SOCIETE GENERALE

30.06.2022 | CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited figures)

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1. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET - ASSETS

(In EUR m)		30.06.2022	31.12.2021
Cash, due from central banks		183,203	179,969
Financial assets at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	380,165	342,714
Hedging derivatives	Notes 3.2 and 3.4	21,851	13,239
Financial assets at fair value through other comprehensive income	Notes 3.3 and 3.4	42,561	43,450
Securities at amortised cost	Notes 3.5, 3.8 and 3.9	19,376	19,371
Due from banks at amortised cost	Notes 3.5, 3.8 and 3.9	82,594	55,972
Customer loans at amortised cost	Notes 3.5, 3.8 and 3.9	503,718	497,164
Revaluation differences on portfolios hedged against interest rate risk	Note 3.2	(565)	131
Investments of insurance companies	Note 4.3	162,621	178,898
Tax assets	Note 6	4,343	4,812
Other assets	Note 4.4	101,824	92,898
Non-current assets held for sale		6	27
Deferred profit-sharing	Note 4.3	407	-
Investments accounted for using the equity method		111	95
Tangible and intangible fixed assets		32,615	31,968
Goodwill	Note 2.2	3,794	3,741
Total		**1,538,624**	**1,464,449**

CONSOLIDATED BALANCE SHEET - LIABILITIES

(In EUR m)		30.06.2022	31.12.2021
Due to central banks		9,868	5,152
Financial liabilities at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	344,131	307,563
Hedging derivatives	Notes 3.2 and 3.4	32,133	10,425
Debt securities issued	Notes 3.6 and 3.9	133,679	135,324
Due to banks	Notes 3.6 and 3.9	147,871	139,177
Customer deposits	Notes 3.6 and 3.9	519,431	509,133
Revaluation differences on portfolios hedged against interest rate risk	Note 3.2	(6,148)	2,832
Tax liabilities	Note 6	1,609	1,577
Other liabilities	Note 4.4	120,517	106,305
Non-current liabilities held for sale		-	1
Insurance contracts related liabilities	Note 4.3	143,435	155,288
Provisions	Note 8.3	4,914	4,850
Subordinated debts	Note 3.9	17,074	15,959
Total liabilities		**1,468,514**	**1,393,586**
Shareholder's equity			
Shareholders' equity, Group share			
Issued common stocks and capital reserves	Note 7.1	21,735	21,913
Other equity instruments		7,534	7,534
Retained earnings		34,676	30,631
Net income		(640)	5,641
Sub-total		**63,305**	**65,719**
Unrealised or deferred capital gains and losses		1,277	(652)
Sub-total equity, Group share		**64,582**	**65,067**
Non-controlling interests		5,528	5,796
Total equity		**70,110**	**70,863**
Total		**1,538,624**	**1,464,449**

CONSOLIDATED INCOME STATEMENT

(In EUR m)		1st semester of 2022	2021	1st semester of 2021
Interest and similar income	Note 3.7	12,443	20,590	9,746
Interest and similar expense	Note 3.7	(7,035)	(9,872)	(4,745)
Fee income	Note 4.1	4,661	9,162	4,377
Fee expense	Note 4.1	(2,056)	(3,842)	(1,896)
Net gains and losses on financial transactions		4,390	5,723	3,017
o/w net gains and losses on financial instruments at fair value through profit or loss		*4,379*	*5,704*	*3,027*
o/w net gains and losses on financial instruments at fair value through other comprehensive income		*13*	*44*	*15*
o/w net gains and losses from the derecognition of financial instruments at amortised cost		*(2)*	*(25)*	*(25)*
Net income from insurance activities	Note 4.3	978	2,238	1,128
Income from other activities	Note 4.2	6,582	12,237	6,060
Expenses from other activities	Note 4.2	(5,617)	(10,438)	(5,181)
Net banking income		**14,346**	**25,798**	**12,506**
Personnel expenses	Note 5	(5,113)	(9,764)	(4,791)
Other operating expenses	Note 8.2	(3,904)	(6,181)	(3,269)
Amortisation, depreciation and impairment of tangible and intangible fixed assets		(770)	(1,645)	(795)
Gross operating income		**4,559**	**8,208**	**3,651**
Cost of risk	Note 3.8	(778)	(700)	(418)
Operating income		**3,781**	**7,508**	**3,233**
Net income from investments accounted for using the equity method		4	6	5
Net income / expense from other assets	Note 2.1	(3,290)	635	11
Value adjustments on goodwill	Note 2.2	-	(114)	-
Earnings before tax		**495**	**8,035**	**3,249**
Income tax	Note 6	(680)	(1,697)	(687)
Consolidated net income		**(185)**	**6,338**	**2,562**
Non-controlling interests		455	697	309
Net income, Group share		**(640)**	**5,641**	**2,253**
Earnings per ordinary share	Note 7.2	**(1.10)**	**5.97**	**2.29**
Diluted earnings per ordinary share	Note 7.2	**(1.10)**	**5.97**	**2.29**

STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

(In EUR m)	1st semester of 2022	2021	1st semester of 2021
Consolidated net income	**(185)**	**6,338**	**2,562**
Unrealised or deferred gains and losses that will be reclassified subsequently into income	**898**	**930**	**356**
Translation differences (1)	2,418	1,457	611
Revaluation differences for the period	*1,876*	*1,458*	*611*
Reclassified into income	*542*	*(1)*	*-*
Revaluation of debt instruments at fair value through other comprehensive income	(699)	(318)	(114)
Revaluation differences for the period	*(716)*	*(294)*	*(100)*
Reclassified into income	*17*	*(24)*	*(14)*
Revaluation of available-for-sale financial assets	(818)	(292)	(193)
Revaluation differences for the period	*(842)*	*(269)*	*(182)*
Reclassified into income	*24*	*(23)*	*(11)*
Revaluation of hedging derivatives	(322)	(36)	(10)
Revaluation differences of the period	*(245)*	*6*	*11*
Reclassified into income	*(77)*	*(42)*	*(21)*
Related tax	319	119	62
Unrealised or deferred gains and losses that will not be reclassified subsequently into income *	**1,021**	**191**	**60**
Actuarial gains and losses on defined benefit plans *	127	236	58
Revaluation of own credit risk of financial liabilities at fair value through profit or loss *	1,283	8	11
Revaluation of equity instruments at fair value through other comprehensive income	(26)	11	9
Related tax *	(363)	(64)	(18)
Total unrealised or deferred gains and losses *	**1,919**	**1,121**	**416**
Net income and unrealised or deferred gains and losses *	**1,734**	**7,459**	**2,978**
*o/w Group share **	*1,429*	*6,719*	*2,618*
*o/w non-controlling interests **	*305*	*740*	*360*

* *Amounts restated on the 1st semester of 2021 (see paragraph 7, Note 1 of the 2022 Universal Registered Document).*

(1) See Note 2.1.

CHANGES IN SHAREHOLDERS' EQUITY

	Shareholders' equity, Group share							
(In EUR m)	Issued common stocks and capital reserves	Other equity instruments	Retained earnings	Net income, Group share	Unrealised and deferred gains and losses	Total	Non-controlling interests	Total consolidated shareholder's equity
At 1 January 2021 *	**22,333**	**9,295**	**31,812**	**-**	**(1,730)**	**61,710**	**5,302**	**67,012**
Increase in common stock and issuance / redemption and remuneration of equity instruments	-	(364)	(317)	-	-	(681)	(33)	(714)
Elimination of treasury stock	5	-	(39)	-	-	(34)	-	(34)
Equity component of share-based payment plans	16	-	-	-	-	16	-	16
1st Semester 2021 Dividends paid	-	-	(468)	-	-	(468)	(109)	(577)
Effect of changes of the consolidation scope	-	-	11	-	-	11	(12)	(1)
Sub-total of changes linked to relations with shareholders	***21***	***(364)***	***(813)***	***-***	***-***	***(1,156)***	***(154)***	***(1,310)***
1st Semester 2021 Net income	-	-	-	***2,253***	-	***2,253***	***309***	***2,562***
Change in unrealised or deferred gains and losses	-	-	-	-	367	367	51	418
Other changes	-	-	(12)	-	-	(12)	-	(12)
Sub-total	***-***	***-***	***(12)***	***2,253***	***367***	***2,608***	***360***	***2,968***
At 30 June 2021 *	**22,354**	**8,931**	**30,987**	**2,253**	**(1,363)**	**63,162**	**5,508**	**68,670**
Increase in common stock and issuance / redemption and remuneration of equity instruments	-	(1,397)	(310)	-	-	(1,707)	-	(1,707)
Elimination of treasury stock	(473)	-	3	-	-	(470)	-	(470)
Equity component of share-based payment plans	32	-	-	-	-	32	-	32
2nd Semester 2021 Dividends paid	-	-	-	-	-	-	(84)	(84)
Effect of changes of the consolidation scope	-	-	(52)	-	-	(52)	(6)	(58)
Sub-total of changes linked to relations with shareholders	***(441)***	***(1,397)***	***(359)***	***-***	***-***	***(2,197)***	***(90)***	***(2,287)***
2nd Semester 2021 Net income	-	-	-	3,388	-	3,388	388	3,776
Change in unrealised or deferred gains and losses	-	-	-	-	711	711	(8)	703
Other changes	-	-	3	-	-	3	(2)	1
Sub-total	***-***	***-***	***3***	***3,388***	***711***	***4,102***	***378***	***4,480***
At 31 December 2021	**21,913**	**7,534**	**30,631**	**5,641**	**(652)**	**65,067**	**5,796**	**70,863**
Allocation to retained earnings	-	-	5,781	(5,641)	(140)	-	-	-
At 1 January 2022	**21,913**	**7,534**	**36,412**	**-**	**(792)**	**65,067**	**5,796**	**70,863**
Increase in common stock and issuance / redemption and remuneration of equity instruments (see Note 7.1)	(467)	-	(282)	-	-	(749)	(33)	(782)
Elimination of treasury stock (see Note 7.1)	231	-	(71)	-	-	160	-	160
Equity component of share-based payment plans	58	-	-	-	-	58	-	58
1st Semester 2022 Dividends paid (see Note 7.2)	-	-	(1,371)	-	-	(1,371)	(574)	(1,945)
Effect of changes of the consolidation scope	-	-	(16)	-	-	(16)	34	18
Sub-total of changes linked to relations with shareholders	***(178)***	***-***	***(1,740)***	***-***	***-***	***(1,918)***	***(573)***	***(2,491)***
1st Semester 2022 Net income	-	-	-	(640)	-	(640)	455	(185)
Change in unrealised or deferred gains and losses	-	-	-	-	2,069	2,069	(150)	1,919
Other changes	-	-	4	-	-	4	-	4
Sub-total	***-***	***-***	***4***	***(640)***	***2,069***	***1,433***	***305***	***1,738***
At 30 June 2022	**21,735**	**7,534**	**34,676**	**(640)**	**1,277**	**64,582**	**5,528**	**70,110**

* *Amounts restated on the 1st semester 2021 (see paragraph 7, Note 1 of the 2022 Universal Registration Document).*

CASH FLOW STATEMENT

(In EUR m)	1st semester of 2022	2021	1st semester of 2021
Consolidated net income (I)	**(185)**	**6,338**	**2,562**
Amortisation expense on tangible and intangible fixed assets (including operational leasing)	2,739	5,444	2,652
Depreciation and net allocation to provisions	6,262	684	241
Net income/loss from investments accounted for using the equity method	(4)	(6)	(5)
Change in deferred taxes	11	425	236
Net income from the sale of long-term assets and subsidiaries	(45)	(41)	(20)
Other changes	10,541	2,353	1,766
Non-cash items included in net income and other adjustments excluding income on financial instruments at fair value through profit or loss (II)	**19,504**	**8,859**	**4,870**
Income on financial instruments at fair value through profit or loss	7,120	4,619	2,922
Interbank transactions	(16,137)	(2,338)	5,044
Customers transactions	(2,982)	9,034	9,600
Transactions related to other financial assets and liabilities	12,246	(16,838)	(35,747)
Transactions related to other non-financial assets and liabilities	(12,417)	10,620	6,723
Net increase/decrease in cash related to operating assets and liabilities (III)	**(12,170)**	**5,097**	**(11,458)**
Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III)	**7,149**	**20,294**	**(4,026)**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long term investments	3,531	(3,652)	(2,940)
Net cash inflow (outflow) related to tangible and intangible fixed assets	(6,500)	(6,466)	(3,440)
Net cash inflow (outflow) related to investment activities (B)	**(2,969)**	**(10,118)**	**(6,380)**
Cash flow from/to shareholders	(2,707)	(4,894)	(1,719)
Other net cash flow arising from financing activities	2,422	1,268	2,068
Net cash inflow (outflow) related to financing activities (C)	**(285)**	**(3,626)**	**349**
Effect of changes in foreign exchange rates on cash and cash equivalents (D)	2,290	2,154	(93)
Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C) + (D)	**6,185**	**8,704**	**(10,150)**
Cash, due from central banks (assets)	179,969	168,179	168,179
Due to central banks (liabilities)	(5,152)	(1,489)	(1,489)
Current accounts with banks (see Notes 3.5 and 4.3)	28,205	26,609	26,609
Demand deposits and current accounts with banks (see Note 3.6)	(12,373)	(11,354)	(11,354)
Cash and cash equivalents at the start of the year	**190,649**	**181,945**	**181,945**
Cash, due from central banks (assets)	183,203	179,969	160,801
Due to central banks (liabilities)	(9,868)	(5,152)	(5,515)
Current accounts with banks (see Notes 3.5 and 4.3)	37,540	28,205	28,147
Demand deposits and current accounts with banks (see Note 3.6)	(14,041)	(12,373)	(11,638)
Cash and cash equivalents at the end of the year	**196,834**	**190,649**	**171,795**
Net inflow (outflow) in cash and cash equivalents	**6,185**	**8,704**	**(10,150)**

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING PRINCIPLES

1. INTRODUCTION

ACCOUNTING STANDARDS

The condensed half-yearly consolidated financial statements of the Societe Generale group ("the Group") regarding the intermediate situation as at 30 June 2022 have been prepared and are presented in accordance with International Accounting Standard 34 (IAS) "Interim Financial Report". The Group comprises the Societe Generale parent company (including the Societe Generale foreign branches) and all of the entities in France and abroad that it controls either directly or indirectly (subsidiaries and joint arrangements) or on which it exercises significant influence (associates).

The notes annexed to the half-yearly consolidated financial statements should be read in conjunction with the audited consolidated statements of the financial year ending on 31 December 2021 as contained in the 2022 Universal Registration Document. However, the assumptions and estimates used in the preparation of these half-yearly consolidated financial statements have changed compared to those used for the previous yearly closing to take into account the uncertainties regarding the consequences of the war in Ukraine and the aftermath of the Covid-19 pandemic. Furthermore, as the Group's activities are neither seasonal nor cyclical in nature, its first half 2022 results were not affected by these factors.

FINANCIAL STATEMENTS PRESENTATION

As the IFRS accounting 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 Comptable* (ANC), under Recommendation No. 2017-02 of 2 June 2017.

The notes annexed to the half-yearly consolidated financial statements describe the events and transactions that are significant for understanding the changes in the Group situation and financial performance during the first half of 2022. The disclosures provided in these notes focus on information that is both relevant and material to the financial statements of the Societe Generale group, its businesses, and the circumstances in which it conducted its operations during this period.

PRESENTATION CURRENCY

The presentation currency of the consolidated financial statements is the euro.

The figures presented in the financial statements and in the notes are expressed in millions of euros, unless otherwise specified. The effect of rounding may generate discrepancies between the figures presented in the financial statements and those presented in the notes.

2. NEW ACCOUNTING STANDARDS APPLIED BY THE GROUP AS OF 1 JANUARY 2022

Amendments to IAS 37 - “Onerous Contracts - Cost of Fulfilling a Contract”
Amendments to IFRS 16 “Property, Plant and Equipment - Proceeds before Intended Use”
Annual Improvements to IFRS (2018-2020 cycle)

AMENDMENTS TO IAS 37 - “ONEROUS CONTRACTS - COST OF FULFILLING A CONTRACT”

These amendments clarify the costs to include to calculate the cost of fulfilling a contract when assessing whether a contract is onerous.

These amendments do not apply to the Group.

AMENDMENTS TO IAS 16 “PROPERTY, PLANT AND EQUIPMENT - PROCEEDS BEFORE INTENDED USE”

These amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to its operating location or preparing that asset for its intended use. Instead, a company will recognise such sales proceeds and related production cost in profit or loss.

These amendments do not apply to the Group.

ANNUAL IMPROVEMENTS TO IFRS (2018-2020 CYCLE)

As part of the annual improvement to IFRS, the IASB published minor changes to IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IFRS 9 “Financial Instruments”, IAS 41 “Agriculture” and IFRS 16 “Leases”.

These changes have no significant impact on the Group financial statements.

FOLLOW-UP OF THE DECISION OF THE IFRS INTERPRETATIONS COMMITTEE (IFRS IC) DATED 27 APRIL 2021 ON IAS 38

During its 27 April 2021 meeting, the IFRS IC reiterated the accounting rules for customer’s costs of configuring or customising the supplier’s application software in a Software as a Service arrangement (SaaS).

A study was conducted within the Group. The IFRS IC decision has no significant impact on the processing of the contracts existing as at 30 June 2022. The provisions of this decision will be applied in the Group to account for costs of configuring or customising any new application software in a SaaS arrangement.

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 been adopted by the European Union as at 30 June 2022. Their application is required for the financial years beginning on or after 1 January 2023 at the earliest or on the date of their adoption by the European Union. They have thus not been applied to the Group as at 30 June 2022.

The provisional timetable for the application of these standards is as follows:

2023

- IFRS 17 "Insurance contracts" / Amendments to IFRS 17 published as at 25 June 2021 and amendments to IFRS 17 and IFRS 9 published as at 9 December 2021 (see paragraph 4)
- 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 1 "DISCLOSURE OF ACCOUNTING POLICIES"

Adopted by the European Union on 2 March 2022.

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.

AMENDMENTS TO IAS 8 "DEFINITION OF ACCOUNTING ESTIMATES"

Adopted by the European Union on 2 March 2022.

The aim of these amendments is to facilitate distinguishing between changes in accounting policies and methods and changes in accounting estimates.

AMENDMENTS TO IAS 12 "INCOME TAXES" - DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

Published by the IASB on 7 May 2021.

These amendments clarify and narrow the scope of the exemption provided by the IAS 12 standard allowing institutions to not recognise any deferred tax during the initial recognition of an asset and a liability. Are excluded from the exemption scope all leases and decommissioning obligations for which companies recognise both an asset and a liability and will now have to recognise deferred taxes.

The aim of these amendments is to reduce heterogeneity in the recognition of the deferred tax related to leases and decommissioning obligations.

Since the date of first application of IFRS 16, the Group has been considering the rights of use and the lease-related debt as a single transaction. Consequently, on the initial recognition date, the amount of deferred tax asset offsets the amount of deferred tax liability. The net temporary differences resulting from later variations in the right of use and lease debt subsequently result in the recognition of a deferred tax. This amendment thus has no impact on the Group's consolidated financial statements.

4. PREPARATION FOR THE FIRST-TIME APPLICATION OF IFRS 17 "INSURANCE CONTRACTS" AND OF IFRS 9 "FINANCIAL INSTRUMENTS" TO THE LEGAL ENTITIES OPERATING IN THE INSURANCE SECTOR

CONTEXT

The IFRS 17 standard, published on 18 May 2017 and modified by the amendments adopted on 25 Jun 2020 and 9 December 2021, will supersede the IFRS 4 "Insurance contracts" standard which allows for the recognition of insurance contracts using the methods specified by the local accounting regulation.

On 23 November 2021, the European Commission (EC) published in the Official Journal, Regulation (EU) 2021/2036 of 19 November 2021 adopting IFRS 17 "Insurance Contracts". This adoption was supplemented with a possibility offered to European companies not to apply the requirement stated in the standard to group certain types of insurance contracts by annual cohort for their measurement; this possibility of exemption will be re-examined by the European Commission no later than 31 December 2027.

The IFRS 17 standard is applicable from 1 January 2023 on. At that same date, the Group subsidiaries operating in the insurance sector will, for the first time, apply the IFRS 9 "Financial Instruments" standard the application of which was deferred for these entities according to the possibilities offered by the amendments to IFRS 17 and IFRS 4 published by the IASB on 25 June 2020 and extended by regulations (EU) 2017/1988 and (EU) 2020/2097 of the European Commission.

On 9 December 2021, the IASB published amendments to IFRS 17 to improve the comparative information on the financial assets presented on the first concomitant application of the IFRS 9 and IFRS 7 standards. The process of adoption of these amendments by the European Union is currently underway.

In order to take account of the changes in presentation of the primary financial statements resulting from the application of IFRS 17 and IFRS 9 to legal entities operating in the insurance sector, the French *Autorité des Normes Comptables* (ANC) adopted on 8 April 2022 a recommendation (n° 2022-01) on the presentation of IFRS consolidated financial statements of entities operating in the banking sector; this recommendation supersedes recommendation n°2017-02 dated 2 June 2017 from the date of first application of IFRS 17 on.

EXPECTED IMPACT ON THE PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

On the consolidated income statement, the profits and losses related to the insurance contracts issued and reinsurance contracts are presented under Net banking income, distinguishing between, on one side:

- the income from the insurance and reinsurance contracts issued;
- the expenses for the services relating to the insurance and reinsurance contracts issued; and
- the income and expenses relating to the reinsurance contracts held;

and on the other side:

- the financial income and expenses from the insurance and reinsurance contracts issued; and
- the financial income and expenses from the reinsurance contracts held.

The expenses for the services relating to the insurance and reinsurance contracts issued as well as the expenses from the reinsurance contracts held will then include the share of operating expenses directly attributable to the execution of the contracts; this share will thus be deducted from the net banking income and will not impact the total operating expenses in the consolidated income statement anymore.

Many insurance contracts include an investment component in the form of a deposit made by the policyholder and which the insurer is contractually required to repay even if the insured event doesn't occur. Even if they may take the contractual form of insurance premiums and services, the deposits collection and repayment flows do not constitute either income or expenses in relation to these contracts

The financial income and expenses from the insurance and reinsurance contracts mainly include the variations in value of the groups of contracts relating to the impacts of the time value of money and of the financial risks not taken into account in the estimated flows.

The financial assets representing the investments of insurance companies will be presented on the Group's balance sheet under the items corresponding to the accounting categories of IFRS 9 and will thus be combined with the other Group financial assets. Likewise, the income and expenses related to these financial assets will be presented in the income statement under the items used for the other financial assets of the Group. Specific information about the Investments of insurance companies will be provided in the Notes to the financial statements.

ORGANISATION OF THE IFRS 17 IMPLEMENTATION PROGRAMME

A "project" structure has been set up under the joint governance of the Group Finance Division and the Insurance Business Line.

This governance is articulated around the following main themes to prepare for the implementation of IFRS 17 by all the insurance entities of the Group, in France and abroad:

- accounting treatments and computational models;
- presentation in the Financial statements and Notes, and financial communication;
- adaptation of the closing process;
- selection and rollout of the IT solution.

In 2019 and 2020, the work was focused on reviewing the different types of contracts, analysing their accounting treatment under IFRS 17 and their presentation in the consolidated financial statements, and, lastly, identifying and selecting solutions in terms of information system, information technology and processes.

In 2021 the work has been devoted to implementing new processes and approving and rolling out the IT solution.

During the first half of 2022, the work entailed improving the reliability of the reporting process and finalising the accounting principles. The second half of the year will focus on preparing the opening balance sheet as at 1 January 2022, the comparative information on this financial year and the information to be provided in the specific statements required by IFRS 17.

At this stage of the IFRS17 implementation project, the consequences of its application to the Group's financial statements cannot be reasonably estimated.

5. USE OF ESTIMATES AND JUDGMENT

As part of the preparation of the Group's consolidated accounts, and in application of the accounting principles and methods described in the Notes to the consolidated financial statements, General Management makes assumptions and estimates that may have an impact on the amounts recognised in the income statement or as Unrealised or deferred gains and losses, the valuation of assets and liabilities in the balance sheet, and on the information disclosed in the corresponding Notes.

In order to make these estimates and assumptions, General Management uses the information available on the date of preparation of the consolidated financial statements and may exercise its judgment. Inherently, the valuations based on these estimates involve risk and uncertainties. Therefore, the actual future results may differ from these estimates and have a significant impact on the financial statements.

The assumptions and estimates used in the preparation of these half-yearly consolidated financial statements take into account the uncertainties regarding both the consequences of the war in Ukraine and the aftermath of the Covid-19 pandemic. The impacts of these events on the assumptions and estimates used are detailed in paragraph 6 of the present Note.

Estimates are used in particular to measure the fair value of financial instruments, the depreciation of the assets and provisions recorded on the liability side of the balance sheet, as well as the depreciation of the tax assets and liabilities recognised on the balance sheet and the goodwill. They are also used to analyse the characteristics of the contractual cash flows of financial assets, determine the effective interest rate of financial instruments measured at amortised cost, and assess the control for determining the scope of consolidated entities. The Group also applies judgement to estimate the duration of the leases to be used for the recognition of the rights of use and lease debts as well as to determine the residual value of operating lease assets (specifically the vehicle fleet) and adjust their amortisation plans for the future.

With regard to the measurement of impairment and provisions for credit risk, judgement is exercised and estimates are used in particular to assess the deterioration in credit risk (taking also into account the aggravating factor of the transition climate risk) observed since the initial recognition of the financial assets and the measurement of the expected credit losses on these same financial assets.

BREXIT

The Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union (Brexit) entered into force on 1 January 2021.

Societe Generale has been granted a transitional authorisation to continue its activities in the United Kingdom for two years and is currently in the process of obtaining its permanent licence. Several subsidiaries have also applied for this transitional authorisation. The regulatory authorities of the United Kingdom have until end 2023 to rule on these applications.

The Group continues to monitor the negotiations between the United Kingdom and the European Union regarding financial services. The temporary equivalence status granted to British clearing houses has been extended by the European Commission until 30 June 2025.

The Group remains vigilant about the possible future differences between the local and European regulations and takes account of the short-/mid-/long-term consequences of the Brexit in the assumptions and estimates selected to prepare the consolidated accounts.

CLIMATE RISK

The Group continues its work to gradually integrate climate risk 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 the primary climate risk for the Group.

As at 30 June 2022, the determination of the expected credit losses includes the possible impact of climate risk considered when assessing individual risks and sectoral risks, provided it is compatible with the provisioning horizon; and the impact of the Group's commitment to energy and environmental transition and to regional development are always taken into account in the estimated budgets to determine the recoverable amount of the cash-generating units (CGU) and the recoverability of the deferred tax assets.
In addition, the Group analyses the provisions of the draft ESRS (European Sustainability Reporting Standards) prepared and subjected to public consultation by the EFRAG (European Financial Reporting Advisory Group), in particular those relating to connectivity between these future disclosure requirements and the consolidated financial statements.

6. CRISIS: COVID-19 AND WAR IN UKRAINE

The lifting of the Covid-19-related restrictions in several major economies supports economic activity without, however, excluding the risk of new lockdowns as it has occurred in some geographic areas during the first half-year 2022 (in Hong-Kong for example).

On the other hand, the first half-year 2022 has been strongly impacted, since 24 February, by the war in Ukraine. The conflict, with its human casualties and suffering, has significant economic costs along with considerable uncertainties.

In the euro area, the supply difficulties, the decline in purchasing power with the high inflation expected all through 2022 and the tightening of economic policies are the main bottlenecks constraining growth. If pandemic-related risks have decreased significantly in the short-term, the strong uncertainties related to the war in Ukraine jeopardise these prospects and the scenario of a more pronounced slowdown in 2022 cannot be excluded.

Furthermore, the Group announced in April 2022, the sale of its banking and insurance business in Russia. In May 2022, the Group completed the transfer of Rosbank and its insurance subsidiaries in Russia (see Note 2.1).

In this context, the Group has updated the macroeconomic scenarios selected to prepare the half-yearly consolidated financial statements and has continued applying certain adjustments to its models (adjustments to the GDP as described in Note 3.8).

These macro-economic 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 asset impairment tests including goodwill (see Note 2.2) and deferred tax assets (see Note 6).

6.1 MACROECONOMIC SCENARIOS

As at 30 June 2022, the Group has selected three scenarios to factor in the uncertainties relating to the war in Ukraine and the ongoing Covid-19 pandemic. The SG Extended scenario, drafted specifically in the context of the sanitary crisis, has become obsolete owing to the management and evolution of the crisis during the first half-year 2022.

The assumptions selected to draw up the scenarios are listed below:

- The central scenario (SG Central): after a return to a pre-pandemic level at the end of 2021, the risks related to said pandemic have significantly decreased in the short-term (the restrictions related to the pandemic in China would gradually be lifted during the third quarter of 2022). Growth in the euro area will be lower in 2022/2023 owing to inflation (estimated around 7% in 2022, then 2% in 2023) and the likely recession scenario were the energy deliveries from Russia to stop.
- 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 (situation observed in several economies in 2021/2022 following releases from lockdowns). In both cases, stronger growth will have a positive impact on employment and/or 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 (2008 crisis, Euro area crisis…), 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 of the Group entities based in particular, on information published by statistical institutes in each country.

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

6.2 Financial instruments: expected credit losses

The scenarios provided by the Group economists are incorporated into the credit loss provisioning models over a three-year horizon, followed by a two-year period to return gradually by year 5 to the average probability of default observed during the calibration period. The assumptions made by the Group with a view to develop these macro-economic scenarios are updated to account for the uncertainties about the economic consequences of the war in Ukraine and the remaining uncertainties regarding the Covid-19 pandemic.

VARIABLES

The GDP growth rate, the margin rate of businesses in France, the rates of unemployment, the inflation rate in France and the yield on France 10-year government bonds are the main variables used in the expected credit losses valuation 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 margin rate of businesses in France) for each scenario are detailed hereinafter:

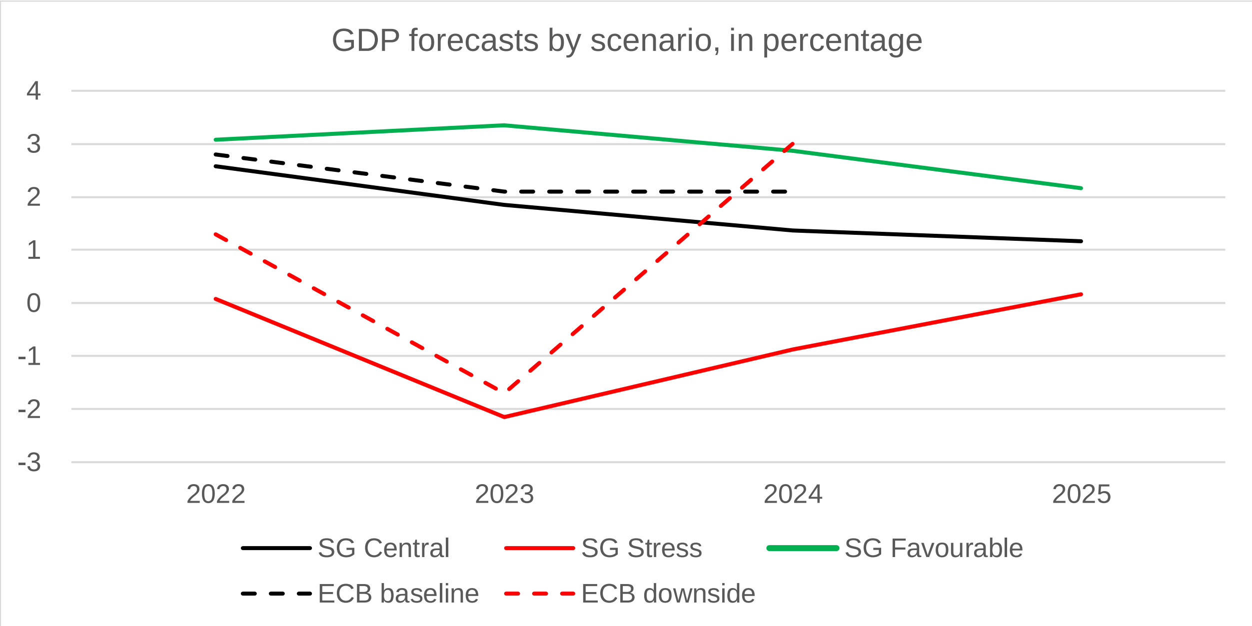
SG Favourable scenario	**2022**	**2023**	**2024**	**2025**	**2026**
France GDP	3,0	3,0	2,8	2,2	1,6
Profit margin of French companies	32,3	32,5	32,7	33,0	32,7
Euro area GDP	3,1	3,4	2,9	2,2	1,6
United States GDP	3,0	3,0	2,3	2,8	2,5
China GDP	4,4	6,0	5,8	5,2	4,8
Czech Republic GDP	2,3	4,1	3,9	3,3	2,8
Romania GDP	3,0	5,0	4,3	3,6	3,1

SG Central scenario	**2022**	**2023**	**2024**	**2025**	**2026**
France GDP	2,5	1,5	1,3	1,2	1,1
Profit margin of French companies	32,0	32,1	32,3	32,5	32,4
Euro area GDP	2,6	1,9	1,4	1,2	1,1
United States GDP	2,5	1,5	0,8	1,8	2,0
China GDP	3,9	4,5	4,3	4,2	4,3
Czech Republic GDP	1,8	2,6	2,4	2,3	2,3
Romania GDP	2,5	3,5	2,8	2,6	2,6

SG Stress scenario	**2022**	**2023**	**2024**	**2025**	**2026**
France GDP	0,0	(2,5)	(0,9)	0,2	0,8
Profit margin of French companies	30,9	29,9	30,1	30,3	31,3
Euro area GDP	0,1	(2,1)	(0,9)	0,2	0,8
United States GDP	0,0	(2,5)	(1,4)	0,8	1,7
China GDP	1,4	0,5	2,0	3,2	4,0
Czech Republic GDP	(0,7)	(1,4)	0,2	1,3	2,1
Romania GDP	0,0	(0,5)	0,6	1,6	2,4

These simulations assume that the historical relationships between the key economic variables and the risk parameters remain unchanged. In practice, these correlations may be impacted by geopolitical or climatic events, changes in behaviour, legal environment or granting policy.

The illustration below compares the GDP previsions in the euro area used by the Group for each scenario with the projections disclosed by the ECB in December 2021.



WEIGHTING OF THE MACROECONOMIC SCENARIOS

The probabilities used are based on the differences observed in the past over 25 years between the forecasts made by a consensus of economists regarding the US GDP and the actual scenario that occurred (forecast similar to the actual scenario occurred, significantly optimistic or pessimistic).

In order to better account for a possible reversal of the cycle, the Group supplemented the methodology it uses for weighting scenarios as of 31 December 2021 and assigned a higher weight to the Central scenario when the economy is depressed. Conversely, the methodology provides for a higher weight to be assigned to the Stress scenario when the economy moves towards the peak of the cycle. This methodology will be applied and assessed throughout the current year to be confirmed by 31 December 2022. Accordingly, the weighting applied to the Central scenario is set at 60% as at 30 June 2022 in relation to the cancellation of the SG Extended scenario.

Presentation of the changes in weightings:

	30 June 2022	31 December 2021	30 June 2021
SG Central	60%	50%	65%
SG Extended	NA	10%	10%
SG Stress	30%	30%	15%
SG Favourable	10%	10%	10%

CALCULATION OF EXPECTED CREDIT LOSSES AND SENSITIVITY ANALYSIS

The Cost of risk as at 30 June 2022 amounts to a net expense of 778 million euros, decreasing by 360 million euros (+86%) compared to 30 June 2021 (700 million euros as at 31 December 2021).

Sensitivity tests have been conducted to measure the impact of the changes in weightings on the models. The scope of this exercise concerns the outstanding amounts classified as Stage 1 and Stage 2 subject to a statistical modelling of the impacts of the macro-economic variables (75% of the outstanding amounts in Stage 1 / Stage 2).

The results of these tests, with no impact on the classification of the outstanding amounts concerned, show that, in the event of a 100% weighting:

- of the SG Stress scenario, the impact would be an additional allocation of 251 million euros;
- of the SG Favourable scenario, the impact would be a reversal of 167 million euros;
- of the SG Central scenario, the impact would be a reversal of 98 million euros.

COVID-19 CRISIS: STATE GUARANTEED LOANS (PGE)

As at 30 June 2022, the balance sheet outstanding amount of State Guaranteed Loans granted by the Group is approximately 15.2 billion euros (of which 4.6 billion euros classified as Stage 2 and 1.0 billion euros as Stage 3). The State Guaranteed Loans granted by the French Retail Banking amount, as at 30 June 2022, to 13.2 billion euros (of which 4.2 billion euros classified as Stage 2 and 0.7 billion euros as Stage 3), without predominance of a specific sector; the State guarantee for these loans covers, on average, 90 % of their amount.

The expected credit losses recognised as at 30 June 2022 for PGE (French State Guaranteed Loans) amount to some 157 million euros including 91 million euros booked by the French retail networks (including 35 million euros in Stage 2 and 45 million euros in Stage 3).

A French decree published on 19 January 2022, amending the decree published on 23 March 2020, allows some companies to benefit, under certain conditions, from an extension of their PGE repayment deadlines from 6 to 10 years; these extensions have not had any significant impact on the Group's financial statements as at 30 June 2022.

CONSEQUENCES OF THE WAR IN UKRAINE

The table below presents the changes in exposures (measured at amortised cost or at fair value through equity) booked by the Group entities located in Russia, on one side, and by the Group entities outside Russia on Russian counterparties or Russian Group entities, on the other side.

	30.06.2022		**31.12.2021**	
In EUR billion	**Exposure at default**	**Gross outstanding**	**Exposure at default**	**Gross outstanding**
Onshore exposures on consolidated subsidiaries (1)	0.3	0.3	15.4	19.0
Offshore exposures (2)	2.6	2.9	3.2	4.4
Rosbank residual exposures	0.5	0.5	-	-
Total	**3.4**	**3.7**	**18.6**	**23.4**

(1) The onshore exposures correspond to Rosbank, Rosbank Insurance and ALD Automotive OOO Russia.

(2) The offshore exposures (excl. Private Banking and residual exposures relating to the sale of Rosbank) correspond to exposures on Russian counterparties or on Russian Group subsidiaries booked outside Russia.

Russia and Ukraine exposures

In May 2022, the Group sold both its Rosbank subsidiary and its Russian insurance subsidiaries. The impact of these sales on the Group's financial statements are described in Note 2.1.

As at 30 June 2022, the Group is present in Russia through its ALD subsidiaries (see onshore exposures on consolidated subsidiaries). On 11 April 2022, ALD announced that it would no longer conclude any new commercial transactions in Russia, Kazakhstan and Belarus, without challenging the ongoing concern status over the 12 next months of ALD Automotive OOO in Russia and ALD Automotive LLC in Belarus, both entities continuing to serve their customers and manage the existing vehicle fleet without encountering any specific difficulties in relation to business activities.

The Group is also present in Ukraine through its ALD subsidiary whose total balance sheet as at 30 June 2022 is less than 45 million euros after recording impairment for 29 million euros.

Offshore exposures

Outside Russia, the Group still holds Russian counterparty credit exposures. All of these outstanding amounts (2.9 billion euros) have been classified as "sensitive" (see Note 3.8) and transferred from Stage 2 of impairment for credit risk to Stage 3 when necessary.

The consequences of these different events (sale of Rosbank, classification as "sensitive" of the offshore Russian counterparties) as well as the account taken of the new macroeconomic scenarios to determine the expected credit losses as at 30 June 2022 are described in Note 3.8.

Other information

The Group also holds forward financial instruments contracted with Russian counterparties (currencies, gold and interest rate) as well as Russian securities measured at fair value through profit or loss for less than 100 million euros with a non-material financial residual risk.

Legal, regulatory, statutory or contractual constraints or obligations may restrict the Group's ability to freely transfer assets between Group entities.

In 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".

6.3 NON-FINANCIAL ASSETS

GOODWILL

Goodwill are subject to an impairment test whenever there is an indication of a loss in value, and at least once a year. If the war in Ukraine is not in itself evidence of a loss in value (impairment), its consequences on the Group's results and budget forecasts substantiate the need for tests on all the Cash Generating Units (CGU) as part of the preparation of the half-yearly financial statements as at 30 June 2022.

As at 30 June 2022, no impairment was recorded.

The details of these tests (method and assumptions used in relation to the macroeconomic scenarios mentioned above) are specified in Note 2.2.

DEFERRED TAX ASSETS

Deferred tax assets are recognised only if the tax entity (or tax group) concerned are liable to recover these assets within a set time, notably through the deduction of the deductible temporary differences and loss carry-forwards from future taxable benefits. Tax losses carry-forwards are usually subject to an annual review based on a realistic projection of the tax results of the entities concerned. At the end of these tests, the book value of the deferred tax assets already recorded on the balance sheet is reduced whenever there's a risk of non-recovery of part or all of these assets.

As at 30 June 2022, the Group has performed a specific review of the tax losses carry-forwards, and has integrated the consequences and uncertainties generated by the war in Ukraine in the projections of the tax results of the main tax groups concerned. This review confirms that the Group's activated tax loss-carry forwards may likely be used against its future taxable income (see Note 6).

7. HYPERINFLATION IN TURKEY

On 16 March 2022, the International Practices Task Force of the Center for Audit Quality, a standard reference for identifying countries with hyperinflation, published a working paper including Turkey in the list of hyperinflationary economies.

Consequently, as from 1 January 2022 on, the Group applied the provisions of IAS 29 ("Financial Reporting in Hyperinflationary Economies") to prepare the individual financial statements in Turkish lira of the ALD entity located in Turkey (prior to their conversion in euros as part of the consolidation process). However, the financial statements of the SG Istanbul branch have not been restated, as the expected effects are not significant.

In accordance with these provisions, the accounting value of some balance sheet items presented at cost is adjusted, at closing date, with the effects of inflation recorded over the period. In ALD Turkey's accounts, these adjustments were applied to the tangible fixed assets representative of the vehicle fleet, as well as to the various components of equity.

On the date of first application of this hyperinflation treatment (1 January 2022), the impact of these adjustments is recorded in consolidated reserves and non-controlling interests; on that date, the translation differences on the entities concerned shall be reclassified to those same financial aggregates. For the subsequent closing periods, inflation adjustments for the eligible assets and equity items, as well as for expenses and income for the period, are recorded as income or expenses on foreign exchange transactions in the Net gains and losses on financial transactions.

Once restated, the Turkish lira financial statements of ALD Turkey are converted into euro on the basis of the exchange rate applicable at the balance sheet date.

As at 1 January 2022, the total consolidated equity was increased by 41.3 million euros, including a reduction in consolidated reserves of -8.4 million euros after tax for the various adjustments and the reclassification of translation differences recorded on that date.

As at 30 June 2022, a gain of 39.5 million euros was recorded in the Net gains and losses on financial transactions as inflation adjustments for the period. After tax and adjustment of other income and expense lines for the period, the effect of hyperinflation restatements on consolidated net income amounted to +27.5 million euros.

NOTE 2 - CONSOLIDATION

NOTE 2.1 - CONSOLIDATION SCOPE

The consolidation scope includes subsidiaries and structured entities under the Group's exclusive control, joint arrangements (joint ventures and joint operations) and associates whose financial statements are significant relative to the Group's consolidated financial statements, notably regarding Group consolidated total assets and gross operating income.

The main change to the consolidation scope as at 30 June 2022, compared with the scope applicable at the closing date of 31 December 2021, is as follow:

SALE OF ROSBANK AND INSURANCE SUBSIDIARIES IN RUSSIA

Societe Generale announced on 18 May 2022 the closing of the sale of Rosbank group and the Group's Russian insurance subsidiaries to Interros Capital.

The financial consequences of this sale are presented below:

- A reduction in the Group's total balance sheet of EUR 16 billion mainly including a decrease in Customers loans at amortised cost of EUR 10 billion and a decrease in Customers deposits of EUR 13 billion.
- A loss on this disposal, reported in Net income / expense from other assets in 2022, of EUR -3.3 billion before tax. This loss includes a translation difference reclassified into income for EUR -0.5 billion, cumulated amount at 18 May after an increase of EUR 0.5 billion following the hike of the ruble since 1 January 2022.

NOTE 2.2 - GOODWILL

The table below shows, by operating segment (Note 8.1), the changes in net value of the cash-generating units (CGU) goodwill over the first half of 2022:

Table 2.2.B

(In EUR m)	Value as at 31.12.2021	Acquisitions and other increases	Disposals and other decreases	Transfers	Impairment	Value as at 30.06.2022
French Retail Banking	**831**	**-**	**-**	**237**	**-**	**1,068**
French Networks *	831	-	-	237	-	1,068
International Retail Banking	**1,475**	**-**	**(1)**	**-**	**-**	**1,474**
Europe	1,361	-	(1)	-	-	1,360
Russia	-	-	-	-	-	-
Africa, Mediterranean Basin and Overseas	114	-	-	-	-	114
Insurance	**335**	**-**	**(1)**	**-**	**-**	**334**
Insurance	335	-	(1)	-	-	334
Financial Services	**806**	**55**	**-**	**-**	**-**	**861**
Equipment and Vendor Finance	228	-	-	-	-	228
Auto Leasing Financial Services	578	55	-	-	-	633
Global Markets and Investor Services	**-**	**-**	**-**	**-**	**-**	**-**
Global Markets and Investor Services	-	-	-	-	-	-
Financing and Advisory	**57**	**-**	**-**	**-**	**-**	**57**
Financing and Advisory	57	-	-	-	-	57
Asset and Wealth Management	**237**	**-**	**-**	**(237)**	**-**	**-**
Asset and Wealth Management *	237	-	-	(237)	-	-
Total	**3,741**	**55**	**(2)**	**-**	**-**	**3,794**

* *Following the steering changes at the end of 2021 resulting from the sale of Lyxor, SG Private Banking has been reporting to the French Retail Banking operating segment since 1 January 2022. The existing synergies between the SG Private Banking and the Retail Banking business also led the Group to combine the two CGUs under the French Networks CGU, SG Private Banking being an extension of Retail Banking to a specific customer segment.*

IMPAIRMENT TEST OF CGU

Goodwill are subject to an impairment test as soon as there is any indication of impairment and at least once a year. The war in Ukraine alone is not an indication of impairment, however, its negative consequences on the Group's results and financial projections justify the performance of tests on all CGUs as part of the preparation of the half-yearly financial statements as at 30 June 2022.

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 as at 30 June 2022 for the assessment of the recoverable value of CGUs are as follows:

- In order to take into account the consequences and uncertainties linked to the war in Ukraine, the budget trajectories of the CGUs have been revised in June 2022 on the basis of the SG Central scenario established by the Group's economists and whose underlying assumptions are presented in Note 1.
- For each CGU, estimates of future distributable dividends are determined over a five-year period, on the basis of a four-year budget trajectory (from 2022 to 2025) extrapolated to 2026, the latter year being used to calculate the terminal value.
- These estimates take into account the equity target allocated to each CGU, unchanged compared to 31 December 2021 (11% of the risk-weighted assets of each CGU).
- The growth rates used to calculate the terminal value are determined using forecasts on sustainable long-term economic growth and inflation. These rates are estimated using two main sources, namely the International Monetary Fund and the economic analyses produced by SG Cross Asset Research which provides 2026 forecasts.
- The projected dividends are then discounted on the basis of a rate equal to the risk-free rate grossed up by a risk premium based on the CGU's underlying activities. This risk premium, specific to each activity, is calculated from a series of equity risk premiums published by SG Cross Asset Research and from its specific estimated volatility (beta). Where appropriate, the risk-free rate is also grossed up by a sovereign risk premium, representing the difference between the risk-free rate available in the area of monetary assignment (mainly US dollar area or Euro area) and the interest rate observed on liquid long-term treasury bonds issued (mainly US dollar area or Euro area), in proportion with risk-weighted assets for CGUs covering several countries. The updated discount rates as at 30 June 2022 are detailed below.

The table below presents discount rates and long-term growth rates specific to the CGUs of the Group's three core businesses:

Table 2.2.C

Assumptions as at 30 June 2022	Discount rate	Long-term growth rate
French Retail Banking		
French Networks	8.3%	1.5%
International Retail Banking		
Retail Banking and Consumer Finance	11% à 13.6%	2% to 3%
Insurance		
Insurance	9.3%	2.5%
Financial Services		
Equipment and Vendor Finance and Auto Leasing Financial Services	9.4%	2.0%
Global Markets and Investor Solutions		
Global Markets and Investor Services	11.7%	2.0%
Financing and Advisory		
Financing and Advisory	9.7%	2.0%

As at 30 June 2022, no impairment has been recorded in the accounts.

NOTE 3 - FINANCIAL INSTRUMENTS

Data presented in Note 3 exclude financial instruments from insurance activities; for the latter, the information is presented in Note 4.3.

NOTE 3.1 - FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

OVERVIEW

Table 3.1.A

	30.06.2022		31.12.2021	
(In EUR m)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Trading portfolio	358,882	281,328	319,789	243,112
Financial assets measured mandatorily at fair value through profit or loss	19,863		21,356	
Financial instruments measured at fair value through profit or loss using the fair value option	1,420	62,803	1,569	64,451
Total	**380,165**	**344,131**	**342,714**	**307,563**
o/w securities purchased/sold under resale/repurchase agreements	*134,716*	*114,661*	*81,313*	*84,797*

1. TRADING PORTFOLIO

ASSETS

Table 3.1.B

(In EUR m)	30.06.2022	31.12.2021
Bonds and other debt securities	28,115	22,480
Shares and other equity securities	78,100	108,858
Securities purchased under resale agreements	134,682	81,282
Trading derivatives (1)	110,713	100,355
Loans, receivables and other trading assets	7,272	6,814
Total	**358,882**	**319,789**
o/w securities lent	*11,136*	*14,370*

(1) See Note 3.2 Financial derivatives.

LIABILITIES

Table 3.1.C

(In EUR m)	30.06.2022	31.12.2021
Amounts payable on borrowed securities	48,189	45,821
Bonds and other debt instruments sold short	6,768	3,630
Shares and other equity instruments sold short	1,070	838
Securities sold under repurchase agreements	114,345	84,729
Trading derivatives [(1)]	107,650	106,607
Borrowings and other trading liabilities	3,306	1,487
Total	**281,328**	**243,112**

(1) See Note 3.2 Financial derivatives.

2. FINANCIAL INSTRUMENTS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

Table 3.1.D

(In EUR m)	30.06.2022	31.12.2021
Bonds and other debt securities	159	193
Shares and other equity securities	2,856	2,769
Loans, receivables and securities purchased under resale agreements	16,848	18,394
Total	**19,863**	**21,356**

The loans and receivables and securities purchased under resale agreements recorded in the balance sheet under Financial assets mandatorily at fair value through profit or loss are mainly:

- loans that include prepayment features with compensation that do not reflect the effect of changes in the benchmark interest rate;
- loans that include indexation clauses that do not permit to recognise as basic loans (SPPI).

3. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS USING FAIR VALUE OPTION

ASSETS

Table 3.1.F

(In EUR m)	30.06.2022	31.12.2021
Bonds and other debt securities	89	4
Loans, receivables and securities purchased under resale agreements	60	58
Separate assets for employee benefits plans	1,271	1,507
Total	**1,420**	**1,569**

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.

Table 3.1.G

	30.06.2022		31.12.2021	
(In EUR m)	Fair value	Amount redeemable at maturity	Fair value	Amount redeemable at maturity
Financial instruments measured using fair value option through profit or loss	62,803	64,652	64,451	65,547

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 conditions on the markets and the residual maturity of the related liabilities.

Changes in fair value attributable to own credit risk generated an unrealised gain of 1,283 million euros during the first semester of 2022. Up to this date, the total gains attributable to own credit risk amounted to 938 million euros recognised directly in equity.

NOTE 3.2 - FINANCIAL DERIVATIVES

1. TRADING DERIVATIVES

FAIR VALUE

Table 3.2.A

	30.06.2022		31.12.2021	
(In EUR m)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate instruments	56,674	45,972	56,560	51,181
Foreign exchange instruments	31,451	32,322	18,404	19,320
Equities & index instruments	19,766	26,143	24,186	33,779
Commodities instruments	724	693	279	311
Credit derivatives	2,071	1,908	921	1,179
Other forward financial instruments	27	612	5	837
Total	**110,713**	**107,650**	**100,355**	**106,607**

The Group uses credit derivatives in the management of its corporate credit portfolio, primarily to reduce individual, sector and geographic concentration and to implement a proactive risk and capital management approach. All credit derivatives, regardless of their purpose, are measured at fair value through profit or loss and cannot be qualified as hedging instruments for accounting purposes. Accordingly, they are recognised at fair value among trading derivatives.

COMMITMENTS (NOTIONAL AMOUNTS)

Table 3.2.B

(In EUR m)	30.06.2022	31.12.2021
Interest rate instruments	**10,761,725**	**9,807,443**
Firm instruments	9,004,208	8,155,415
Swaps	*7,480,349*	*7,013,837*
FRAs	*1,523,859*	*1,141,578*
Options	1,757,517	1,652,028
Foreign exchange instruments	**4,604,606**	**3,379,742**
Firm instruments	3,528,103	2,617,178
Options	1,076,503	762,564
Equity and index instruments	**920,665**	**838,749**
Firm instruments	158,512	144,592
Options	762,153	694,157
Commodities instruments	**28,419**	**24,539**
Firm instruments	28,295	24,372
Options	124	167
Credit derivatives	**168,855**	**177,923**
Other forward financial instruments	**29,458**	**31,022**
Total	**16,513,728**	**14,259,418**

2. HEDGING DERIVATIVES

According to the transitional provisions of IFRS 9, the Group made the choice to maintain the IAS 39 provisions related to hedge accounting. Consequently, equity instruments do not qualify for hedge accounting regardless of their accounting category.

FAIR VALUE

Table 3.2.C

	30.06.2022		31.12.2021	
(In EUR m)	Assets	Liabilities	Assets	Liabilities
Fair value hedge	**21,537**	**31,655**	**12,823**	**10,171**
Interest rate instruments	21,536	31,613	12,786	10,141
Foreign exchange instruments	1	29	36	30
Equity and index instruments	-	13	1	-
Cash flow hedge	**211**	**358**	**311**	**61**
Interest rate instruments	160	279	253	26
Foreign exchange instruments	49	40	24	33
Equity and index instruments	2	39	34	2
Net investment hedge	**103**	**120**	**105**	**193**
Foreign exchange instruments	103	120	105	193
Total	**21,851**	**32,133**	**13,239**	**10,425**

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.

For the first half-year 2022, the revaluation differences on macro-hedged fixed-rate assets portfolios and fixed-rate liabilities portfolios have become negative as a result of the interest rate raise observed during the period. On the asset side of the balance sheet, the revaluation difference on portfolios hedged against interest rate risk amounts to -565 million euros as at 30 June 2022 (compared to +131 million euros as at 31 December 2021); and on the liabilities side, the revaluation differences on portfolios hedged against interest rate risk amounts to -6,148 million euros as at 30 June 2022 (against +2,832 million euros as at 31 December 2021).

COMMITMENTS (NOTIONAL AMOUNTS)

Table 3.2.D

(In EUR m)	30.06.2022	31.12.2021
Interest rate instruments	**1,013,415**	**981,765**
Firm instruments	1,012,875	978,728
Swaps	*828,565*	*696,716*
FRAs	*184,310*	*282,012*
Options	540	3,037
Foreign exchange instruments	**9,411**	**9,245**
Firm instruments	9,411	9,245
Equity and index instruments	**275**	**160**
Firm instruments	275	160
Total	**1,023,101**	**991,170**

NOTE 3.3 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

OVERVIEW

Table 3.3.A

(In EUR m)	30.06.2022	31.12.2021
Debt instruments	42,317	43,180
Bonds and other debt securities	*42,317*	*43,081*
Loans and receivables and securities purchased under resale agreements	-	*99*
Shares and other equity securities	244	270
Total	**42,561**	**43,450**
o/w securities lent	*282*	*241*

1. DEBT INSTRUMENTS

CHANGES OF THE PERIOD

Table 3.3.B

(In EUR m)	2022
Balance as at 1 January	**43,180**
Acquisitions/disbursements	21,756
Disposals/redemptions	(22,108)
Change in scope and others	(434)
Changes in fair value during the period	(1,819)
Change in related receivables	19
Translation differences	1,723
Balance as at 30 June	**42,317**

CUMULATIVE UNREALISED GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

Table 3.3.C

(In EUR m)	30.06.2022	31.12.2021
Unrealised gains	292	334
Unrealised losses	(857)	(200)
Total	**(565)**	**134**

2. EQUITY INSTRUMENTS

The Group chose only in few 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

1. FINANCIAL ASSETS MEASURED AT FAIR VALUE

Table 3.4.A

	30.06.2022				31.12.2021			
(In EUR m)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio (excluding derivatives)	**95,499**	**147,077**	**5,593**	**248,169**	**119,240**	**95,485**	**4,709**	**219,434**
Bonds and other debt securities	24,874	3,106	136	28,116	19,516	2,584	380	22,480
Shares and other equity securities	70,625	7,474	-	78,099	99,721	9,137	-	108,858
Securities purchased under resale agreements	-	129,311	5,371	134,682	-	77,080	4,202	81,282
Loans, receivables and other trading assets	-	7,186	86	7,272	3	6,684	127	6,814
Trading derivatives	**627**	**104,535**	**5,551**	**110,713**	**371**	**96,018**	**3,966**	**100,355**
Interest rate instruments	43	52,759	3,871	56,673	17	53,860	2,683	56,560
Foreign exchange instruments	584	30,438	429	31,451	354	17,817	233	18,404
Equity and index instruments	-	19,500	266	19,766	-	23,613	573	24,186
Commodity instruments	-	723	1	724	-	276	3	279
Credit derivatives	-	1,088	984	2,072	-	447	474	921
Other forward financial instruments	-	27	-	27	-	5	-	5
Financial assets measured mandatorily at fair value through profit or loss	**143**	**14,870**	**4,850**	**19,863**	**169**	**16,727**	**4,460**	**21,356**
Bonds and other debt securities	-	28	131	159	16	45	132	193
Shares and other equity securities	143	384	2,330	2,857	153	368	2,248	2,769
Loans, receivables and securities purchased under resale agreements	-	14,458	2,389	16,847	-	16,314	2,080	18,394
Financial assets measured using fair value option through profit or loss	**88**	**1,332**	**-**	**1,420**	**-**	**1,565**	**4**	**1,569**
Bonds and other debt securities	88	-	-	88	-	-	4	4
Loans, receivables and securities purchased under resale agreements	-	60	-	60	-	58	-	58
Separate assets for employee benefit plans	-	1,272	-	1,272	-	1,507	-	1,507
Hedging derivatives	**-**	**21,851**	**-**	**21,851**	**-**	**13,239**	**-**	**13,239**
Interest rate instruments	-	21,696	-	21,696	-	13,039	-	13,039
Foreign exchange instruments	-	153	-	153	-	165	-	165
Equity and index instruments	-	2	-	2	-	35	-	35
Financial assets measured at fair value through other comprehensive income	**42,131**	**185**	**245**	**42,561**	**42,798**	**380**	**272**	**43,450**
Bonds and other debt securities	42,131	185	1	42,317	42,798	281	2	43,081
Shares and other equity securities	-	-	244	244	-	-	270	270
Loans and receivables	-	-	-	-	-	99	-	99
Total	**138,488**	**289,850**	**16,239**	**444,577**	**162,578**	**223,414**	**13,411**	**399,403**

2. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

Table 3.4.B

	30.06.2022				31.12.2021			
(In EUR m)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio (excluding derivatives)	**7,831**	**163,474**	**2,373**	**173,678**	**4,494**	**129,989**	**2,022**	**136,505**
Amounts payable on borrowed securities	8	48,020	162	48,190	30	45,630	161	45,821
Bonds and other debt instruments sold short	6,753	1	14	6,768	3,626	1	3	3,630
Shares and other equity instruments sold short	1,070	-	-	1,070	838	-	-	838
Securities sold under repurchase agreements	-	112,152	2,192	114,344	-	82,874	1,855	84,729
Borrowings and other trading liabilities	-	3,301	5	3,306	-	1,484	3	1,487
Trading derivatives	**587**	**101,474**	**5,589**	**107,650**	**400**	**101,390**	**4,817**	**106,607**
Interest rate instruments	23	42,301	3,648	45,972	9	48,750	2,422	51,181
Foreign exchange instruments	563	31,420	338	32,321	390	18,719	211	19,320
Equity and index instruments	-	25,090	1,054	26,144	1	32,124	1,654	33,779
Commodity instruments	-	692	1	693	-	309	2	311
Credit derivatives	-	1,359	548	1,907	-	651	528	1,179
Other forward financial instruments	1	612	-	613	-	837	-	837
Financial liabilities measured using fair value option through profit or loss	**-**	**24,942**	**37,861**	**62,803**	**-**	**27,633**	**36,818**	**64,451**
Hedging derivatives	**-**	**32,133**	**-**	**32,133**	**-**	**10,425**	**-**	**10,425**
Interest rate instruments	-	31,893	-	31,893	-	10,168	-	10,168
Foreign exchange instruments	-	188	-	188	-	255	-	255
Equity and index instruments	-	52	-	52	-	2	-	2
Total	**8,418**	**322,023**	**45,823**	**376,264**	**4,894**	**269,437**	**43,657**	**317,988**

3. VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

Table 3.4.C

(In EUR m)	Balance as at 31.12.2021	Acquisitions	Disposals / redemp-tions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	Change in scope and others	Balance as at 30.06.2022
Trading portfolio (excluding derivatives)	**4,709**	**3,331**	**(1,670)**	**(993)**	**124**	**(34)**	**177**	**(51)**	**5,593**
Bonds and other debt securities	380	322	(490)	(97)	6	4	11	-	136
Securities purchased under resale agreements	4,202	3,009	(1,180)	(896)	118	(39)	157	-	5,371
Loans, receivables and other trading assets	127	-	-	-	-	1	9	(51)	86
Trading derivatives	**3,966**	**39**	**(7)**	**(1,107)**	**122**	**2,222**	**316**	**-**	**5,551**
Interest rate instruments	2,683	-	-	(871)	65	1,733	261	-	3,871
Foreign exchange instruments	233	1	(1)	(54)	2	240	8	-	429
Equity and index instruments	573	38	(6)	(22)	25	(371)	29	-	266
Commodity instruments	3	-	-	(1)	-	(1)	-	-	1
Credit derivatives	474	-	-	(159)	30	621	18	-	984
Financial assets measured mandatorily at fair value through profit or loss	**4,460**	**319**	**(32)**	**(17)**	**-**	**78**	**146**	**(104)**	**4,850**
Bonds and other debt securities	132	22	(23)	-	-	-	-	-	131
Shares and other equity securities	2,248	53	(9)	-	-	113	29	(104)	2,330
Loans, receivables and securities purchased under resale agreements	2,080	244	-	(17)	-	(35)	117	-	2,389
Financial assets measured using fair value option through profit or loss	**4**	**-**	**(4)**	**(8)**	**-**	**-**	**-**	**8**	**-**
Bonds and other debt securities	4	-	(4)	-	-	-	-	-	-
Loans, receivables and securities purchased under resale agreements	-	-	-	(8)	-	-	-	8	-
Financial assets measured at fair value option through other comprehensive income	**272**	**-**	**(1)**	**-**	**-**	**(26)**	**-**	**-**	**245**
Debt instruments	2	-	(1)	-	-	-	-	-	1
Equity instruments	270	-	-	-	-	(26)	-	-	244
Total	**13,411**	**3,689**	**(1,714)**	**(2,125)**	**246**	**2,240**	**639**	**(147)**	**16,239**

FINANCIAL LIABILITIES

Table 3.4.D

(In EUR m)	Balance as at 31.12.2021	Issues	Redemptions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	Change in scope and others	Balance as at 30.06.2022
Trading portfolio (excluding derivatives)	**2,022**	**1,343**	**(881)**	**(1,082)**	**95**	**866**	**10**	**-**	**2,373**
Amounts payable on borrowed securities	161	-	-	(1,078)	95	975	9	-	162
Bonds and other debt instruments sold short	3	-	-	-	-	11	-	-	14
Securities sold under repurchase agreements	1,855	1,343	(881)	(1)	-	(125)	1	-	2,192
Borrowings and other trading liabilities	3	-	-	(3)	-	5	-	-	5
Trading derivatives	**4,817**	**222**	**(18)**	**(606)**	**895**	**157**	**122**	**-**	**5,589**
Interest rate instruments	2,422	1	**(1)**	(516)	810	932	-	-	3,648
Foreign exchange instruments	211	1	**-**	(1)	-	129	(2)	-	338
Equity and index instruments	1,654	220	(15)	(29)	44	(924)	104	-	1,054
Commodity instruments	2	-	(2)	-	-	1	-	-	1
Credit derivatives	528	-	-	(60)	41	19	20	-	548
Financial liabilities measured using fair value option through profit or loss	**36,818**	**14,429**	**(10,231)**	**(992)**	**2,061**	**(5,383)**	**1,159**	**-**	**37,861**
Total financial liabilities at fair value	**43,657**	**15,994**	**(11,130)**	**(2,680)**	**3,051**	**(4,360)**	**1,291**	**-**	**45,823**

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 and liquidity) determined reasonably and appropriately after an analysis of available information.

Derivatives and security financing transactions are subject to a Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA). The Group includes all clients and clearing houses in this adjustment, which also reflects the netting agreements existing for each counterparty.

The CVA is determined based on the Group entity's expected positive exposure to the counterparty, the counterparty's probability of default and the amount of the loss given default. The DVA is determined symmetrically based on the negative expected exposure. These calculations are carried out over the life of the potential exposure, with a focus on the use of relevant and observable market data. Since 2021, a 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/or backed up by transaction prices.

For example, consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For long maturities, these consensus data are not observable. This is the case for the implied volatility used for the valuation of equity options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable inputs.

In the event of unusual tensions on the markets, leading to a lack of the usual reference data used to measure a financial instrument, the Risk Division may implement a new model in accordance with pertinent available data, similar to methods used by other market players.

SHARES AND OTHER EQUITY SECURITIES

For listed shares, fair value is taken to be the quoted price on the balance sheet date. For unlisted shares, fair value is determined depending on the type of financial instrument and according to one of the following methods:

- valuation based on a recent transaction involving the issuing company (third party buying into the issuing company's capital, appraisal by a professional valuation agent, etc.);
- valuation based on a recent transaction in the same sector as the issuing company (income multiple, asset multiple, etc.);
- proportion of net asset value held.

For unlisted securities in which the Group has significant holdings, valuations based on the above methods are supplemented by a discounted future cash flow valuation based on business plans or on valuation multiples of similar companies.

DEBT INSTRUMENTS HELD IN PORTFOLIO, ISSUES OF STRUCTURED SECURITIES MEASURED AT FAIR VALUE AND FINANCIAL DERIVATIVES INSTRUMENTS

The fair value of these financial instruments is determined based on the quoted price on the balance sheet date or prices provided by brokers on the same date, when available. For unlisted financial instruments, fair value is determined using valuation techniques. Concerning liabilities measured at fair value, the on-balance sheet amounts include changes in the Group's issuer credit risk.

OTHER DEBTS

For listed financial instruments, fair value is taken as their closing quoted price on the balance sheet date. For unlisted financial instruments, fair value is determined by discounting future cash flows to present value at market rates (including counterparty risks, non-performance and liquidity risks).

CUSTOMER LOANS

The fair value of loans and receivables is calculated, in the absence of an actively traded market for these loans, by discounting the expected cash flows to present value at a discount rate based on interest rates prevailing on the market at the reporting date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

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.

Table 3.4.E

(In EUR m)

Cash instruments and derivatives	**Main products**	**Valuation techniques used**	**Significant unobservable inputs**	**Range of unobservable inputs min.**	**max.**
Equities/funds	Simple and complex instruments or derivatives on funds, equities or baskets of stocks	Various option models on funds, equities or baskets of stocks	Equity volatilities	3.2%	196.2%
			Equity dividends	0.0%	20.1%
			Correlations	-80.0%	99.6%
			Hedge fund volatilities	7.6%	20.0%
			Mutual fund volatilities	1.7%	34.6%
Interest rates and Forex	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	-33.6% *	90.0% *
	Forex derivatives	Forex option pricing models	Forex volatilities	0.0%	51.0%
	Interest rate derivatives whose notional is indexed to prepayment behaviour in European collateral pools	Prepayment modelling	Constant prepayment rates	0.0% *	20.0% *
	Inflation instruments and derivatives	Inflation pricing models	Correlations	55.0% *	88.9% *
Credit	Collateralised Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	0.0%	100.0%
			Recovery rate variance for single name underlyings	0.0%	100.0%
	Other credit derivatives	Credit default models	Time to default correlations	0.0%	100.0%
			Quanto correlations	-50.0%	40.0%
			Credit spreads	0 bps	1,000 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	-	-

* *Information as at 31 December 2021.*

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.

Table 3.4.F

	30.06.2022	
(In EUR m)	**Assets**	**Liabilities**
Equities/funds	838	25,952
Rates and Forex	12,329	19,322
Credit	984	548
Commodities	1	1
Long term equity investments	2,087	-
Total	**16,239**	**45,823**

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 30 June 2022 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 is the standard deviation of consensus prices (TOTEM, etc.) used to measure an input nevertheless considered as unobservable. In case of unavailability of these data, the standard deviation of historic data is used to measure the input.

SENSITIVITY OF LEVEL 3 FAIR VALUE TO A “STANDARDISED” VARIATION IN UNOBSERVABLE INPUTS

Table 3.4.G

	30.06.2022		31.12.2021	
(In EUR m)	**Negative impact**	**Positive impact**	**Negative impact**	**Positive impact**
Shares and other equity instruments and derivatives	**(30)**	**88**	**(21)**	**78**
Equity volatilities	(2)	13	-	12
Dividends	-	18	-	19
Correlations	(28)	55	(20)	44
Hedge Fund volatilities	-	0	-	0
Mutual Fund volatilities	(0)	2	(1)	3
Rates or Forex instruments and derivatives	**(9)**	**33**	**(6)**	**30**
Correlations between exchange rates and/or interest rates	(3)	27	(3)	27
Forex volatilities	(5)	6	(2)	3
Constant prepayment rates	-	(0)	-	(0)
Inflation/inflation correlations	(1)	0	(1)	0
Credit instruments and derivatives	**-**	**4**	**-**	**8**
Time to default correlations	-	0	-	1
Quanto correlations	-	3	-	4
Credit spreads	-	1	-	3
Commodity derivatives	**NA**	**NA**	**NA**	**NA**
Commodities correlations	NA	NA	NA	NA
Long term securities	**NA**	**NA**	**NA**	**NA**

It should be noted that, given the already conservative valuation levels, this sensitivity is higher for a favourable impact on results than for an unfavourable impact. Moreover, the amounts shown above illustrate the uncertainty of the valuation as at the computation date based on a “standardised“ variation in inputs. Future variations in fair value cannot be deduced or forecast from these estimates.

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.

Table 3.4.H

(In EUR m)	2022
Deferred margin at 1 January	**1,191**
Deferred margin on new transactions during the period	437
Margin recorded in the income statement during the period	(443)
o/w amortisation	*(266)*
o/w switch to observable inputs	*(12)*
o/w disposed, expired or terminated	*(165)*
Deferred margin at 30 June	**1,185**

NOTE 3.5 - LOANS, RECEIVABLES AND SECURITIES AT AMORTISED COST

OVERVIEW

Table 3.5.A

	30.06.2022		31.12.2021	
(In EUR m)	**Carrying amount**	*o/w impairment*	**Carrying amount**	*o/w impairment*
Due from banks	82,594	*(40)*	55,972	*(36)*
Customer loans	503,718	*(10,711)*	497,164	*(10,980)*
Securities	19,376	*(55)*	19,371	*(57)*
Total	**605,688**	***(10,806)***	**572,507**	***(11,073)***

1. DUE FROM BANKS

Table 3.5.B

(In EUR m)	30.06.2022	31.12.2021
Current accounts	36,262	26,997
Deposits and loans	17,779	18,123
Securities purchased under resale agreements	27,672	10,184
Subordinated and participating loans	96	99
Related receivables	858	585
Due from banks before impairments (1)	**82,667**	**55,988**
Credit loss impairments	(40)	(36)
Revaluation of hedged items	(33)	20
Total	**82,594**	**55,972**

(1) As at 30 June 2022, the amount due from banks classified as Stage 3 impairment (credit impaired) is EUR 95 million compared to EUR 46 million at 31 December 2021. 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).

2. CUSTOMER LOANS

Table 3.5.C

(In EUR m)	30.06.2022	31.12.2021
Overdrafts	32,242	27,013
Other customer loans	443,978	438,165
Lease financing agreements	29,333	30,509
Securities purchased under resale agreements	5,772	8,831
Related receivables	3,237	3,399
Customer loans before impairments (1)	**514,562**	**507,917**
Credit loss impairment	(10,711)	(10,980)
Revaluation of hedged items	(133)	227
Total	**503,718**	**497,164**

(1) As at 30 June 2022, the amount due from customers classified as Stage 3 impairment (credit impaired) is EUR 15,995 million compared to EUR 16,261 million at 31 December 2021. 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).

3. SECURITIES

Table 3.5.F

(In EUR m)	30.06.2022	31.12.2021
Government securities	8,493	8,896
Negotiable certificates, bonds and other debt securities	11,052	10,525
Related receivables	155	160
Securities before impairments	**19,700**	**19,581**
Impairment	(55)	(57)
Revaluation of hedged items	(269)	(153)
Total	**19,376**	**19,371**

NOTE 3.6 - DEBTS

1. DUE TO BANKS

Table 3.6.A

(In EUR m)	30.06.2022	31.12.2021
Demand deposits and current accounts	14,041	12,373
Overnight deposits and borrowings	2,044	1,564
Term deposits (1)	127,236	121,708
Related payables	84	47
Revaluation of hedged items	(966)	104
Securities sold under repurchase agreements	5,432	3,381
Total	**147,871**	**139,177**

(1) Including term-deposits linked to governments and central administrations, and in particular long-term refinancing operations set up by the ECB (Targeted Longer-Term Refinancing Operations - TLTRO).

TLTRO

The European Central Bank (ECB) launched in 2019 a third series of Targeted Longer-Term Refinancing Operations (TLTRO) with the aim of maintaining favourable credit conditions in the euro area. As in the two previous systems, the level of remuneration of the borrowings depends on the performance of the borrowing banking institutions in terms of loans granted to their household customers (excluding real estate loans) and business customers (excluding financial institutions); depending on these performances, the borrowing institutions may benefit from a reduced interest rate and an additional temporary bonus applicable from 24 June 2020 to 23 June 2021 (reduction by 50 basis points of the average rate of the deposit facility with a floor rate set at -1%). These TLTRO III operations are conducted on a quarterly basis between September 2019 and December 2021, for a possible total of 10 drawdowns. Each such operation has a three-year maturity and includes an early repayment option. Some terms and conditions were modified in March 2020, in particular the loan production objectives, rate conditions and drawdown limit, in order to further support the granting of loans at the outset of the Covid-19 crisis. In January 2021, the ECB decided to extend the temporary additional bonification over the period from 24 June 2021 to 23 June 2022 subject to performance in terms of number of granted loans observed over a new reference period from 1 October 2020 to 31 December 2021.

The Group has subscribed through Societe Generale and Crédit du Nord TLTRO III loans through quarterly drawings staggered between December 2019 and December 2021. As at 30 June 2022, the total outstanding amount drawn is EUR 71.9 billion.

As at 31 December 2021, the Group had reached its objective of stability of the outstanding amount of eligible loans, allowing it to benefit from a reduced interest rate as well as from additional temporary bonuses applied from 24 June 2020 to 23 June 2021 and 24 June 2021 to 23 June 2022. The weighted average rate of the TLTRO borrowings has thus been established as early from -0.58% and -0.90% depending on the drawdown dates. The total amount of negative interest on the TLTRO borrowing recorded in the first half of 2022 under Interest and similar income is EUR 0.2 billion.

In January 2021, the IFRS IC received a question relating to the accounting treatment of the TLTRO and has not, in the first half-year, ruled neither on the recognition of transactions under IFRS 9 nor on the possible identification of a subsidy. The topic has been referred to the IFRS 9 Post Implementation Review. The Group remains vigilant with regard to the IFRS IC decision and will take account of any elements of clarification that this decision will provide.

2. CUSTOMER DEPOSITS

Table 3.6.B

(In EUR m)	30.06.2022	31.12.2021
Regulated savings accounts	112,024	109,079
Demand	*86,029*	*83,025*
Term	*25,995*	*26,054*
Other demand deposits [(1)]	315,689	308,091
Other term deposits [(1)]	84,264	84,861
Related payables	670	261
Revaluation of hedged items	(154)	103
Total customer deposits	**512,493**	**502,395**
Securities sold to customers under repurchase agreements	6,938	6,738
Total	**519,431**	**509,133**

(1) Including term-deposits linked to governments and central administrations

PARTNERSHIP AGREEMENT WITH ING

On 4 April 2022, Boursorama signed a partnership agreement with ING following its decision to withdraw from the retail banking market in France. Under the terms of this agreement, Boursorama offers ING's online banking clients in France an alternative banking solution with a simplified subscription process and exclusive offers on the products and services subscribed. The proposed offers relate to current accounts, savings plans and means of payment as well as securities accounts; credits, however, are not included within the scope of the agreement.

As at 30 June 2022, Customer deposits on the liabilities side of the balance sheet, include the outstanding amounts of deposits and savings plans transferred to Boursorama for an amount of 1,218 million euros.

In the second half of 2022, the life insurance brokerage activities of ING Direct Vie will be transferred to Boursorama.

3. DEBT SECURITIES ISSUED

Table 3.6.D

(In EUR m)	30.06.2022	31.12.2021
Term savings certificates	255	276
Bond borrowings	22,979	21,525
Interbank certificates and negotiable debt instruments	112,694	112,819
Related payables	455	574
Revaluation of hedged items	(2,704)	130
Total	**133,679**	**135,324**
o/w floating-rate securities	*60,302*	*62,215*

NOTE 3.7 - INTEREST INCOME AND EXPENSE

Table 3.7.A

(In EUR m)	1st semester of 2022			2021			1st semester of 2021		
	Income	Expense	Net	Income	Expense	Net	Income	Expense	Net
Financial instruments at amortised cost	7,161	(3,104)	4,057	11,574	(4,344)	7,230	5,498	(2,189)	3,309
Central banks	*212*	*(211)*	*1*	*78*	*(308)*	*(230)*	*21*	*(154)*	*(133)*
Bonds and other debt securities	*220*	*(788)*	*(568)*	*428*	*(1,293)*	*(865)*	*214*	*(653)*	*(439)*
Due from/to banks [(1)]	*688*	*(433)*	*255*	*1,107*	*(410)*	*697*	*486*	*(250)*	*236*
Customer loans and deposits	*5,299*	*(1,177)*	*4,122*	*9,680*	*(1,695)*	*7,985*	*4,694*	*(819)*	*3,875*
Subordinated debt	*-*	*(294)*	*(294)*	*-*	*(526)*	*(526)*	*-*	*(264)*	*(264)*
Securities lending/borrowing	*42*	*(6)*	*36*	*10*	*(11)*	*(1)*	*3*	*(2)*	*1*
Repo transactions	*700*	*(195)*	*505*	*271*	*(101)*	*170*	*80*	*(47)*	*33*
Hedging derivatives	4,496	(3,624)	872	7,015	(5,489)	1,526	3,410	(2,537)	873
Financial instruments at fair value through other comprehensive income	207	(289)	(82)	415	-	415	211	-	211
Lease agreements	417	(18)	399	843	(39)	804	436	(19)	417
Real estate lease agreements	*81*	*(18)*	*63*	*166*	*(39)*	*127*	*85*	*(19)*	*66*
Non-real estate lease agreements	*336*	*-*	*336*	*677*	*-*	*677*	*351*	*-*	*351*
Subtotal interest income/expense on financial instruments using the effective interest method	**12,281**	**(7,035)**	**5,246**	**19,847**	**(9,872)**	**9,975**	**9,555**	**(4,745)**	**4,810**
Financial instruments mandatorily at fair value through profit or loss	162	-	162	743	-	743	191	-	191
Total Interest income and expense	**12,443**	**(7,035)**	**5,408**	**20,590**	**(9,872)**	**10,718**	**9,746**	**(4,745)**	**5,001**
o/w interest income from impaired financial assets	*123*	*-*	*123*	*259*	*-*	*259*	*135*	*-*	*135*

(1) Negative interest on TLTRO borrowings is recorded under income due from loans/borrowings from credit institutions (see Note 3.6).

These interest expenses include the refinancing cost of financial instruments at fair value through profit or loss, the results of which are classified in net gains or losses on these instruments (see Note 3.1). Given that income and expenses booked in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through profit or loss must be assessed as a whole.

NOTE 3.8 - IMPAIRMENT AND PROVISIONS

MODELS AND PARAMETERS USED TO ESTIMATE EXPECTED CREDIT LOSSES

The methodology applied to calculate impairment charges and provisions for expected credit losses in Stage 1 and Stage 2 was developed using the Basel framework as a basis for selecting the methods for assessing the calculation parameters (probability of default and loss rate for outstanding loans under the Basel advanced approaches - IRBA and IRBF - and provisioning rate for outstanding loans under the standardised approach).

The Group portfolios have been segmented to ensure homogeneity of risk characteristics and better correlation with macroeconomic variables, both local and global. This segmentation makes it possible to address all of the Group's specificities. It is consistent with or similar to the one defined in the Basel framework to ensure the uniqueness of the historical records of losses and defaults.

Expected losses are assessed based on the below-mentioned parameters, supplemented with in-house analyses of the credit quality of each counterparty, performed either individually or statistically.

WAR IN UKRAINE AND COVID-19 CRISES

As at 30 June 2022, to account for the uncertainties related to the continuing sanitary crisis, the Group has maintained the model and post-model adjustments set out since the beginning of the sanitary crisis as described in the 2022 Universal Registration Document.

The Group has reviewed, for the first half-year 2022, the parameters used in the models based on new macroeconomic scenarios (see Note 1) taking into account the specific conditions created by the war in Ukraine.

The impact of the model and post-model adjustments on the assessment of expected credit losses are described hereinafter.

UPDATE OF THE MODELS AND PARAMETERS USED TO ESTIMATE EXPECTED CREDIT LOSSES

GDP adjustment

- **Year 2022**

For each quarter of 2022, the Group has used in its models the average of the changes in GDP over the last eight quarters compared to a base of 100 in 2019. This adjustment has been applied to each of the three scenarios (SG Favourable, SG Central and SG Stress) for the GDP series used to model the expected credit losses (see paragraph 6 of Note 1).

The data presented for 2022, in the table below, correspond to the weighted average of the GDP growth rates of the three scenarios adjusted according to the method described above.

- **Years 2023 to 2026**

The data presented for 2023 to 2026, in the table below, correspond to the weighted average of the GDP growth rates of the three scenarios.

	2022	2023	2024	2025	2026
Euro area	(2.4)	0.8	0.8	1.0	1.0
France	(2.5)	0.4	0.8	1.0	1.1
United States of America	(0.1)	0.5	0.3	1.6	1.9
China	3.2	3.5	3.8	4.0	4.2

Impacts on the expected credit losses

Thus, as at 30 June 2022, the adjustments to the macroeconomic variables and to the probabilities of default have resulted in a 74 million euros increase in the amount of impairments and provisions for credit risk (445 million euros for the fiscal year 2021). The impact of these adjustments is due to:

- 85 million euros increase corresponding to the above-mentioned GDP adjustment;
- 11 million euros decrease attributable to the update of the weights in the macroeconomic scenarios presented in Note 1.

Furthermore, due to the deteriorating macroeconomic conditions related to the war in Ukraine, all of our Russian counterparties (2.9 billion euros) have been classified as "sensitive" (concept of watchlist); accordingly, the corresponding loans outstanding have been transferred to Stage 2. An additional analysis made it possible to identify, within this population, the outstanding amounts requiring a transfer in Stage 3 (0.6 billion euros). The impact of these transfers on the calculation of expected credit losses amounts to 383 million euros as at 30 June 2022 (including overlay described in the section Other Adjustments).

ADJUSTMENTS SUPPLEMENTING THE APPLICATION OF MODELS

Sectoral adjustments

The Group can supplement the models with two types of sectoral adjustments: the first relates to the possible revision of the expected credit loss estimates (with no impact on the classification of loans) of some sectors; the second, implemented since 2020, supplements the analysis of the increase in credit risk and may leads to additional transfers in Stage 2.

Estimate of the expected credit losses

The different models used to estimate the expected credit losses may be supplemented by sectoral adjustments that increase or decrease the amount of expected credit losses. These adjustments allow to better anticipate defaults or recoveries in certain cyclical sectors that have been subject to peaks in default in the past or that are particularly vulnerable to the current crisis and the Group exposure of which exceeds a threshold reviewed and fixed yearly by the Risk division.

These sectoral adjustments are reviewed and updated on a quarterly basis by the Risk division and approved by General Management according to the materiality threshold.

The main sectors concerned are the oil and gas, cruise operators, airline sectors, hotel/restaurant/leisure sectors, commercial real-estate, non-food retail and food industry.

The total sectoral adjustments amount thus to 632 million euros as at 30 June 2022 (536 million euros as at 31 December 2021). These changes stem from the implementation of ratios to take account of the impact of raw material supply issues as a result of the war in Ukraine and the impact of a situation of lasting stagflation on the most exposed sectors.

Additional criterion of transfer to stage 2

Since 2020 and the beginning of the Covid-19 crisis, in addition to the criteria applied at the individual level to classify deteriorated loans as Stage 2 underperforming loans, an additional expert analysis has been made on the loan portfolios for which a significant increase in credit risk has been observed since their granting. This analysis resulted in additional transfers to Stage 2 underperforming loans of all loans granted to sectors particularly affected by the Covid-19 crisis and granted before the crisis. For the loans concerned, in addition to these transfers to Stage 2, an estimate of the provision has been made taking account of the sectoral adjustments (described above) which might have been applied.

These adjustments amount to 19 million euros as at 30 June 2022 and remains stable compared to 31 December 2021.

Other adjustments

Adjustments based on expert opinion have also been made to reflect the heightened credit risk on some portfolios, when this heightened risk has not been detectable through a line-by-line analysis of the loans outstanding:

- for the scope of entities lacking developed models for estimating the correlations between the macroeconomic variables and the probability of default; and
- for the scopes on which models are developed and when these models cannot reflect future risk not observed in historical records.

These adjustments amount to 549 million euros as at 30 June 2022 (399 million euros as at 31 December 2021). This increase is mainly explained by the implementation of an adjustment concerning offshore exposures on the portfolio of Russian clients to take into account the specific risk linked to the current geopolitical situation. It is also explained by adjustments concerning the Non-Retail portfolios of Central European subsidiaries in order to capture the risk linked to the economic situation of high interest rates and very high inflation. Indeed, this risk is not taken into account in the models, neither directly as an economic variable, nor at this stage through counterparty ratings.

CONSIDERATION OF THE SUPPORT MEASURES IN THE ASSESSMENT OF THE SIGNIFICANT INCREASE IN CREDIT RISK

The support measures granted are taken into account in the holistic customer analysis in order to assess the significant increase in credit risk.

Despite the absence of actual defaults in a context where most Covid-19 support measures have now come to an end, the Group maintain a conservative provisioning policy in an uncertain environment; in particular in France, with the start of PGE repayments for customers having benefited from a two-year repayment exemption, and in all areas, while the shock from the war in Ukraine is gradually spreading.

1. OVERVIEW

The tables of this note do not lay out the IAS 39 impairment related to financial instruments of insurance subsidiaries. This impairment is presented in the Note 4.3.

Since 2022, the measurement adopted is the accounting outstanding amounts (Balance Sheet and Off-Balance Sheet). For the sake of rationalisation, all the quantitative information related to credit risk is presented in this Note except for the sector breakdown which remains in Note 10.2 (according to the EAD metrics). The sector breakdown will be included in Note 3.8 as of 31 December 2022, using the accounting outstanding amounts metrics and the NACE activity codes.

PRESENTATION OF BALANCE SHEET AND OFF-BALANCE SHEET OUTSTANDING AMOUNTS

In 2022, the Group has refined the identification of the credit-risk bearing financial assets presented in Note 4.4 and has consequently adopted a more granular presentation (Guarantee deposits paid, Other miscellaneous receivables bearing credit risk, Clearing houses bearing credit risk). This revision also made it possible to reduce the “Restatements: excluded items” line.

The opening limit as at 31 December 2021 has been restated with no impact on the amount of provisions and impairments for credit risk.

Table 3.8.A

(In EUR m)		30.06.2022	31.12.2021
Debt instruments at fair value through other comprehensive income	Note 3.3	42,317	43,180
Securities at amortised cost	Note 3.5	19,376	19,371
Due from banks at amortised cost	Note 3.5	82,594	55,972
Due from central banks (1)		180,694	177,510
Customer loans at amortised cost	Note 3.5	503,718	497,164
Guarantee deposits paid	Note 4.4	77,293	77,584
Others		4,428	3,756
o/w other miscellaneous receivables bearing credit risk	*Note 4.4*	*4,137*	*3,494*
o/w due from clearing houses bearing credit risk	*Note 4.4*	*291*	*262*
Net value of accounting outstanding amounts (balance sheet)		**910,420**	**874,537**
Impairment of loans at amortised cost	Note 3.8	11,098	11,357
Gross value of accounting outstanding amounts (balance sheet)		**921,518**	**885,894**
Retreatments: items excluded		(1,540)	(1,325)
o/w insurance - Guarantee deposits paid		*(1,540)*	*(1,303)*
Gross value of accounting amounts (balance sheet) after retreatments		**919,978**	**884,569**
Financing commitments		202,730	192,273
Guarantee commitments		84,625	79,095
Gross value of off balance-sheet accounting amounts		**287,355**	**271,368**
Total of accounting amounts (balance-sheet and off-balance sheet)		**1,207,333**	**1,155,937**

(1) Included in the Cash, due from central banks line.

OUTSTANDING AMOUNTS BY IMPAIRMENT STAGE AND BY ACCOUNTING CATEGORY

Table 3.8.B

	30.06.2022		31.12.2021	
(In EUR m)	**Outstanding amounts**	**Impairment /provisions**	**Outstanding amounts**	**Impairment /provisions**
Financial assets at fair value through other comprehensive income	**42,317**	**8**	**43,180**	**8**
Performing assets outstanding (Stage 1)	42,310	1	43,172	1
Underperforming assets outstanding (Stage 2)	1	1	1	1
Doubtful assets outstanding (Stage 3)	6	6	7	6
Financial assets at amortised cost (1)	**877,661**	**11,098**	**841,389**	**11,357**
Performing assets outstanding (Stage 1)	817,128	1,037	781,295	1,148
Underperforming assets outstanding (Stage 2)	43,935	1,846	43,254	1,674
Doubtful assets outstanding (Stage 3)	16,598	8,215	16,840	8,535
o/w lease financing	***29,333***	***853***	**30,508**	***889***
Performing assets outstanding (Stage 1)	*23,557*	*108*	*24,733*	*113*
Underperforming assets outstanding (Stage 2)	*4,335*	*180*	*4,294*	*184*
Doubtful assets outstanding (Stage 3)	*1,441*	*565*	*1,481*	*592*
Financing commitments	**202,730**	**410**	**192,273**	**427**
Performing assets outstanding (Stage 1)	195,589	158	184,412	165
Underperforming assets outstanding (Stage 2)	6,803	211	7,650	231
Doubtful assets outstanding (Stage 3)	338	41	211	31
Guarantee commitments	**84,625**	**434**	**79,095**	**461**
Performing assets outstanding (Stage 1)	80,268	49	74,398	52
Underperforming assets outstanding (Stage 2)	3,620	103	3,926	82
Doubtful assets outstanding (Stage 3)	737	282	771	327
Total of accounting amounts (balance-sheet and off-balance sheet)	**1,207,333**	**11,950**	**1,155,937**	**12,253**

(1) Including Central Banks for EUR 180,694 million as at 30 June 2022 (versus 177,510 million euros as at 31 December 2021)

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 at the closing date for assets measured at fair value through other comprehensive income as well as for financing and guarantee commitments, this information is not presented below.

ASSETS AT AMORTISED COST: OUTSTANDING AMOUNTS AND IMPAIRMENTS BY BASEL PORTFOLIO

Table 3.8.C

	30.06.2022							
	Assets at amortised cost				Impairment			
(In EUR m)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Sovereign	197,060	392	89	**197,541**	5	3	75	**83**
Institutions	141,557	862	100	**142,519**	10	14	14	**38**
Corporates	283,122	21,413	9,409	**313,944**	589	1,225	4,475	**6,289**
o/w SME	*43,660*	*8,641*	*6,318*	***58,619***	*200*	*392*	*2,128*	***2,720***
Retail	193,922	21,227	6,983	**222,132**	431	602	3,645	**4,678**
o/w VSB	*23,748*	*5,099*	*2,293*	***31,140***	*118*	*221*	*1,332*	***1,671***
Others	1,467	41	17	**1,525**	2	2	6	**10**
Total	**817,128**	**43,935**	**16,598**	**877,661**	**1,037**	**1,846**	**8,215**	**11,098**

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.

ASSETS AT AMORTISED COST: 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.

Table 3.8.E

	30.06.2022							
	Assets at amortised cost				Impairment			
(In EUR m)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
France	426,053	26,859	7,740	**460,652**	475	1,011	3,411	**4,897**
Western European countries (excl. France)	163,470	5,722	2,195	**171,387**	204	200	886	**1,290**
Eastern European countries EU	58,305	4,048	1,088	**63,441**	156	215	638	**1,009**
Eastern Europe excluding EU	3,155	2,859	526	**6,540**	3	156	101	**260**
North America	78,822	1,227	187	**80,236**	26	90	53	**169**
Latin America and Caribbean	7,803	529	264	**8,596**	5	3	92	**100**
Asia-Pacific	39,152	714	566	**40,432**	16	28	305	**349**
Africa and Middle East	40,368	1,977	4,032	**46,377**	152	143	2,729	**3,024**
Total	**817,128**	**43,935**	**16,598**	**877,661**	**1,037**	**1,846**	**8,215**	**11,098**

Over 80% of all financing and guarantee commitments have Western Europe, North America or France as their country of counterparty.

ASSETS AT AMORTISED COST: OUTSTANDING AMOUNTS AND IMPAIRMENTS BY COUNTERPARTY RATING [(1)]

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.

Table 3.8.G

	30.06.2022							
	Assets at amortised cost				Impairment			
(In EUR m)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	54,589	45	-	**54,634**	1	-	-	**1**
2	170,701	145	-	**170,846**	3	2	-	**5**
3	52,102	175	-	**52,277**	8	2	-	**10**
4	84,078	1,094	-	**85,172**	64	7	-	**71**
5	87,429	4,210	-	**91,639**	255	82	-	**337**
6	23,035	10,792	-	**33,827**	191	527	-	**718**
7	3,097	7,727	-	**10,824**	20	481	-	**501**
Default (8, 9, 10)	-	-	9,698	**9,698**	-	-	4,514	**4,514**
Other method	342,097	19,747	6,900	**368,744**	495	745	3,701	**4,941**
Total	**817,128**	**43,935**	**16,598**	**877,661**	**1,037**	**1,846**	**8,215**	**11,098**

(1) The indicative correspondence between the internal rating scale of Societe Generale and the scales of rating agencies is presented in Chapter 4 of Universal Registration Document 2022 (table 15).

2. IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN

Table 3.8.I

(In EUR m)	**Amount as at 31.12.2021**	Allocations	Write-backs available	**Net impairment losses**	**Write-backs used**	**Currency and scope effects**	**Amount as at 30.06.2022**
Financial assets at fair value through other comprehensive income							
Impairment on performing outstandings (Stage 1)	1	-	-	-		-	1
Impairment on underperforming outstandings (Stage 2)	1	-	-	-		-	1
Impairment on doubtful outstandings (Stage 3)	6	-	-	-	-	-	6
Total	**8**	**-**	**-**	**-**	**-**	**-**	**8**
Financial assets measured at amortised cost	-	-	-	-	-	-	-
Impairment on performing assets outstandings (Stage 1)	1,148	480	(442)	38		(149)	1,037
Impairment on underperforming assets outstandings (Stage 2)	1,674	1,002	(742)	260		(88)	1,846
Impairment on doubtful assets outstandings (Stage 3)	8,535	1,946	(1,494)	452	(540)	(232)	8,215
Total	**11,357**	**3,428**	**(2,678)**	**750**	**(540)**	**(469)**	**11,098**
o/w lease financing and similar agreements	***889***	***177***	***(165)***	***12***	***(31)***	***(17)***	***853***
Impairment on performing assets outstandings (Stage 1)	*113*	*25*	*(29)*	*(4)*		*(1)*	*108*
Impairment on underperforming assets outstandings (Stage 2)	*184*	*68*	*(62)*	*6*		*(10)*	*180*
Impairment on doubtful assets outstandings (Stage 3)	*592*	*84*	*(74)*	*10*	*(31)*	*(6)*	*565*

VARIATIONS OF PROVISIONS 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, this information is not presented in the table below.

Table 3.8.J

(In EUR m)	Stage 1	*Of which lease financing receivables*	Stage 2	*Of which lease financing receivables*	Stage 3	*Of which lease financing receivables*	**Total**
Amount as at 31.12.2021	1,148	*113*	1,674	*184*	8,535	*592*	**11,357**
Production & Acquisition (1)	219	*18*	54	*5*	51	*2*	**324**
Derecognition (2)	(106)	*(1)*	(92)	*(1)*	(551)	*(89)*	**(749)**
Transfer from stage 1 to stage 2 (3)	(37)	*(4)*	411	*34*	-	-	**374**
Transfer from stage 2 to stage 1 (3)	19	*2*	(182)	*(20)*	-	-	**(163)**
Transfer to stage 3 (3)	(4)	-	(79)	*(5)*	452	*39*	**369**
Transfer from stage 3 (3)	1	-	14	*1*	(73)	*(14)*	**(58)**
Allocations & Write-backs without stage transfer (3)	(66)	*(18)*	53	*(17)*	11	*37*	**(2)**
Currency effect	76	*1*	18	-	200	*1*	**294**
Scope effect	(212)	*(3)*	(24)	*(1)*	(410)	*(3)*	**(646)**
Other variations	(1)	-	(1)	-	-	-	**(2)**
Amount as at 30.06.2022	**1,037**	***108***	**1,846**	***180***	**8,215**	***565***	**11,098**

(1) The amounts of impairment presented in the Production & Acquisition line 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 AS AT 30 JUNE 2022

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 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).

Table 3.8.K

	Stage 1		Stage 2		Stage 3			
(In EUR m)	Outstanding amounts	Impairment	Outstanding amounts	Impairment	Outstanding amounts	Impairment	**Stock of outstanding amounts transferred as of June 30**	**Stock of impairment associated with transferred outstanding amounts**
Transfer from Stage 1 to Stage 2	(13,925)	(37)	10,554	411	-	-	**10,554**	**411**
Transfer from Stage 2 to Stage 1	6,796	19	(8,180)	(182)	-	-	**6,796**	**19**
Transfer from Stage 3 to Stage 1	201	1	-	-	(224)	(26)	**201**	**1**
Transfer from Stage 3 to Stage 2	-	-	314	14	(337)	(47)	**314**	**14**
Transfer from Stage 1 to Stage 3	(1,337)	(4)	-	-	1,250	257	**1,250**	**257**
Transfer from Stage 2 to Stage 3	-	-	(1,001)	(79)	931	195	**931**	**195**
Currency effect on contracts that change Stage	286	-	55	-	4	-	**345**	**-**

3. CREDIT RISK PROVISIONS

BREAKDOWN

Table 3.8.L

(In EUR m)	**Amount as at 31.12.2021**	Allocations	Write-backs available	**Net impairment losses**	**Currency and scope effects**	**Amount as at 30.06.2022**
Financing commitments						
Provisions on performing assets outstanding (Stage 1)	165	84	(94)	(10)	3	158
Provisions on underperforming assets outstanding (Stage 2)	231	90	(108)	(18)	(2)	211
Provisions on doubtful assets outstanding (Stage 3)	31	48	(56)	(8)	18	41
Total	**427**	**222**	**(258)**	**(36)**	**19**	**410**
Guarantee commitments						
Provisions on performing assets outstanding (Stage 1)	52	23	(26)	(3)	-	49
Provisions on underperforming assets outstanding (Stage 2)	82	51	(28)	23	(2)	103
Provisions on doubtful assets outstanding (Stage 3)	327	72	(86)	(14)	(31)	282
Total	**461**	**146**	**(140)**	**6**	**(33)**	**434**

VARIATIONS OF PROVISIONS ACCORDING TO CHANGES IN THE AMOUNT OF FINANCING AND GUARANTEE COMMITMENTS

Table 3.8.M

	Provisions								
	On financing commitments				On guarantee commitments				Total
(In EUR m)	Stage 1	Stage 2	Stage 3	**Total**	Stage 1	Stage 2	Stage 3	**Total**	
Amount as at 31.12.2021	165	231	31	**427**	52	82	327	**461**	**888**
Production & Acquisition (1)	43	9	4	**56**	9	2	11	**22**	**78**
Derecognition (2)	(29)	(17)	(1)	**(47)**	(7)	(3)	(43)	**(53)**	**(100)**
Transfer from stage 1 to stage 2 (3)	(6)	29	-	**23**	(1)	5	-	**4**	**27**
Transfer from stage 2 to stage 1 (3)	4	(28)	-	**(24)**	1	(7)	-	**(6)**	**(30)**
Transfer to stage 3 (3)	-	(1)	5	**4**	-	-	10	**10**	**14**
Transfer from stage 3 (3)	-	-	(1)	**(1)**	-	-	(6)	**(6)**	**(7)**
Allocations & Write-backs without stage transfer (3)	(23)	(16)	3	**(36)**	(4)	25	(19)	**2**	**(34)**
Currency effect	4	4	-	**8**	1	2	10	**13**	**21**
Scope effect	-	-	-	**-**	(2)	(3)	(9)	**(14)**	**(14)**
Other variations	-	-	-	**-**	-	-	1	**1**	**1**
Amount as at 30.06.2022	**158**	**211**	**41**	**410**	**49**	**103**	**282**	**434**	**844**

(1) The amounts of impairment presented in the Production & 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.

BREAKDOWN OF TRANSFERS BETWEEN STAGES FOR OFF-BALANCE SHEET COMMITMENTS AS AT 30 JUNE 2022

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).

Table 3.8.N

	Financing commitments							
	Stage 1		Stage 2		Stage 3			
(In EUR m)	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	**Stock of commitments transferred as of June 30**	**Stock of impairment associated with transferred outstanding amounts**
Transfer from Stage 1 to Stage 2	(1,676)	(6)	1,358	29	-	-	**1,358**	**29**
Transfer from Stage 2 to Stage 1	1,339	4	(1,804)	(28)	-	-	**1,339**	**4**
Transfer from Stage 3 to Stage 1	7	-	-	-	(10)	-	**7**	**-**
Transfer from Stage 3 to Stage 2	-	-	5	-	(8)	(1)	**5**	**-**
Transfer from Stage 1 to Stage 3	(27)	-	-	-	21	1	**21**	**1**
Transfer from Stage 2 to Stage 3	-	-	(18)	(1)	17	4	**17**	**4**
Currency effect on contracts that change Stage	26	-	71	-	-	-	**97**	**-**

Table 3.8.O

	Guarantee commitments							
	Stage 1		Stage 2		Stage 3			
(In EUR m)	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	**Stock of commitments transferred as of June 30**	**Stock of impairment associated with transferred outstanding amounts**
Transfer from Stage 1 to Stage 2	(732)	(1)	531	5	-	-	**531**	**5**
Transfer from Stage 2 to Stage 1	329	1	(362)	(7)	-	-	**329**	**1**
Transfer from Stage 3 to Stage 1	6	-	-	-	(6)	(2)	**6**	**-**
Transfer from Stage 3 to Stage 2	-	-	9	-	(10)	(4)	**9**	**-**
Transfer from Stage 1 to Stage 3	(110)	-	-	-	106	7	**106**	**7**
Transfer from Stage 2 to Stage 3	-	-	(29)	-	25	3	**25**	**3**
Currency effect on contracts that change Stage	17	-	4	-	-	-	**21**	**-**

4. QUALITATIVE INFORMATION OF CHANGES IN IMPAIRMENT/PROVISIONS ON CREDIT RISK

The variation in credit risk impairment and provisions since 31 December 2021 is mainly linked to:

- Covered losses on Stage 3 loans (EUR 530 million) included in the line Derecognition. This is in line with the Group strategy of non-performing loans (NPL) monitoring, by selling its portfolios of exposures in default situation.

  Uncovered losses amount to EUR 116 million.
- Transfer of loans to Stage 2 due to downgraded ratings, transfer to "sensitive" or 30 days overdue for EUR 12.4 billion. This transfer was linked to the economic environment affected by geopolitical tensions linked to the war in Ukraine and economic uncertainties. It resulted in an increase in impairment and provisions of EUR 401 million mainly including:
  - 37 % on Russian offshore portfolios;
  - 63 % on others.
- Transfer of loans to Stage 3 due to default for EUR 2.4 billion of outstanding amounts. This transfer resulted in an increase in impairment and provisions of EUR 383 million mainly including:
  - 20 % on Russian offshore portfolios;
  - 80% on others.

  Particularly, this variation concerns:
  - EUR 1.4 billion of outstanding amounts for which the impairment and provisions amount to EUR 266 million as at 30 June 2022. These contracts were in Stage 1 as at 31 December 2021;
  - EUR 1.0 billion of outstanding amounts for which the impairment and provisions amount to EUR 202 million as at 30 June 2022. These contracts were in Stage 2 as at 31 December 2021.
- Transfer of loans from Stage 2 to Stage 1, for EUR 8.5 billion. This transfer is particularly linked to the dynamic economic situation in France and Western Europe. This transfer resulted in a decrease in impairment and provisions of EUR 193 million including:
  - 59 % on Corporate portfolio, including 41 % in France;
  - 41 % on Retail portfolio, including 69 % in France.
- The sale of Rosbank and insurance subsidiaries in Russia (see Note 2.1) resulted, excluding currency effect (EUR 217 million in the line Currency effect), a decrease in impairment and provisions of EUR 660 million, included in the line Scope effect.

5. COST OF RISK

Table 3.8.P

(In EUR m)	1st semester of 2022	2021	1st semester of 2021
Net allocation to impairment losses	(750)	(633)	(406)
On financial assets at fair value through other comprehensive income	-	*1*	*1*
On financial assets at amortised cost	*(750)*	*(634)*	*(407)*
Net allocations to provisions	30	9	47
On financing commitments	*36*	*44*	*39*
On guarantee commitments	*(6)*	*(35)*	*8*
Losses not covered on irrecoverable loans	(116)	(193)	(104)
Amounts recovered on irrecoverable loans	62	137	54
Effect from guarantee not taken into account for the calculation of impairment	(4)	(20)	(9)
Total	**(778)**	**(700)**	**(418)**
o/w cost of risk on sound outstanding classified in Stage 1	*(34)*	*(100)*	*(36)*
o/w cost of risk on doubtful loans classified in Stage 2	*(273)*	*350*	*83*
o/w cost of risk on doubtful loans classified in Stage 3	*(471)*	*(950)*	*(465)*

Since 2018 and the application of the IFRS 9 “Financial instruments” standard, the Cost of risk item only includes the income and expenses relating to the recognition of credit risk. Since 2018, the movements affecting provisions for litigations which had previously been allocated to this item have been presented, according to their nature, under the following items: Personnel expenses, Other operating expenses, Interest and similar income and expenses, Income and expenses from other activities or Income taxes.

NOTE 3.9 - FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

1. FINANCIAL ASSETS MEASURED AT AMORTISED COST

Table 3.9.A

	30.06.2022	
(In EUR m)	**Carrying amount**	**Fair value**
Due from banks	82,594	82,595
Customer loans	503,718	497,593
Debt securities	19,376	18,927
Total	**605,688**	**599,115**

Table 3.9.B

	31.12.2021	
(In EUR m)	**Carrying amount**	**Fair value**
Due from banks	55,972	55,971
Customer loans	497,164	497,336
Debt Securities	19,371	19,203
Total	**572,507**	**572,510**

2. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

Table 3.9.C

	30.06.2022	
(In EUR m)	**Carrying amount**	**Fair value**
Due to banks	147,871	147,838
Customer deposits	519,431	519,290
Debt securities issued	133,679	133,688
Subordinated debt	17,074	17,075
Total	**818,055**	**817,891**

Table 3.9.D

	31.12.2021	
(In EUR m)	**Carrying amount**	**Fair value**
Due to banks	139,177	139,186
Customer deposits	509,133	509,067
Debt securities issued	135,324	135,317
Subordinated debt	15,959	15,960
Total	**799,593**	**799,530**

NOTE 4 - OTHER ACTIVITIES

NOTE 4.1 - FEE INCOME AND EXPENSE

Table 4.1.A

	1st semester of 2022			2021			1st semester of 2021		
(In EUR m)	Income	Expense	Net	Income	Expense	Net	Income	Expense	Net
Transactions with banks	**70**	**(48)**	**22**	**161**	**(107)**	**54**	**75**	**(50)**	**25**
Transactions with customers	**1,525**		**1,525**	**3,028**		**3,028**	**1,421**		**1,421**
Financial instruments operations	**1,226**	**(1,225)**	**1**	**2,288**	**(2,379)**	**(91)**	**1,094**	**(1,175)**	**(81)**
Securities transactions	264	(525)	(261)	532	(1,105)	(573)	275	(559)	(284)
Primary market transactions	78		78	213		213	82		82
Foreign exchange transactions and financial derivatives	884	(700)	184	1,543	(1,274)	269	737	(616)	121
Loan and guarantee commitments	**469**	**(187)**	**282**	**894**	**(261)**	**633**	**421**	**(137)**	**284**
Various services	**1,371**	**(596)**	**775**	**2,791**	**(1,095)**	**1,696**	**1,366**	**(534)**	**832**
Asset management fees	155		155	659		659	305		305
Means of payment fees	524		524	921		921	424		424
Insurance product fees	131		131	256		256	132		132
Underwriting fees of UCITS	39		39	93		93	48		48
Other fees	522	(596)	(74)	862	(1,095)	(233)	457	(534)	(77)
Total	**4,661**	**(2,056)**	**2,605**	**9,162**	**(3,842)**	**5,320**	**4,377**	**(1,896)**	**2,481**

NOTE 4.2 - INCOME AND EXPENSE FROM OTHER ACTIVITIES

Table 4.2.A

	1st semester of 2022			2021			1st semester of 2021		
(In EUR m)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Real estate development	31	-	31	79	-	79	42	-	42
Real estate leasing	15	(89)	(74)	40	(56)	(16)	17	(30)	(13)
Equipment leasing (1)	6,161	(4,765)	1,396	11,630	(9,532)	2,098	5,778	(4,810)	968
Other activities	375	(763)	(388)	488	(850)	(362)	223	(341)	(118)
Total	**6,582**	**(5,617)**	**965**	**12,237**	**(10,438)**	**1,799**	**6,060**	**(5,181)**	**879**

(1) The amount recorded under this heading is mainly due to income and expenses related to long-term leasing and vehicle fleet management businesses. Most of the Group's long-term lease agreements are 36-month to 48-month leases.

NOTE 4.3 - INSURANCE ACTIVITIES

1. INSURANCE CONTRACTS RELATED LIABILITIES

BREAKDOWN

Table 4.3.A

(In EUR m)	30.06.2022	31.12.2021
Underwriting reserves of insurance companies	139,728	151,148
Financial liabilities of insurance companies	3,707	4,140
Financial liabilities at fair value through profit or loss	*519*	*520*
Financial liabilities at fair value through profit or loss (fair value option)	*3,188*	*3,620*
Total	**143,435**	**155,288**

UNDERWRITING RESERVES OF INSURANCE COMPANIES

Table 4.3.B

(In EUR m)	30.06.2022	31.12.2021
Life insurance underwriting reserves for unit-linked policies	41,364	44,138
Other life insurance underwriting reserves	94,322	94,280
Non-life insurance underwriting reserves	2,051	2,020
Deferred profit-sharing booked in liabilities	1,991	10,710
Total	**139,728**	**151,148**
Attributable to reinsurers	(698)	(776)
Deferred profit-sharing booked in assets (1)	(407)	-
Underwriting reserves of insurance net of the share attributable to reinsurers	**138,623**	**150,372**

(1) In accordance with the CNC Recommendation of 19 December 2008, a recoverability test was carried out on the provisions for deferred profit-sharing booked as assets, to verify that the deduction of this amount from the future profit-sharing of policyholders is highly probable. The accounting method used to determine the deferred profit-sharing booked as assets takes into account the fair value of the assets compared to their historical value. The recoverability test uses cash flow forecasts relying on different economic scenarios based on historical collection and repurchases; this test is conclusive, as the results achieved do not call for the sale of assets with an unrealised loss. Secondly, cash flows projections were carried out based on a scenario in a deteriorated environment in terms of turnover, market conditions and exit rate. Thus, in a scenario of a rate increase (immediate and maintained over the projection horizon) and a fall in turnover of up to more than 50%, the sales of assets necessary to meet liquidity needs on the projection horizon do not generate capital losses based on the inventory situation.

In accordance with IFRS 4 and Group accounting standards, the Liability Adequacy Test (LAT) was performed as at 30 June 2022. This test assesses whether recognised insurance liabilities are adequate, using current estimates of future cash flows under insurance policies. The result of the test as at 30 June 2022 does not show any insufficiency of technical liabilities.

2. INVESTMENTS OF INSURANCE ACTIVITIES

OVERVIEW

Table 4.3.E

(In EUR m)	30.06.2022	31.12.2021
Financial assets at fair value through profit or loss (trading portfolio)	737	211
Shares and other equity instruments	*13*	*36*
Trading derivatives	*724*	*175*
Financial assets at fair value through profit or loss (fair value option)	76,490	84,448
Bonds and other debt instruments	*30,719*	*34,280*
Shares and other equity instruments	*45,159*	*49,592*
Loans, receivables and repo transactions	*612*	*576*
Hedging derivatives	202	353
Available-for-sale financial assets	80,239	88,486
Debt instruments	*66,225*	*74,084*
Equity instruments	*14,014*	*14,402*
Due from banks [(2)]	4,346	4,771
Customer loans	76	69
Held-to-maturity financial assets	-	22
Real estate investments	531	538
Total investments of insurance activities [(1)] [(2)]	**162,621**	**178,898**

(1) Investments in other Group companies that are made in representation of unit-linked liabilities are kept in the Group's consolidated balance sheet without any significant impact thereon.

(2) o/w EUR 1,278 million of current accounts as at 30 June 2022 after elimination of the intercompany operations versus EUR 1,207 million as at 31 December 2021.

ANALYSIS OF FINANCIAL ASSETS DEPENDING ON THEIR CONTRACTUAL CHARACTERISTICS

The following table shows the carrying value of the financial assets included in Investments from insurance activities, whereby those assets whose contractual conditions give rise to cash-flows on set dates which are solely payments of principal and interest (basic instruments). Basic instruments held among a trading portfolio or those are managed and whose performance is evaluated on a fair value basis *(ie*, financial instruments measured at fair value through profit or loss using fair value option) are presented in the column Other instruments.

Table 4.3.F

	30.06.2022					
	Carrying amount			**Fair value**		
(In EUR m)	Basic instruments	Other instruments	**Total**	Basic instruments	Other instruments	**Total**
Financial assets at fair value through profit or loss	-	77,227	77,227	-	77,227	77,227
Hedging derivatives	-	202	202	-	202	202
Available-for-sale financial assets	62,263	17,976	80,239	62,263	17,976	80,239
Due from banks	2,570	1,776	4,346	2,623	1,803	4,426
Customer loans	76	-	76	76	-	76
Held-to-maturity financial assets	-	-	-	-	-	-
Total financial investments	**64,909**	**97,181**	**162,090**	**64,962**	**97,208**	**162,170**

Table 4.3.G

	31.12.2021					
	Carrying amount			**Fair value**		
(In EUR m)	Basic instruments	Other instruments	**Total**	Basic instruments	Other instruments	**Total**
Financial assets at fair value through profit or loss	-	84,659	84,659	-	84,659	84,659
Hedging derivatives	-	353	353	-	353	353
Available-for-sale financial assets	71,537	16,949	88,486	71,537	16,949	88,486
Due from banks	2,559	2,212	4,771	2,717	2,265	4,982
Customer loans	69	-	69	70	-	70
Held-to-maturity financial assets	22	-	22	22	-	22
Total financial investments	**74,187**	**104,173**	**178,360**	**74,346**	**104,226**	**178,572**

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Table 4.3.H

(In EUR m)	30.06.2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through profit or loss using fair value option	13	719	5	737
Financial assets at fair value through profit or loss using the fair value option	63,417	11,062	2,011	76,490
Hedging derivatives	-	202	-	202
Available-for-sale financial assets	69,261	4,644	6,334	80,239
Total	**132,691**	**16,627**	**8,350**	**157,668**

Table 4.3.I

(In EUR m)	31.12.2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through profit or loss using fair value option	36	174	1	211
Financial assets at fair value through profit or loss using the fair value option	72,819	9,638	1,991	84,448
Hedging derivatives	-	353	-	353
Available-for-sale financial assets	78,236	4,827	5,423	88,486
Total	**151,091**	**14,992**	**7,415**	**173,498**

CHANGES IN AVAILABLE FOR SALE FINANCIAL ASSETS

Table 4.3.J

(In EUR m)	**2022**
Balance as at 1 January	**88,486**
Acquisitions	7,898
Disposals / redemptions	(7,200)
Transfers to held-to-maturity financial assets	-
Change in scope and others	(609)
Gains and losses on changes in fair value recognised directly in equity during the period	(8,349)
Changes in impairment of debt instruments recorded in profit or loss	-
Impairment on equity instruments recognised in profit or loss	(115)
Translation differences	128
Balance as at 30 June	**80,239**

UNREALISED GAINS AND LOSSES ON AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNISED IN OTHER COMPREHENSIVE INCOME

Table 4.3.K

	30.06.2022		
(In EUR m)	**Capital gains**	**Capital losses**	**Net revaluation**
Unrealised gains and losses of insurance companies	**97**	**(565)**	**(468)**
On available-for-sale equity instruments	*2,556*	*(302)*	*2,254*
On available-for-sale debt instruments and assets reclassified as loans and receivables	*1,851*	*(4,169)*	*(2,318)*
Deferred profit-sharing	*(4,310)*	*3,906*	*(404)*

Table 4.3.L

	31.12.2021		
(In EUR m)	**Capital gains**	**Capital losses**	**Net revaluation**
Unrealised gains and losses of insurance companies	**431**	**(82)**	**349**
On available-for-sale equity instruments	*2,892*	*(70)*	*2,822*
On available-for-sale debt instruments and assets reclassified as loans and receivables	*5,904*	*(292)*	*5,612*
Deferred profit-sharing	*(8,365)*	*280*	*(8,085)*

3. NET INCOME FROM INSURANCE ACTIVITIES

The following table shows the breakdown (after eliminating intercompany transactions):

- income and expense from insurance activities and associated investments on a separate line under Net Banking Income: Net income from insurance activities;
- funding costs of insurance activities recorded under Interest and similar expense;
- impairment debt instruments of insurance activities and the deferred profit-sharing recorded under Cost of risk.

Table 4.3.N

(In EUR m)	1st semester of 2022	2021	1st semester of 2021
Net premiums	8,057	15,692	7,866
Net income from investments	392	3,540	1,601
Cost of benefits (including changes in reserves) (1)	(7,404)	(16,984)	(8,303)
Other net technical income (expense)	(67)	(10)	(36)
Net income from insurance activities	**978**	**2,238**	**1,128**
Funding costs	(3)	(5)	(3)
Cost of risk	-	-	-
o/w impairment of debt instruments	-	*2*	*2*
o/w deferred profit-sharing products	-	*(2)*	*(2)*

(1) o/w EUR -156 million in respect of deferred profit-sharing at 30 June 2022.

NOTE 4.4 - OTHER ASSETS AND LIABILITIES

1. OTHER ASSETS

Table 4.4.A

(In EUR m)	30.06.2022	31.12.2021
Guarantee deposits paid [(1)]	77,293	77,584
Settlement accounts on securities transactions	8,927	4,265
o/w due from clearing houses bearing credit risk	*291*	*262*
Prepaid expenses	1,362	1,120
Miscellaneous receivables [(2)]	12,506	8,473
o/w miscellaneous receivables bearing credit risk [(3)]	*4,429*	*3,778*
Miscellaneous receivables - insurance	2,168	1,874
Gross amount	**102,256**	**93,316**
Impairments	(432)	(418)
Credit risk [(3)]	*(292)*	*(284)*
Other risks	*(140)*	*(134)*
Net amount	**101,824**	**92,898**

(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 999 million as at 30 June 2022.

(3) Net value of miscellaneous receivables bearing credit risk amounts to EUR 4,137 million as at 30 June 2022, compared to EUR 3,494 million as at 31 December 2021 (cf. Note 3.8).

2. OTHER LIABILITIES

Table 4.4.B

(In EUR m)	30.06.2022	31.12.2021
Guarantee deposits received [(1)]	81,266	72,668
Settlement accounts on securities transactions	9,403	5,343
Expenses payable on employee benefits	2,356	2,754
Lease liability	2,163	2,318
Deferred income	1,354	1,688
Miscellaneous payables [(2)]	16,513	12,623
Miscellaneous payables - insurance	7,462	8,911
Total	**120,517**	**106,305**

(1) Mainly relates to guarantee deposits received on financial instruments, their fair value is assumed to be the same as their book value net of impairment for credit risk.

(2) Miscellaneous payables primarily include trade payables, fee expense and expense from other activities to be paid.

NOTE 5 - PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

1. PERSONNEL EXPENSES

Table 5.1.A

(In EUR m)	1st semester of 2022	2021	1st semester of 2021
Employee compensation	(3,646)	(6,785)	(3,361)
Social security charges and payroll taxes	(862)	(1,734)	(866)
Net pension expenses - defined contribution plans	(342)	(764)	(372)
Net pension expenses - defined benefit plans	(35)	(136)	(46)
Employee profit-sharing and incentives	(227)	(345)	(146)
Total	**(5,112)**	**(9,764)**	**(4,791)**
Including net expenses from share - based payments	*(84)*	*(197)*	*(49)*

2. DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

Table 5.2.A

(In EUR m)	Provisions as at 31.12.2021	Allocations	Write-backs available	Net allocation	Write-backs used	Actuarial gains and losses	Currency and scope effects	Provisions as at 30.06.2022
Post-employment benefits	**1,711**	41	(33)	**8**	**(30)**	**(344)**	**19**	**1,364**
Other long-term benefits	**422**	231	(27)	**204**	**(39)**	**-**	**1**	**588**
Termination benefits	**168**	75	(26)	**49**	**(14)**	**-**	**(1)**	**202**
Total	**2,301**	347	(86)	**261**	**(83)**	**(344)**	**19**	**2,154**

3. DESCRIPTION OF THE 2022 SHARE-BASED PAYMENT PLANS

2022 SOCIETE GENERALE FREE SHARES PLAN

The table below presents the 2022 free share allocation plan. This plan does not concern the shares allocated under the specific retention and compensation policy for the categories of personnel whose professional activities have an impact on the Group's risk profile and defined in accordance with the European Directive CRD5 applicable since 1 January 2021 (so-called regulated population).

Date of shareholders' agreement	19.05.2020
Date of Board of Directors' decision	10.03.2022
Number of free shares granted	1,214,267
Number of free shares outstanding at 30.06.2022	1,212,039
Vesting period	10.03.2022 - 31.03.2025
Performance conditions [(1)]	Yes
Fair value (% of the share price as at grant date)	85.68%
Method of valuation	Arbitrage

(1) For all the Group, the performance condition is based on the profitability level of Societe Generale group, the Net income, Group share.

2022 SOCIETE GENERALE PERFORMANCE SHARE PLAN

The table below shows the 2022 performance shares plan under the annual employee long-term incentive plan and awards in the context of the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including Chief Executive Officers and Management Committee members).

Date of General Meeting	19.05.2020	
Date of Board Meeting	10.03.2022	
Total number of shares granted	1,881,393	
Vesting dates		
Sub-plan 2	1st instalment	31.03.2025
	2nd instalment	31.03.2026
Sub-plans 3 and 7	1st instalment	28.03.2024
	2nd instalment	31.03.2025
Sub-plan 4		31.03.2025
Sub-plan 5	1st instalment	31.03.2026
	2nd instalment	31.03.2027
Sub-plan 6	1st instalment	31.03.2026
	2nd instalment	31.03.2028
Holding period end dates		
Sub-plan 2	1st instalment	01.10.2025
	2nd instalment	01.10.2026
Sub-plans 3 and 7	1st instalment	01.10.2024
	2nd instalment	01.10.2025
Sub-plan 4		01.10.2025
Sub-plan 5	1st instalment	01.10.2026
	2nd instalment	01.10.2027
Sub-plan 6	1st instalment	01.04.2027
	2nd instalment	01.04.2029
Performance condition (1)	Yes	
Fair Value (in EUR) (2)		
Sub-plan 2	1st instalment	18.38
	2nd instalment	17.42
Sub-plans 3 and 7	1st instalment	19.38
	2nd instalment	18.38
Sub-plan 4		18.38
Sub-plan 5	1st instalment	15.16
	2nd instalment	14.74
Sub-plan 6	1st instalment	9.48
	2nd instalment	9.14

(1) The performance conditions are based on the profitability level of Societe Generale group and its core business or business activity. The specific performance conditions applicable to Executive Board members are yearly detailed in the Universal Registration Document.

(2) The fair value is calculated using the arbitrage method of valuation.

EMPLOYEE SHARE OWNERSHIP PLAN

On 17 May 2022, as part of the Group's employee share ownership policy, Societe Generale offered its employees the opportunity to subscribe to a reserved capital increase at a share price of 18.47 euros, i.e. a 20 percent discount compared to the average market price of the Societe Generale shares during the 20 trading days prior to this date. 12.759.346 shares were subscribed, representing, for the Group, an expense for the financial year 2022 of 44 million euros after taking into account the legal five-year restriction period of the shares.

The valuation model used compares the gain that the employee would have obtained had he immediately received the Societe Generale shares with the notional cost represented for him by the five-year blocking period. The notional cost of this restriction on the disposal of the shares is valuated as the net cost of a cash purchase of Societe Generale shares financed by a five-year open, non-revolving, credit facility, and a five-year forward sale of the same shares. The main market parameters used to valuate this notional restriction cost on the date of attribution are the following:

- average share price of Societe Generale (during the subscription period): EUR 25.08;

- interest rate of a five-year open credit facility applicable to market stakeholders benefiting from the restricted shares: 3.17 %.

The notional cost of the restriction on disposal thus valuated accounts for 12.7 % of the average share price of Societe Generale on the date of attribution.

NOTE 6 - INCOME TAX

1. BREAKDOWN OF THE TAX EXPENSE

Table 6.A

(In EUR m)	1st semester of 2022	2021	1st semester of 2021
Current taxes	(669)	(1,272)	(451)
Deferred taxes	(11)	(425)	(236)
Total	**(680)**	**(1,697)**	**(687)**

RECONCILIATION OF THE DIFFERENCE BETWEEN THE GROUP'S STANDARD TAX RATE AND ITS EFFECTIVE TAX RATE

Table 6.B

	1st semester of 2022		2021		1st semester of 2021	
	%	M EUR	%	M EUR	%	M EUR
Income before tax, excluding net income from companies accounted for using the equity method and impairment losses on goodwill		**491**		**8,143**		**3,244**
Group effective tax rate	**138.38%**		**20.84%**		**21.18%**	
Permanent differences	-2.60%	(13)	0.75%	61	3.54%	115
Differential on securities with tax exemption or taxed at reduced [(1)]	-120.65%	(593)	1.28%	104	0.14%	5
Tax rate differential on profits taxed outside France	10.76%	53	3.13%	255	3.87%	125
Changes in the measurement of deferred tax assets / liabilities [(2)]	-0.06%	(0)	2.41%	196	-0.32%	(10)
Normal tax rate applicable to French companies (including 3.3% national contribution)	25.83%		28.41%		28.41%	

(1) In 2022, this amount includes the effect of the tax treatment of the disposal of Rosbank.

(2) In 2021, this amount includes a EUR 130 million decrease in the unrecognised portion of deferred tax assets for the French tax group.

In compliance with the French tax provisions that define the ordinary corporate tax rate, the latter has been lowered to 25% in 2022 (article 219 of the French tax code), plus the existing national contribution (CSB) of 3.3%, which lead to 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.

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.

2. TAX ASSETS AND LIABILITIES

TAX ASSETS

Table 6.C

(In EUR m)	30.06.2022	31.12.2021
Current tax assets	480	982
Deferred tax assets	3,863	3,830
o/w deferred tax assets on tax loss carry-forwards	*1,693*	*1,719*
o/w deferred tax assets on temporary differences	*2,170*	*2,111*
Total	**4,343**	**4,812**

TAX LIABILITIES

Table 6.D

(In EUR m)	30.06.2022	31.12.2021
Current tax liabilities	738	760
Provisions for tax adjustments	73	76
Deferred tax liabilities	798	741
Total	**1,609**	**1,577**

The Group performs an annual review of its capacity to use tax loss carry-forwards, taking into account the tax system applicable to each tax entity (or tax group) concerned and a realistic forecast of its tax results. For this purpose, the tax results are determined based on the projected performance of the businesses. This performance corresponds to the estimated budget (scenario SG Central) over four years (from 2022 to 2025), extrapolated to 2026, which corresponds to a “normative” year.

As at 30 June 2022, regarding risks due to the war in Ukraine, budget has been revised based on scenario SG Central established by the Group’s economists, assumptions are defined in the note 1.

The tax results also take into consideration the accounting and tax adjustments (including the reversal of the deferred tax assets and liabilities bases on temporary differences) applicable to the entities and jurisdictions concerned. These adjustments are determined on the basis of historical tax results and on the Group's tax expertise. An extrapolation of the tax results is performed from 2026 on and over a timeframe considered reasonable and depending on the nature of the activities carried out within each tax entity.

On principle, the appreciation of the macro-economic factors selected and the internal estimates used to determine the tax results involve risks and uncertainties about their materialisation over the estimated timeframe for the absorption of the losses. These risks and uncertainties are especially related to possible changes in the applicable tax rules (computation of the tax result, as well as allocation rules for tax loss carry-forwards) or materialisation of the assumptions selected. These uncertainties are mitigated by robustness tests of the budgetary and strategic assumptions, in line with the uncertainties related to the war in Ukraine and its economic consequences.

The updated projections show that the Group’s activated tax loss-carry forwards may likely be used against its future taxable income.

3. DEFERRED TAX ASSETS RECOGNISED ON TAX LOSS CARRY-FORWARDS AND DEFERRED TAX ASSETS NOT RECOGNISED

As at 30 June 2022, 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:

Table 6.E

(In EUR m)	30.06.2022	Statutory time limit on carry-forwards	Expected recovery period
Total deferred tax assets relating to tax loss carry-forwards	**1,693**	**-**	**-**
o/w French tax group	*1,551*	*Unlimited* [(1)]	*9 years*
o/w US tax group	*129*	*20 years* [(2)]	*7 years*
Others	*13*	-	-

(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.

Table 6.F

(In EUR m)	30.06.2022	31.12.2021
French tax group	520	520
US tax group	318	291
SG Singapore	87	82
SG de Banques en Guinée Equatoriale [(1)]	38	40
SG Kleinwort Hambros Limited	30	33

(1) Including EUR 10 million of tax carry forward and EUR 28 million of temporary differences as at 30 June 2022, versus respectively EUR 9 and EUR 31 million as at 31 December 2021.

NOTE 7 - SHAREHOLDERS’ EQUITY

NOTE 7.1 - TREASURY SHARES AND SHAREHOLDERS’ EQUITY ISSUED BY THE GROUP

1. ORDINARY SHARES AND CAPITAL RESERVES

Table 7.1.A

(In EUR m)	**30.06.2022**	**31.12.2021**
Issued capital	1,046	1,067
Issuing premiums and capital reserves	21,125	21,513
Elimination of treasury stock	(436)	(667)
Total	**21,735**	**21,913**

ORDINARY SHARES ISSUED BY SOCIETE GENERALE S.A.

Table 7.1.B

(Number of shares)	**30.06.2022**	**31.12.2021**
Ordinary shares	837,124,432	853,371,494
Including treasury stock with voting rights [(1)]	*6,079,156*	*22,209,068*
Including shares held by employees	*69,412,078*	*67,299,221*

(1) Excluding Societe Generale shares held for trading purposes or in respect of the liquidity contract.

As at 31 December 2021, 16,247,062 Societe Generale shares were acquired on the market at a cost price of EUR 468 million, for the purpose of cancellation, in accordance with the decision of the General Meeting of 19 May 2021. The capital reduction by cancellation of securities was carried out on 1 February 2022.

As at 30 June 2022, Societe Generale S.A.’s fully paid up capital amounted to EUR 1,046,405,540 and was made up of 837,124,432 shares with a nominal value of EUR 1.25.

As at 17 May 2022, as part of the Group’s employee share ownership policy (see Note 5), Societe Generale offered its employees the opportunity to subscribe to a reserved capital increase. 12.759.346 shares were subscribed. The capital increase was carried out on 18 July 2022.

2. TREASURY STOCK

As at 30 June 2022, the Group held 13,397,303 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 1.6% of the capital of Societe Generale S.A.

The amount deducted by the Group from its equity for treasury shares (and related derivatives) came to EUR 436 million, including EUR 249 million in shares held for trading activities.

The change in treasury stock over 2022 breaks down as follows:

Table 7.1.C

(In EUR m)	**Liquidity contract**	**Trading activities**	**Treasury stock and active management of shareholders' equity**	**Total**
Disposals net of purchases	-	(209)	440	**231**
Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders' equity	-	(13)	(58)	**(71)**

3. SHAREHOLDERS' EQUITY ISSUED BY THE GROUP

As at 30 June 2022, the amount of equity instruments issued by the Group is EUR 7,534 million. There was no change during the first half of 2022.

NOTE 7.2 - EARNINGS PER SHARE AND DIVIDENDS

1. EARNINGS PER SHARE

Table 7.2.A

(In EUR m)	1st semester of 2022	2021	1st semester of 2021
Net income, Group share	(640)	5,641	2,253
Attributable remuneration to subordinated and deeply subordinated notes	(278)	(586)	(305)
Issuance fees related to subordinated and deeply subordinated notes	-	(4)	(4)
Net income attributable to ordinary shareholders	**(918)**	**5,051**	**1,944**
Weighted average number of ordinary shares outstanding (1)	831,083,824	846,261,490	849,905,108
Earnings per ordinary share *(in EUR)*	**(1.10)**	**5.97**	**2.29**
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	831,083,824	846,261,490	849,905,108
Diluted earnings per ordinary share *(in EUR)*	**(1.10)**	**5.97**	**2.29**

(1) Excluding treasury shares.

2. DIVIDENDS PAID

Table 7.2.B

	1st semester of 2022			2021		
(In EUR m)	**Group Share**	**Non-controlling interests**	**Total**	**Group Share**	**Non-controlling interests**	**Total**
Paid in shares	-	-	-	-	-	-
Paid in cash	(1,371)	(574)	(1,945)	(468)	(193)	(661)
Total	**(1,371)**	**(574)**	**(1,945)**	**(468)**	**(193)**	**(661)**

NOTE 8 - ADDITIONAL DISCLOSURES

NOTE 8.1 - SEGMENT REPORTING

Segment income takes intra-group transactions into account, while these transactions are eliminated from segment assets and liabilities.

Table 8.1.A

	1st half of 2022										
		International Retail Banking and Financial Services				Global Banking and Investor Solutions					
(In EUR m)	**French Retail Banking ***	International Retail Banking	Financial Services	Insurance	Total	Global Markets and Investors Services	Financing and advisory	Asset manage-ment *	Total	**Corporate Centre (1)**	**Total Societe générale group**
Net banking income	4,444	2,613	1,412	502	4,527	3,707	1,611	-	5,318	57	14,346
Operating expenses (2)	(3,233)	(1,478)	(539)	(211)	(2,228)	(2,692)	(1,045)	-	(3,737)	(589)	(9,787)
Gross operating income	**1,211**	**1,135**	**873**	**291**	**2,299**	**1,015**	**566**	**-**	**1,581**	**(532)**	**4,559**
Cost of risk	(68)	(396)	(26)	-	(422)	3	(266)	-	(263)	(25)	(778)
Operating income	**1,143**	**739**	**847**	**291**	**1,877**	**1,018**	**300**	**-**	**1,318**	**(557)**	**3,781**
Net income from investments accounted for using the equity method	2	(1)	-	-	(1)	3	-	-	3	-	4
Net income / expense from other assets (4)	3	10	-	-	10	-	-	-	-	(3,303)	(3,290)
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	-	-
Earnings before Tax	**1,148**	**748**	**847**	**291**	**1,886**	**1,021**	**300**	**-**	**1,321**	**(3,860)**	**495**
Income tax	(297)	(193)	(192)	(76)	(461)	(234)	(21)	-	(255)	333	(680)
Consolidated Net Income	**851**	**555**	**655**	**215**	**1,425**	**787**	**279**	**-**	**1,066**	**(3,527)**	**(185)**
Non-controlling interests	(1)	205	125	1	331	22	-	-	22	103	455
Net income, Group Share	**852**	**350**	**530**	**214**	**1,094**	**765**	**279**	**-**	**1,044**	**(3,630)**	**(640)**
Segment assets	**303,865**	**128,611**	**43,258**	**165,855**	**337,724**	**555,183**	**170,441**	**-**	**725,624**	**171,411**	**1,538,624**
Segment liabilities (3)	**312,861**	**92,321**	**15,054**	**154,177**	**261,552**	**695,923**	**70,165**	**-**	**766,088**	**128,013**	**1,468,514**

Table 8.1.B

(In EUR m)	2021										
	French Retail Banking *	International Retail Banking and Financial Services				Global Banking and Investor Solutions				Corporate Centre (1)	Total Societe Générale group
		Inter-national Retail Banking	Financial Services	Insurance	Total	Global Markets and Investors Services *	Financing and advisory *	Asset manage-ment *	Total *		
Net banking income	8,489	5,000	2,154	963	8,117	5,650	2,929	239	8,818	374	25,798
Operating expenses (2)	(6,248)	(2,914)	(916)	(373)	(4,203)	(4,301)	(1,765)	(184)	(6,250)	(889)	(17,590)
Gross operating income	**2,241**	**2,086**	**1,238**	**590**	**3,914**	**1,349**	**1,164**	**55**	**2,568**	**(515)**	**8,208**
Cost of risk	(125)	(429)	(75)	-	(504)	(2)	(63)	-	(65)	(6)	(700)
Operating income	**2,116**	**1,657**	**1,163**	**590**	**3,410**	**1,347**	**1,101**	**55**	**2,503**	**(521)**	**7,508**
Net income from investments accounted for using the equity method	1	-	-	-	-	4	-	-	4	1	6
Net income / expense from other assets (4)	23	18	1	(1)	18	(8)	(1)	-	(9)	603	635
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	(114)	(114)
Earnings before Tax	**2,140**	**1,675**	**1,164**	**589**	**3,428**	**1,343**	**1,100**	**55**	**2,498**	**(31)**	**8,035**
Income tax	(592)	(405)	(270)	(165)	(840)	(284)	(155)	(13)	(452)	187	(1,697)
Consolidated Net Income	**1,548**	**1,270**	**894**	**424**	**2,588**	**1,059**	**945**	**42**	**2,046**	**156**	**6,338**
Non-controlling interests	(2)	334	169	3	506	27	1	-	28	165	697
Net income, Group Share	**1,550**	**936**	**725**	**421**	**2,082**	**1,032**	**944**	**42**	**2,018**	**(9)**	**5,641**
Segment assets	**299,249**	**135,993**	**41,362**	**181,148**	**358,503**	**505,796**	**149,202**	**315**	**655,313**	**151,384**	**1,464,449**
Segment liabilities (3)	**304,877**	**101,650**	**13,834**	**166,055**	**281,539**	**636,754**	**57,221**	**31**	**694,006**	**113,164**	**1,393,586**

Table 8.1.C

	1st half of 2021										
		International Retail Banking and Financial Services				Global Banking and Investor Solutions					
(In EUR m)	French Retail Banking *	Inter-national Retail Banking	Financial Services	Insurance	Total	Global Markets and Investors Services *	Financing and advisory *	Asset manage-ment *	Total *	Corporate Centre (1)	Total Societe Générale group
Net banking income	4,103	2,418	959	474	3,851	3,040	1,355	104	4,499	53	12,506
Operating expenses (2)	(3,058)	(1,451)	(449)	(200)	(2,100)	(2,395)	(908)	(88)	(3,391)	(306)	(8,855)
Gross operating income	**1,045**	**967**	**510**	**274**	**1,751**	**645**	**447**	**16**	**1,108**	**(253)**	**3,651**
Cost of risk	(137)	(228)	(35)	-	(263)	-	(18)	-	(18)	-	(418)
Operating income	**908**	**739**	**475**	**274**	**1,488**	**645**	**429**	**16**	**1,090**	**(253)**	**3,233**
Net income from investments accounted for using the equity method	3	-	-	-	-	2	-	-	2	-	5
Net income / expense from other assets (4)	4	5	-	1	6	1	-	(1)	-	1	11
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	-	-
Earnings before Tax	**915**	**744**	**475**	**275**	**1,494**	**648**	**429**	**15**	**1,092**	**(252)**	**3,249**
Income tax	(252)	(183)	(110)	(77)	(370)	(149)	(73)	(3)	(225)	160	(687)
Consolidated Net Income	**663**	**561**	**365**	**198**	**1,124**	**499**	**356**	**12**	**867**	**(92)**	**2,562**
Non-controlling interests	(3)	138	70	2	210	14	-	-	14	88	309
Net income, Group Share	**666**	**423**	**295**	**196**	**914**	**485**	**356**	**12**	**853**	**(180)**	**2,253**
Segment assets	**292,398**	**134,394**	**39,729**	**174,216**	**348,339**	**569,138**	**137,535**	**635**	**707,308**	**144,564**	**1,492,609**
Segment liabilities (3)	**299,089**	**98,944**	**13,623**	**159,783**	**272,350**	**688,753**	**51,504**	**205**	**740,462**	**112,072**	**1,423,973**

* *Following the steering changes at the end of 2021 resulting from the sale of Lyxor, Private Banking is part of the pillar French Retail Banking since 1 January 2022. The 2021 data have been restated mainly to reflect this transfer.*

(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.*

(2) *These amounts include Personnel expenses, Other operating expenses and Amortisation, depreciation and impairment of tangible and intangible fixed assets.*

Societe Generale group Total (In EUR m)	***1st semester of 2022***	***2021***	***1st semester of 2021***
Personnel expenses	*(5,113)*	*(9,764)*	*(4,791)*
Other operating expenses	*(3,904)*	*(6,181)*	*(3,269)*
Amortisation depreciation and impairment of tangible and intangible fixed assets	*(770)*	*(1,645)*	*(795)*
Operating expenses	***(9,787)***	***(17,590)***	***(8,855)***

(3) *Segment liabilities correspond to debts (i.e. total liabilities excluding equity).*

(4) *The Net income / expense from other assets items for the first semester of 2022 includes the impacts of the sale of Rosbank and the Group's insurance subsidiaries in Russia (see Note 2.1).*

NOTE 8.2 - OTHER OPERATING EXPENSES

Table 8.2.A

(In EUR m)	1st semester of 2022	2021	1st semester of 2021
Rentals	(158)	(323)	(144)
Taxes and levies	(1,265)	(993)	(925)
Data & telecom (excluding rentals)	(1,234)	(2,371)	(1,113)
Consulting fees	(628)	(1,157)	(499)
Other	(619)	(1,337)	(588)
Total	**(3,904)**	**(6,181)**	**(3,269)**

CONTRIBUTION TO BANK RESOLUTION MECHANISMS

The European regulatory framework designed to enhance financial stability was updated by the Directive 2014/59/UE of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (Bank Recovery and Resolution Directive).

The European Regulation UE n°806/2014 of 15 July 2014 then determined the financing means of resolution mechanisms within the European Banking Union through the establishment of a Single Resolution Fund (SRF). In addition to this instrument, the National Resolution Fund (NRF) exists for institutions subject to this resolution mechanisms, but that have no SRF.

The 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 2022, the Group's contributions to the SRF and the NRF were as follows:

- cash contributions (85%) for a total of 863 million of euros (versus 586 million euros in 2021) of which 811 million of euros for the SRF and 52 million of euros for the NRF. These contributions are non-tax-deductible in France and have been recorded in the income statement in Other administrative expenses, among Taxes and levies;
- irrevocable payment commitments (15%) backed by a cash collateral for 142 million of euros related to the SRF (versus 96 million euros in 2021) recorded as an asset in the balance sheet, among Other assets.

NOTE 8.3 - PROVISIONS

OVERVIEW

Table 8.3.A

(In EUR m)	**Provisions as at 31.12.2021**	Allocations	Write-backs available	**Net allocation**	**Write-backs used**	**Currency and others**	**Provisions as at 30.06.2022**
Provisions for credit of risk on off balance sheet commitments (see Note 3.8)	**888**	368	(398)	**(30)**	**-**	**(14)**	**844**
Provisions for employee benefits (see Note 5)	**2,301**	347	(86)	**261**	**(83)**	**(325)**	**2,154**
Provisions for mortgage savings plans and accounts commitments	**316**	-	(95)	**(95)**	**-**	**1**	**222**
Other provisions	**1,345**	603	(243)	**360**	**(26)**	**15**	**1,694**
Total	**4,850**	**1,318**	**(822)**	**496**	**(109)**	**(323)**	**4,914**

Other provisions include provisions for restructuring, provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.

Each quarter the Group carries out a detailed examination of the outstanding disputes which present a significant risk. The description of those disputes is provided in Note 9 “Information on risks and litigation”.

NOTE 9 - INFORMATION ON RISKS AND LITIGATION

Every quarter, the Group reviews in detail the disputes presenting a significant risk. These disputes may lead to the recording of a provision if it becomes probable or certain that the Group will incur an outflow of resources for the benefit of a third party without receiving at least the equivalent value in exchange. These provisions for litigations are classified among the Other provisions included in the Provisions item in the liabilities of the balance-sheet.

No detailed information can be disclosed on either the recording or the amount of a specific provision given that such disclosure would likely seriously prejudice the outcome of the disputes in question.

- On 24 October 2012, the Court of Appeal of Paris confirmed the first judgment delivered on 5 October 2010, finding J. Kerviel guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. J. Kerviel was sentenced to serve a prison sentence of five years, two years of which are suspended, and was ordered to pay EUR 4.9 billion in damages to the bank. On 19 March 2014, the Supreme Court confirmed the criminal liability of J. Kerviel. This decision puts an end to the criminal proceedings. On the civil front, on 23 September 2016, the Versailles Court of Appeal rejected J. Kerviel's request for an expert determination of the damage suffered by Societe Generale, and therefore confirmed that the net accounting losses suffered by the Bank as a result of his criminal conduct amount to EUR 4.9 billion. It also declared J. Kerviel partially responsible for the damage caused to Societe Generale and sentenced him to pay to Societe Generale EUR 1 million. Societe Generale and J. Kerviel did not appeal before the Supreme Court. Societe Generale considers that this decision has no impact on its tax situation. However, as indicated by the Minister of the Economy and Finance in September 2016, the tax authorities have examined the tax consequences of this book loss and indicated that they intended to call into question the deductibility of the loss caused by the actions of J. Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by an adjustment notice sent by the tax authorities when Societe Generale is in a position to deduct the tax loss carry forwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the bank's forecasts. In view of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'Etat*) and its established case law which was recently confirmed again in this regard, Societe Generale considers that there is no need to provision the corresponding deferred tax assets. In the event that the authorities decide, in due course, to confirm their current position, Societe Generale group will not fail to assert its rights before the competent courts. By a decision handed down on the 20 September 2018, the Investigation Committee of the reviewing and reassessment Criminal Court has furthermore declared inadmissible the request filed in May 2015 by J. Kerviel against his criminal sentence, confirming the absence of any new element or fact that could justify the reopening of the criminal file.

- Between 2003 and 2008, Societe Generale set up gold consignment lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold stocks held by Goldas. These suspicions were rapidly confirmed following the failure by Goldas to pay or refund gold worth EUR 466.4 million. Societe Generale brought civil proceedings against its insurers and various Goldas Group entities. Goldas launched various proceedings in Turkey and in the UK against Societe Generale. In the action brought by Societe Generale against Goldas in the UK, Goldas applied to have the action of SG struck-out and applied to the UK court for damages. On 3 April 2017, the UK court granted both applications and will, after an inquiry into damages, rule on the amount due to Goldas, if any. On 15 May 2018, the Court of Appeal discharged entirely the inquiry into damages granted by the High Court to Goldas but rejected Societe Generale's arguments relating to service of the claims issued against Goldas, which are therefore time-barred. On 18 December 2018, the Supreme Court refused permission to appeal to both Societe Generale and Goldas. On 16 February 2017, the Paris Commercial Court dismissed Societe Generale's claims against its insurers.

- In the early 2000s, the French banking industry decided to transition to a new digital system in order to streamline cheque clearing. To support this reform (known as EIC - *Echange d'Images Chèques*), which has contributed to the improvement of cheque payments security and to the fight against fraud, the banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities.

On 20 September 2010, the French competition authority ruled that the joint implementation and the setting of the amount of the CEIC and of two additional fees for related services were in breach of competition law. The authority fined all the participants to the agreement (including the Banque de France) a total of approximately EUR 385 million. On 2 December 2021, after several years of proceedings and two decisions of the Supreme Court, the Paris Court of Appeal overturned the decision of the French competition authority and ruled that (i) it was not proven that the establishment of the CEIC and the fees for related services on AOCT (cancellation of wrongly cleared transactions) as well as their collection had infringed the provisions of Article L. 420-1 of the French Commercial Code and of Article 101 of the Treaty on the Functioning of the European Union and, (ii) that its decision was giving rise to a right of restitution of the sums paid in execution of the overturned decision, namely approximatively EUR 53.5 million for Societe Generale and approximatively 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 new proceeding before the Supreme Court is still pending.

- In August 2009, Societe Generale Private Banking (Switzerland) ("SGPBS"), along with several other financial institutions, was named as a defendant in a putative class action that was ultimately transferred to the US District Court for the Northern District of Texas. The plaintiffs sought to represent a class of individuals who were customers of Stanford International Bank Ltd. (SIBL), with money on deposit at SIBL and/or holding Certificates of Deposit issued by SIBL as of 16 February 2009. The plaintiffs alleged that they suffered losses as a result of fraudulent activity at SIBL and the Stanford Financial Group or related entities, and that the defendants were responsible for those alleged losses. The plaintiffs further sought to recoup payments made through or to the defendants on behalf of SIBL or related entities on the basis that they were alleged to have been fraudulent transfers. The Official Stanford Investors Committee (OSIC) was permitted to intervene and filed a complaint against SGPBS and the other defendants seeking similar relief. Following motions to dismiss, the Court ultimately in April 2015 permitted the substantial majority of the claims to proceed.

  On 7 November 2017, the District Court denied the plaintiffs' motion for class certification. On 3 May 2019, several hundred individual plaintiffs filed motions to intervene in the pending OSIC action seeking recovery in their individual capacities for losses on their Stanford investments. By order of 18 September 2019 the court denied the motions to intervene. One group of plaintiffs appealed the denial, which was rejected by the court of appeal on 3 February 2021, and the remaining group of plaintiffs initiated a separate action in Texas state court in Houston in November 2019, now pending in the Southern District of Texas.

  On 12 February 2021, all parties in the litigation filed motions for summary judgment. SGPBS seeks dismissal of all pending claims, and OSIC, renewing a prior unsuccessful motion for summary judgement seeks return of a USD 95 million transfer to SGPBS in 2008. Discovery has been completed.

  On 19 January 2022, the US District Court for the Northern District of Texas asked the Judicial Panel for Multidistrict Litigation to remand the case to US District Court for the Southern District of Texas in Houston, where it was originally filed, for further proceedings, including trial. The following day, on 20 January 2022, the US District Court for the Northern District of Texas ruled on the pending motions for summary judgment denying SGPBS's and OSIC's motions. The case was formally remanded to the Southern District of Texas in Houston by order of 28 January 2022, and that court has set February 27, 2023, as the date on which the trial will commence.

- 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") the dismissal on 30 November 2021 of the legal proceedings brought by the DOJ in this matter (see chapter 4.11 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.

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 antitrust and state law claims against Societe Generale. In the other action, brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange on 27 September 2019, plaintiff filed a motion for class certification. On 25 September 2020, the District Court granted defendants' motion for judgment on the pleadings and dismissed plaintiffs' remaining claims. Plaintiff has appealed to the Second Circuit.

As to Euribor, the District Court dismissed all claims against Societe Generale in the putative class action and denied the plaintiffs' motion to file a proposed amended complaint. Plaintiffs have appealed those rulings to the Second Circuit.

In Argentina, Societe Generale, along with other financial institutions, has been named as a defendant in litigation brought by a consumer association on behalf of Argentine consumers who held government bonds or other specified instruments that paid interest tied to US Dollar Libor. The allegations concern violations of Argentine consumer protection law in connection with alleged manipulation of the US Dollar Libor rate. Societe Generale has not yet been served with the complaint in this matter.

- Beginning on 15 January 2019, Societe Generale and SG Americas Securities, LLC, along with other financial institutions, were named in three putative antitrust class actions in the US District Court in Manhattan, which were consolidated. Plaintiffs alleged that the USD ICE Libor panel banks conspired to make artificially low submissions to that benchmark in order to profit on their trading in derivatives tied to USD ICE Libor. Plaintiffs were seeking to certify a class comprised of US residents (individuals and entities) that transacted with a defendant in floating rate debt instruments or interest rate swaps tied to USD ICE Libor and received a payment at any time between 1 February 2014 to the present, regardless of when the instrument was purchased. By order dated 26 March 2020, the District Court dismissed the action. Plaintiffs appealed that ruling. On 6 April 2021, the Second Circuit permitted a new proposed class representative to intervene as a plaintiff in the appeal. The original proposed class representatives withdrew from the action. On 14 February 2022, the Second Circuit dismissed the remaining plaintiff's appeal for lack of standing leaving undisturbed the District Court's dismissal. This litigation is now concluded.
- Societe Generale, along with several other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with foreign exchange spot and derivatives trading. The action was brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. Societe Generale reached a settlement of USD 18 million, which was approved by the Court on 6 August 2018. On 7 November 2018, a group of individual entities that elected to opt out of the settlement filed a lawsuit against SG, SG Americas Securities, LLC and several other financial institutions. SG Americas Securities, LLC was dismissed by order dated 28 May 2020. Discovery is proceeding as to SG and the other remaining defendants. On 11 November 2020, Societe Generale was named, along with several other banks, in a UK action alleging collusion in the market for FX instruments. The action has been transferred to the Competition Appeal Tribunal. Societe Generale is defending the action.
- On 10 December 2012, the French Supreme Administrative Court (Conseil d'Etat) rendered two decisions confirming that the "*précompte* tax" which used to be levied on corporations in France does not comply with EU law and defined a methodology for the reimbursement of the amounts levied by the tax authorities. However, such methodology considerably reduces the amount to be reimbursed. Societe Generale purchased in 2005 the "*précompte* tax" claims of two companies (Rhodia and Suez, now ENGIE) with a limited recourse on the selling companies. One of the above decisions of the French Supreme Administrative Court relates to Rhodia. Societe Generale has brought proceedings before the French administrative courts.

  Several French companies applied to the European Commission, who considered that the decisions handed down by the French Supreme Administrative Court on 10 December 2012, which was supposed to implement the decision rendered by the Court of Justice of the European Union C-310/09 on

15 September 2011, infringed a number of principles of European law. The European Commission subsequently brought infringement proceedings against the French Republic in November 2014, and since then confirmed its position by publishing a reasoned opinion on 28 April 2016 and by referring the matter to the Court of Justice of the European Union on 8 December 2016. The Court of Justice of European Union rendered its judgement on 4 October 2018 and sentenced France for failure by the French Supreme Administrative Court to disregard the tax on EU sub-subsidiaries in order to secure the withholding tax paid in error as well as on the absence of any preliminary question. With regard to the practical implementation of the decision, Societe Generale has continued to assert its rights with the competent courts and the tax authorities, which it expects to be treated diligently and in accordance with the law. On 23 June 2020, the Administrative Court of Appeal of Versailles issued a ruling in favour of Societe Generale on our 2002 and 2003 Suez claims, followed by an enforcement in our favour. The judgment of Versailles held that the advance payment was not compatible with the Parent-Subsidiary Directive: the French Supreme Administrative Court, which had also received a request for a priority question of constitutionality, also pointed out that the advance payment was incompatible with Article 4 of the Parent-Subsidiary Directive but that a question should be referred to the ECJ for a preliminary ruling in order to ascertain this. The Court of Luxembourg has confirmed on 12 May 2022 that the "*précompte*" was incompatible with the Parent-Subsidiary Directive.

- Societe Generale, along with other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with its involvement in the London Gold Market Fixing. The action is brought on behalf of persons or entities that sold physical gold, sold gold futures contracts traded on the CME, sold shares in gold ETFs, sold gold call options traded on CME, bought gold put options traded on CME, sold over-the-counter gold spot or forward contracts or gold call options, or bought over-the-counter gold put options. Societe Generale, along with three other defendants, has reached a settlement to resolve this action for USD 50 million. By order dated 13 January 2022, the Court granted preliminary approval of the settlement. The final fairness hearing has been scheduled for 5 August 2022. Although Societe Generale's share of the settlement is not public, it was not material from a financial perspective. Societe Generale, along with other financial institutions, is also named as a defendant in two putative class actions in Canada (in the Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims. Societe Generale is defending the claims.

- Since August 2015, various former and current employees of the Societe Generale 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.

  SGSS GmbH was informed by the Bonn District Court on 19 June 2019 that criminal proceedings had been initiated against two individuals who were employed by a company having previously advised this fund, the latter being suspected by the German prosecutors to have been involved in potentially fraudulent CumEx transactions. On 19 August 2019, the Bonn District Court ordered SGSS GmbH to join these criminal proceedings as a "secondary party". By order of 16 March 2020, the Bonn District Court, with consent of the Cologne Prosecutors, released SGSS GmbH as a secondary party immediately. In addition to being subject to investigations or criminal proceedings, SG Group entities may be exposed to claims by third parties, including German tax offices, and become party to legal disputes 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 SG entities indirectly from BLMIS through so-called "feeder funds" that were invested in BLMIS and from which the SG entities received redemptions. The suit alleges that the amounts that the SG entities received are avoidable and recoverable under the US Bankruptcy Code and New York state law. The BLMIS Trustee seeks to recover, in the aggregate, approximately USD 150 million from the SG entities. The SG entities are defending the action. In decisions dated 22 November 2016 and 3 October 2018, the Court rejected most of the claims brought by the BLMIS Trustee. The Trustee appealed to the US Court of Appeals for the Second Circuit. By order dated 25 February 2019, the Second Circuit vacated the judgements and remanded for further proceedings. On 1 June 2020, the United States Supreme Court denied Defendant-Appellees' petition for a writ of certiorari. The case is now before the Bankruptcy Court for further proceedings. The SG defendants filed a motion to dismiss on April 29, 2022.
- 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.
- On 9 November 2020, Societe Generale was named as a defendant, together with another bank, in similar Helms-Burton litigation filed in the US District Court in Manhattan (Pujol I) by the purported heirs of former owners, and personal representatives of estates of heirs or former owners, of Banco Pujol, a Cuban bank alleged to have been confiscated by the Cuban government in 1960. On 27 January 2021, Societe Generale filed a motion to dismiss. In response, as permitted by the judge's rules, plaintiffs chose to file an amended complaint and did so on 26 February 2021. Societe Generale filed a motion to dismiss to dismiss the amended complaint on 19 March 2021, which was granted by the court on 24 November 2021. The court 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.
- On 5 June 2020, a shareholder of Societe Generale filed a derivative action in New York State court against 39 current and former directors and officers of the Bank. The complaint alleges that a 2009 written agreement with US banking regulators required the Bank to implement and maintain an effective anti-money laundering compliance and transaction monitoring system. According to the complaint, the Bank failed to do so, leading to penalties and forfeitures imposed in November 2018 by a number of federal and New York state agencies and criminal authorities relating to US sanctions and anti-money laundering laws. The complaint makes claims for, among other things, breaches of duty related to these matters. On 1 November 2021, a motion to dismiss on a variety of grounds was filed. Thereafter, the parties stipulated to the voluntary dismissal with prejudice of the action, with each party bearing its own costs. By order dated 2 December 2021, the court dismissed the action.
- On 15 October 2020, Vestia brought proceedings against Societe Generale before the High Court of England regarding the conditions pursuant to which Vestia contracted derivative products with Societe Generale between 2008 and 2011. Vestia claims that these transactions were outside of its capacity

and alleges they were induced by corruption. Vestia seeks to rescind the transactions and recover the amounts paid to Societe Generale pursuant to these transactions. On 8 January 2021, Societe Generale filed its Statement of Defence and Counterclaim. On 11 October 2021, Societe Generale and Vestia reached an agreement to put an end to this dispute without any admission of liability for Societe Generale.

- On 1 June 2021, a shareholder of Societe Generale initiated an action designated by him as a “derivative action” (‘action ut singuli’) before the Commercial Court of Paris against the CEO of the company (‘Directeur Général’), Mr. Frédéric Oudéa. Plaintiff is seeking an order that Mr. Oudéa pay to Societe Generale an amount equal to fines paid to the U.S. and French treasuries under the convention judiciaire d’intérêt public of May 24, 2018 between Societe Generale and the Financial Public Prosecutor (the "CJIP") and the Deferred Prosecution Agreement of June 5, 2018 between Societe Generale and the United States Department of Justice (the "DPA").

  Societe Generale voluntarily joined these proceedings at the first procedural hearing in order to seek the dismissal of the claims made by the plaintiff. Thereafter, the plaintiff filed a brief asking the court to dismiss the case with prejudice, and the parties asked the court to put an end to these proceedings. By order dated February 15, 2022, the Commercial Court of Paris therefore took note of the termination of the proceedings. This matter is now definitively over.
- In the context of the sale of its Polish subsidiary Euro Bank to Bank Millennium on 31 May 2019 and of the indemnity granted to the latter against certain risks, Societe Generale continues to monitor the evolution of court cases related to CHF-denominated or CHF-indexed loans issued by Euro Bank.
- Like other operators in the Paris marketplace, Societe Generale is subject to a tax review of its equity market transactions. Discussions with the administration are continuing.

NOTE 10 - RISK MANAGEMENT LINKED WITH FINANCIAL INSTRUMENTS

Note 10 is solely disclosed in the financial statements for the purpose of updating the exposures of the credit portfolio and the reform of interest rate benchmarks project.

The risks associated with financial instruments and the way in which the Group manages them are presented in chapter 3 of the Universal Registration Document update for the first half of 2022.

NOTE 10.1 - REFORM OF INTEREST RATE BENCHMARKS

Presentation of the reform

The interest rate benchmark reform (IBOR: InterBank Offered Rates), initiated by the Financial Stability Board in 2014, aims at replacing these benchmark rates with alternative rates, in particular the Risk-Free Rates (RFR). This reform accelerated on 5 March 2021, when the Financial Conduct Authority, the supervisor of LIBOR, announced the official dates for the cessation and loss of representativeness of these benchmarks:

- EUR and CHF LIBOR (all terms); GBP 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 contributed by a panel of banks has permanently ceased as of 1 January 2022;
- LIBOR GBP and JPY (terms: one, three and six months): these settings have not been contributed by a panel of banks since 1 January 2022 and are now published in a synthetic form; thus, their use is restricted to the wind-down of legacy positions;
- USD LIBOR (terms: overnight, one, three, six and twelve months): the cessation of the publication of these benchmark settings contributed by a panel of banks is scheduled for end June 2023.

In parallel, other indices based on swaps referencing USD LIBOR will be phased out at end 2023: ICE SWAP RATE USD, MIFOR (India), PHIREF (Philippines), SOR (Singapore) and THBFIX (Thailand).

Besides, regarding the major interest rate benchmark indices of the euro area:

- EURIBOR: EMMI (European Money Markets Institute), administrator of the index, does not plan to cease its publication. The EURIBOR will thus be maintained in the coming years;
- EONIA: its publication definitively ceased on 3 January 2022. The successor rate recommended by the European Central Bank working group on the euro area interest rates is the €STR on which the EONIA had been based since end 2019.

More recently, the cessation dates of the MosPrime (Russia, 31 December 2022) and TRLIBOR (Turkey, 30 June 2022) rates have been announced. Regulators and local administrators continue clarifying the roadmap and issuing recommendations to minimize the risks associated with these transitions.

Impact of the reform for the Societe Generale group

The Societe Generale roup supports these reforms and takes an active part in the working groups set up by the central banks of the currencies concerned. The Group is actively preparing for these changes, through a specific transition program put in place in Summer 2018 and supervised by the Finance division.

For this purpose, the Group has undertaken active awareness and communication campaigns for its customers, supplemented by a monthly newsletter and a Questions-and-Answers kit on the IBOR transition publicly available on the Societe Generale website.

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. These recommendations aim at stopping the production of new contracts referencing these indices as well as at migrating the existing contracts referencing said indices to alternative benchmark rates.

To ensure a consistent approach throughout the Societe Generale group, an internal Committee has been formed. Its role is to issue periodical orientations reflecting the market trends and recommendations from regulators and their working groups. At the time of writing of this note, fourteen internal guidelines have been issued and cover four main themes:

- strengthening of the new contracts through the inclusion of fallback clauses and risk warnings;
- cessation of the production of new transactions referencing ceasing benchmarks (with some exceptions provided for by regulators on USD LIBOR) and use of alternative solutions;
- fair and homogenous treatment of customers through the involvement of the compliance teams in the renegotiations of contracts.
- Reporting obligation and restrictions related to the use of certain interest rates as alternatives to LIBOR.

At this stage, all directives are applied and widely circulated among the Group staff.

In order to acquire the capacity to deal on products referencing RFRs or some term RFRs and thus ensure the continuity of its business after the disappearance of IBOR, the Societe Generale group updated its tools and processes in line with the major calculation methods recommended by the relevant working groups or professional associations. Nevertheless, the Group continues monitoring the developments in the use of RFRs and other alternative rates in order to implement any new conventions and meet its customers' needs

LIBOR GBP, CHF, EUR, JPY LIBOR and EONIA migration

Until the end of 2021, the Group primarily centred its work on renegotiating transactions with its clients and transitioning all the contracts indexed on the benchmarks terminated or not representative any more at the end of 2021.

At the end of Q2 2022, the Group has finalised the transition of these contracts. The remaining workload corresponds to few transactions using synthetic LIBOR pending the completion of the negotiation in 2022.

USD LIBOR and ICE SWAP RATE migration

Concerning the main contracts of LIBOR USD or ICE SWAP RATE USD : indexes have a cessation at the end of June 2023. While the Societe Generale group has not yet embarked on the massive migration of its stock, it aims to finalise it by June 2023.

From now on, the Group takes advantage of interactions with its customers to offer a proactive transition to alternative solutions.

The Group customers most concerned by the transition of their contracts are, primarily, customers of the investment banking and financing and advisory activities and, to a lesser extent, some customers of the French and International retail networks.

The identification of the contracts concerned and the strategy for transitioning the transactions indexed on USD LIBOR have been finalised for all products:

- loans and credit lines will mostly be transitioned through a bilateral negotiation, and so will the related hedging instruments, in order to maintain their effectiveness.
- Interest rate derivatives migration is scheduled to be implemented in large part in the first half of 2023, in line with the key milestones set by the clearing houses for the conversion of the interest rate derivatives contracts, or by the activation of fallback clauses (ISDA Protocol to which

Societe Generale adheres since October 2020). However, some derivatives contracts will be renegotiated through bilateral renegotiation.

- Current accounts and other similar cash products will be transitioned through an update of their general conditions.

The operational transition of the contracts referencing the USD LIBOR will make use of the processes and tools already developed for the transition of contracts on IBOR interest rates ceasing by end 2021.

Other benchmark rates migration (MIFOR, PHIREF, SOR, THBFIX, MosPrime and TRLIBOR),

For these rates the identification of the customers and transactions has been completed. The impact is much smaller than for USD LIBOR.

At the level of the Societe Generale group, these benchmark transitions concern almost entirely investment banking customers.

The migration strategies are similar to those applicable to the USD LIBOR as described above.

The Societe Generale group keeps monitoring the announcements from regulators and administrators in other jurisdictions in order to react proactively and adapt its migration strategy accordingly.

Risks associated with the rate reform

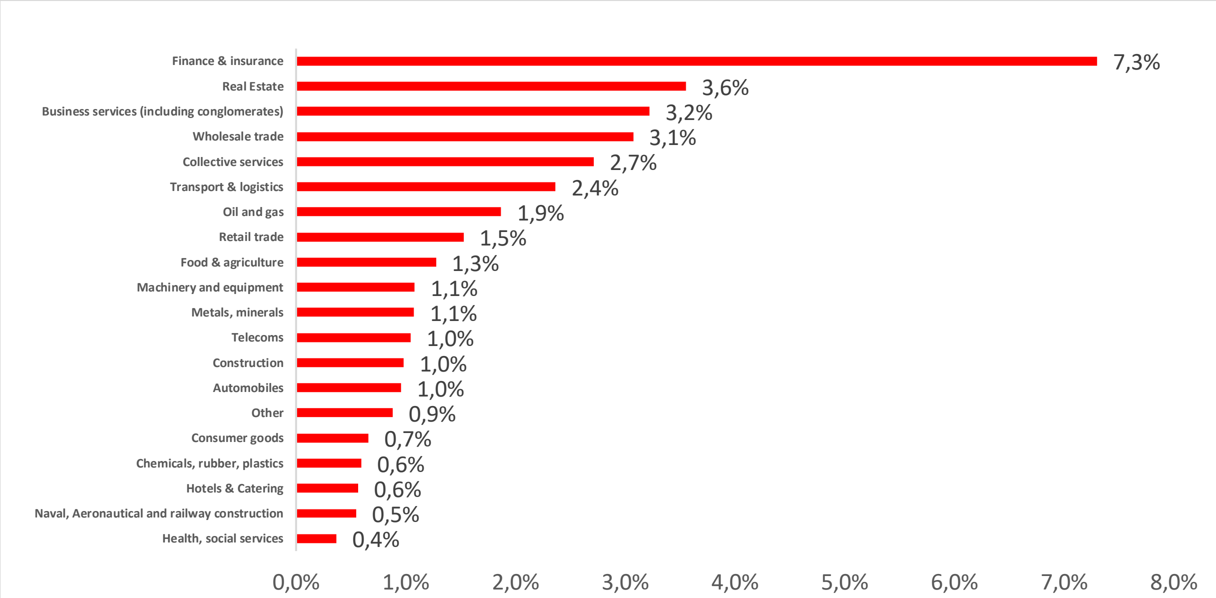
The risks related to the IBOR reform are now mainly limited to USD LIBOR for the period running until June 2023. They remain managed and monitored within the governance framework dedicated to the IBOR transition. They have been identified as follows:

- program governance and execution risk, liable to cause delays and loss of opportunities, is monitored as part of the work of regular committees and arbitration bodies;
- legal documentation risk, liable to lead to post-transition litigations, is managed through fallback clauses inserted in the contracts depending on the availability of market standards;
- market risk, with the creation of a basis risk between the rate curves associated with the different indexes, is the subject of close monitoring and supervision;
- operational risks in the execution of the transition of transactions, depending in particular on the willingness and preparedness of our counterparties, the volume of transactions to be migrated and their spread over time; monitoring through coordination committees take place.
- liquidity risk related to increased drawdowns in a context of increased credit costs which will be included in the drawdown models;
- regulatory risk managed according to the Group guidelines which are in line with the recommendations of the regulators and working groups on the LIBOR transition;
- conduct risk, related to the end of LIBOR, notably managed through:
  - specific guidelines on the appropriate conduct detailed by business line,
  - training of the teams,
  - communications to customers (conferences, events, bilateral discussions in particular with the less informed customers) are organised on the transition-related risks, the alternative solutions that may be implemented, and on how they could be affected.

NOTE 10.2 - EXPOSURE OF THE CREDIT PORTFOLIO

In this section, the measurement used for credit exposures is the EAD - Exposure at Default (on-and off-balance sheet). Under the Standardised Approach, EAD is calculated net of collateral and provisions.

SECTOR BREAKDOWN OF "GROUP CORPORATE" EXPOSURE AS AT 30 JUNE 2021 (BASEL PORTFOLIO)



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).

As at 30 June 2022, the "Corporate" portfolio amounted to EUR 399 billion out of a total of EUR 1,118 billion for the group (on- and off-balance sheet exposures measured in EAD). The Group's exposure to its ten largest "Corporate" counterparties accounts for 5% of this portfolio.