through profit or loss              | 399,512          | 375,584          |
| Hedging derivatives   | 17,530           | 18,708           |
| Debt securities issued  | 166,617          | 160,506          |
| Due to banks  | 113,207          | 117,847          |
| Customer deposits   | 530,947          | 541,677          |
| Revaluation differences on portfolios hedged against interest rate risk | (6,432)          | (5,857)          |
| Tax liabilities   | 2,274            | 2,402            |
| Other liabilities   | 95,428           | 93,658           |
| Non-current liabilities held for sale                                   | 18,151           | 1,703            |
| Insurance contracts related liabilities                                 | 144,868          | 141,723          |
| Provisions  | 4,236            | 4,235            |
| Subordinated debts  | 15,798           | 15,894           |
| <b>Total liabilities</b>  | <b>1,512,778</b> | <b>1,477,798</b> |
| <b>Shareholder's equity</b>   | -                | -                |
| <b>Shareholders' equity, Group share</b>                                | -                | -                |
| Issued common stocks and capital reserves                               | 21,277           | 21,186           |
| Other equity instruments  | 9,847            | 8,924            |
| Retained earnings   | 35,196           | 32,891           |
| Net income  | 680              | 2,493            |
| <b>Sub-total</b>  | <b>67,000</b>    | <b>65,494</b>    |
| Unrealised or deferred capital gains and losses                         | 342              | 481              |
| <b>Sub-total equity, Group share</b>                                    | <b>67,342</b>    | <b>65,975</b>    |
| Non-controlling interests   | 10,441           | 10,272           |
| <b>Total equity</b>   | <b>77,783</b>    | <b>76,247</b>    |
| <b>Total</b>  | <b>1,590,561</b> | <b>1,554,045</b> |

## 8. APPENDIX 2: METHODOLOGY

**1 –The financial information presented for the first quarter 2024 was examined by the Board of Directors on May 2<sup>nd</sup>, 2024** and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. This information has not been audited.

### 2 - Net banking income

The pillars' net banking income is defined on page 42 of Societe Generale's 2024 Universal Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

### 3 - Operating expenses

Operating expenses correspond to the "Operating Expenses" as presented in note 5 to the Group's consolidated financial statements as of December 31<sup>st</sup>, 2023. The term "costs" is also used to refer to Operating Expenses. The Cost/Income Ratio is defined on page 42 of Societe Generale's 2024 Universal Registration Document.

### 4 - Cost of risk in basis points, coverage ratio for doubtful outstandings

The cost of risk is defined on pages 43 and 770 of Societe Generale's 2024 Universal Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

| In EURm   |                           | Q1 24       | Q1 23      |
|---|---------------------------|-------------|------------|
| French Retail Banking                                 | Net Cost Of Risk          | 247         | 89         |
|   | Gross loan Outstandings   | 238,394     | 252,689    |
|   | <b>Cost of Risk in bp</b> | <b>41</b>   | <b>14</b>  |
| Global Banking and Investor Solutions                 | Net Cost Of Risk          | (19)        | 5          |
|   | Gross loan Outstandings   | 162,457     | 177,590    |
|   | <b>Cost of Risk in bp</b> | <b>(5)</b>  | <b>1</b>   |
| International Banking, Mobility and Leasing Solutions | Net Cost Of Risk          | 181         | 91         |
|   | Gross loan Outstandings   | 167,892     | 134,988    |
|   | <b>Cost of Risk in bp</b> | <b>43</b>   | <b>27</b>  |
| Corporate Centre                                      | Net Cost Of Risk          | (9)         | (3)        |
|   | Gross loan Outstandings   | 23,365      | 16,537     |
|   | <b>Cost of Risk in bp</b> | <b>(15)</b> | <b>(6)</b> |
| Societe Generale Group                                | Net Cost Of Risk          | 400         | 182        |
|   | Gross loan Outstandings   | 592,108     | 581,804    |
|   | <b>Cost of Risk in bp</b> | <b>27</b>   | <b>13</b>  |

The **gross coverage ratio for doubtful outstandings** is calculated as the ratio of provisions recognised in respect of the credit risk to gross outstandings identified as in default within the meaning of the regulations, without taking account of any guarantees provided. This coverage ratio measures the maximum residual risk associated with outstandings in default ("doubtful").

## 5 - ROE, ROTE, RONE

The notions of ROE (Return on Equity) and ROTE (Return on Tangible Equity), as well as their calculation methodology, are specified on pages 43 and 44 of Societe Generale's 2024 Universal Registration Document. This measure makes it possible to assess Societe Generale's return on equity and return on tangible equity.

RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group's businesses, according to the principles presented on page 44 of Societe Generale's 2024 Universal Registration Document.

Group net income used for the ratio numerator is book Group net income adjusted for "Interest paid and payable to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisation". For ROTE, income is also restated for goodwill impairment.

Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table below:

### ROTE calculation: calculation methodology

| End of period (in EURm)  | Q1 24         | Q1 23         |
|--|---------------|---------------|
| <b>Shareholders' equity Group share</b>  | <b>67,342</b> | <b>68,747</b> |
| Deeply subordinated and undated subordinated notes   | (10,166)      | (10,823)      |
| Interest payable to holders of deeply & undated subordinated notes, issue premium amortisation <sup>(1)</sup>                | (71)          | (102)         |
| OCI excluding conversion reserves  | 696           | 640           |
| Distribution provision <sup>(2)</sup>  | (256)         | (421)         |
| Distribution N-1 to be paid  | (999)         | (1,803)       |
| <b>ROE equity end-of-period</b>  | <b>56,545</b> | <b>56,238</b> |
| <b>Average ROE equity</b>  | <b>56,522</b> | <b>56,072</b> |
| Average Goodwill <sup>(3)</sup>  | (4,006)       | (3,652)       |
| Average Intangible Assets  | (2,956)       | (2,876)       |
| <b>Average ROTE equity</b>   | <b>49,560</b> | <b>49,544</b> |
| <b>Group net Income</b>  | <b>680</b>    | <b>868</b>    |
| Interest paid and payable to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisation | (166)         | (163)         |
| Cancellation of goodwill impairment  | -             | -             |
| <b>Adjusted Group net Income</b>   | <b>514</b>    | <b>705</b>    |
| <b>ROTE</b>  | <b>4.1%</b>   | <b>5.7%</b>   |

### RONE calculation: Average capital allocated to Core Businesses (in EURm)

| In EURm   | Q1 24         | Q1 23         | Change       |
|---|---------------|---------------|--------------|
| French Retail , Private Banking and Insurance       | 15,471        | 15,586        | -0.7%        |
| Global Banking and Investor Solutions               | 14,835        | 15,793        | -6.1%        |
| International Retail, Mobility and Leasing Services | 10,420        | 9,160         | +13.8%       |
| <b>Core Businesses</b>                              | <b>40,726</b> | <b>40,539</b> | <b>+0.5%</b> |
| Corporate Center                                    | 15,796        | 15,533        | +1.7%        |
| <b>Group</b>  | <b>56,522</b> | <b>56,072</b> | <b>+0.8%</b> |

<sup>1</sup> Interest net of tax

<sup>2</sup> The dividend to be paid is calculated based on a pay-out ratio of 50%, restated from non-cash items and after deduction of interest on deeply subordinated notes and on undated subordinated notes

<sup>3</sup> Excluding goodwill arising from non-controlling interests

## 6 - Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 45 of the Group's 2024 Universal Registration Document. The items used to calculate them are presented below:

| End of period (in EURm)  | Q1 24         | 2023          | 2022          |
|--|---------------|---------------|---------------|
| Shareholders' equity Group share   | 67,342        | 65,975        | 66,970        |
| Deeply subordinated and undated subordinated notes   | (10,166)      | (9,095)       | (10,017)      |
| Interest of deeply & undated subordinated notes, issue premium amortisation <sup>(1)</sup> | (71)          | (21)          | (24)          |
| Book value of own shares in trading portfolio  | 54            | 36            | 67            |
| <b>Net Asset Value</b>   | <b>57,158</b> | <b>56,895</b> | <b>56,996</b> |
| Goodwill   | (4,004)       | (4,008)       | (3,652)       |
| Intangible Assets  | (2,958)       | (2,954)       | (2,875)       |
| <b>Net Tangible Asset Value</b>  | <b>50,196</b> | <b>49,933</b> | <b>50,469</b> |
| Number of shares used to calculate NAPS <sup>(2)</sup>                                     | 799,161       | 796,244       | 801,147       |
| Net Asset Value per Share  | 71.5          | 71.5          | 71.1          |
| Net Tangible Asset Value per Share   | 62.8          | 62.7          | 63.0          |

## 7 - Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 44 of Societe Generale's 2024 Universal Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE and ROTE. The calculation of Earnings Per Share is described in the following table:

| Average number of shares (thousands)  | Q1 24          | 2023           | 2022           |
|---|----------------|----------------|----------------|
| Existing shares   | 802,980        | 818,008        | 845,478        |
| Deductions  |                |                |                |
| Shares allocated to cover stock option plans and free shares awarded to staff   | 5,277          | 6,802          | 6,252          |
| Other own shares and treasury shares  | 0              | 11,891         | 16,788         |
| <b>Number of shares used to calculate EPS<sup>(1)</sup></b>                     | <b>797,703</b> | <b>799,315</b> | <b>822,437</b> |
| Group net Income (in EUR m)   | 680            | 2,493          | 1,825          |
| Interest on deeply subordinated notes and undated subordinated notes (in EUR m) | (166)          | (759)          | (596)          |
| <b>Adjusted Group net income (in EUR m)</b>                                     | <b>514</b>     | <b>1,735</b>   | <b>1,230</b>   |
| <b>EPS (in EUR)</b>   | <b>0.64</b>    | <b>2.17</b>    | <b>1.50</b>    |

**8 - The Societe Generale Group's Common Equity Tier 1 capital** is calculated in accordance with applicable CRR2/CRD5 rules. The fully loaded solvency ratios are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is also calculated according to applicable CRR2/CRD5 rules including the phased-in following the same rationale as solvency ratios.

<sup>1</sup> Interest net of tax

<sup>2</sup> The number of shares considered is the number of ordinary shares outstanding as at end of period, excluding treasury shares and buybacks, but including the trading shares held by the Group.

<sup>1</sup> The number of shares considered is the average number of ordinary shares outstanding during the period, excluding treasury shares and buybacks, but including the trading shares held by the Group.

## 9 – Funded balance sheet, loan to deposit ratio

The funded balance sheet is based on the Group financial statements. It is obtained in two steps:

- A first step aiming at reclassifying the items of the financial statements into aggregates allowing for a more economic reading of the balance sheet. Main reclassifications:
  - Insurance: grouping of the accounting items related to insurance within a single aggregate in both assets and liabilities.
  - Customer loans: include outstanding loans with customers (net of provisions and write-downs, including net lease financing outstanding and transactions at fair value through profit and loss); excludes financial assets reclassified under loans and receivables in accordance with the conditions stipulated by IFRS 9 (these positions have been reclassified in their original lines).
  - Wholesale funding: Includes interbank liabilities and debt securities issued.
  - Financing transactions have been allocated to medium/long-term resources and short-term resources based on the maturity of outstanding, more or less than one year.
  - Reclassification under customer deposits of the share of issues placed by French Retail Banking networks (recorded in medium/long-term financing), and certain transactions carried out with counterparties equivalent to customer deposits (previously included in short term financing).
  - Deduction from customer deposits and reintegration into short-term financing of certain transactions equivalent to market resources.
- A second step aiming at excluding the contribution of insurance subsidiaries, and netting derivatives, repurchase agreements, securities borrowing/lending, accruals and “due to central banks”.

The Group **loan/deposit ratio** is determined as the division of the customer loans by customer deposits as presented in the funded balance sheet.

NB (1) The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding rules.

(2) All the information on the results for the period (notably: press release, downloadable data, presentation slides and supplement) is available on Societe Generale’s website [www.societegenerale.com](http://www.societegenerale.com) in the “Investor” section.

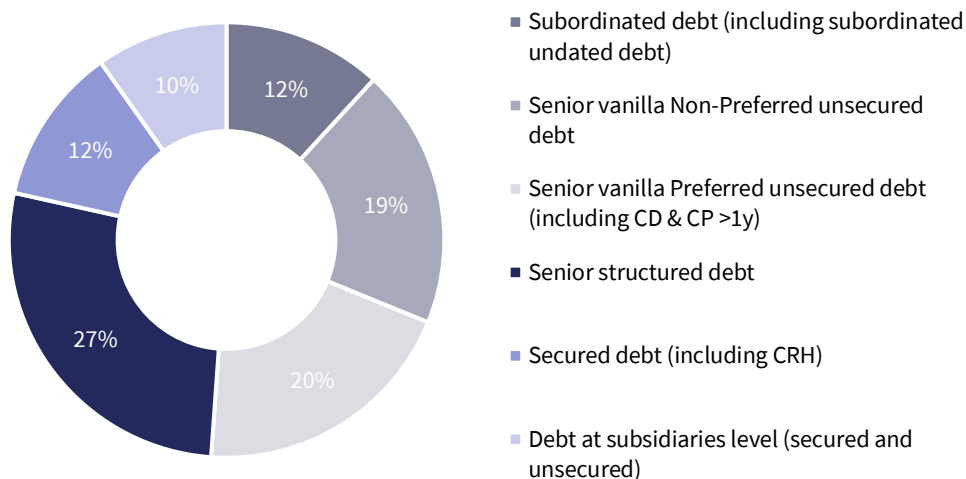
## 2.2 Financial policy

### Group debt policy – Update of pages 68 and 69 of the 2024 Universal Registration Document

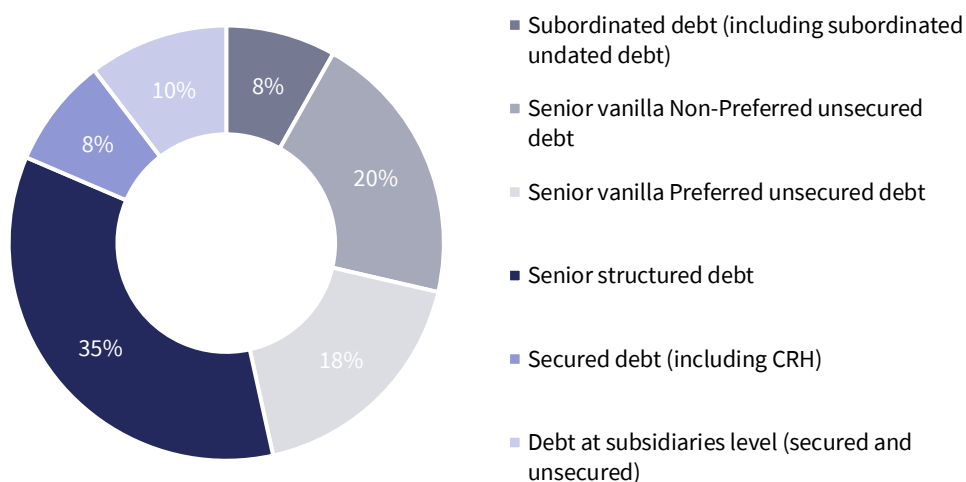
Group short-term and long-term debt totalled EUR 272.2 billion at 31 March 2024, of which:

- EUR 13.0 billion issued by conduits (short term), and
- EUR 59.5 billion related to senior structured issues of small denomination (below EUR 100,000), predominately distributed to retail clients.

#### GROUP LONG-TERM SECURITIES DEBT AT 31.03.2024: EUR 222.2bn



#### COMPLETION OF THE FINANCING PROGRAMME AT END-MARCH 2024: EUR 31.8bn



## **Solvency ratios – update of page 67 of 2024 Universal Registration Document**

The following paragraph :

« The TLAC (Total Loss-Absorbing Capacity) ratio of RWA was 31.9% with the option of Senior Preferred Debt limited to 2.5% of RWA.» is replaced by the following paragraph :

« The TLAC (Total Loss-Absorbing Capacity) ratio of RWA was 32.5% at March 31th 2024 with the option of Senior Preferred Debt limited to 3.5% of RWA.»

## **2.3 Statement on post-closing events**

### **Update of the page 72 of the 2024 Universal Registration Document**

Since the end of the last financial period, other than those described in the amendment to the universal registration document filed with the AMF on May 3<sup>rd</sup>, 2024 under n° D-24-0094-A01, no significant change in the financial performance of the group occurred.

### 3. CORPORATE GOVERNANCE


#### 3.1 Board of Directors

The two directors elected by the employees, France Houssaye and Johan Praud, were re-elected for a 4-year term which will start after the Combined General Meeting on 22 May 2024.

#### Declarations

As all other Directors, the re-elected Directors have made the regulatory declarations on the absence of conflicts of interest and the absence of convictions mentioned on page 166 of the Universal Registration Document filed by Societe Generale on 11 March 2024 with the French market authority (AMF) under number D.24-0094.

#### Update of the page 96 of the 2024 Universal Registration Document

|   |   |   |
|---|---|---|
|   | <b>Sébastien WETTER</b>   |   |
|   | Global Chief Operating Officer for the Financial Institutions coverage teams<br>Member of the Audit and Internal Control Committee  |   |
|   | <b>Biography</b>  |   |
| Date of birth: 10 July 1971<br><b>Nationality:</b> French<br>Holds 3,384 shares<br>7,815 via Societe Generale Actionnariat (Fonds E)<br><b>Professional address:</b><br>Tours Société Générale<br>17, cours Valmy<br>CS 50318<br>92972 La Défense cedex | Sébastien Wetter holds a Master degree in Fundamental Physics and graduated from the Lyons Business School (EM Lyon). He began his career at Societe Generale in 1997 in the Strategy and Marketing Division of Societe Generale's retail bank. Working in the Group's Organisation Consulting Department from 2002, he performed a range of roles in the Corporate & Investment Banking arm and helped roll out the Group-wide participatory Innovation programme. At the end of 2005, he joined the Commodities Market Department as Chief Operating Officer holding a global remit, before becoming Head of Business Development in 2008. From 2010 until 2014, he served as General Secretary in the Group's General Inspection and Audit Division. In 2014, he joined the Sales Division of the Corporate & Investment Bank arm where he held a number of positions: Head of marketing for major French and international clients, then in 2016, Global Chief Operating Officer responsible for the sales teams covering financial institutions. From 2022 until 2020, as a banker he managed Societe Generale's relationship with international financial institutions. |   |
|   | <b>Other offices currently held</b>   | <b>Other offices and positions held in other companies in the past five years</b> |
|   | None.   | None.   |



## 3.2 List of outstanding delegation and their use in 2023 and early 2024 (until 7 march 2024)

### Update of the pages 164 and 165 of the 2024 Universal Registration Document

| Type d'autorisation  | Purpose of the authorisation granted to the Board of Directors  | Validity of the delegation  |
|--|---|---|
| Share buybacks   | To buy Societe Generale shares  | <b>Granted by:</b> AGM of 23 May 2023, 18 <sup>th</sup> Resolution<br><b>For a period of:</b> 18 months<br><b>Start date:</b> 23 May 2023<br><b>Expiry date:</b> 23 November 2024 |
| Capital increase   | To increase the share capital, maintaining pre-emptive subscription rights through the issue of ordinary shares and/or securities giving access to the share capital of Societe Generale and/or its subsidiaries.                                     | <b>Granted by:</b> AGM of 17 May 2022, 18 <sup>th</sup> Resolution<br><b>For a period of:</b> 26 months<br><b>Expiry date:</b> 17 July 2024                                       |
|  | To increase the share capital, maintaining pre-emptive subscription rights through the incorporation of reserves, profits or premiums or any other item which may be incorporated in the share capital  | <b>Granted by:</b> AGM of 17 May 2022, 18 <sup>th</sup> Resolution<br><b>For a period of:</b> 26 months<br><b>Expiry date:</b> 17 July 2024                                       |
|  | To increase the share capital with cancellation of pre-emptive subscription rights through the issue of ordinary shares and/or securities giving access to the share capital  | <b>Granted by:</b> AGM of 17 May 2022, 19 <sup>th</sup> Resolution<br><b>For a period of:</b> 26 months<br><b>Expiry date:</b> 17 July 2024                                       |
|  | To increase the share capital, with cancellation of pre-emptive subscription rights in order to remunerate contributions in kind consisting of equity securities or securities giving access to the share capital                                     | <b>Granted by:</b> AGM of 17 May 2022, 20 <sup>th</sup> Resolution<br><b>For a period of:</b> 26 months<br><b>Expiry date:</b> 17 July 2024                                       |
| Capital increase in favour of employees  | To increase the share capital, with cancellation of pre-emptive subscription rights through the issuance of ordinary shares or securities giving access to the share capital reserved for members of a Societe Generale company or Group savings plan | <b>Granted by:</b> AGM of 23 May 2023, 19 <sup>th</sup> Resolution<br><b>For a period of:</b> 26 months<br><b>Expiry date:</b> 23 July 2025                                       |
| Free allocation of shares  | To allocate free shares, existing or to be issued, without pre-emptive subscription rights, to regulated and assimilated persons  | <b>Granted by:</b> AGM of 17 May 2022, 22 <sup>nd</sup> Resolution<br><b>For a period of:</b> 26 months<br><b>Expiry date:</b> 17 July 2024                                       |
|  | To allocate free shares, existing or to be issued, without pre-emptive subscription rights, to employees other than regulated and assimilated persons   | <b>Granted by:</b> AGM of 17 May 2022, 23 <sup>rd</sup> Resolution<br><b>For a period of:</b> 26 months<br><b>Expiry date:</b> 17 July 2024                                       |
| Annulation d'actions   | To cancel shares purchased as part of share buyback programmes  | <b>Granted by:</b> AGM of 17 May 2022, 24 <sup>th</sup> Resolution<br><b>For a period of:</b> 26 months<br><b>Expiry date:</b> 17 July 2024                                       |
| <b>Limit</b>   | <b>Use in 2023</b>  | <b>Use in 2024 (until 7 March)</b>  |
| 10% of the total number of shares comprising the Societe Generale share capital on the date of the share buyback; the maximum number of shares held at any time may not exceed 10% of the Company's share capital. | Excluding the liquidity agreement: Societe Generale purchased 17,777,697 shares in order to cancel them. Societe Generale also purchased 1,724,707 shares in order to cover   | Excluding the liquidity agreement: Societe Generale did not buy back any shares.  |

|  |  |  |
|--|--|--|
|  | and honour the free share allocation plan for the benefit of employees and the Chairman of the Board of Directors and Chief Executive Officers.<br>At 31 December 2023, no (0) shares were in the liquidity agreement's account. | At 7 March 2024, no (0) shares were in the liquidity agreement's account.  |
| Nominal EUR 345,3 million for shares, i.e., 33% of the share capital at the date on which the authorisation was granted.<br><i>Note: this limit counts towards those set forth in Resolutions 19 to 23 of the AGM of 17 May 2022.</i><br>Nominal EUR 6 billion shares for debt securities giving access to the share capital<br><i>Note: this limit counts towards those set forth in Resolutions 19 to 21 of the AGM of 17 May 2022.</i>  | None   | None   |
| Nominal EUR 550 million.   | None   | None   |
| Nominal EUR 104,640 million for shares, i.e., 10% of the share capital at the date on which the authorisation was granted, being specified that the issue price of the shares will be equal to the weighted average of the closing prices of the three trading sessions on the Euronext Paris regulated market preceding the opening of the public offer, decreased by 10%.<br><i>Note: this limit counts towards those issues conducted pursuant to Resolutions 20 of the AGM of 17 May 2022. In addition, the issues conducted pursuant to Resolutions 19 and 20 count towards the total limit of nominal EUR 345.3 million set forth in Resolution 18 of 17 May 2022.</i><br>Nominal EUR 6 billion shares for debt securities giving access to the share capital.<br><i>Note: this limit counts towards those issues conducted pursuant to Resolutions 18, 19 and 21 of the AGM of 17 May 2022.</i> | None   | None   |
| Nominal EUR 104,640 million for shares, i.e., 10% of the share capital at the date on which the authorisation was granted.<br><i>Note: this limit counts towards those issues conducted pursuant to Resolutions 19 of the AGM of 17 May 2022. In addition, the issues conducted pursuant to Resolutions 19 and 20 count towards the total limit of nominal EUR 345.3 million set forth in Resolution 18 of 17 May 2022.</i>  | None   | None   |
| Nominal EUR 15,154 million for shares, i.e. 1.5% of the capital at the date on which the authorisation was granted, being specified that (i) the discount offered is 20% of the average share prices on the Euronext regulated market during the twenty trading sessions preceding the date of the decision setting the opening date for subscriptions; and that (ii) the Board of Directors will be able to convert all or part of the discount into a free allocation of shares or securities giving access to the Company's sharecapital.<br><i>Note: this limit, in addition to the nominal amount of securities that may be issued, count towards that set forth in Resolution 18 of the AGM of 17 May 2022.</i>  | Not used. <i>Note: on 24 July 2023, a capital increase of a nominal EUR 15,685,842.50 pursuant to Resolution 21 of the AGM of 17 May 2022, the limit of which was EUR 15,696,000.</i>  | The Board approved the principle of the operation on 7 February 2024 for a global nominal amount of EUR 15,154 million and for which the Chief Executive Officer received authorisation. |
| 1,2% du capital à la date de l'autorisation.<br><i>Note: this limit counts towards that set forth in Resolution 18 of the AGM of 17 May 2022, including a maximum of 0.1% of the capital for the Chief Executive Officers .</i><br><i>Remarque : ce plafond à 0,1% s'impute sur ceux de 1,2% et 0,5% prévus respectivement par la 22<sup>e</sup> et la 23<sup>e</sup> résolution de l'AG du 17 mai 2022.</i>   | Attribution on 8 March 2023 of 2,340,990 shares, i.e., 0.29% of the market capitalisation on the attribution date, corresponding to 0.28% of the share capital on 17 May 2022.   | Attribution on 7 March 2024 of 2,447,479 shares, i.e., 0.30% of the market capitalisation on the attribution date, corresponding to 0.29% of the share capital on 17 May 2022.           |
| 0.5% of the share capital on the authorisation date.<br><i>Note: this limit counts towards that set forth in Resolution 18 of the AGM of 17 May 2022.</i>  | Attribution on 8 March 2023 of 1,294,984 shares, i.e., 0.16% of the market capitalisation on the attribution date, corresponding to 0.15% of the share capital on 17 May 2022.   | Attribution on 7 March 2024 of 1,567,969 shares, i.e., 0.20% of the market capitalisation on the attribution date, corresponding to 0.19% of the share capital on 17 May 2022.           |
| 10% of the total number of shares per 24-month period.   | Reduction of the share capital on 1 February 2023 via the cancellation of 41,674,813 shares, and on 17 November 2023 via the cancellation of 17,777,697 shares.  | None   |

## 4. RISKS AND CAPITAL ADEQUACY

### 4.1 Regulatory ratios

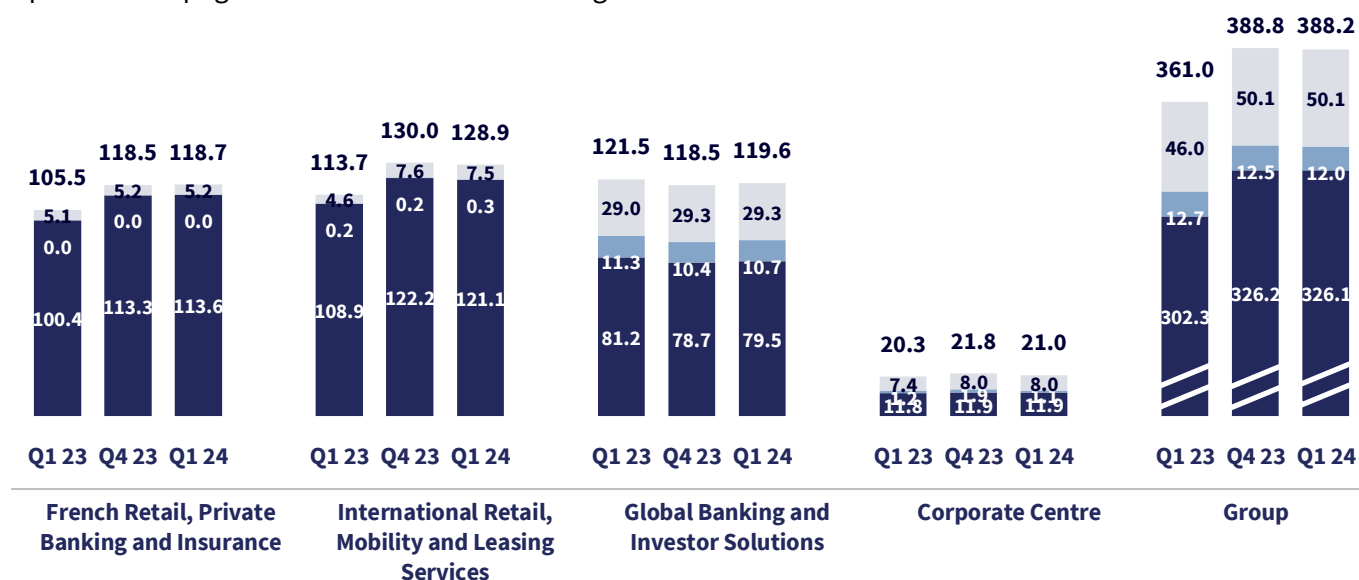
#### 4.1.1 Prudential ratio management – Update of pages 225 and following of the 2024 Universal Registration Document

During the first three months of 2024, Societe Generale in particular issued USD 1 billion of Additional Tier 1 and USD 1.25 billion of Tier 2 bonds. In addition, during this period, Societe Generale redeemed at the first call date an AUD 200 million Tier 2 bond issued in January 2017 and announced the call option exercise for an SGD 750 million Additional Tier 1 bond launched in April 2019.

#### 4.1.2 Extract from the presentation dated March 31, 2024: First quarter 2024 results (and supplements)

##### RISK-WEIGHTED ASSETS\* (CRR2/CRD5, in EUR bn)

Update of the page 234 of the 2024 Universal Registration Document



\* Phased-in Risk-Weighted Asset including IFRS 9 phasing. Includes the entities reported under IFRS 5 until disposal

|             |
|-------------|
| Credit      |
| Market      |
| Operational |

## **Phased-in Common Equity Tier 1, Tier 1 and Total Capital**

Update of the page 202 of the 2024 Universal Registration Document

| In EURbn  | 31.03.2024   | 31.12.2023   |
|---|--------------|--------------|
| Shareholder equity Group share  | 67.3         | 66.0         |
| Deeply subordinated notes <sup>(1)</sup>                                | (10.1)       | (9.1)        |
| Undated subordinated notes <sup>(1)</sup>                               | 0.0          | 0.0          |
| Distribution to be paid <sup>(2)</sup> & interest on subordinated notes | (1.4)        | (1.1)        |
| Goodwill and intangible   | (7.3)        | (7.4)        |
| Non controlling interests   | 9.4          | 9.3          |
| Deductions and regulatory adjustments                                   | (6.6)        | (6.6)        |
| <b>Common Equity Tier 1 Capital</b>                                     | <b>51.3</b>  | <b>51.1</b>  |
| Additionnal Tier 1 Capital  | 10.0         | 9.4          |
| <b>Tier 1 Capital</b>   | <b>61.3</b>  | <b>60.5</b>  |
| Tier 2 capital  | 11.3         | 10.3         |
| <b>Total capital (Tier 1 + Tier 2)</b>                                  | <b>72.6</b>  | <b>70.8</b>  |
| <b>Risk-Weighted Assets</b>   | <b>388.2</b> | <b>388.8</b> |
| <b>Common Equity Tier 1 Ratio</b>                                       | <b>13.2%</b> | <b>13.1%</b> |
| <b>Tier 1 Ratio</b>   | <b>15.8%</b> | <b>15.6%</b> |
| <b>Total Capital Ratio</b>  | <b>18.7%</b> | <b>18.2%</b> |

Ratios based on the CRR2/CRD5 rules as published in June 2019, including Danish compromise for insurance (see Methodology). Ratio fully loaded at 13.2% and IFRS 9 phasing at +2 bps. Prudential and accounting amounts may differ upon the prudential treatment applied to items subject to specific provisions in the current regulation.

(1) Excluding issue premia on deeply subordinated notes and on undated subordinated notes, (2) The dividend to be paid is calculated based on a pay-out ratio of 50% of the Group net income, at the high-end of the 40%-50% payout ratio, as per regulation, restated from non-cash items, and after deduction of interest on deeply subordinated notes and on undated subordinated notes

## **CRR leverage ratio<sup>(1)</sup>**

Update of the page 232 of the 2024 Registration Document

| In EURbn  | 31.03.2024   | 31.12.2023   |
|---|--------------|--------------|
| <b>Tier 1 Capital</b>   | <b>61.3</b>  | <b>60.5</b>  |
| Total prudential balance sheet <sup>(2)</sup>                           | 1,429        | 1,397        |
| Adjustments related to derivative financial instruments                 | (1)          | 0            |
| Adjustments related to securities financing transactions <sup>(3)</sup> | 16           | 14           |
| Off-balance sheet exposure (loan and guarantee commitments)             | 126          | 124          |
| Technical and prudential adjustments                                    | (111)        | (112)        |
| <i>inc. central banks exemption</i>                                     | 0            | 0            |
| <b>Leverage exposure</b>  | <b>1,459</b> | <b>1,422</b> |
| <b>Phased-in leverage ratio</b>   | <b>4.2%</b>  | <b>4.3%</b>  |

(1) Based on CRR2 rules adopted by the European Commission in June 2019. Fully loaded leverage ratio at 4.2% (see Methodology). Including net income of the period and grandfathered AT1 instruments governed by English law, (2) The prudential balance sheet corresponds to the IFRS balance sheet less entities accounted for through the equity method (mainly insurance subsidiaries), (3) Securities financing transactions: repurchase transactions, securities lending or borrowing transactions and other similar transactions

## Financial conglomerate ratio

As at 31 December 2023, the financial conglomerate ratio was 135,2%, consisting of a numerator “Own funds of the Financial Conglomerate” of EUR 77.6 billion, and a denominator “Regulatory requirement of the Financial Conglomerate” of EUR 57.4 billion.

## 4.2 Asset quality

### Update of the page 226 of the 2024 Universal Registration Document

#### Asset quality

| In EUR bn  | 31.03.2024   | 31.12.2023   | 31.03.2023   |
|--|--------------|--------------|--------------|
| <b>Performing loans</b>  | <b>509.7</b> | <b>535.5</b> | <b>551.5</b> |
| <i>inc. Stage 1 book outstandings</i> <sup>(1)</sup>   | 456.9        | 480.5        | 495.9        |
| <i>inc. Stage 2 book outstandings</i>  | 38.1         | 39.4         | 39.1         |
| <b>Non-performing loans</b>  | <b>15.0</b>  | <b>16.1</b>  | <b>15.9</b>  |
| <i>inc. Stage 3 book outstandings</i>  | 15.0         | 16.1         | 15.9         |
| <b>Total Gross book outstandings</b> <sup>(2)</sup>  | <b>524.6</b> | <b>551.5</b> | <b>567.4</b> |
| <b>Group Gross non performing loans ratio</b> <sup>(2)</sup>   | <b>2.9%</b>  | <b>2.9%</b>  | <b>2.8%</b>  |
| <b>Provisions on performing loans</b>  | <b>2.7</b>   | <b>3.0</b>   | <b>3.1</b>   |
| <i>inc. Stage 1 provisions</i>   | 1.0          | 1.0          | 1.1          |
| <i>inc. Stage 2 provisions</i>   | 1.8          | 1.9          | 2.0          |
| <b>Provisions on non-performing loans</b>  | <b>6.4</b>   | <b>7.4</b>   | <b>7.8</b>   |
| <i>inc. Stage 3 provisions</i>   | 6.4          | 7.4          | 7.8          |
| <b>Total provisions</b>  | <b>9.1</b>   | <b>10.3</b>  | <b>11.0</b>  |
| <b>Group gross non-performing loans ratio (provisions on non-performing loans/ non-performing loans)</b>                     | <b>43%</b>   | <b>46%</b>   | <b>49%</b>   |
| <b>Group net non-performing loans ratio (provisions on non-performing loans+Guarantees+Collateral/ non-performing loans)</b> | <b>82%</b>   | <b>80%</b>   | <b>81%</b>   |

(1) Data restated excluding loans at fair value through profit or loss which are not eligible to IFRS 9 provisioning. (2) Figures calculated on on-balance sheet customer loans and advances, deposits at banks and loans due from banks, finance leases, excluding loans and advances classified as held for sale, cash balances at central banks and other demand deposits, in accordance with the EBA/ITS/2019/02 Implementing Technical Standards amending Commission Implementing Regulation (EU) No 680/2014 with regard to the reporting of financial information (FINREP). The NPL rate calculation was modified in order to exclude from the gross exposure in the denominator the net accounting value of the tangible assets for operating lease. Performing and non-performing loans include loans at fair value through profit or loss which are not eligible to IFRS 9 provisioning and so not split by stage. Historical data restated

### Update of page 272 of 2024 Universal Registration Document

TABLE 31: REGULATORY TEN-DAY 99% SVAR AND ONE-DAY 99% SVAR

| (In EURm)     | 31.12.2023                                 |  | 31.12.2022                                 |  |
|---------------|--|--|--|--|
|               | Stressed VaR (10 days, 99%) <sup>(1)</sup> | Stressed VaR (1 day, 99%) <sup>(1)</sup> | Stressed VaR (10 days, 99%) <sup>(1)</sup> | Stressed VaR (1 day, 99%) <sup>(1)</sup> |
| Period start  | 92   | 29                                       | 96   | 30                                       |
| Maximum value | 189  | 60                                       | 165  | 52                                       |
| Average value | 114  | 37                                       | 101  | 32                                       |
| Minimum value | 64   | 20                                       | 55   | 17                                       |
| Period end    | 115  | 36                                       | 145  | 46                                       |

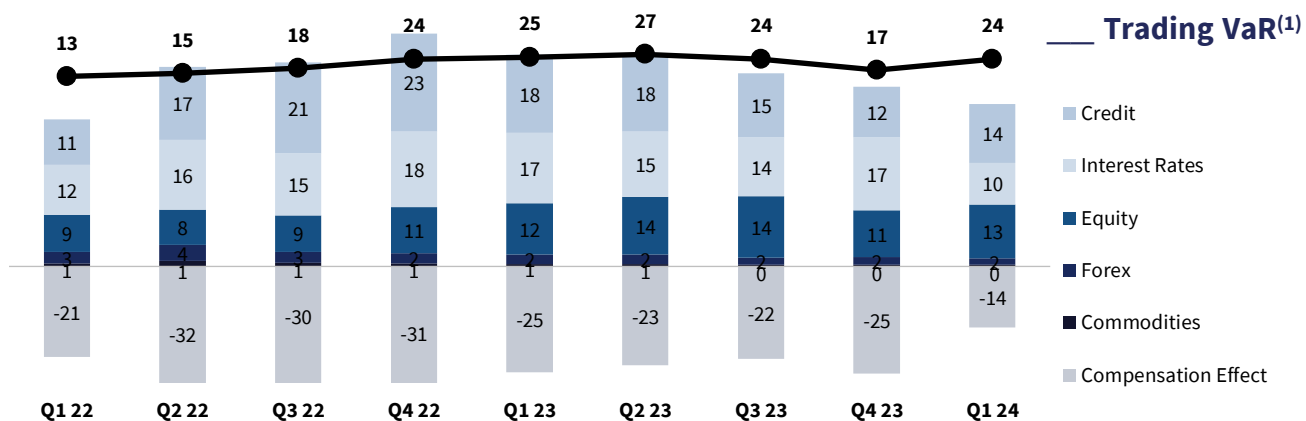
(1) Over the scope for which capital requirements are assessed by the internal model.

### 4.3 Change in trading VaR

#### Update of the pages 270 and 271 of the 2024 Universal Registration Document

#### Change in trading var<sup>(1)</sup> and stressed var<sup>(2)</sup>

| Stressed VAR <sup>(2)</sup> (1 day 99%, in EUR M) | Q1 22 | Q2 22 | Q3 22 | Q4 22 | Q1 23 |
|---|-------|-------|-------|-------|-------|
| Minimum   | 23    | 18    | 17    | 23    | 20    |
| Maximum   | 48    | 52    | 47    | 46    | 59    |
| Average   | 32    | 30    | 32    | 34    | 34    |



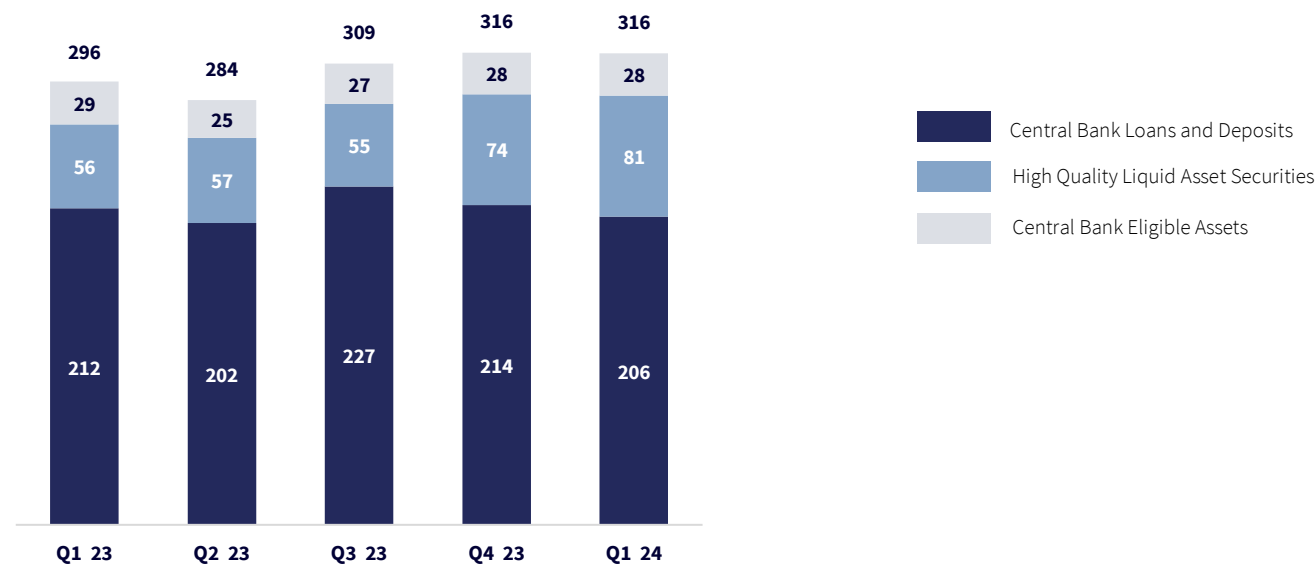
| Stressed VAR <sup>(2)</sup> (1 day 99%, in EUR M) | Q1 23 | Q2 23 | Q3 23 | Q4 23 | Q1 24 |
|---|-------|-------|-------|-------|-------|
| Minimum   | 20    | 24    | 26    | 28    | 27    |
| Maximum   | 59    | 42    | 56    | 61    | 51    |
| Average   | 34    | 34    | 38    | 41    | 40    |

(1) Trading VaR: measurement over one year (i.e. 260 scenarios) of the greatest risk obtained after elimination of 1% of the most unfavourable occurrences

(2) Stressed VaR : Identical approach to VaR (historical simulation with 1-day shocks and a 99% confidence interval), but over a fixed one-year historical window corresponding to a period of significant financial tension instead of a one-year rolling period

## 4.4 Liquidity risk

### Update of the page 283 of the 2024 Universal Registration Document **LIQUID ASSET BUFFER**



Liquidity Coverage Ratio amounts to 167% on average for Q1 24.

## 4.5 Litigation

### Update of the pages 616 to 619 of the 2024 Universal Registration Document

Every quarter, the Group reviews in detail the disputes presenting a significant risk. These disputes may lead to the recording of a provision if it becomes probable or certain that the Group will incur an outflow of resources for the benefit of a third party without receiving at least the equivalent value in exchange. These provisions for litigations are classified among the Other provisions included in the Provisions item in the liabilities of the balance-sheet.

No detailed information can be disclosed on either the recording or the amount of a specific provision given that such disclosure would likely seriously prejudice the outcome of the disputes in question.

- Notwithstanding the agreements reached in 2018 with the US authorities regarding certain London Interbank Offered Rates and the Euro Interbank Offered Rate (“the IBOR matter”) and the dismissal on 30 November 2021 of the legal proceedings brought by the DOJ in this matter (see Chapter 4 of the Universal Registration Document), the Bank continues to defend civil proceedings in the United States (as described below) and has responded to information requests received from other authorities, including the Attorneys General of various States of the United States and the New York Department of Financial Services.

In the United States, Societe Generale, along with other financial institutions, has been named as a defendant in putative class actions involving the setting of US Dollar Libor, Japanese Yen Libor, and Euribor rates and trading in instruments indexed to those rates. Societe Generale has also been named in several individual (non-class) actions concerning the US Dollar Libor rate. All of these actions are pending in the US District Court in Manhattan (the “District Court”).

As to US Dollar Libor, all claims against Societe Generale were dismissed by the District Court or voluntarily dismissed by the plaintiffs, except in two putative class actions and one individual action that were effectively stayed. The class plaintiffs and a number of individual plaintiffs appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit (“Second Circuit”). On 30 December 2021, the Second

Circuit reversed the dismissal and reinstated the antitrust claims. These reinstated claims which have been returned to the District Court include those asserted by a proposed class of over-the-counter (OTC) plaintiffs and by OTC plaintiffs that have filed individual actions. On 21 June 2022, the U.S. Supreme Court denied a petition filed by Societe Generale and other defendants that sought review of the Second Circuit's ruling. Discovery is ongoing. The stayed putative class actions were voluntarily dismissed by plaintiffs on 10 August 2022 and 26 October 2023. On 9 January 2023, the claims against Societe Generale by one of the individual plaintiffs, National Credit Union Administration (as Liquidating Agent for certain credit unions) which included the stayed individual action referred to above, were voluntarily dismissed with prejudice. On 12 May 2023, Societe Generale and two other financial institutions entered into a settlement agreement to resolve the OTC class action for a combined USD 90 million. Societe Generale's portion of this settlement was fully covered by reserves. On 17 October 2023, the District Court granted final settlement approval and that action is now concluded. On 21 February and 6 March 2024, the claims against Societe Generale by a number of individual plaintiffs, several California municipalities and public institutions, a Texas municipality, and several Cayman Island investment vehicles, were voluntarily dismissed with prejudice.

As to Japanese Yen Libor, the District Court dismissed the complaint brought by purchasers of Euroyen over-the-counter derivative products. On 1 April 2020, the Second Circuit reversed the dismissal and reinstated the claims. On 30 September 2021, the District Court dismissed certain plaintiffs and all Racketeer Influenced and Corrupt Organizations Act claims but upheld certain federal antitrust and New York state law claims against Societe Generale. On 16 February 2024, plaintiffs and Societe Generale entered into a settlement agreement, which is covered by the reserves. The settlement received preliminary approval from the Court on 20 February 2024. Discovery in that action is ongoing. In the other action, brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange on 27 September 2019, plaintiff filed a motion for class certification. On 25 September 2020, the District Court granted defendants' motion for judgment on the pleadings and dismissed plaintiff's remaining claims. Plaintiff appealed to the Second Circuit. On 18 October 2022, as amended on 8 December 2022, the Second Circuit affirmed the District Court's dismissal of plaintiff's claims. On 2 October 2023, the U.S. Supreme Court denied a petition filed by plaintiff that sought review of the Second Circuit's ruling. As a result, the action is now concluded.

As to Euribor, the District Court dismissed all claims against Societe Generale in the putative class action and denied the plaintiffs' motion to file a proposed amended complaint. Plaintiffs have appealed those rulings to the Second Circuit. Societe Generale reached a settlement of this action in an amount covered by reserves. Shortly thereafter, on 21 November 2022, the Second Circuit stayed plaintiffs' appeal as to Societe Generale and remanded that portion of the case to the District Court for consideration of the proposed settlement. On 31 October 2023, the District Court granted final settlement approval, and on 7 December 2023, the appeal was withdrawn as to Societe Generale. As a result, this action is now concluded.

In Argentina, Societe Generale, along with other financial institutions, has been named as a defendant in litigation brought by a consumer association on behalf of Argentine consumers who held government bonds or other specified instruments that paid interest tied to US Dollar Libor. The allegations concern violations of Argentine consumer protection law in connection with alleged manipulation of the US Dollar Libor rate. Societe Generale has not yet been served with the complaint in this matter.

- On 19 August 2022, a Russian fertiliser company, EuroChem North West-2 ("EuroChem"), a wholly owned subsidiary of EuroChem AG, filed a claim against Societe Generale S.A. and its Milan branch ("Societe Generale") before English courts. This claim relates to five on-demand bonds that Societe Generale issued to EuroChem in connection with a construction project in Kingisepp, Russia. On 4 August 2022, EuroChem made demands under the guarantees. Societe Generale explained it was unable to honour the claims due to international sanctions directly impacting the transactions, an assessment which EuroChem disputes. Societe Generale filed its defence submissions on 1 November 2022, to which EuroChem replied on 19 December 2022. A case management conference ("CMC") was held on 26 September 2023, in the course of which the court set the procedural timetable. As of the date of this update, the Parties' disclosures is still ongoing and the trial (if any) is expected to take place in June 2025.



## 5. CORPORATE SOCIAL RESPONSIBILITY

### Update of the page 362 of the 2024 Universal Registration Document

#### MEDIATION DATA

|  | 2021  | 2022  | 2023  |
|--|-------|-------|-------|
| <b>Requests for mediation received by the ombudsman</b>    |       |       |       |
| • for Societe Generale                                     | 3,358 | 5,880 |       |
| • for Crédit du Nord                                       | 995   | 1,714 |       |
| SG Network <sup>(1)</sup>                                  | 4,353 | 7,594 | 6,101 |
| <b>Cases processed by the ombudsman, deemed admissible</b> |       |       |       |
| • for Societe Generale                                     | 681   | 1,369 |       |
| • for Crédit du Nord                                       | 215   | 305   |       |
| SG Network <sup>(1)</sup>                                  | 896   | 1,674 | 1,827 |
| <b>Cases processed by the ombudsman, decision made</b>     |       |       |       |
| • for Societe Generale                                     | 947   | 1,072 |       |
| • for Crédit du Nord                                       | 280   | 305   |       |
| SG Network <sup>(1)</sup>                                  | 1,227 | 1,377 | 531   |

(1) SG Network since 2023 after the legal merger between Societe Generale network and Crédit du Nord.

For more information on client protection measures, see Chapter 4.11.1 *Compliance risk/ Client protection* paragraph, page 4.11.1.

## 6. FINANCIAL STATEMENTS

### 6.1 Consolidated financial statements

#### 6.1.1 Cash-flow statement

The cash flow statement on page 425 of the 2024 Universal Registration Document is replaced by the following table:

| (In EUR m)   | 2023            | 2022 R         |
|--|-----------------|----------------|
| <b>Consolidated net income (I)</b>   | <b>3,449</b>    | <b>2,756</b>   |
| Amortisation expense on tangible and intangible fixed assets (including operational leasing)   | 7,710           | 5,342          |
| Depreciation and net allocation to provisions  | (346)           | (18)           |
| Net income/loss from investments accounted for using the equity method   | (24)            | (15)           |
| Change in deferred taxes   | 209             | 209            |
| Net income from the sale of long-term assets and subsidiaries  | (101)           | (168)          |
| Other changes  | 4,748           | 5,368          |
| <b>Non-cash items included in net income and other adjustments excluding income on financial instruments at fair value through profit or loss (II)</b> | <b>12,196</b>   | <b>10,718</b>  |
| Income on financial instruments at fair value through profit or loss   | (379)           | 11,739         |
| Interbank transactions   | (18,239)        | (11,795)       |
| Customers transactions   | 23,841          | 3,632          |
| Transactions related to other financial assets and liabilities   | 9,753           | 28,161         |
| Transactions related to other non-financial assets and liabilities   | 6,802           | (6,130)        |
| <b>Net increase/decrease in cash related to operating assets and liabilities (III)</b>   | <b>21,778</b>   | <b>25,607</b>  |
| <b>Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III)</b>  | <b>37,423</b>   | <b>39,081</b>  |
| Net cash inflow (outflow) related to acquisition and disposal of financial assets and long term investments  | (206)           | 578            |
| Net cash inflow (outflow) related to tangible and intangible fixed assets  | (11,867)        | (9,579)        |
| <b>Net cash inflow (outflow) related to investment activities (B)</b>  | <b>(12,073)</b> | <b>(9,001)</b> |
| Cash flow from/to shareholders   | (3,928)         | (712)          |
| Other net cash flow arising from financing activities  | 26              | 498            |
| <b>Net cash inflow (outflow) related to financing activities (C)</b>   | <b>(3,902)</b>  | <b>(214)</b>   |
| Effect of changes in foreign exchange rates on cash and cash equivalents (D)   | (2,320)         | 2,354          |
| <b>Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C) + (D)</b>   | <b>19,128</b>   | <b>32,220</b>  |
| Cash, due from central banks (assets)  | 207,013         | 179,969        |
| Due to central banks (liabilities)   | (8,361)         | (5,152)        |
| Current accounts with banks (see Note 3.5)   | 34,672          | 28,205         |
| Demand deposits and current accounts with banks (see Note 3.6)   | (10,455)        | (12,373)       |
| <b>Cash and cash equivalents at the start of the year</b>  | <b>222,869</b>  | <b>190,649</b> |
| Cash, due from central banks (assets)  | 223,048         | 207,013        |
| Due to central banks (liabilities)   | (9,718)         | (8,361)        |
| Current accounts with banks (see Note 3.5)   | 39,798          | 34,672         |
| Demand deposits and current accounts with banks (see Note 3.6)   | (11,131)        | (10,455)       |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>241,997</b>  | <b>222,869</b> |
| <b>Net inflow (outflow) in cash and cash equivalents</b>   | <b>19,128</b>   | <b>32,220</b>  |

## 6.2 Financial statements

### 6.2.1 Notes to the parent company financial statements

#### Note 6.1 Shareholder's equity

The table below on page 676 of the 2024 Universal Registration Document was amended due to a minor figure correction on Shareholders' equity as at 31 December 2023.

| (In EURm)                          | Capital Stock | Additional paid-in-capital | Legal reserve | Retained earnings |                |                   | Net income of the period | Shareholders' equity |
|------------------------------------|---------------|----------------------------|---------------|-------------------|----------------|-------------------|--------------------------|----------------------|
|                                    |               |                            |               | Special reserves  | Other reserves | Retained earnings |                          |                      |
| <b>As at 31 December 2021</b>      | <b>1,067</b>  | <b>21,556</b>              | <b>107</b>    | <b>2,097</b>      | <b>1,435</b>   | <b>9,699</b>      | <b>1,995</b>             | <b>37,956</b>        |
| 2021 Income Allocation             | -             | -                          | -             | -                 | -              | 1,995             | (1,995)                  | -                    |
| Increase/Decrease in capital stock | (5)           | (226)                      | (2)           | -                 | -              | -                 | -                        | (233)                |
| Net income of the period           | -             | -                          | -             | -                 | -              | -                 | (260)                    | (260)                |
| Dividends paid                     | -             | -                          | -             | -                 | -              | (1,371)           | -                        | (1,371)              |
| Other movements                    | -             | -                          | -             | -                 | -              | -                 | -                        | -                    |
| <b>As at 31 December 2022</b>      | <b>1,062</b>  | <b>21,330</b>              | <b>105</b>    | <b>2,097</b>      | <b>1,435</b>   | <b>10,323</b>     | <b>(260)</b>             | <b>36,092</b>        |
| 2022 Income Allocation             | -             | -                          | -             | -                 | -              | (260)             | 260                      | -                    |
| Increase/Decrease in capital stock | (58)          | (1,069)                    | (6)           | -                 | -              | -                 | -                        | (1,133)              |
| Net income of the period           | -             | -                          | -             | -                 | -              | -                 | 3,350                    | 3,350                |
| Dividends paid                     | -             | -                          | -             | -                 | -              | (1,363)           | -                        | (1,363)              |
| Other movements                    | -             | (1)                        | -             | 1                 | -              | (1)               | -                        | (1)                  |
| <b>As at 31 December 2023</b>      | <b>1,004</b>  | <b>20,260</b>              | <b>99</b>     | <b>2,098</b>      | <b>1,435</b>   | <b>8,699</b>      | <b>3,350</b>             | <b>36,945</b>        |

## **7. PERSON RESPONSIBLE FOR THE FIRST AMENDMENT TO THE UNIVERSAL REGISTRATION DOCUMENT**

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### **7.1 Person responsible for the first amendment to the Universal Registration Document**

**Mr. Slawomir KRUPA**

Chief Executive Officer of Societe Generale

### **7.2 Statement of the person responsible**

I hereby certify that the information contained in this amendment to the Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its meaning.

Paris, on 3 May 2024

**Mr. Slawomir KRUPA**

Chief Executive Officer of Societe Generale

## 7.3 Persons responsible for the audit of the accounts

### STATUTORY AUDITORS

**Name:** Company Ernst & Young et Autres represented by Mr. Micha Missakian and Mr. Vincent Roty

**Address:** 1/2, place des Saisons  
92400 Courbevoie – Paris-La Défense  
(France)

**Date of appointment:** 22<sup>nd</sup> May 2012

**Date of renewal:** 23<sup>rd</sup> May 2018

**Duration of current term of office:** six financial years

**End of current term of office:** at the close of the Ordinary General Meeting called to approve the accounts for the year ended 31<sup>st</sup> December 2023

**Name:** Company Deloitte & Associés represented by Mr. Jean-Marc Mickeler and Mrs. Maud Monin

**Address:** 6, place de la Pyramide  
92908 Paris-La Défense Cedex  
(France)

**Date of first appointment:** 18<sup>th</sup> April 2003

**Date of latest renewal:** 23<sup>rd</sup> May 2018

**Duration of current term of office:** six financial years

**End of current term of office:** at the close of the Ordinary General Meeting called to approve the accounts for the year ended 31<sup>st</sup> December 2023

The companies Ernst & Young et Autres and Deloitte & Associés are registered as Statutory Auditors with the *Compagnie régionale des Commissaires aux comptes de Versailles*.

## 7.4 Declaration of the issuer related to the amendment

This amendment to the Universal Registration Document has been filed on 3 May 2024 with the AMF under number D-24-0094-A01, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

## 8. CROSS-REFERENCE

### 8.1 Cross-reference table of the amendment

This cross-reference table contains the headings provided for in Annex 1 (as referred to in Annex 2) of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and repealing Commission Regulation (EC) No 809/2004, and refers to the pages of this amendment to the Universal Registration Document where the information relating to each of these headings is mentioned.

| Headings   | Page numbers of the Universal<br>Registration Document            | 1 <sup>st</sup><br>Amendment |
|--|---|------------------------------|
| <b>1 PERSONS RESPONSIBLE</b>   |   |                              |
| 1.1 Name and function of the persons responsible   | 724   | 42                           |
| 1.2 Declaration by the persons responsible   | 724   | 42                           |
| 1.3 Statement or report attributed to a person as an expert  | NA  | NA                           |
| 1.4 Information sourced from a third party   | NA  | NA                           |
| 1.5 Statement by the issuer  | 734   | 43                           |
| <b>2 STATUTORY AUDITORS</b>  |   |                              |
| 2.1 Names and addresses of the auditors  | 724   | 43                           |
| 2.2 Resignation, removal or non-reappointment of the auditors  | 724   | 43                           |
| <b>3 RISK FACTORS</b>  | <b>191-203</b>  | <b>NA</b>                    |
| <b>4 INFORMATION ABOUT THE ISSUER</b>  |   |                              |
| 4.1 Legal and commercial name of the issuer  | 714   | 1                            |
| 4.2 Place of registration, registration number and legal entity identifier (LEI) of the issuer   | 714   | 1                            |
| 4.3 Date of incorporation and the length of life of the issuer   | 714   | NA                           |
| 4.4 Domicile and legal form of the issuer, applicable legislation, country of incorporation, address and telephone number of its registered office and website | 714   | 1                            |
| <b>5 BUSINESS OVERVIEW</b>   |   |                              |
| 5.1 Principal activities   | 10-12 ; 20-28 ; 56 – 63   | 9-20                         |
| 5.2 Principal markets  | 10 - 12 ; 13 - 19 ; 20 -<br>28 ; 30 - 31 ; 73 - 74 ;<br>569 - 572 | 9-20                         |
| 5.3 Important events in the development of the business  | 7 - 28  | 3-8                          |
| 5.4 Strategy and objectives  | 13 - 19 ; 20 - 28   | 3-6                          |
| 5.5 Extent to which the issuer is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes               | NA  | NA                           |
| 5.6 Basis for any statements made by the issuer regarding its competitive position   | 34-41   | 9-23                         |
| 5.7 Investments  | 70 - 71 ; 322 ; 347 ; 447<br>- 453                                | NA                           |
| <b>6 ORGANISATIONAL STRUCTURE</b>  |   |                              |
| 6.1 Brief description of the Group   | 10 - 12 ; 30 - 31   | NA                           |
| 6.2 List of the significant subsidiaries   | 30 - 30 ; 580 - 614   | NA                           |
| <b>7 OPERATING AND FINANCIAL REVIEW</b>  |   |                              |
| 7.1 Financial condition  | 32 - 32 ; 64 - 69 ; 419 -<br>704                                  | 9-28                         |
| 7.2 Operating results  | 32-45   | 9-22                         |

|           |   |  |                    |
|-----------|---|--|--------------------|
| <b>8</b>  | <b>CAPITAL RESOURCES</b>  |  |                    |
| 8.1       | Information concerning the issuer's capital resources   | 64 - 67; 420 - 425; 676 - 679  | 12; 23 ; 25-26; 28 |
| 8.2       | Sources and amounts of the issuer's cash flows  | 425  | NA                 |
| 8.3       | Information on the borrowing requirements and funding structure of the issuer   | 68-69  | 28-29              |
| 8.4       | Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect the issuer's operations  | NA   | NA                 |
| 8.5       | Information regarding the anticipated sources of funds needed to fulfil commitments referred to in item 5.7.2   | 68 - 69 ; 71   | NA                 |
| <b>9</b>  | <b>REGULATORY ENVIRONMENT</b>   | <b>18 - 19 ; 225</b>   | <b>3-5</b>         |
| <b>10</b> | <b>TREND INFORMATION</b>  |  |                    |
| 10.1      | Most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year Any significant change in the financial performance of the Group or provide an appropriate negative statement. | 71 ; 72  | NA                 |
| 10.2      | Trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year  | 18-19  | 3-6                |
| <b>11</b> | <b>PROFIT FORECASTS OR ESTIMATES</b>  | <b>15</b>  | <b>NA</b>          |
| <b>12</b> | <b>ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT</b>   |  |                    |
| 12.1      | Board of Directors and General Management   | 76 - 77 ; 78 - 110   | 30                 |
| 12.2      | Administrative, management and supervisory bodies and General Management conflicts of interests   | 166  | 30                 |
| <b>13</b> | <b>REMUNERATION AND BENEFITS</b>  |  |                    |
| 13.1      | Amount of remuneration paid and benefits in kind  | 114-161  | NA                 |
| 13.2      | Total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits   | 548-556  | NA                 |
| <b>14</b> | <b>BOARD AND GENERAL MANAGEMENT PRACTICES</b>   |  |                    |
| 14.1      | Date of expiration of the current term of office  | 79 ; 88 - 96 ; 109 - 110 ; 115 ; 160                                 | 30                 |
| 14.2      | Members of the administrative bodies' service contracts with the issuer   | NA   | 30                 |
| 14.3      | Information about the issuer's audit committee and remuneration committee   | 101 - 102 ; 104  | NA                 |
| 14.4      | Statement as to whether or not the issuer complies with the corporate governance regime   | 77   | NA                 |
| 14.5      | Potential material impacts on the corporate governance, including future changes in the board and committees composition  | 78-81  | NA                 |
| <b>15</b> | <b>EMPLOYEES</b>  |  |                    |
| 15.1      | Number of employees   | 368  | NA                 |
| 15.2      | Shareholdings and stock options of company officers   | 79 ; 88 - 96 ; 109 - 110 ; 114-161                                   | NA                 |
| 15.3      | Description of any arrangements for involving the employees in the capital of the issuer  | 549; 555 - 556 ; 648 - 649 ; 668 ; 672 ; 709 - 710 ; 710 - 711 ; 716 | NA                 |
| <b>16</b> | <b>MAJOR SHAREHOLDERS</b>   |  |                    |
| 16.1      | Shareholders holding more than 5% of capital or voting rights   | 709  | NA                 |
| 16.2      | Different voting rights held by the major shareholders  | 709 - 713 ; 714 - 716  | NA                 |

|             |  |  |           |
|-------------|--|--|-----------|
| 16.3        | Control of the issuer  | 709 ; 712                              | NA        |
| 16.4        | Arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer | NA                                     |           |
| <b>17</b>   | <b>RELATED PARTY TRANSACTIONS</b>  | <b>166 ; 167 ; 549</b>                 | <b>NA</b> |
| <b>NA18</b> | <b>FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>         |  |           |
| 18.1        | Historical financial information   | 10 - 12 ; 32 - 45 ; 190 ;<br>419 - 704 | 9-28      |
| 18.2        | Interim and other financial information  | NA                                     | NA        |
| 18.3        | Auditing of historical annual financial information  | 621 - 630 ; 698 - 704                  | NA        |
| 18.4        | Pro forma financial information  | NA                                     | NA        |
| 18.5        | Dividend policy  | 15 ; 708                               | 9         |
| 18.6        | Legal and arbitration proceedings  | 300 ; 616 - 619                        | 37-38     |
| 18.7        | Significant change in the issuer's financial position  | 72                                     | 29        |
| <b>19</b>   | <b>ADDITIONAL INFORMATION</b>  |  |           |
| 19.1        | Share capital  | 164 - 165 ; 706 - 717                  | 1         |
| 19.2        | Memorandum and Articles of Association   | 717-722                                | NA        |
| <b>20</b>   | <b>MATERIAL CONTRACTS</b>  | <b>71</b>                              | <b>NA</b> |
| <b>21</b>   | <b>DOCUMENTS AVAILABLE</b>   | <b>714-716</b>                         | <b>NA</b> |



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