2023

SOCIETE GENERALE LUXEMBOURG S.A.

CONSOLIDATED FINANCIAL STATEMENTS

SOCIETE GENERALE

Societe Generale Luxembourg S.A.
11 Avenue Emile Reuter
L-2420 Luxembourg

Consolidated Financial Statements, Consolidated management report and Report of the Independent auditor as at December 31, 2023

R.C.S. Luxembourg: B 006.061

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I. GENERAL INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Patrick Suet

Secretary of the Board of Directors of Societe Generale Group

MANAGING DIRECTOR

Arnaud Jacquemin (until October 17, 2023)

Chief Executive Officer of Societe Generale Luxembourg

Frédéric Surdon (since October 18, 2023)

Chief Executive Officer of Societe Generale Luxembourg

DIRECTORS

Marco Cameroni

Director representing employees

Bertrand Cozzarolo (since June 28, 2023)

Head of Societe Generale Group Private Banking, Societe Generale Group

Marie Doucet

Independent Director

Patrick Folléa (until June 27, 2023)

Head of Societe Generale Group Private Banking, Societe Generale Group

Emmanuel Gaspard

Director representing employees

Isabelle Goubin

Independent Director

Mathilde Guérin

Head of Transformation & Technology Delivery, Societe Generale Securities Services, Societe Generale Group

Christophe Lattuada

Chief Operating Officer of Global Banking & Investor Solutions (GBIS), Societe Generale Group

Didier Mouget

Independent Director

Frédéric Roveda

Director representing employees

Anne-Sophie Steiner

Director representing employees

1. Patrick Suet. **2.** Arnaud Jacquemin. **3.** Frédéric Surdon. **4.** Marco Cameroni. **5.** Bertrand Cozzarolo. **6.** Marie Doucet. **7.** Patrick Folléa. **8.** Emmanuel Gaspard. **9.** Isabelle Goubin. **10.** Mathilde Guérin. **11.** Christophe Lattuada. **12.** Didier Mouget. **13.** Frédéric Roveda. **14.** Anne-Sophie Steiner. **15.** Olivier Blanc. **16.** Peggy Veniant-Cottin. **17.** Anne de Kouchkovsky.

AUTHORIZED MANAGEMENT

Arnaud Jacquemin (until October 17, 2023)

Chief Executive Officer

Frédéric Surdon (since October 18, 2023)

Chief Executive Officer

Olivier Blanc (until May 14, 2023)

Deputy CEO in charge of Resources

Peggy Veniant-Cottin (since August 17, 2023)

Deputy CEO in charge of Resources

Anne de Kouchkovsky

Deputy CEO in charge of the General Secretary, Risks and Compliance supervision

REGISTERED OFFICE

Societe Generale Luxembourg S.A.

11, Avenue Emile Reuter

L-2420 Luxembourg

AUDITORS

Ernst & Young

Société Anonyme

35E, Avenue John F. Kennedy

L-1855 Luxembourg

II. CONSOLIDATED MANAGEMENT REPORT

1. CHIEF EXECUTIVE OFFICER STATEMENT

SOCIETE GENERALE LUXEMBOURG, A LUXEMBOURG BANKING GROUP IN THE HEART OF EUROPE

Since 1893, Societe Generale Luxembourg (hereinafter the "Bank" or the "Group") is a reference bank that contributes to the long-term structural dynamism of the financial center and the economy of the Grand Duchy.

Capitalizing on the strengths of Societe Generale Group, we are a banking group proposing a diversified range of services and activities in the fields of private banking, securities services, commercial banking, and cash management, but also structured finance, capital markets and structured product issuance services. The European private banking activities are mainly carried out in Luxembourg, through the bank's branch in Italy since January 2021, the representative offices in Germany and Belgium as well as through its main subsidiaries in Switzerland and Monaco.

The corporate purpose of Societe Generale drives all our actions and gives meaning to our strategy built to support our clients over the sustainable transformation of the economy.

Societe Generale Corporate Purpose

Building, together with our customers, a better and sustainable future through responsible and innovative financial solutions.

2023: A SOLID PERFORMANCE

2023 embodied a solid year for the Bank thanks to a strong commercial dynamism in a rising interest rate environment, a solid cost and risk control and an exceptional impairment reversal.

Societe Generale Luxembourg remains one of Luxembourg's largest banking groups by its financial position (net income of EUR 544 million, assets of EUR 66 billion at the end of 2023 and number of staff close to 1 700 employees).

In addition to this solid performance, our teams were rewarded in the following areas:

- "**Funds Personality**," 2023 Finance Awards – Paperjam & Delano Business Club – Luxembourg For Finance
- "**Europe's Best for Wealth Transfer**" Euromoney Global Private Banking Award 2023

- "**Best International Private Bank in Luxembourg**," Euromoney Global Private Banking Award 2023
- "**Private Bank Best Credit Provider – Europe**," Wealthbriefing European Awards
- "**Private Bank - Wealth Planning Team – Europe**," Wealthbriefing European Awards
- "**Wealth Management Business Servicing Benelux**," Wealthbriefing European Awards

Sustainability, which is at the heart of our priorities, is put at the core of the strategy of our businesses to catalyst positive changes. To accompany our client in their transition, we expanded our ESG offering and integrated the ESG ratings into their portfolios and reports.

All this is linked to our progress in ESG culture and investment in the skills and knowledge of our staff. The implementation of dedicated training program will enable them to manage the challenges of tomorrow and proactively support our clients in their transition pathway. As committed employer, we finalized this year our real estate shift with the move of our teams into our new buildings Arsenal (Headquarters) and Icone, which both have achieved high-standard environmental certificates.

2024: CONTINUING OUR PROGRESS TOWARDS SUSTAINABLE AND PROFITABLE GROWTH

The Bank is fully aligned with the Societe Generale Group 2026 Strategic Plan which will deliver our ambition to be a rock-solid, top tier European bank, built on our strong foundations: trusted long-standing client relationships, talented and committed teams, innovative and distinctive value-added businesses and pioneering ESG leadership.

As a responsible bank, we contribute to the strength of the Luxembourg's economy and society at large and are determined to be one of the key contributors towards a sustainable future.

2. CORPORATE GOVERNANCE

2.1. CORPORATE GOVERNANCE STRUCTURE AND MAIN BODIES

2.1.1. Board Committees

The Board of Directors is assisted by four Committees:

- the Audit and Internal Control Committee;
- the Risk and Compliance Committee;
- the Remuneration Committee;
- the Nomination and Corporate Governance Committee.

Each Committee comprises at least three members. One Director representing employees sits on the Remuneration Committee. The missions of the Board of Directors' four committees are set out in their respective charters.

As of December 31, 2023, the specialized committees of the Board were:

- Audit and Internal Control Committee: As of December 31, 2023, the Audit and Internal Control Committee comprised four members including three Independent Directors: Didier MOUGET, Isabelle GOUBIN, Marie DOUCET and Patrick SUET. The Committee is chaired by Didier MOUGET. This committee's mission is to monitor and control the preparation of accounting and financial information, the independence of the statutory auditors, and the effectiveness of the internal control, risk management and internal audit systems, with regard to the procedures for the preparation and processing of the accounting and financial information. It gives recommendations and advice on such matters to the Board of Directors;
- Risk and Compliance Committee ("RCC"): As of December 31, 2023, the Risk and Compliance Committee comprised three Directors, including two Independent Directors: Isabelle GOUBIN, Didier MOUGET and Frédéric SURDON (until the June 2023 RCC) and Mathilde GUERIN (since the September 2023 RCC). The Committee is chaired by Isabelle GOUBIN. This committee advises the Board of Directors on the risk profile of the Group, the quality and effectiveness of the risk monitoring framework, the appetite regarding all types of risks derived from the Group's strategy, and the evolution of regulations and its impact on the risk profile and Group's strategy.
- Remuneration Committee ("RC"): As of December 31, 2023, the Remuneration Committee comprised four Directors, two Group representatives, one Independent Director and one Director representing employees: Patrick FOLLEA (until the June 2023 RC), Bertrand COZZAROLO (since the September 2023 RC), Christophe LATTUADA, Marie DOUCET and Frédéric ROVEDA. The Committee is chaired by Marie DOUCET. This committee prepares the decisions of the Board of Directors concerning compensation, especially those related to directors, executive officers and other having a significant impact on the Group's risk profile and risk management.
- Nomination and Corporate Governance Committee: As of December 31, 2023, the Nomination and Corporate Governance Committee comprised two Directors and one Independent Director: Patrick SUET, Christophe LATTUADA and Marie DOUCET. The Committee is chaired by Patrick SUET. This committee identifies and recommends future company's officers (directors and executive officers) to the Board of Directors. It periodically

examines (1) the Board of Directors' policies regarding selection and appointment of Key Functions Holders (Chief Risk Officer, Chief Compliance Officer, Chief Audit Officer and Chief Finance Officer) and (2) the structure, size and composition of the Board of Directors and its work effectiveness. It proposes a target in respect of the balanced representation of women and men at the Board. Moreover, it aims at implementing and supervising key internal governance principles within the Group and its subsidiaries.

2.1.2. Executive Committees

The main executive committees are as follows:

- Management committees:
  - Authorized Management Committee: the mission of this committee is to oversee strategic and business development matters of the Group and make necessary related decisions;
  - Executive Committee: this committee's mission is to address matters such as strategic orientations definition and implementation, business development and other transversal topics. It is composed of Authorized Management and of each Business Units and Support Units Heads;
  - Senior Management Team Committee (SMT): this committee is a privileged forum of exchanges, reflections and works on general interest questions related to the Group taking advantages on the professional experience of its members;
  - Executive committees at BU/SU level: these committees are responsible for elaborating the strategic and transversal orientations of each BU/SU.
- Steering committees:
  - Business Committee: the mission of this committee is to elaborate the Societe Generale Luxembourg commercial strategy and coordinate the commercial initiatives of the various businesses;
  - Finance Committee (COFI): this committee is responsible for setting out the Group's financial strategy and for managing scarce resources (capital, liquidity, statement of financial position) in the context of the allocation and the management of structural risks; it also addresses tax-related matters. The Assets & Liabilities Committee (ALCO) is a sub-committee of the COFI focusing on asset & liability risks;
  - CSR Committee: this committee deals with topics related to the Group's commitments and normative framework in CSR matters (including inclusion of the CSR dimension in the businesses' strategy and in the Group's risk management framework, as well as commitments in terms of the Group's own footprint), culture and conduct, or other topics that have an impact on the Group's liability or reputation and not already covered by an existing Committee;
  - Human Resources Committee (HR Committee): this committee elaborates the human resources policy, addressing attractiveness, compensation, retention and HR regulatory-related subjects;
  - Mobility Committee: the mission of this committee is to fluidify and pilot internal mobility by, highlighting specific profiles or talents and positions to be filled so as to find the best match between for employees on the move;
  - IS Security Committee: this committee is responsible for the Group's IS security policy and governance, compliance with IT regulations as well as IT risk assessments;
  - IS Strategy Steering Committee: this committee validates the Societe Generale Luxembourg's information system strategy, and is responsible for the follow-up of such strategy.
- Enterprise risk management committees:
  - Enterprise Risk Committee (ERC): the mission of this committee is to define the Group's key priorities in terms of risk (credit, country, market, structural and operational risks), within the framework of the risk appetite and the financial targets set by the Board of Directors of the Group, and to monitor compliance in such respect; and to maintain a sound, effective and sustainable risk management framework, taking appropriate measures in case of gaps;
  - Compliance Committee (COMCO): the mission of this committee is to define the Group's main guidelines and principles in terms of compliance, to ensure a sound, effective and sustainable adherence to all regulations to be applied by the Group based on an appropriate framework, and to take appropriate measures in case of gaps;
  - Internal Control Coordination Committee (ICCC): this committee is responsible for the overall architecture of the Group's internal control system, for evaluating its efficiency, consistency and comprehensiveness, for taking corrective actions and for monitoring their implementation;

2.2. CORPORATE GOVERNANCE

The Board of Directors of the Company is committed to maintaining the standards of corporate governance enforced at the level of the European Union and at level of the Societe Generale Group. This statement describes the Company's governance principles and practices.

2.3. REMUNERATION POLICY

The Group strictly applies the Societe Generale Group remuneration policy, which aims at guaranteeing the sustainable engagement and loyalty of its employees, while ensuring an effective and sustainable risk management, including from a compliance perspective.

3. CONSOLIDATED MANAGEMENT REPORT

3.1. GROUP MAIN ACTIVITIES

The Group has built over time a solid diversified banking model to serve its corporate, institutional and individual customers. Such model is structured around several complementary businesses enabling the Group to benefit from strong market positions and a diversified risk profile.

3.1.1. Private Banking

The Societe Generale European Private Banking activity is primarily present in Luxembourg, Switzerland and Monaco, with a commercial branch in Italy and two representative offices in Belgium and in Germany. It offers global wealth management solutions, in addition to global expertise in structured products, hedge funds, mutual funds, private equity funds, life insurance and real estate investment solutions. It also offers customer broad access to capital markets, lending capacities and portfolio management services.

The expertise of Societe Generale European private banking's teams contributes to the strong recognition of Societe Generale Group in the private banking industry: in 2023, Societe Generale Private Banking was nominated by the WealthBriefing European Awards in the European Private Bank category as the best Credit Provider, as the best Wealth Planning Team and as the best Wealth Management Business Servicing Benelux.

Societe Generale Private Banking was elected by Euromoney in Wealth Management Business Servicing Benelux category as the best International Private Bank in Belgium.

Locally, the Group's private banking teams were elected "Best Private Bank in Luxembourg" by Professional Wealth Management – Global Private Banking Awards 2023.

The Group's Private Banking has also won the following awards:

- Europe's Best for Wealth Transfer – Euromoney
- Succession Planning – Euromoney
- Best for Digital in Finance – Euromoney
- Private Bank Best Credit Provider (Europe) – WealthBriefing
- Private Bank – Wealth Planning Team (Europe) – Wealthbriefing

3.1.2. Securities Services

The Securities Services business (SGSS) in Luxembourg offers a comprehensive range of asset and securities services to Asset Managers, Asset Owners, Corporate and Financial Institutions, including:

- custody and depository bank activities, covering all asset classes;
- fund administration services for investment managers on all asset classes including complex financial products;
- private asset services for alternative investment funds covering, in the main, real estate, private equity, debt and infrastructure strategies;
- issuer services, including issuing and paying agency services to large international corporate bond programs;
- transfer agent activities, supporting fund distribution strategies of our clients in catering to investor needs and maintaining the fund's investor registrar and the multilateral reporting thereof;
- middle office and trade execution services.

SGSS in Luxembourg is one of the largest securities services providers given the size of its global activity and is to be perceived as a strategic entity in view of the continued development ambitions of SGSS globally as a leader in the industry.

In 2023, SGSS won the Best Sub-Custodian Bank award in Morocco, Czech Republic, Romania, Switzerland and France from the Global Finance magazine.

3.1.3. Corporate Banking & Cash Management

The Corporate Banking and Cash Management team in Luxembourg is servicing domestic and international clients, and particularly financial institutions and large corporates with international and multinational activities. We offer flow management assistance for the commercial and corporate flows of our clients.

The business line offers a full and integrated range of solutions and services, leveraging the expertise of the Societe Generale group's global Transaction Banking business lines; specifically, it covers five activities:

- cash management;
- short & medium term financing;
- financial & commercial guarantees issuance;
- foreign exchange services and interest rate hedging;
- financial assets custody.

3.1.4. Global Banking & Advisory

The Global Banking & Advisory (GLBA) platform in Luxembourg is part of Societe Generale group's worldwide platform composed of expert teams located in Europe, the CEEMEA region, the Americas and in Asia region, whose knowledge of customers and expertise on industries and local regulations are key to conducting domestic, international and cross-border activities. Leveraging this global expertise and sectoral knowledge, the GLBA team provides clients with a full range of structured finance solutions in the following areas:

- asset based finance (export finance, aircraft finance, shipping finance, real estate finance, and structured solutions and leasing);
- natural resources and infrastructure;
- asset-backed products and securitization
- credit risk insurance.

3.1.5. Global Markets

Part of the global Markets Business Unit of Societe Generale group, the Issuing activity in Luxembourg is performed by SG Issuer S.A. ("SGIS") as well as through the "SOGEIS" framework based on Luxembourg's fiduciary legal framework: it provides international investors with access to the entire range of capital market-based financial engineering services and structured products. SGIS issues both secured and unsecured notes through private placements or public offerings. SG Luxembourg via SOGEIS only issues secured notes. The securities issued by SG Issuer or by SG Luxembourg via SOGEIS are fully backed by a guarantee from the Societe Generale group.

3.1.6. Insurance

Through dedicated subsidiaries, the Group has insurance (life and credit) and re-insurance (re-insurance of certain Societe Generale group insurance contracts) activities.

3.1.7. Corporate Center

It comprises Treasury and Asset / Liability Management (ALM) functions which are responsible for monitoring, managing and hedging structural risks (liquidity, interest rate and forex) arising from all business units within the Group, including from the Bank's international affiliates in Monaco and Switzerland.

The Profit & Loss account of the Corporate Center covers the carrying cost of equity shareholdings in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's Treasury center, Asset and Liability Management (ALM) function and income from the management of the Group's assets (industrial and bank non-consolidated equity portfolio and real estate assets). Income or expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Center.

3.2. GROUP RESULTS

3.2.1. Group results – Consolidated income statement

(in EUR thousand)	2023	2022 R*	Change in %	Change in value
Net interest margin	591 929	411 225	44%	180 704
Net fee margin	288 075	267 600	8%	20 475
Net gains and losses on financial transactions	38 834	101 099	-62%	(62 265)
Net result from insurance and reinsurance contracts and activities	9 362	19 878	-53%	(10 516)
Net income from other activities	(1 782)	(84)	2021%	(1 698)
Net banking income	**926 418**	**799 718**	**16%**	**126 700**
Operating expenses	(465 456)	(428 734)	9%	(36 722)
Gross operating income	**460 962**	**370 984**	**24%**	**89 978**
Cost of risk	92 354	(168 298)	-155%	260 652
Operating income	**553 316**	**202 686**	**173%**	**350 630**
Net income from investments accounted for using the equity method	45 914	36 714	0	9 200
Net income/expense from other assets	1 090	(3)	-36433%	1 093
Earnings before tax	**600 320**	**239 397**	**151%**	**360 923**
Income tax	(56 335)	(10 782)	422%	(45 553)
Consolidated net income	**543 985**	**228 615**	**138%**	**315 370**
Non-controlling interests	13	17	-24%	(4)
Net income Group share	543 972	228 598	138%	315 374

* The amounts for 2022 have been restated (identified by a "R") following the first retrospective application of IFRS 17 «Insurance Contracts» and IFRS 9 «Financial Instruments» by the insurance subsidiaries.

Societe Generale Luxembourg Group consolidated Net Income in 2023 stood at EUR 544 million, up by +138% compared to 2022.

The Net Banking Income amounted to EUR 926 million, +16%. Revenues were supported by a favorable market environment and a solid commercial dynamism. Corporate Banking and Cash Management, Private Banking and Securities Services activities revenues also benefited from of EURO, USD and GBP interest rates rise.

The 16% increase in revenues in 2023 resulted from a contrasted evolution of the various Group's businesses.

- **Private Banking** activities had good net interest margin driven by the increase of EURO & USD interest rates. 2023 confirms SG Private Banking good commercial momentum with an increase of net inflows;
- **Securities Services** activities had a resilient commercial activity and had improved its net interest margin driven by the EURO & USD interest rates increase and overdrafts;
- **Corporate Banking and Cash Management** continued its dynamic activity development, especially with Private Equity and Real Estate clients. This revenue growth is driven by the EURO & USD & GBP interest rates increase;
- **Global Banking & Advisory** activities suffered from the geopolitical context despite new activities launched in 2023 (leasing and credit insurance);
- **Global Markets** activities maintained a stable revenue contribution on its structured products issuance activities.
- Finally, the **Corporate Center** 2023 financial performance showed an exceptional negative Mark to Market on derivatives products (reversal of the exceptional positive Mark to Market in 2022).

In a continuing costs discipline model, Societe Generale Luxembourg Group maintained its investment strategy to transform its platform and operating model to prepare the future of its business, mainly Private Banking and Corporate Banking and Cash Management, in a environment impacted by inflation.

Operating expenses stood at EUR 465 million, +9% compared to 2022. High-cost discipline strategy remains relevant to allocate resources to business developments and accompany the SG Luxembourg transformation in an inflation context.

Gross Operating Income amounted to EUR 461 million, +24% compared to 2022. Operational efficiency improved: the cost income stood at 50.2 %, down by -3,4 pp compared to 2022.

Net cost of risk amounted to a EUR 92 million net reversal provision, confirming the quality of the portfolio, compared to a provision of EUR 168 million in 2022 (mainly linked to Russian client's exposure).

Overall, the Group's Net Income stood at EUR 544 million in 2023 compared to EUR 229 million in 2022.

3.2.2. Group results – Statement of financial position

ANALYSIS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(in EUR thousand)	12.31.2023	12.31.2022 R	Change in %	Change in value
Cash due from central banks	12 659 385	12 535 411	1%	123 974
Financial assets at fair value through profit or loss	440 921	1 024 354	-57%	(583 433)
Hedging derivatives	156 525	217 206	-28%	(60 681)
Financial assets at fair value through other comprehensive income	1 539 911	2 238 820	-31%	(698 909)
Securities at amortised cost	9 953 229	9 309 177	7%	644 052
Due from banks at amortised cost	23 067 296	21 990 338	5%	1 076 958
Customer loans at amortised cost	17 633 172	19 965 886	-12%	(2 332 714)
Insurance and reinsurance contracts assets	15 992	1 992	703%	14 000
Tax assets	1 966	5 321	-63%	(3 355)
Other assets	588 643	351 678	67%	236 965
Investments accounted for using the equity method	113 779	102 095	11%	11 684
Tangible and intangible fixed assets and right-of-use assets	192 812	144 089	34%	48 723
Total	**66 363 631**	**67 886 367**	**-2%**	**(1 522 736)**

As of December 31, 2023, the Group's statement of financial position amounted EUR 66,4 billion, decreasing by EUR 1,5 billion compared to December 31, 2022.

Financial assets at fair value through profit or loss decreased by EUR 0,6 billion (-57%) compared to December 31, 2022, and **Financial assets at fair value through other**

comprehensive income decreased by EUR 0,7 billion (-31%) over the period.

Securities at amortised cost increased by EUR 0,7 billion (+7%) compared to December 31, 2022.

Due from banks at amortized cost slightly increased by EUR 1,1 billion (+5%) compared to December 31, 2022.

Customers loans at amortized cost decreased by EUR 2,3 billion (-12%) compared to December 31, 2022.

Other assets increased by EUR 0,2 billion (+67%) compared to December 31, 2022.

Tangible and intangible fixed assets and right-of-use assets increased by EUR 48 million (+34%) compared to December 31, 2022.

LIABILITIES

(in EUR thousand)	12.31.2023	12.31.2022 R	Change in %	Change in value
Financial liabilities at fair value through profit or loss	109 650	399 349	-73%	(289 699)
Hedging derivatives	2 599	16 003	-84%	(13 404)
Revaluation differences on portfolios hedged against interest risk	22 629	-	100%	22 629
Debt securities issued	16 730	22 394	-25%	(5 664)
Due to banks	21 761 332	21 543 080	1%	218 252
Customer deposits	39 127 204	41 283 263	-5%	(2 156 059)
Tax liabilities	143 616	123 265	17%	20 351
Other liabilities	1 137 689	789 147	44%	348 542
Insurance and reinsurance contracts liabilities	73 516	64 009	15%	9 507
Provisions	55 688	56 697	-2%	(1 009)
Total liabilities	**62 450 653**	**64 297 207**	**-3%**	**(1 846 554)**
Shareholders' equity				
Shareholders' equity, Group share				
Issued capital	1 389 043	1 389 043	0%	-
Reserves, share premium and retained earnings	1 972 641	1 932 958	2%	39 683
Net income	543 973	228 598	138%	315 375
Sub-total	**3 905 657**	**3 550 599**	**10%**	**355 058**
Unrealised or deferred gains and losses	7 212	38 454	-81%	(31 242)
Sub-total equity, Group share	**3 912 869**	**3 589 053**	**9%**	**323 816**
Non-controlling interests	109	107	2%	2
Total equity	**3 912 978**	**3 589 160**	**9%**	**323 818**
TOTAL LIABILITIES AND EQUITY	**66 363 631**	**67 886 367**	**-2%**	**(1 522 736)**

Financial liabilities at fair value through profit and loss decreased by EUR 0,3 billion (-73%) compared to December 31, 2022.

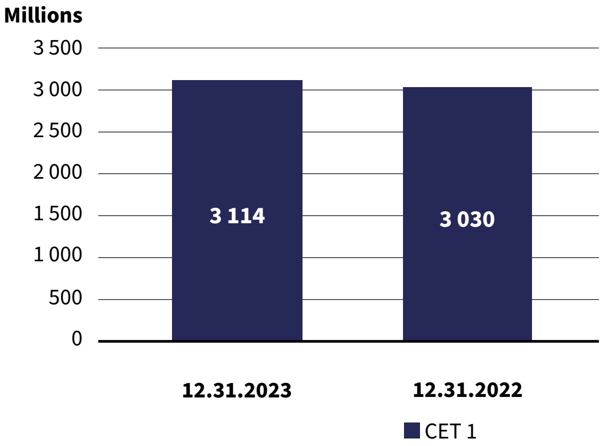
Due to banks slightly increased by EUR 0,2 billion (+1%) compared to December 31, 2022.

Customer deposits decreased by EUR 2,2 billion (-5%) compared to December 31, 2022.

Other Liabilities increased by EUR 0,3 billion (+44%) compared to December 31, 2022.

Group shareholder's equity amounted to EUR 3,9 billion as of December 31, 2023, an increase of 9% compared to December 31, 2022. Details related to shareholders' equity are disclosed in Note 7 of the Consolidated Financial Statements.

3.3. GROUP'S OWN FUNDS



The Group's sole shareholder is Sogeparticipations S.A., a French Company fully owned by the Societe Generale Group.

In 2023, the Group did not proceed with any buyback of its own shares. As of December 31, 2023, the Group's sole shareholder holds 11 024 148 shares representing 100% of the share capital of the Societe Generale Luxembourg S.A.

The Group's capital, on a consolidated basis, is made of:

- Core Tier I capital: EUR 3 114 million (2022: EUR 3 030 million);
- Tier II capital: EUR nil (2022: 8,34 million).

3.4. POST CLOSING EVENTS

After December 31, 2023 the Group has sold some loans in its Retail perimeter on Private Banking defaulted counterparties for a nominal amount of EUR 46 million. Considering the provision booked in 2023, this sale has no material impact on the Group net result as presented in the consolidated income statement for the period ended December 31, 2023.

In March 2024, the Group has proceeded to an increase for EUR 32 million in Sogelife equity participation with no impact on its ownership due to the parallel increase of equity participation by Sogelife other shareholder.

In 2024 SGL join Pride & allies network

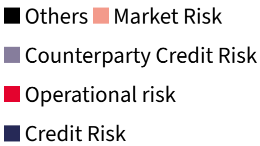
4. RISKS AND CAPITAL ADEQUACY

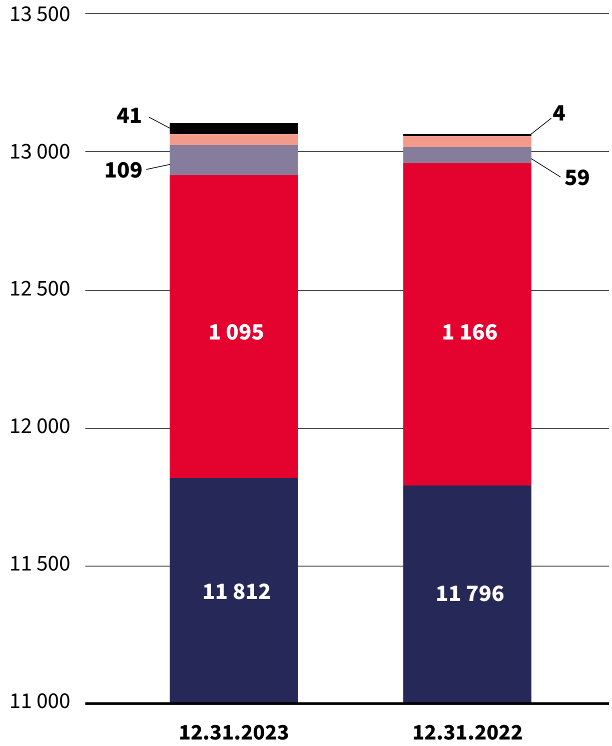
4.1. KEY FIGURES

4.1.1. Risk-Weighted Assets

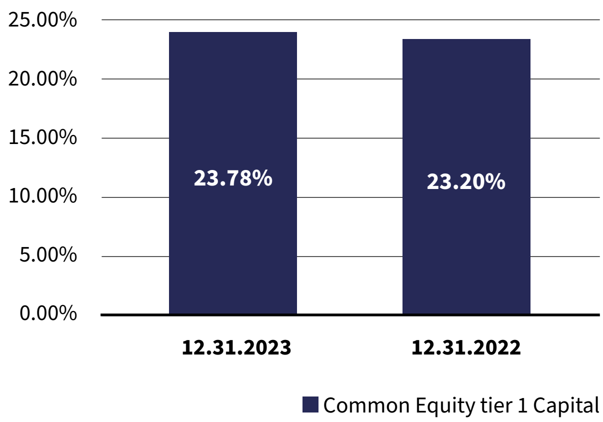
As at December, 31 2023, total Risk-Weighted Assets of the Group amounted to EUR 13 097 million (2022: EUR 13 063 million), composed of:

- EUR 11 922 million related to credit and counterparty credit risk (2022: EUR 11 855 million);
- EUR 1 095 million related to operational risk (2022: EUR 1 166 million);
- EUR 39 million related to market risk (2022: EUR 39 million);
- EUR 41 million related mainly to Credit Valuation Adjustment and Settlement risk.



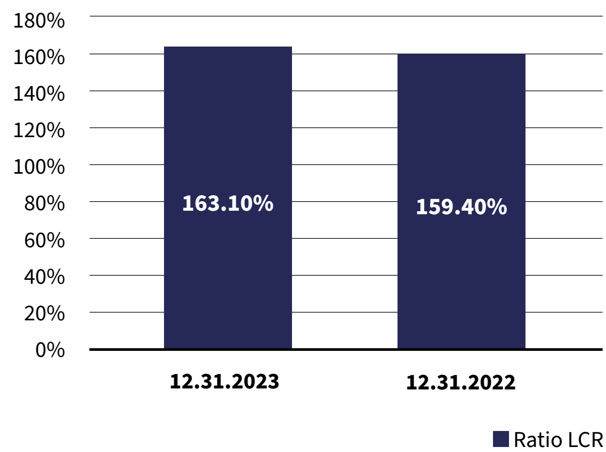


4.1.2. Capital ratios



As of December 31, 2023, the Group Common Equity Tier 1 ratio stood at 23,78% (2022: 23,20%). As of December 31, 2023, the Group capital ratios are significantly above minimum regulatory requirements.

4.1.3. Liquidity Coverage Ratio



As of December 31, 2023, the Group one-month Liquidity Coverage Ratio (LCR) stood at 163,10% (2022: 159,4%), well above the regulatory requirement of 100%.

4.2. RISK MANAGEMENT

The understanding, identification, mitigation and control of risks are essential elements of the successful management of the Group. In accordance with circular CSSF 12/552 as amended, the Group's internal governance is based on a "three-lines-of-defence" model which relies on distinct internal control functions:

- a "first line of defence" function performed by business lines and support functions
- a "second line of defence" function: the credit, market and operational risk management function (RISQ), and the compliance function (CPLE),
- a "third line of defence" function: the internal audit (IGAD).

The main objectives of the Group's risk management framework are:

- to accurately identify and measure all the risks the Group is subject to,
- to maintain an effective oversight framework, and implement enhancement plans when needed,
- to propose to the Board of Directors an adequate risk appetite framework for its validation,
- to ensure that Societe General Group's and the Bank's risk policies are consistently and effectively applied throughout the organization.

4.3. RISKS

The Group's risk monitoring process identifies seven main risk categories:

Credit Risk: the credit risk is defined as the risk of loss resulting from the inability of the Group's customers, sovereign issuers or other counterparties to honour their financial commitments. It also includes the counterparty risk related to the market activities.

Market Risk: the market risk is defined as the risk of loss due to unfavourable movements in market factors, such as interest rates, share prices or currency exchange rates, impacting the value of the Bank's market positions.

Interest Rate Risk: the structural interest rate risk is measured on structural activities (i.e. commercial transactions, associated hedging transactions and treasury transactions) for each of the Group's entities.

Exchange Rate Risk: the structural exchange rate risk is the risk that a loss occurs due to an unfavourable movement of the exchange rate affecting the Group due to existing open positions in foreign currencies.

Liquidity Risk: the liquidity risk is defined as the risk for the Group of not being able to meet at all times its current and future cash requirements, whether or not those have been anticipated, at a reasonable cost. Liquidity is a key factor in the viability of the Group.

Operational Risk: the operational risk is defined as the risk of loss or fraud as a result of defects in or failure of internal systems and procedures, human error or external events, including IT risk and management risk. Particular attention is paid to **Compliance risk**, i.e. the risk of not being compliant with applicable regulations in areas, among others, of sanctions & embargoes, anti-money laundering and terrorism financing, client protection, market abuse, data protection and conduct.

Please refer to note 9 to the Consolidated Financial Statements for further details.

4.4. RISK APPETITE

Risk Appetite is defined as the level of risk that the Group is prepared to bear in the course of pursuing its strategic objectives.

The Group has defined a Risk Appetite Framework which includes:

- a governance over an identified scope;
- a mechanism composed of a set of policies, instructions, procedures, and controls;
- a risk culture favouring risk awareness.

The Risk Appetite Statement describes the principles, policies, and metrics that set the Group's risk appetite, which includes thresholds, limits and Crisis level.

The main risk appetite principles are summarised below.

4.4.1. Structural interest rate and exchange risks

The Group assesses and controls structural risks. The mechanism to control interest rate risk, foreign exchange risk is based on sensitivity or stress limits adapted to each of the various businesses (entities and business lines).

4.4.2. Liquidity risk

The Group assesses the solidity of its liquidity profile based on the following:

- Controlling liquidity risk, based on internal stress tests with adapted limits;
- Controlling funding risk, with long term funding projections under base case and stresses scenarios;
- Complying with regulatory obligations, in particular Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") requirements.

4.4.3. Credit and counterparty risks

When taking credit risk, the Group focuses on medium and long-term client relationships, targeting clients with which the Group has an established relationship of trust and prospects offering the

Photo credit: Olivier Minaire

potential for profitable business development over the medium-term. In a credit or market transaction, credit (or counterparty) risk acceptability is based, first and foremost, on the borrower's (or counterparty's) ability to meet its commitments.

4.4.4. Market risks

The business development strategy of the Group for market activities is focused on addressing client needs, with a full range of products and solutions. The market risk is strictly managed through various limits related to a set of appropriate market risk metrics. Overall, the Group's appetite for market risk is limited.

4.4.5. Operational risks (excluding compliance risk)

The Bank has no appetite for operational risk. Over recent years, the materialization of such risk has been low in Private Banking and Securities Services businesses.

4.4.6. Compliance risk

The Group's policy is strictly compliant with all laws and regulations governing financial and banking activities. It has no tolerance for not complying with such laws and regulations when conducting its activities. It aims at maintaining a strong culture of compliance and adequate conduct among its employees.

5. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

5.1. OUR ENGAGEMENT AS A CORPORATE

BE A RESPONSIBLE EMPLOYER

- Well-being at work:
  - Launch of a package of training courses with themes adapted to each period of the year;
  - Implementation of accompanying measures associated with our relocation project (ICONE) to support change and enable our employees to achieve a good work-life balance (parking, bus transportation, carpooling, gym, teleworking);
  - Roll-out of training with ASTF: "Taking care of my well-being and that of my employees";
  - Reinforcement of our internal procedures together with staff delegation which covers matters of psychological and sexual harassment, discrimination and associated procedures and integration of these issues into our rules of procedure;
  - Health: continuing our support to physical (check-up campaign, vaccination) and mental (training of our management team, light-house program with ASTF) health of our employees.
- Foster diversity: launch of a Diversity Committee with three main objectives:
  - Signature of Women in Finance Charter (March 8, 2023) and first reporting on October 2023;
  - International Women's Day (March 8): several events organized by Mix & Win;
  - Diversity Day: organization of 3 work shops on handicap with PADEM (May 23, 2023);
  - IMS: winner of the Diversity Awards Lëtzebuerg 2023 on the category "Communication & Valeurs de l'entreprise" for "Bingo de la Diversity et de l'Inclusion";
  - Participation in DuoDay 2023 (with ADEM) for people with disabilities (November 16, 23).
- Solidarity:
  - Third edition of Move for Youth Challenge (June 2023) with participation of 70 teams, EUR 23 thousand donation to SOS Village d'Enfants Luxembourg;
  - Relaunch of our Payroll Giving program.

CONTRIBUTE TO CLIMATE AND ENVIRONMENT PRESERVATION

Like any corporate, the Group generates environmental impacts through its activity. The Group is well-aware of its responsibility and therefore was pioneer in this matter by taking the decision, more than 10 years ago, to reduce its CO2 emissions by:

- Responsible purchase policy: implementation of a CSR questionnaire for suppliers to assess their social and environmental policy, CSR note included in the bid evaluation grid;
- Optimize environmental impact of our premises: Continually enhancing the energy performance of its buildings to optimize carbon emissions, with strong ambitions on our two buildings occupied mid-2023: our headquarters downtown ("Arsenal") benefit from the HQE certification (excellent) and BREEAM certification (very good), and our building in Belval ("Icône") with the BREEAM certification (excellent);
- Foster responsible consumption mode: Zero Plastic Charter signed in 2019, waste responsible policy with SuperDrecks-Këscht label, promote soft mobility with green vehicle and cycle promotion, reducing our paper consumption with the "FollowMe" printing initiative (since 2016, SG Luxembourg has reduced its paper consumption from EUR 4,2 million sheets of paper, which represent more than 500 trees saved);
- Helping the Institut pour le Mouvement Sociétal (IMS) by participating to their initiatives as "knowledge sharing", Diversity Day (as a Gold Sponsor) or Luxembourg Sustainability Forum.

5.2. OUR COMMITMENT AS A GROUP

INTENSIFY SOCIALLY RESPONSIBLE INVESTMENTS

SG Luxembourg Group is convinced that a strong ESG policy will be synonymous of a sustainable superior financial performance.

In Private Banking, our clients have access to bespoke SRI portfolios which combine financial performance with a positive social and environmental impact. Clients can measure the environmental, social and governance (ESG) performance of their portfolio via dedicated ESG reporting.

Furthermore, a dedicated team has developed a full range of structured positive impact finance (PIF) products with a charity dimension. Private Banking also support investors in organising their philanthropic projects and defining their philanthropic strategy and objective for each donation, set up a budget and payment plan and measure the impact.

SGSS continues to promote to their institutional clients an ESG reporting solution, a system for measuring the impact of investment strategies on the environment and society. Its objective is to help investors and asset managers to better integrate ESG criteria into their investment decisions.

Global market activities, through their Luxembourg-based issuing vehicles, continue to support the Societe General Group's effort in structuring and distributing CSR structured investment solutions.

FOSTER SUSTAINABLE AND POSITIVE IMPACT FINANCING

The Group is thriving to play a major role by promoting of Positive Impact Finance in the country together with partners like Luxembourg For Finance (LFF), the "Association des Banques et Banquiers du Luxembourg" (ABBL) or Luxembourg Sustainable Finance Initiative (LSFI).

GLBA LUX portfolio shall be managed in order to present a business mix as much as possible consistent with the broader GLBA one, monitoring the share of assets contributing to a positive future (including public investment fund and taxonomy-aligned assets) and ensuring to increase it in accordance with SGL's ESG ambitions.

ENRICH OUR ENVIRONMENTAL AND SOCIAL RISK FRAMEWORK

- Accompanying the evolution of the regulation, in particular in Europe, the Group is focusing on:
  - Enrich existing risk map with E&S dimension:
  - ESG Risk factors identification has been performed since 2021 for ICAAP exercise purpose based on the ECB climate related and environmental risks guidelines;
  - An add on for Internal Capital Need (ICAAP purpose) has been calculated by applying SG Group methodology on SGL credit portfolio;
  - ESG risk analysis performed in the GLBA and GTPS credit granting process when relevant (counterparties belonging to sensitive sectors);
  - PRIV: enforcement of exclusion list for eligible financial collateral in PRIV Credit Policy and EPC collect for real estate loans;
  - More globally, Integration of SGL in ESG by design, SG Group program aiming at the global compliance with the ECB guidelines.
- Training
  - Mandatory all-staff E-Learning program in line with SG Group ESG training framework (launch in April 2023 and on going), close to employee and business needs with 5 levels of CSR skills development;
  - Accelerate "Fresque du Climat": target of 30% of staff trained achieved in 2023.

6. OUTLOOK

The tightening of economic policies is impacting growth on both sides of the Atlantic. China's efforts to reduce its debt burden also continue to weigh on global growth, including that of emerging economies.

Concerns around inflation are now focused on wages, but leading indicators show a weakening of labour markets with a convergence in the number of business bankruptcies and a lower rate of labour retention as companies' profit margins come under pressure. Inflation is expected to average out to below 3% in 2024, close to central bank targets.

Credit spreads are likely to bear the brunt of corporate bankruptcies while sovereign spreads in the eurozone could suffer to some degree from a return to more stringent fiscal policy in Europe from 1 January 2024, particularly in view of the debate about PEPP (pandemic emergency purchase programme) reinvestments. Greater market volatility cannot be ruled out as recessionary effects are starting to materialise.

Rate cuts by the European Central Bank (ECB) and the US Federal Reserve (Fed) will be vital to avoid a recession. The Bank of Japan (BoJ) is expected to abandon negative deposit rates in 2024, but it is unlikely to move them beyond 0% over the forecast horizon. Geopolitical risks are likely to remain high in 2024 with elections on the agenda in Taiwan in the early part of the year, at the European Parliament in spring and in the US in November.

From a regulatory perspective, governments sought to adapt throughout 2023 to the emergence of a new global geopolitical and economic paradigm.

- The worsening geopolitical environment, marked by conflicts in several of the world's regions, forced governments to respond and take measures to shore up the resilience of their economic and financial systems. This saw the EU push further ahead with the rollout of its financial sanctions policy and look further into strategic autonomy considerations, coming up with two initiatives in particular, the EU Net Zero Industry Act and the EU Critical Raw Materials Act, in response to protectionist measures introduced by the US, notably under the Infrastructure Investment and Jobs Act and the Inflation Reduction Act. The EU also encouraged investment in infrastructure (Next Generation EU), energy (REPowerEU) and defence (European Defence Industrial Strategy). Discussions on the Stability and Growth Pact (SGP) and its impact on the capacity of European countries to (co-)finance the recovery and ecological and environmental transitions were the subject of much attention.
- The economic environment, marked by rising interest rates and the fight against inflation, also preoccupied the regulatory authorities.

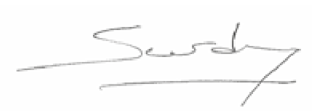
Authorities first sought measures to restore purchasing power and lending to households and businesses. In this context, European banks faced new regulatory actions that weighed on their profitability, such as exceptional taxes in certain member countries and tougher ECB requirements on reserves.

Meanwhile, the rising interest rate environment fuelled political debate around financial stability: already in the first half of 2023 authorities and the public alike began to query the resilience of banks amid rising rates following the regional bank failures experienced in the US. Still not settled in the US, this debate is poised to continue in 2024. The concerns in Europe, given that the bank collapses in the US virtually coincided with Credit Suisse's woes in March 2023, were nevertheless brief and did not prompt any immediate calls to strengthen banks' capital requirements beyond those set out under the Basel framework (CRR3/CRD6).

ESG risks are now incorporated into the European prudential framework review. The question of the prudential treatment of bank exposures to emissions-intensive activities under Pillar 1 has been presently set aside in favour of additional requirements under Pillar 2 – the final conclusions of the European Banking Authority (EBA) on this matter are expected by the end of 2025.

GLOBAL STATEMENT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

To the best of our knowledge, the Consolidated Financial Statements give a true and fair view of the financial position and profit and losses of Societe Generale Luxembourg and its consolidated subsidiaries as at December 31, 2023, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and the Consolidated Management Report includes a true and fair presentation of the evolution and performance of Societe Generale Luxembourg and its consolidated subsidiaries, together with a description of the main risks and uncertainties that Societe Generale Luxembourg and its consolidated subsidiaries face.



Frédéric Surdon
Societe Generale Luxembourg Chief Executive Officer

Luxembourg, 23 April 2024

Partnership with Mudam since 2023

Photo credit: Mudam_Luxembourg_IM_Pei Architect_Design_©Remi_Villaggi_40

Patneship with Philharmonie Luxembourg since 2009

Photo credit: Getty Images

III. INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Societe Generale Luxembourg S.A.
11, Avenue Emile Reuter
L-2420 Luxembourg

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Societe Generale Luxembourg S.A. (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated statement of net income and unrealised or deferred gains and losses, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the year then ended, and the notes to the consolidated financial statements, including material accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

BASIS FOR OPINION

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'Entreprises Agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Impairments on customer loans and provisions on financing commitments

DESCRIPTION

As of 31 December 2023, the gross amount of customer loans is EUR 17 740 million, and related impairments amount to EUR 97 million (see Note 3.6).

As of 31 December 2023, provisions relating to financing commitments amount to EUR 1 million (see Note 3.9).

Customer loans and financing commitments carry a credit risk which exposes the Group to a potential loss if its client or counterparty is unable to meet its financial obligations. The Group recognizes expected credit losses ("ECL") to cover this risk. Such ECL are calculated in accordance with IFRS 9 "Financial instruments".

The assessment of ECL for customer loans and financing commitments requires the exercise of judgment notably to:

- prepare, in an uncertain environment, macro-economic projections which are embedded in the deterioration criteria and in the expected credit losses measurement;
- determine the loan classification criteria under stages 1, 2 or 3, taking account of the material increase in credit risk at loan portfolio level and the impact of measures to support the economy;
- estimate the amount of expected credit losses depending on the different stages;
- determine the adjustments to models and parameters, as well as the sector adjustments considered necessary to reflect the impact of economic scenarios on expected credit losses and anticipate the default or recovery cycle for certain sectors.

The qualitative information concerning in particular the recognition and procedure used to estimate ECL is mainly described in Note 1.6, Note 3.9, Note 8.3 and Note 9 to the consolidated financial statements.

We considered the assessment of ECL on customer loans and financing commitments to be a key audit matter for the following reasons:

- the significance of customer loans in the Group's balance sheet;
- the use of various parameters and assumptions in the models to determine the probability of default and the loss given default and model adjustments;
- the importance of judgment in determining the criteria of significant increase in credit risk and the way macro-economic forecasts are taken into account, particularly concerning the economic sectors and geographic areas most affected by the geopolitical and macro-economic situation;
- the assessment of individual ECL on defaulted loans and financing commitments (stage 3);
- the heightened difficulty to determine ECL during an uncertain geopolitical and macro-economic situation with interest rates remaining at a high level following the sharp increase in 2022 and 2023.

HOW THE MATTER WAS ADDRESSED IN OUR AUDIT

We obtained an understanding of the Group's internal control and tested the manual and automated key controls relating to the assessment of the credit risk and the measurement of the ECL.

With the support of internal specialists in risk management and modelling included in the audit team, we focused our work on the most significant loans and/or portfolios of loans to customers, as well as on the financing granted to companies operating in economic sectors and geographical areas most impacted by the current geopolitical, sanitary and macro-economic situation.

Concerning ECL, our audit work notably consisted in:

- examining the compliance of policies and methodologies implemented by the Group with IFRS 9 "Financial instruments" requirements;
- analyzing the main parameters used by the Group to classify outstanding exposures and assess stages 1 and 2 ECL calculation as at December 31, 2023, including the integration of macro-economic projections with the support of economists from our firm;
- testing a sample of customer loans and financing commitments consisting of key items and items selected on the basis of our professional judgment to form our own assessment as to whether they are classified in the appropriate stage;
- performing tests on impairment models implemented in the information systems which are used to prepare financial information;
- Assessing the ability of model adjustments and parameters, as well as sector adjustments to provide adequate coverage of the level of credit risk in the current geopolitical and macro-economic situation.
- performing a counter-calculation of the ECL as at December 31, 2023;
- examining the analyses prepared by the Group regarding variations of customer loans and financing commitments between stages and the related ECL during the year;
- testing based on a sample of exposures selected using our professional judgment, as at December 31, 2023, the main assumptions used to classify loans in stage 3, as well as the estimation of the related individual ECL. We examined in a critical manner the conclusions of the specialized committee monitoring such exposures and the assumptions used to determine expected cash flows and estimated recovery from any underlying collateral.

Mirroring of financial assets and financial liabilities related to issuance activity at SG Issuer S.A.

DESCRIPTION

As of 31 December 2023, SG Issuer S.A. ("SGIS") is accounted for using the equity method (see Note 2.3.2).

The activity of SGIS consists in issuing Notes and Warrants, which are subscribed by investors. These financial instruments are economically fully hedged with mirror transactions concluded with Societe Generale S.A. replicating the financial instruments issued by SGIS. We considered the mirroring of financial instruments issued to be a key audit matter in light of the financial risk to the Group which would result from the inadequate mirroring of the financial instruments issued by SGIS.

HOW THE MATTER WAS ADDRESSED IN OUR AUDIT

We tested the key controls implemented by SGIS in relation with the issuance of financial instruments and the conclusion of mirror transactions with Societe Generale S.A., as well as the key controls on the stock of financial instruments to ensure the mirroring effectiveness.

We verified the intercompany reconciliation process between SGIS and Societe Generale S.A., and the intercompany reconciliations performed as of 31 December 2023.

We tested whether SGIS has contracted the mirror financial instruments with Societe Generale S.A. for a sample of financial instruments issued by the Group as of 31 December 2023.

We inquired about the existence of operational errors during the year and, if applicable, the related financial impact.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report but does not include the consolidated financial statements and our report of "Réviseur d'Entreprises Agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is also responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended ("ESEF Regulation").

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE "RÉVISEUR D'ENTREPRISES AGRÉÉ" FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "Réviseur d'Entreprises Agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises Agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises Agréé". However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have been appointed as "Réviseur d'Entreprises Agréé" by the Board of Directors on 31 May 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 8 years.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the consolidated management report, is the responsibility of the Board of Directors. The information required by article 70bis paragraph 1 of the law of 17 June 1992 relating to the annual and consolidated accounts of credit institutions governed by the laws of Luxembourg, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the consolidated financial statements of the Group as of 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the consolidated financial statements.

For the Group, it relates to:

- Financial statements prepared in valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as of 31 December 2023, identified as "SGLUX-2023-12-31-fr", have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not providedand that we remained independent of the Group in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Luxembourg, 26 April 2024

IV. CONSOLIDATED FINANCIAL STATEMENTS

The amounts for 2022 have been restated (identified by a "R") following the first retrospective application of IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" by the insurance subsidiaries (see Note 1.4).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS

(in EUR thousand)	*Notes*	**12.31.2023**	**12.31.2022 R**	**01.01.2022 R**
Cash due from central banks	*3.1*	12 659 385	12 535 411	10 966 851
Financial assets at fair value through profit or loss	*3.2, 3.3 and 3.5*	440 921	1 024 354	1 242 590
Hedging derivatives	*3.3 and 3.5*	156 525	217 206	5 625
Financial assets at fair value through other comprehensive income	*3.4 and 3.5*	1 539 911	2 238 820	3 171 567
Securities at amortised cost	*3.6 and 9.1*	9 953 229	9 309 177	8 063 920
Due from banks at amortised cost	*3.6 and 9.1*	23 067 296	21 990 338	19 841 124
Customer loans at amortised cost	*3.6 and 9.1*	17 633 172	19 965 886	22 817 851
Revaluation differences on portfolios hedged against interest rate risk	*3.2*	-	-	-
Insurance and reinsurance contracts assets	*4.3*	15 992	1 992	804
Tax assets	*6*	1 966	5 321	1 560
Other assets	*4.4*	588 643	351 678	477 147
Investments accounted for using the equity method	*2.3*	113 779	102 095	104 625
Tangible and intangible fixed assets and right-of-use assets	*8.4*	192 812	144 089	139 945
Total		**66 363 631**	**67 886 367**	**66 833 609**

The accompanying Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – LIABILITIES AND SHAREHOLDERS' EQUITY

(in EUR thousand)	*Notes*	**12.31.2023**	**12.31.2022 R**	**01.01.2022 R**
Financial liabilities at fair value through profit or loss	*3.2, 3.3 and 3.5*	109 650	399 349	450 051
Hedging derivatives	*3.3 and 3.5*	2 599	16 003	98 483
Revaluation differences on portfolios hedged against interest risk	*3.3.2 and 7.3*	22 629	-	-
Debt securities issued	*3.7*	16 730	22 394	45 084
Due to banks	3.7	21 761 332	21 543 080	24 147 288
Customer deposits	*3.7*	39 127 204	41 283 263	38 006 508
Tax liabilities	*6*	143 616	123 265	120 143
Other liabilities	*4.4*	1 137 689	789 147	481 724
Insurance and reinsurance contracts liabilities	*4.3*	73 516	64 009	77 548
Provisions	*8.3*	55 688	56 697	66 010
Total liabilities		**62 450 653**	**64 297 207**	**63 492 839**
Shareholders' equity				
Shareholders' equity, Group share				
Issued capital	*7.1*	1 389 043	1 389 043	1 389 043
Reserves, share premium and retained earnings	*7.1*	1 972 641	1 932 958	1 616 113
Net income	*7.1*	543 973	228 598	303 907
Sub-total		**3 905 657**	**3 550 599**	**3 309 063**
Unrealised or deferred gains and losses	*7.3*	7 212	38 454	31 597
Sub-total equity, Group share		**3 912 869**	**3 589 053**	**3 340 660**
Non-controlling interests	*2.3*	109	107	110
Total equity		**3 912 978**	**3 589 160**	**3 340 770**
Total liabilities and equity		**66 363 631**	**67 886 367**	**66 833 609**

The accompanying Notes are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

(in EUR thousand)	*Notes*	**2023**	**2022 R**
Interest and similar income	*3.8*	2 648 889	964 738
Interest and similar expense	*3.8*	(2 056 960)	(553 513)
Net interest margin		**591 929**	**411 225**
Fee income	*4.1*	437 145	426 771
Fee expense	*4.1*	(149 070)	(159 171)
Net fee margin		**288 075**	**267 600**
Net gains and losses on financial transactions		38 834	101 099
o/w net gains and losses on financial instruments at fair value through profit or loss	*3.2 and 3.3*	*38 501*	*103 770*
o/w net gains and losses on financial instruments at fair value through other comprehensive income		-	*(2 613)*
o/w net gains and losses from the derecognition of financial assets at amortised cost		*333*	*(58)*
Income from insurance activities	*4.3*	19 942	17 228
Expenses from insurance services	*4.3*	(7 980)	15 063
Net income and expenses from reinsurance held	*4.3*	16	129
Finance income or expenses from insurance contracts issued recognised in profit or loss	*4.3*	(2 677)	(12 672)
Finance income or expenses from reinsurance contracts held recognised in profit or loss	*4.3*	4	(5)
Cost of risk of financial assets from insurance activities	*3.9*	57	135
Income from other activities	*4.2*	4 427	6 005
Expenses from other activities	*4.2*	(6 209)	(6 089)
Net banking income		**926 418**	**799 718**
Personnel expenses	*5.1*	(228 665)	(211 350)
Other operating expenses	*8.2*	(193 057)	(178 866)
Amortisation, depreciation and impairment of tangible and intangible fixed assets and right-of-use assets	*8.4*	(43 734)	(38 518)
Gross operating income		**460 962**	**370 984**
Cost of risk	*3.9*	92 354	(168 298)
Operating income		**553 316**	**202 686**
Net income from investments accounted for using the equity method	*2.3*	45 914	36 714
Net income/expense from other assets		1 090	(3)
Earnings before tax		**600 320**	**239 397**
Income tax	*6*	(56 335)	(10 782)
Consolidated net income		**543 985**	**228 615**
Non-controlling interests	*2.3*	13	17
Net income, Group share		543 972	228 598

The accompanying Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

(in EUR thousand)	*Notes*	**2023**	**2022 R**
Consolidated net income		**543 985**	**228 615**
Unrealised or deferred gains and losses that will be reclassified subsequently into income		**(17 080)**	**9 971**
Translation differences	*7.3*	(1 326)	(1 918)
Revaluation of debt instruments at fair value through other comprehensive income	*7.3*	2 702	(38 029)
Revaluation differences of the year		*(46 602)*	*143 330*
Reclassified into income		*49 304*	*(181 359)*
Revaluation of insurance contracts at fair value through other comprehensive income	*4.3 and 7.3*	-	-
Revaluation of hedging derivatives		*(23 638)*	*52 336*
Revaluation differences of the year		*(23 638)*	*52 336*
Reclassified into income	*7.3*	-	-
Unrealised gains and losses of entities accounted for using the equity method	*7.3*	(7)	1 531
Tax related	*7.3*	5 189	(3 949)
Unrealised or deferred gains and losses that will not be reclassified subsequently into income		**(3 315)**	**10 847**
Actuarial gains and losses on defined benefits plans	*7.1 and 7.3*	(4 118)	13 714
Unrealised gains and losses of entities accounted for using the equity method	*7.1 and 7.3*	-	285
Related tax	*7.1 and 7.3*	803	(3 152)
Total unrealised or deferred gains and losses		**(20 395)**	**20 818**
Net income and unrealised or deferred gains and losses		**523 590**	**249 433**
o/w Group share		*523 577*	*249 416*
o/w non-controlling interests	*2.3*	*13*	*17*

The accompanying Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Capital and associated reserves		
(in EUR thousand)	**Issued common stocks**	**Issuing premium and capital reserves**	**Total**
Shareholders' equity at 12.31.2021	**1 389 043**	**2 817**	**1 391 860**
Allocation to retained earnings	-	-	-
Impact of the application of IFRS17 and IFRS9 for insurance activity (see Note 1.4)	-	-	-
Shareholders' equity at 01.01.2022 R	1 389 043	2 817	1 391 860
2022 dividends paid (see Note 7.2)	-	-	-
Effect of changes of the consolidation scope	-	-	-
Sub-total of changes linked to relations with shareholders	**-**	**-**	**-**
Change in unrealised or deferred gains and losses	-	-	-
2022 Net income	-	-	-
Change in accounting policy	-	-	-
Other changes	-	-	-
Sub-total	**-**	**-**	**-**
Shareholders' equity at December 31, 2022 R	**1 389 043**	**2 817**	**1 391 860**
Allocation to retained earnings	-	-	-
Shareholders' equity as at January 01, 2023	**1 389 043**	**2 817**	**1 391 860**
Appropriation of net income			
2022 dividends paid (see Note 7.2)	-	-	-
Effect of changes of the consolidation scope	-	-	-
Sub-total of changes linked to relations with shareholders	**-**	**-**	**-**
Change in unrealised or deferred gains and losses	-	-	-
Net income	-	-	-
Change in accounting policy	-	-	-
Other changes	-	-	-
Sub-total	**-**	**-**	**-**
Shareholders' equity at December 31, 2023	**1 389 043**	**2 817**	**1 391 860**

The accompanying Notes are an integral part of the consolidated financial statements.

		Unrealised gains and losses					
Retained earnings	Net income, Group share	that will be reclassified subsequently into income	that will not be reclassified subsequently into income	Total	Shareholders' equity, Group share	Non-controlling interests	Total consolidated shareholders equity
1 603 980	**303 907**	**32 728**	**13 967**	**46 695**	**3 346 442**	**110**	**3 346 552**
317 874	(303 907)	-	(13 967)	(13 967)	-	-	-
9 316	-	(15 092)	(6)	(15 098)	(5 782)	-	(5 782)
1 931 170	-	17 636	(6)	17 630	3 340 660	110	3 340 770
		-	-	-	-	(20)	(20)
-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	***(20)***	***(20)***
-	-	9 971	10 853	20 824	20 824	-	20 824
-	228 598	-	-	-	228 598	17	228 615
26	-	-	-	-	26	-	26
(1 055)	-	-	-	-	(1 055)	-	(1 055)
(1 029)	***228 598***	***9 971***	***10 853***	***20 824***	***248 393***	***17***	***248 410***
1 930 141	**228 598**	**27 607**	**10 847**	**38 454**	**3 589 053**	**107**	**3 589 160**
239 445	(228 598)	-	(10 847)	(10 847)	-	-	-
2 169 586	-	**27 607**	**-**	**27 607**	**3 589 053**	**107**	**3 589 160**
(200 000)	-	-	-	-	(200 000)	(11)	(200 011)
-	-	-	-	-	-	-	-
(200 000)	**-**	**-**	**-**	**-**	***(200 000)***	***(11)***	***(200 011)***
-	-	(17 080)	(3 315)	(20 395)	(20 395)	-	(20 395)
-	543 973	-	-	-	543 973	12	543 985
-	-	-	-	-	-	-	-
238	-	-	-	-	238	1	239
238	***543 973***	***(17 080)***	***(3 315)***	***(20 395)***	***523 816***	***13***	***523 829***
1 969 824	**543 973**	**10 527**	**(3 315)**	**7 212**	**3 912 869**	**109**	**3 912 978**

CONSOLIDATED CASH FLOW STATEMENT

(in EUR thousand)	*Notes*	2023	2022 R
Consolidated net income (I)		**543 985**	**228 615**
Amortisation expense on tangible and intangible fixed assets (including operational leasing)	*8.4*	43 734	38 518
Depreciation and net allocation to provisions		(136 188)	141 795
Net income/loss from investments accounted for using the equity method		(45 914)	(36 714)
Change in deferred taxes	*6.1*	5 264	(13 746)
Change in deferred income		(10 481)	7 030
Change in prepaid expense		(918)	(737)
Change in accrued income		(88 188)	7 732
Change in accrued expense		272 196	120 129
Other changes		54 435	27 191
Income tax paid		27 403	18 300
Non-cash items included in net income and others adjustments excluding income on financial instruments at fair value through profit or loss (II)		**121 343**	**309 498**
Income on financial instruments at fair value through profit or loss		178 810	78 908
Interbank transactions		(1 601 202)	(2 581 614)
Customers transactions		(631 267)	4 106 498
Transactions related to other financial assets and liabilities		639 770	1 102 529
Transactions related to other non financial assets and liabilities		208 174	(85 329)
Net increase/decrease Net in cash related to operating assets and liabilities (III)		**(1 205 715)**	**2 620 992**
Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III)		**(540 387)**	**3 159 105**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long term investments		(546 739)	(1 217 171)
Net cash inflow (outflow) related to tangible and intangible fixed assets		(116 708)	(43 115)
Net cash inflow (outflow) related to investment activities (B)		**(663 447)**	**(1 260 286)**
Dividend paid to equity holders of the parent	*7.2*	(200 000)	-
Repayment of subordinated loan		-	-
Other net cash flows arising from financing activities		-	-
Net cash inflow (outflow) related to financing activities (C)		**(200 000)**	**-**
Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C)		**(1 403 834)**	**1 898 819**
Cash due from central banks	*3.1*	12 535 411	10 966 851
Demand deposits and current accounts with banks	*3.6 and 3.7.1*	9 813 382	9 483 123
Cash and cash equivalents at the start of the year		**22 348 793**	**20 449 974**
Cash due from central banks	*3.1*	12 659 385	12 535 411
Demand deposits and current accounts with banks	*3.6 and 3.7.1*	8 285 574	9 813 382
Cash and cash equivalents at the end of the year		**20 944 959**	**22 348 793**
Net inflow (outflow) in cash and cash equivalents		**(1 403 834)**	**1 898 819**

Additonal information on operational cash flows from interest:

(in EUR thousand)	*Notes*	2023	2022 R
Interests paid	*3.8*	(1 782 232)	(452 324)
Interests received	*3.8*	2 549 165	895 041
Dividend received	*3.2*	191 337	90 631

The accompanying Notes are an integral part of the consolidated financial statements.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING PRINCIPLES

1. INTRODUCTION

CORPORATE INFORMATION

Societe Generale Luxembourg S.A. (the "Group" or the "Bank") was formed as Ingéfilux on April 11, 1956. Its name was changed to Luxbanque, Société Luxembourgeoise de Banque S.A. on May 7, 1981. In 1995, the Extraordinary Shareholders' Meeting decided to change the Bank's name to Societe Generale Bank & Trust S.A., with effect as at June 1, 1995. Furthermore, on January 27, 2020 the Bank changed its name to Societe Generale Luxembourg S.A. The Bank is governed by Luxembourg banking regulations and in particular the Law of April 5, 1993, as amended, on the financial sector. The Bank was incorporated under Luxembourg and is a limited liability company ("Société Anonyme") for an unlimited duration.

The Group provides financing engineering in private banking, securities services, corporate and investments banking. It is active in the insurance activities through the integrated bank-insurance model.

The Group has also treasury and assets liabilities management functions which are responsible for monitoring, managing and hedging structural risks arising from all the business units within SG Luxembourg.

As at December 31, 2023, the Bank's capital is wholly-owned by Sogeparticipations, a limited liability company ("Société Anonyme"), incorporated under French law.

The Bank and other entities of the Group are included in Societe Generale consolidated financial statements, which is the ultimate parent company of the Group. The consolidated financial statements of Societe Generale may be obtained from its registered office at Societe Generale, 29 Boulevard Haussmann, 75009 Paris, France.

Societe General Group is a public limited company (Société Anonyme) established under French law and headquartered in Paris, that prepares and published IFRS, as adopted by the European Union, consolidated financial statements since 2005.

The Bank holds a representation office in Germany (launched in 2018) and in Belgium since 2023 and a branch in Italy since January 2021 (former representation office opened in 2018 and transformed into a branch as at January 1, 2021).

These consolidated financial statements were approved by the Board of Directors of the Bank on April 23, 2024.

ACCOUNTING STANDARDS

In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, Societe Generale Luxembourg group prepared its consolidated financial statements for the year ended December 31, 2023 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date and with the going concern principle.

In accordance with the transitional measures provided by IFRS 9, the Group has elected to recognise hedging transactions under IAS 39 as adopted by the European Union, including measures related to macro-fair value hedge accounting (IAS 39 "carve-out").

FINANCIAL STATEMENTS PRESENTATION

The consolidated financial statements have been prepared on an historical cost basis except for derivative financial instruments, financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income that have been measured at fair value.

The carrying values of assets and liabilities that are designated as hedged items (fair value hedges) are adjusted to record changes in the fair values attributable to risks that are being hedged in effective hedge relationships. These assets and liabilities would otherwise be carried at amortised cost.

The disclosures provided in the notes to the consolidated financial statements of the Group are based on information that is both relevant and material to the financial statements of Societe Generale Luxembourg Group, its activities and the circumstances in which it conducted its operations over the year.

The Group publishes its consolidated financial statements as at December 31,2023, in European Single Electronic Format ("ESEF") in accordance with European Regulation 2019/815 and modified by the delegated Regulation 2022/352.

PRESENTATION CURRENCY

The presentation currency of the consolidated financial statements is the euro (EUR).

Functional currency for SG Luxembourg and its subsidiaries is EUR except for Societe Generale Private Banking Suisse S.A. ("SGPB Suisse"), where the functional currency is CHF.

The figures presented in the consolidated financial statements and in the notes are expressed In EUR thousand, unless otherwise specified. The effect of rounding can generate discrepancies between the consolidated figures presented in the financial statements and those presented in the notes.

The statements of financial position of consolidated companies reporting in foreign currencies are translated into EUR at the official exchange rates prevailing at the closing date. The statements of income of these companies are translated into EUR at the monthly average exchange rates.

The main spot exchange rates used as at December 31, 2023 are as follows:

(in EUR thousand)	12.31.2023	12.31.2022
EUR1 =	USD 1,1050	USD 1,0666
EUR1 =	GBP 0,8691	GBP 0,8869
EUR1 =	CHF 0,9260	CHF 0,9847
EUR1 =	JPY 156,33	JPY 140,66

2. NEW ACCOUNTING STANDARDS APPLIED BY THE GROUP AS AT JANUARY 1, 2023

"IFRS 17- Insurance Contracts"

Amendments to IFRS 17 – "Insurance Contracts and IFRS 9 - Financial Instruments

Amendments to IAS 1 "Disclosure of Accounting Policies"

Amendments to IAS 8 "Definition of Accounting Estimates"

Amendments to IAS 12 "Income Taxes - "Deferred Tax related to Assets and Liabili-ties arising from a Single Transaction"

Amendments to IAS 12 "International Tax Reform - Pillar 2 Model Rules"

IFRS 17 "INSURANCE CONTRACTS" – AMENDMENTS TO IFRS 17 PUBLISHED AS AT 25 JUNE 2020 AND AMENDMENTS TO IFRS 17 AND IFRS 9 PUBLISHED AS AT 9 DECEMBER 2021

The impacts of the first application of IFRS 17 and IFRS 9 by the insurance subsidiaries are presented in paragraph 4 below.

AMENDMENTS TO IAS 1 "DISCLOSURE OF ACCOUNTING POLICIES" AND IFRS PRACTICE STATEMENT 2 "MAKING MATERIALITY JUDGEMENTS"

The aim of these amendments is to help companies to clarify the concept of materiality of the information on accounting policies disclosed in the notes to the financial statements and the usefulness of that information to investors and financial statement users.

In the absence of a definition of the term "significant" in IFRS, the Board decided to replace it with "material" in the context of disclosing accounting policy information.

Although standardized information is less useful to users, other than entity-specific accounting policy information, the Board agreed that, in some circumstances, standardized accounting policy information may be needed for users to understand other material information in the financial statements.

The Group takes into account these amendments for the preparation of its consolidated financial statements, with no material changes compared to the disclosures already usually presented in the consolidated financial statements.

AMENDMENTS TO IAS 8 "DEFINITION OF ACCOUNTING ESTIMATES"

These amendments aim to facilitate the distinction between changes in accounting policies and changes in accounting estimates.

The Group takes into account these amendments for the preparation of its consolidated financial statements, with no material changes compared to the disclosures already usually presented in the consolidated financial statements.

AMENDMENTS TO IAS 12 "INCOME TAX – DEFERRED TAX FOR ASSETS AND LIABILITIES RELATED TO THE SAME TRANSACTION"

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

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

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.

As such, this amendment has no effect on the Group's consolidated financial statements.

AMENDEMENTS TO IAS 12 "INTERNATIONAL TAX REFORM - MODEL PILLAR RULES"

Published in May 2023, amendments effective immediately upon issuance but certain disclosure requirements are effective later.

These amendments introduce a mandatory temporary exception to the recognition of deferred tax assets and liabilities relating to income taxes arising from OECD Pillar 2 rules, and apply retrospectively to fiscal years beginning on or after January 1, 2023.

This exemption is accompanied by specific disclosure requirements in the consolidated financial statements.

The Group has set up a project structure to identify the impact of these amendments and to comply with the new accounting requirements in line with the OECD's Pillar 2 international tax reform (see Note 6).

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 December 31, 2023. Their application is required for the financial years beginning on or after January 1, 2024 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 December 31, 2023.

The provisional application timeframe for the standards, amendments and interpretation with the most impact on the Group is as follows:

2024	Amendments to IFRS 16 « Lease liability in a sale and leaseback » (early application)
2025	Amendments to IAS 21 Lack of Exchangeability

AMENDMENTS TO IFRS 16 "LEASE LIABILITY IN A SALE AND LEASEBACK"

Published in September 2022, applicable for annual periods beginning on or after 1 January 2024.

These amendments provide clarifications on the subsequent measurement of leaseback transactions when the initial sale of the asset meets the criteria of IFRS 15 ("Revenue from contract with customers") to be recognised as a sale. These amendments specify in particular how to subsequently assess the lease liability resulting from these leaseback transactions, made of variable lease payments that do not depend on an index or a rate.

These amendments have no impact on the Group's consolidated financial statements.

AMENDMENTS TO IAS 21 "LACK OF EXCHANGEABILITY"

Published in August 2023, applicable for annual periods beginning on or after 1 January 2025.

These amendments specify the situations in which a currency is considered convertible, and the procedure for assessing the spot exchange rate when exchangeability is lacking. They also detail the supplementary information to provide in the Notes to the financial statements for non-convertible currencies.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

The impact of these amendments for the Group is currently being analysed.

4.INITIAL APPLICATION OF IFRS/ 17 "INSURANCE CONTRACTS" AND OF IFRS 9 "FINANCIAL INSTRUMENTS" TO INSURANCE SUBSIDIARIES

IFRS 17 "Insurance Contracts", issued on 18 May 2017 and modified by the 25 June 2020 and 9 December 2021 Amendments, replaces IFRS 4 "Insurance Contracts" which allowed, in particular, insurance contracts to be recognised using methods set out by the local accounting regulations.

On November 23, 2021, the European Commission (EC) published in the Official Journal Regulation the regulation (EU) 2021/2036 of November 19, 2021 adopting IFRS 17 "Insurance contracts". This adoption included the possibility for European companies to not apply the requirement stated in the standard to group some insurance contracts by annual cohort for their measurement (see paragraph: "Grouping of contracts"); this exemption will be reassessed by the European Commission at the latest on December 31, 2027.

Since 1 January 2023, the Group has been applying IFRS17. On the same date, the Group' subsidiaries operating in the insurance sector applied IFRS 9 "Financial Instruments" for the first time; this application had been delayed as a result of the possibilities offered by the Amendments to IFRS 17 and to IFRS 4 issued by the IASB on June 25, 2020 and expanded by Regulations (EU) 2017/1988 and 2020/2097 of the European Commission.

On 8 September 2022, the European Union adopted the amendments to IFRS 17 published by the IASB on 9 December 2021 with the aim of improving the usefulness of the comparative information about financial assets presented on the initial application of IFRS 17 and IFRS 9.

The main consequences of the application of IFRS 17 are:

- the measurement of insurance contracts, materialised mainly as liabilities on the balance sheet: their value will be updated on each closing date based on a reestimate of the future cash flows related to their execution. This reestimate takes account, in particular, of market data in relation to financial elements and the behaviour of policyholders;
- the recognition of the margin: although the profitability of the insurance contracts remains unchanged, the pace of recognition in the income statement will be modified. Any expected profit will be deferred in the balance sheet and spread in the income statement over the coverage period of the insurance contracts. Conversely any expected loss will

immediately be recognised in the income statement upon its initial recognition or in subsequent measurements; and

- the presentation of the income statement: the operating expenses attributable to the execution of insurance contracts will hence be presented in reduction of the Net Banking Income as Insurance services expenses and will thus not impact the total operating expenses on the consolidated income statement anymore.

TRANSITIONAL AND INITIAL APPLICATION REQUIREMENTS

IFRS 17 STANDARD

The initial application of IFRS 17 as at January 1, 2023 is retrospective and the comparative data of the 2022 financial year have been restated.

The differences in measurement of the insurance assets and liabilities resulting from the retrospective application of IFRS 17 as at January 1, 2022 are presented directly in equity. Fully retrospective application was used for SG Ré, SG Luxembourg Ré (“SGL Ré”) and SG Luxembourg Credit Insurance (“SG LUCI”).

The retrospective measurement of these assets and liabilities, and in particular of the different insurance contract portfolios, may be subject to simplified alternate approaches when the historical data necessary for a fully retrospective application are not available. The standard then allows for the use of:

- either a modified retrospective approach that will provide, based on reasonable information available at no cost or undue effort, measurements that are as close as possible to those that would result from the retrospective application of the standard (approach used for Sogelife);
- or an approach based on the fair value of the insurance contracts portfolios as at January 1, 2022.

The assessment of the insurance contracts made on a current basis, taking into account the time value of money and the financial risks relating to future cash flows, required the review of the modalities to measure some assets backing the contracts with a view of removing the possible accounting mismatch.

Transitioning to IFRS 17 requires including in the assessment of the insurance contracts the administrative costs (personnel expenses, amortisation expenses for fixed assets …) directly attributable to the fulfilment of contracts and present them as Insurance services expenses in the Net banking income.

The Group’s insurance entities will systematically identify in the fulfilment cash flows of their contracts the amount of administrative costs they expect to bear. These administrative costs will be presented under the “Insurance services expenses in the Net banking income” item. Consequently, the administrative costs presented by nature on the income statement will be reduced by the amounts allocated to the fulfilment of the insurance contracts.

IFRS 9 STANDARD

The initial application of IFRS 9 by the Group’s insurance entities as at January 1, 2023 is retrospective.

For the sake of consistency with the IFRS 17 transition arrangements, and in order to provide more relevant and useful information, the Group has restated the comparative data of the 2022 financial year relating to the relevant financial instruments of its insurance entities (including the financial instruments derecognised during the 2022 financial year in accordance with IFRS 17 amendment which allows the presentation of comparative information concerning a financial asset as if IFRS 9 had previously been applied to that asset).

Following the retrospective application of IFRS 9 as at January 1, 2022, differences resulting mainly from the measurement of the financial assets and liabilities concerned and of the impairment for credit risk are recognised directly in equity.

The treatment of the financial assets currently measured at fair value through profit or loss have not been modified. The other financial assets (mainly Financial assets available for sale) comprise:

- Equity financial instruments – these instruments, which corresponds to variable income instrument or equity investments negotiated in relation to the management of insurance contracts, were reclassified as Financial assets at fair value through profit or loss.
- Financial debt financial instruments – the cash flows of which correspond solely to repayments of principal and payment of interest on the principal due – (see Note 4.3.2)
  - held within a “Collect and sell” business model: these instruments, which correspond to investments negotiated in relation to the management of insurance contracts, will be reclassified as Financial assets at fair value through equity.
  - held within a “Collect” business model: these instruments, primarily held for the reinvestment of own funds, will be reclassified as Financial assets at amortised cost;
- Debt non-basic financial instruments: these instruments will be reclassified as Financial assets at fair value through Profit or Loss. The unrealised Gains and losses recognised directly in equity will be reclassified under Retained earnings (with no impact on the Group’s equity).

Assessing the credit quality of the assets held (see Note 4.3.4), the application of the IFRS 9 provisions to the recognition of expected credit losses should only result in a limited increase in their impairment.

NEW PRESENTATION OF THE FINANCIAL STATEMENTS

On the balance sheet, the accounting outstanding amounts related to insurance contracts, previously booked under Other assets, Insurance contracts related liabilities and Other liabilities are now presented under Insurance and reinsurance contracts assets and Insurance and reinsurance contracts liabilities.

The accounting outstanding amounts related to the financial instruments of insurance activities, previously booked on the assets side under Investments of insurance companies and on the liabilities side under Insurance contracts related liabilities, are now presented under the different headings of the balance sheet according to their classification and valuation technique.

In the consolidated income statement, in the Net banking income, the income and expenses related to the insurance contracts issued and the reinsurance contracts were previously grouped under Net income from insurance activities. These income and expenses are now measured and recognised according to IFRS 17, and presented in the Net banking income under the following headings:

- Income from insurance contracts issued;
- Insurance service expenses;
- Income and expenses from reinsurance contracts held;
- Net finance income or expenses from insurance contracts issued; and
- Net finance income or expenses from reinsurance contracts held.

The incomes and expenses related to the financial instruments of insurance subsidiaries, previously presented under Net income from insurance activities, are now presented under the consolidated income statement headings dedicated to the valuation of financial instruments, with the exception of the expenses and incomes related to credit risk which are presented in the Net banking income under Cost of credit risk of the financial assets related to insurance activities (Note 3.9.3).

Furthermore, in the context of the application of IFRS 17, the Group has modified the presentation of the general operating expenses in the consolidated income statement to improve the readability of the Group's performance. The Other general operating expenses heading now includes the amounts previously presented under Personnel expenses and Other operating expenses, from which are deducted the general operating expenses related to insurance contracts that are presented under the Insurance service expenses heading in the Net banking income.

IMPACTS ON THE GROUP'S FINANCIAL STATEMENTS OF THE APPLICATION OF IFRS 17 AND IFRS 9 BY INSURANCE ENTITIES

The retrospective application of IFRS 17 and IFRS 9 by the Group's insurance entities as at January 1,2022 (transition date), results in a EUR 5,8 million decrease in the Group's consolidated equity and in a decrease of EUR 2,4 million in total liabilities mainly explained by the recording of a differed contractual service margin for EUR 77,5 million compared an amount of EUR 79,3 million insurance contracts related liabilities previously recorded under IFRS 4.

The total assets decrease by EUR 8,2 million is mainly explained by

- the reclassification of investments of insurance activities for EUR 371,9 million under IAS 39 which were retreated in IFRS 9 as follows: EUR 356,6 million of financial assets (debt instruments) at fair value through other comprehensive income, EUR 12,3 million debt securities at amortized cost and EUR 2 million financial assets at fair value through profit and loss (equity instruments) on SG Ré;
- the decrease of other assets for EUR 4,8 million due to the retreatment under IFRS 17 of the receivables related to reinsurance operations;
- the retreatment of Sogelife 2022 result from IFRS 4 to IFRS 17 leading to a decrease of EUR 3,9 million in the investments accounted for using the equity method.

In the consolidated financial statements, the restated data are identified with "R".

The changes in presentation are presented below and in the notes related to financial instruments and insurance activities.

(in EUR thousand)	**12.31.2022 IAS 39**	IAS 39 available for sale financial assets	Other reclassifi-cation	**Reclassified balances**	**Adjustment of book value related to investments**	**01.01.2022 R IFRS 9 & IFRS 17**	**12.31.2022 R**
Cash, due from central banks	10 966 851	-	-	10 966 851	-	10 966 851	12 535 411
Financial assets at fair value through profit or loss (Note 3.2)	1 240 582	2 008	-	1 242 590	-	1 242 590	1 024 354
Hedging derivatives	5 625	-	-	5 625	-	5 625	217 206
Financial assets at fair value through other comprehensive income (Note 3.4)	2 815 004	356 563	-	3 171 567	-	3 171 567	2 238 820
Securities at amortized cost (Note 3.6)	8 051 597	12 324	-	8 063 920	-	8 063 920	9 309 177
Due from banks at amortised cost (Note 3.6)	19 840 378	746	-	19 841 124	-	19 841 124	21 990 338
Customer loans at amortised cost (Note 3.6)	22 817 851	-	-	22 817 851	-	22 817 851	19 965 886
Investments of insurance activities	371 871	(371 871)	-	N/A	-	N/A	N/A
Insurance and reinsurance contracts assets (Note 4.3)	N/A	-	804	804	-	804	1 992
Tax assets (Note 6)	1 560	-	-	1 560	-	1 560	5 321
Other assets (Note 4.4)	481 959	-	-	481 959	(4 812)	477 147	351 678
Investments accounted for using the equity method (Note 2.3)	108 560	-	-	108 560	(3 935)	104 625	102 095
Tangible and intangible fixed assets and right of use assets	139 945	-	-	139 945	-	139 945	144 089
Total	**66 841 783**	**(230)**	**804**	**66 842 357**	**(8 747)**	**66 833 609**	**67 886 367**

(in EUR thousand)	**12.31.2022 IAS 39**	IAS 39 available for sale financial assets	Reclassified balances	**Reclassified balances**	**Adjustment of book value related to investments**	**01.01.2022 R IFRS 9 & IFRS 17**	**12.31.2022 R**
Financial liabilities at fair value through profit or loss (Note 3.2)	450 051	-	-	450 051	-	450 051	399 349
Hedging derivatives	98 483	-	-	98 483	-	98 483	16 003
Debt securities issued (Note 3.7)	45 084	-	-	45 084	-	45 084	22 394
Due to banks (Note 3.7)	24 147 288	-	-	24 147 288	-	24 147 288	21 543 080
Customer deposits (Note 3.7)	38 006 508	-	-	38 006 508	-	38 006 508	41 283 263
Tax liabilities (Note 6)	120 757	-	(614)	120 143	-	120 143	123 265
Other liabilities (Note 4.4)	481 724	-	-	481 724	-	481 724	789 147
Insurance contracts related liabilities	79 326	(79 326)	-	N/A	-	N/A	N/A
Provisions	66 010	-	-	66 010	-	66 010	56 697
Insurance and reinsurance contracts issued -liabilities	N/A	-	77 548	77 548	-	77 548	64 009
Total liabilities	**63 495 231**	**(79 326)**	**76 934**	**63 492 839**	**-**	**63 492 839**	**64 297 207**
Issued Capital	1 389 043	-	-	1 389 043	-	1 389 043	1 389 043
Reserves, share premium and retained earnings	1 606 797	-	9 316	1 616 113	-	1 616 113	1 932 958
Net income	303 907	-	-	303 907	-	303 907	228 598
Unrealised or deferred capital gains and losses	46 695	(15 099)	-	31 597	-	31 597	38 454
Equity, Group share	**3 346 442**	**(15 099)**	**9 316**	**3 340 660**	**-**	**3 340 660**	**3 589 053**

5. USE OF ESTIMATES AND JUDGMENTS

To prepare the Group's consolidated financial statements, in application of the accounting principles described in the Notes, the Board of Directors makes assumptions and estimates that may have an impact on the amounts recognised in the income statement as Unrealised or deferred capital gains and losses, on the valuation of assets and liabilities in the balance sheet, and on the information disclosed in the related notes to the consolidated financial statements.

In order to make these assumptions and estimates, the Board of Directors uses the information available at the date of preparation of the consolidated financial statements and may exercise its judgment. Valuations based on estimates innately involve risks and uncertainties relating to their occurrence in the future. Consequently, the actual future results may differ from these estimates and have a significant impact on the financial statements.

The assumptions and estimates made for the preparation of these consolidated financial statements take into account the uncertainties about the economic consequences of the war in Ukraine. Those that remain with regard to the Covid-19 pandemic, as well as of the current macroeconomic conditions. The effects of these events on the assumptions and estimates used are specified in the 6th paragraph of this Note.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, the Board of Directors has made the following judgments and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognized in the consolidated financial statements with substantial management judgment and/or estimates are listed below with respect to judgments/estimates involved.

In the process of applying the Group's accounting policies, the Board of Directors has made the following judgments and estimates, which have the most significant effect on the amounts recognized in the consolidated financial statements:

- the fair value in the balance sheet of financial instruments not listed on an active market which are recognised as Financial assets and liabilities at fair value through profit or loss, Hedging derivatives, Financial assets at fair value through other comprehensive income or Investments of insurance companies (described in Notes 3.2, 3.3, 3.4, 3.5 and 4.3), as well as the fair value of the instruments measured at amortised cost for which this information must be disclosed in the Notes to the financial statements;
- the impairment and provisions for credit risk related to financial assets measured at amortised cost or at fair value through other comprehensive income and loan commitments and guarantee commitments granted measured using models or internal assumptions based on historical, current and prospective data (see Note 3.9, 8.3 and 9). The use of estimates and judgment relates in particular to the assessment of the deterioration in credit risk observed since the initial recognition of financial assets and the measurement of the amount of expected credit losses on these same financial assets;

- the estimates related to the valuation of insurance contracts assets and liabilities and of the implementation of the transition methods in the context of the initial application of IFRS 17 (see Note 4.3);
- the tax assets and liabilities recognised on balance sheet (see Note 6);
- the analysis of the characteristics of the contractual cash flows of financial assets (see Note 3);
- the assessment of control for the determination of the scope of consolidated entities, especially with regard to structured entities (see Note 2).

CLIMATE RISK

In line with the Societe General Group approach, Societe Generale Luxembourg Group continues its work to gradually integrate climate risks in the preparation of its consolidated accounts. Climate change-related risks are not a new risk category but rather an aggravating factor for categories already covered by the Societe General Group's risk management system. In this regard, the impact of transitional risk on the credit risk of the corporate customers remains one of the major climate risk for the Societe Generale Group and its subsidiaries.

Furthermore, the Societe Generale Group is currently analyzing the provisions in the European Sustainability Reporting Standards (ESRS) adopted by the European Commission on 31 July 2023, notably those related to the connections between the future sustainability reports and the consolidated financial statements.

6. GEOPOLITICAL CRISES AND MACROECONOMIC CONTEXT

2023 was a year of cumulative uncertainties with, in particular, the continuing conflict in Ukraine but also tensions in the b anking sector in the United States of America and Europe at the beginning of the year, as well as the situation in the Middle-East at the end of the year. Monetary policies were clearly restrictive. Focusing on inflation control, central banks increased interest rates rapidly and significantly.

In the euro area:

- the slowdown in economic activity observed during the first half of 2023 continued and was accentuated during the second half of the year;
- inflation remained high in 2023; it is expected to drop down to around 3% in 2024 and fall back to the target in the mid-term.

In the U.S., the economy performed better than expected by most forecasters. Warning signs point to a sharper slowdown already apparent towards the end of the year.

In this context, the Societe Generale Luxembourg Group updated the macroeconomic scenarios chosen for the preparation of the consolidated financial statements.

MACROECONOMIC SCENARIOS

SG Luxembourg Group approach relies on the Societe Generale Group's modelizations for macroeconomic scenario and analysis of activities.

The details of evolutions to macroeconomic scenarios and their impacts on calculation of Expected Credit Losses (ECL) under IFRS 9 are presented below.

As at 31 December 2023, the Societe Generale Group selected three macroeconomic scenarios to help understand the uncertainties related to the current macroeconomic context.

The assumptions selected to build these scenarios are described below:

- the central scenario ("SG Central") predicts a continuing economic slowdown in the euro area in 2024 with only a modest rebound in 2025. The fall in inflation, around 2,5%, will be accompanied by an increase in the unemployment rate. The ECB would lower its interest rates starting in Spring 2024, but would continue scaling down its balance sheet at least until 2025 (reducing its direct purchases on the market). It is expected that in the U.S.A, too, economic growth shall decelerate in 2024, interest rates shall decrease and inflation shall remain on a downward trend while the unemployment rate increases;
- the favourable scenario ("SG Favourable") describes an accelerated economic growth compared to the trajectory projected in the central scenario; this growth may result from improved supply conditions owing to a positive shock on productivity or from unexpectedly improved demand conditions. In both cases, stronger growth will have a positive impact on employment and the profitability of companies;
- the stressed scenario ("SG Stress") corresponds to a crisis situation leading to a negative deviation in GDP compared to the central scenario. This scenario may result from a financial crisis (2008 crisis, euro area crisis…), an exogenous crisis (Covid-19-like pandemic) or a combination of both.

These scenarios are developed by the Societe Generale Economic and Sector Research Division for all the entities in the Societe Generale Group based, in particular, on the information published by the statistical institutes in each country.

Institutional forecasts produced by organisations like the IMF, the World Bank, the ECB and the OECD and the consensus among market economists serve as a reference to challenge the Societe Generale Group's forecasts.

The scenarios provided by the Societe Generale Group economists are incorporated into the expected credit loss provisioning models over a three-year horizon, followed by a two-year period to gradually return by the fifth year to the average probability of default observed during the calibration period.

The assumptions made by the Societe Generale Group with a view to developing these macroeconomic scenarios have been updated during the fourth quarter 2023 to account for uncertainties about the macroeconomic context.

VARIABLES

The GDP growth rate, the profit margin of companies in France, the unemployment rates, the inflation rate in France and the yield on France 10-year government bonds are the main variables used in the expected credit losses measurement models.

The variables with the stronger impact on the determination of expected credit losses (GDP growth percentage for the major countries in which the Societe Generale Group operates and profit margin of businesses in France) for each scenario are detailed hereinafter:

(in percentage %)

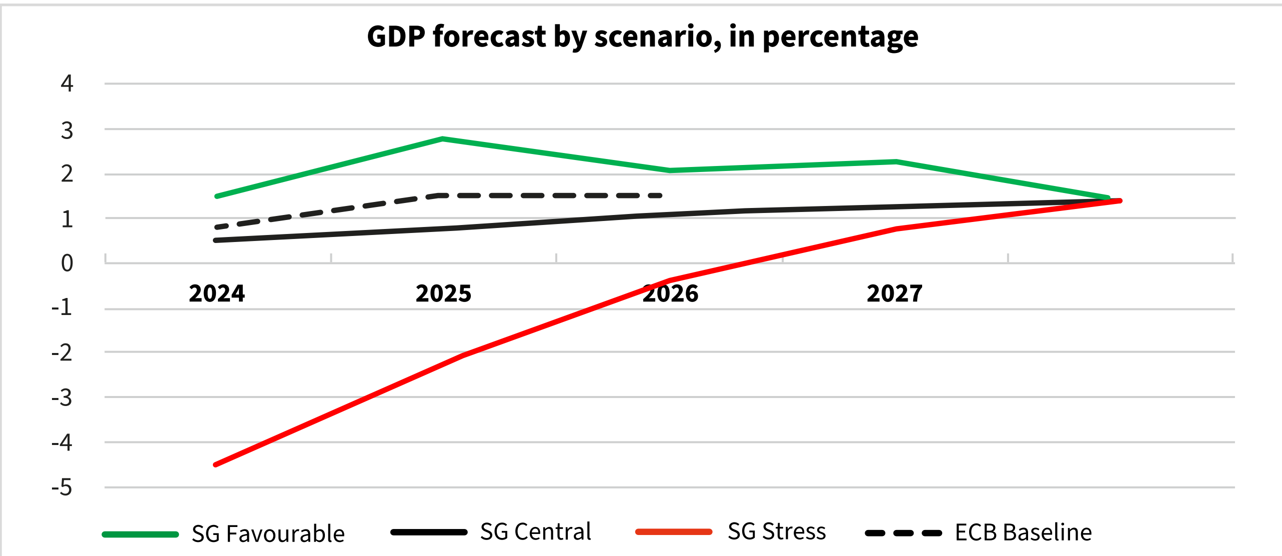
"SG Favourable" scenario	**2024**	**2025**	**2026**	**2027**	**2028**
France GDP	1.5	2.7	2.1	2.3	1.5
Corporate profit margin in France	33.0	32.7	32.9	32.9	32.4
Euro area GDP	1.5	2.8	2.1	2.3	1.4
United States GDP	1.9	3.5	2.8	3.0	2.2
China GDP	5.4	6.0	4.8	4.8	3.8

"SG Central" scenario	**2024**	**2025**	**2026**	**2027**	**2028**
France GDP	0.5	0.7	1.1	1.3	1.5
Corporate profit margin in France	32.4	32.4	32.4	32.3	32.4
Euro area GDP	0.5	0.8	1.1	1.3	1.4
United States GDP	0.9	1.5	1.8	2.0	2.2
China GDP	4.4	4.0	3.8	3.8	3.8

"SG Stress" scenario	**2024**	**2025**	**2026**	**2027**	**2028**
France GDP	(4.5)	(2.3)	(0.4)	0.8	1.5
Corporate profit margin in France	30.2	30.2	30.2	30.1	32.4
Euro area GDP	(4.5)	(2.2)	(0.4)	0.8	1.4
United States GDP	(4.1)	(1.5)	0.3	1.5	2.2
China GDP	(0.6)	1.0	2.3	3.3	3.8

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

The graph below compares the GDP forecasts in the euro area used by the Societe Generale Group for each scenario with the scenarios published by the ECB in December 2023.



WEIGHTING OF THE MACROECONOMIC SCENARIOS

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

In order to better account for a possible reversal in the cycle, the Societe Generale Group applies to its scenarios a weighting methodology (mainly based on the observed output gaps for the USA and the euro area) and assigns a higher weight to the SG Central scenario when the economy is depressed. Conversely, the methodology provides for a higher weight to be assigned to the SG Stress scenario when the economy moves towards the peak of the cycle. Accordingly, the weighting applied to the SG Central scenario is set at 62% as at 31 December 2023.

Presentation of the changes in weightings:

	December 31, 2023	June 30, 2023	December 31, 2022
SG Central	62%	62%	60%
SG Stress	28%	28%	30%
SG Favourable	10%	10%	10%

GEOPOLITICAL CRISES AND MACROECONOMIC CONTEXT

In 2023, the Societe Generale Group revised the parameters used in the models based on the based on the updated macroeconomic scenarios which take account of the recent economic developments and macroeconomic impacts related to the current geopolitical environment.

To account for the uncertainties related to the macroeconomic and geopolitical environment, the Group updated the model and post-model adjustments in 2023.

The effects of these adjustments in the determination of expected credit losses are described hereinafter.

ADJUSTMENTS SUPPLEMENTING THE APPLICATION OF MODELS

As of 31 December 2023, the adjustment regarding the additional criterion for classification in Stage 2 set in 2020 for the Societe Generale Group following the Covid-19 crisis has been removed.

Sectoral adjustments

- The Societe Generale Group may supplement the models with sectoral adjustments relating to the possible revision of the expected credit loss estimates (with no impact on the stage classification of the outstanding loans) for some sectors.
- These adjustments allow for better anticipation of the default/recovery cycle in some sectors that have a cyclical business, have been subject to peaks of default in the past or are most exposed to the current crises and on which the Societe Generale Group's exposure exceeds a threshold that is annually reviewed and set by the Risk Division.
- These sectoral adjustments are examined and updated quarterly by the Risk Division and validated according to materiality thresholds by Societe Generale Group Management.
- The main relevant sectors as at 31 December 2023 are "Mining industry" "Hotels, restaurants and gaming" and "Metallurgy and steel production".
- The total sectoral adjustments amount to EUR 2,7 million as of December 31, 2023 (December 31, 2022: EUR 2,2 million).

Specific adjustments

For Russian Corporate Investment banking clients, a specific adjustment has been computed based on multi-scenarios approach.

- **Business as usual scenario** (probable to 30% vs. 2022 35%): PD and LGD remain unchanged.
- **Intermediate scenario** (probable to 40% same as 2022): deepening of the crisis. The average rating of the portfolio decreases to 7-. LGDs are downgraded, especially as financing is less secure. This scenario is considered to have a high probability.
- **Extreme scenario** (probable to 30% vs. 2022 25%): default by all counterparties. LGD downgraded. Off-balance sheet transactions are considered as eligible for drawdown.

In 2023, on Corporate and Investment banking perimeter, this overlay, impacting stage 2, is designed to take into account the specific risk on the offshore credit portfolio for Russian clients, corporates and banks. These clients are subject to a specific risk of default, due to sanctions (particularly in the event of an embargo), or, in the worst case scenario, the consequences of a breakdown in relations between Russia and Europe. In the event of default, recovery could be subject to specific difficulties due to the geopolitical context.

In 2023, on Private Banking perimeter, the Societe Generale Group decided to maintain the specific adjustment on the offshore credit portfolio to Russian clients (out of sanctioned or restricted PEP counterparties).

The total specific adjustments amount to EUR 27 million as at December 31, 2023, down 75% (- EUR 81 million) compared with December 31, 2022 following the sales and restructuring of loans towards Russian counterparties.

Specially on Private Banking perimeter, the Societe Generale Group has maintained in 2023, the specific adjustment on financial market instability

IMPACTS ON CREDIT EXPOSURES

The tables below present the exposures (measured at amortised cost) booked by the Societe Generale Luxembourg Group entities on Russian counterparties and clients (nationality and/or tax residence).

- **GLBA perimeter - corporate exposures**

	12.31.2023		12.31.2022	
(In EUR million)	**Gross outstanding**	**Net outstanding***	**Gross outstanding**	**Net outstanding***
Russia clients exposures	138	60	676	396

* The net outstanding column does not take into account the exposures covered by a specific credit insurance.

- **Private banking perimeter - retail exposures**

	12.31.2023	12.31.2022
(In EUR million)	**EAD**	**EAD**
Russia clients exposures	471	513
*of which restricted clients**	*32*	*47*

*The restricted clients correspond to clients with Russian nationality and tax residence out of EU.

All the exposures related to corporates counterparties (138 million euros) are classified in Stage 2 (2 counterparties) or in stage 3 (1 counterparty).

On the Private Banking perimeter, as the exposures are fully collateralized by real estate or financial collaterals, a case-by-case analysis has been performed to identify "sensitive" counterparties.

CALCULATION OF EXPECTED CREDIT LOSSES

The main evolution that occurred over the year at SG Luxembourg Group level is the decrease in the amount of Russian exposures leading to provision reversal.

Based on the scenarios and weightings mentioned above, and after taking into account the methodological adjustments, the calculation of expected credit losses led SG Luxembourg Group to record a Net Cost of Risk reversal of EUR 92,36 million (without insurance activity) as of December 31, 2023.

SG Luxembourg Group cost of risk as at December 31, 2023 split by business lines (without insurance activity):

(in EUR million)	2023 NCR		
Business line	**Stage 1 & Stage 2**	**Stage 3**	**Global**
Private Banking	(1,57)	3,12	1,55
Securities services	0,26	-	0,26
Corporate and Investment Banking	(94,77)	0,26	(94,51)
Corporate center	0,34	-	0,34
SG Luxembourg Group	**(95,75)**	**3,39**	**(92,36)**

As of December 31, 2023, the approved moratoriums amount a total commitment of EUR 27,60 million regarding four residual cases in SGPB Monaco (2022: EUR 28,00 million).

7. INTEREST RATE BENCHMARK REFORM – IBOR REFORM

ACCOUNTING STANDARDS

AMENDMENTS TO IFRS 7, IAS 39 AND IFRS 9 IN THE CONTEXT OF THE INTEREST RATE BENCHMARK REFORM ("IBOR REFORM")

Issued by the IASB on August 27, 2020 and adopted by the European Union on January 14, 2021.

In the context of the interest rate reform or IBOR reform, the accounting standards applicable have been amended by the IASB. The first amendments, with objective to enable the continued application of hedge accounting treatments, were implemented by the Group since December 31, 2019.

The second phase of these amendments introduced by the IASB regards the treatment of the changes in financial instruments contracts in the framework of the IBOR reform and were early-applied by the Group in its financial statements as at December 31, 2020.

In view of the arrangements introduced by the amendments of IBOR – Phase 2, the changes in contractual cash flows expected for this rate transition should not generate any significant effect on the Group's consolidated financial statements. In fact, the

Group, following the recommendations issued by the regulatory authorities and local working groups on rate reform, migrates the contracts with an IBOR index, as a benchmark, on an economically equivalent basis. This usually results in the replacement of the historical reference rate by an alternative reference rate to which is added a fixed spread compensating the interest rate differential between these two rates.

Accounting treatments were presented in 2021 financial statements and remaining impact in 2023 was on USD contracts due to migration in June 2023.

IMPACT OF THE REFORM FOR SOCIETE GENERALE LUXEMBOURG GROUP

The Societe Generale Luxembourg Group relied on the Societe Generale Group specific program to prepare for the changes. The program was set-up in summer 2018 and supervised by the Finance Division at Societe Generale Group level.

To prepare for the announced cessation dates of LIBOR and other transitioning benchmarks, the public authorities and the working groups set up by the central banks issued recommendations to the banking industry.

To ensure a consistent approach throughout the Societe Generale Group, several internal guidelines have been issued covering four main themes:

- strengthening of new contracts through the inclusion of fallback clauses and risk warnings;
- cessation of the production of new transactions referencing benchmarks and use of alternative solutions;
- fair and homogenous treatment of customers in contracts' renegotiations with the involvement of compliance teams;
- reporting obligation, and restrictions related to the use of certain interest rates.

All directives are being applied and widely circulated among the Societe Generale Group's staff.

In order to build the capacity to deal on products referencing RFRs and thus ensure the continuity of its business after the phasing out of IBOR, the Group SG updated its tools and processes. Moreover, the Group continues monitoring developments in the use of RFRs rates in order to meet its customers' needs.

MIGRATION OF THE USD LIBOR

The interest rate benchmark market reform is now complete. At the end of October 2023, Societe Generale Luxembourg completed 100% of the Group's project through liquidation of part of the remaining contracts or legal migration of contracts on indices discontinued as of 30 June 2023.

Risks associated with the benchmark rate reform

All the risks identified in the context of the transition are, today, no longer relevant:

- **Program governance and execution risk:** the IBOR Transition program is now closed, and its budget has been fully financed;
- **Legal documentation risk:** templates for fallback clauses are made available by market associations (ISDA, LMA, etc.) or are available within the Group when there is no market standard templates. Nevertheless, the contractual documentation may need to be adapted to the specificities of new cessations;
- **Market risk:** since benchmark cessations for the followed rates have already happened, this risk has disappeared;
- **Operational risks in the execution of transactions' migration:** all mass migrations have already been completed;
- **Regulatory risk:** all of the Group's guidelines related to ceasing and alternative interest rate benchmarks have been set up and disseminated in the Group's business lines;
- **Conduct risk:** with all negotiations finalised, this risk has disappeared.

NOTE 2 – CONSOLIDATION

MAKING IT SIMPLE

The various activities of the Societe Generale Luxembourg Group in Luxembourg and abroad are carried out by Societe Generale Luxembourg – Parent company and by all of the entities that it controls either directly or indirectly (subsidiaries) or on which it exercises significant influence (associates). All of these entities make up the scope of the Group consolidation.

Consolidation uses a standardized accounting process to give an aggregated presentation of the accounts of Societe Generale Luxembourg – Parent company and its subsidiaries, associates, presented as if they were a single entity.

To do so, the individual accounts of the entities that make up the Group are restated so that they are in accordance with IFRS, as adopted by the European Union, in order to present consistent information in the consolidated financial statements.

In addition, the accounting balances (assets, liabilities, income and expense) generated by transactions between Group entities are eliminated through the consolidation process so that the consolidated financial statements present only the operations and results made with third parties outside of the Group.

ACCOUNTING PRINCIPLES

The consolidated financial statements of Societe Generale Luxembourg include the financial statements of the parent company and the main Luxembourg and foreign companies over which the Group exercises control or significant influence. There was no entity jointly controlled as of December 31, 2023 and December 31, 2022.

CONSOLIDATED ENTITIES

Subsidiaries

Subsidiaries are the entities over which the Group has exclusive control. The Group controls an entity if and only if the three following conditions are met:

- the Group has power over the entity (ability to direct its relevant activities, i.e. the activities that significantly affect the entity's returns), through the holding of voting rights or other rights; and
- the Group has exposure or rights to variable returns from its involvement with the entity; and
- the Group has the ability to use its power over the entity to affect the amount of the Group's returns.

Power

When determining voting rights for the purpose of establishing the Group's degree of control over an entity and the appropriate consolidation methods, potential voting rights are taken into account where they can be freely exercised at the time the assessment is made or at the latest when decisions about the direction of the relevant activities need to be made. Potential voting rights are instruments such as call options on ordinary shares outstanding on the market or rights to convert bonds into new ordinary shares.

When voting rights are not relevant to determine whether or not the Group controls an entity, the assessment of this control shall consider all the facts and circumstances, including the existence of one or more contractual arrangements. Power over an investee exists only if the investor has substantive rights that give it the current ability to direct relevant activities without barriers.

Some rights are designed to protect the interests of their holder (protective rights) without giving that party power over the investee to which those rights relate.

If several investors each have substantive rights that give them the unilateral ability to direct different relevant activities, the investor that has the current ability to direct the activities that most significantly affect the variable returns of the investee is presumed to have power over the investee.

Exposure to variable return

Control exists only if the Group is significantly exposed to the variability of variable returns generated by its investment or its involvement in the entity. These returns, which could be dividends, interest, fees, etc., can be only positive, only negative or both positive and negative.

Link between power and variable returns

To assess the link between power and variable returns, if the Group has been delegated decision-making rights that it exercises on behalf and for the benefit of third parties (the principals), it is presumed to act as an agent for these principals, and therefore it does not control the entity when it exercises its decisionmaking power. In asset management activities, an analysis shall be performed in order to determine whether the asset manager is acting as agent or principal when managing the net assets of a fund; the fund is presumed to be controlled by the asset manager if the latter is considered as a principal.

Special case of structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Such is the case, for example, when the relevant activities are directed by means of contractual arrangements.

A structured entity often presents certain characteristics such as a limited business activity, a specific and carefully defined purpose, or insufficient capital to fund its activities without the use of subordinated financing. Structured entities may assume different legal forms: stock companies, partnerships, securitisation vehicles, mutual funds, unincorporated entities, etc.

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

- the purpose and design of the entity;
- the structuring of the entity;
- risks to which the entity is exposed by way of its design and the Group's exposure to some or all of these risks;
- potential returns and benefits for the Group.

Unconsolidated structured entities are those that are not exclusively controlled by the Group. Please refer to Note 2.5.

Joint arrangements

Through a joint arrangement (either a joint operation or a joint venture) the Group exercises joint control over an entity if decisions about the direction of its relevant activities require the unanimous consent of the parties that collectively control the entity. Assessing joint control requires an analysis of the rights and obligations of all the parties. In the case of a joint operation, the parties to the arrangement have rights to the assets and obligations for the liabilities.

In the case of a joint venture, the parties have rights to the net assets of the entity. As at December 31, 2023 and 2022, the Group holds no interest in joint arrangements.

Associates

Associates are companies over which the Group exercises significant influence and are accounted for using the equity method in the Group's consolidated financial statements. Significant influence is the power to participate in the financial and operating policies of an entity without exercising control. In particular, significant influence can result from Societe Generale being represented on the Board of Directors or Supervisory Board, from its involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Societe Generale. The Group is assumed to exercise significant influence over the financial and operating policies of an entity when it directly or indirectly holds at least 20% of the voting rights in this entity.

CONSOLIDATION RULES AND METHODS

The consolidated financial statements are built up from the financial statements of the entities that are included in the consolidation scope. All significant balances, profits and transactions between Group companies are eliminated.

The results of newly acquired subsidiaries are included in the consolidated financial statements from the date the acquisition became effective and results of subsidiaries disposed of during the fiscal year are included up to the date where the Group relinquished control.

Consolidation methods

The subsidiaries, including the structured entities over which the Group has exclusive control, are fully consolidated.

In the consolidated statement of financial position, full consolidation consists in replacing the value of the subsidiary's equity securities held by the Group with each of the subsidiary's assets and liabilities, in addition to the goodwill recognised when the Group assumed control over the entity.

In the consolidated income statement and the statement of comprehensive income the subsidiary's expense and income items are aggregated with those of the Group.

The share of non-controlling interests in the subsidiary is presented separately in the Consolidated statement of financial position, the Consolidated income statement and the Consolidated statement of net income and unrealised or deferred gains and losses.

Associates and joint ventures are accounted for using the equity method in the consolidated financial statements of the Group. Under the equity method, on initial recognition the investment in an associate is recognised under Investments accounted for using the equity method at the cost of the Group's investment in the associate, including goodwill and after the date of acquisition the carrying amount is increased or decreased to recognise the changes in the investor's share in the net asset value of the investee.

These investments are tested for impairment if there is objective evidence of impairment. If the recoverable amount of the investment (value in use or market value net of selling costs, whichever is higher) is lower than its carrying amount, an impairment loss is recorded on the statement of financial position at the carrying amount of the investment. Impairment allowances and reversals are recorded under Net income from investments accounted for using the equity method.

The Group's share in the entity's net income and unrealised or deferred gains and losses is presented on separate lines in the consolidated income statement and the consolidated statement of net income and unrealised or deferred gains and losses. If the Group's share in the losses of an entity consolidated using the equity method becomes greater than or equal to its ownership interest in the company, the Group ceases to recognise its share in subsequent losses unless it is required to do so by legal or implied obligations, in which case it records a provision for said losses.

Capital gains and losses generated on disposal of subsidiaries and of companies accounted for using the equity method are recorded under Net income/expense from other assets.

Translation of foreign entity financial statements

The balance sheet items of consolidated companies reporting in foreign currencies are translated into Euro at the official exchange rates prevailing at the closing date. Income statement items of these companies are translated into euros, at the average month-end exchange rates. Gains and losses arising from the translation of capital, reserves, retained earnings and income are recognised under Unrealised or deferred gains and losses – Translation differences.

On disposal of a foreign entity, such foreign exchange differences are recognized in the consolidated income statement as part of the gain or loss upon disposal. Initial consolidation differences and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate.

Note 2.1. – Consolidation scope

The consolidation scope includes subsidiaries and structured entities under the Group's exclusive control, 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.

1. FULLY CONSOLIDATED SUBSIDIARIES

Country	Company	Activity
Ireland	SGBT Finance Ireland DAC	Corporate Financing
Luxembourg	IVEFI S.A.	Other Financing Company
Lux§embourg	SGBT Asset Based Funding S.A.	Investments & management
Luxembourg	SGBTCI S.A.	Corporate Financing
Luxembourg	Société Immobilière de l'Arsenal S.à r.l.	Non Financial Corporation
Luxembourg	Societe Generale Capital Market Finance S.A.	Financial services
Luxembourg	Societe Generale Financing and Distribution S.A.	Financial services
Luxembourg	Societe Generale Life Insurance Broker S.A.	Brokerage
Luxembourg	Societe Generale Private Wealth Management S.A.	Wealth management
Luxembourg	Societe Generale Ré S.A. *	Reinsurance
Luxembourg	Societe Generale Luxembourg Ré S.A.	Reinsurance
Luxembourg	Societe Generale Luxembourg Leasing S.A.	Financial services
Luxembourg	Surya Investments S.A.	Financial services
Luxembourg	Méribou Investments S.A.	Financial services
Monaco	Societe Generale Private Banking Monaco S.A.	Private Banking
Netherlands	Montalis Investment B.V.	Corporate Financing
Luxembourg	Societe Generale Luxembourg Credit Insurance	Credit insurance
Switzerland	Societe Generale Private Banking Suisse S.A.	Private Banking

** Societe Generale Ré S.A. has stopped its reinsurance activity as at December 31, 2023.*

2. ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

Country	Company	Activity
Luxembourg	Sogelife S.A.	Insurance
Luxembourg	SG Issuer S.A. *	Security issuance

** Societe Generale Luxembourg S.A. does not fully consolidate SG Issuer ("SGIS") as it has no control as defined under IFRS 10 over the Company. However, Societe Generale Luxembourg S.A. keeps a significant influence on SGIS in accordance with IAS 28 due to the existing significant economic relationships, the Group's supervision in Luxembourg and common workforce. Therefore, SG Luxembourg accounts its interest in SGIS (99.8%) using the equity method.*

Consolidation method		Group ownership interest		Group voting interest	
2023	2022	2023	2022	2023	2022
Full	Full	100.00%	100.00%	100.00%	100.00%
Full	Full	100.00%	100.00%	100.00%	100.00%
Full	Full	100.00%	100.00%	100.00%	100.00%
Full	Full	100.00%	100.00%	100.00%	100.00%
Full	Full	100.00%	100.00%	100.00%	100.00%
Full	Full	100.00%	100.00%	100.00%	100.00%
Full	Full	100.00%	100.00%	100.00%	100.00%
Full	Full	100.00%	100.00%	100.00%	100.00%
Full	Full	100.00%	100.00%	100.00%	100.00%
Full	Full	100.00%	100.00%	100.00%	100.00%
Full	Full	100.00%	100.00%	100.00%	100.00%
Full	Full	100.00%	100.00%	100.00%	100.00%
Full	Full	100.00%	100.00%	100.00%	100.00%
Full	Insignificant	100.00%	100.00%	100.00%	100.00%
Full	Full	100.00%	100.00%	100.00%	100.00%
Full	Full	95.00%	95.00%	95.00%	95.00%
Full	Full	100.00%	100.00%	100.00%	100.00%
Full	Full	100.00%	100.00%	100.00%	100.00%

Consolidation method		Group ownership interest		Group voting interest	
2023	2022	2023	2022	2023	2022
Equity	Equity	39.86%	39.86%	39.86%	39.86%
Equity	Equity	99.80%	99.80%	0.00%	0.00%

3. NON-CONSOLIDATED SUBSIDIARIES AND PARTICIPATIONS

			2023		2022	
Country	**Company**	**Activity**	**Capital held**	**Reason for exclusion**	**Capital held**	**Reason for exclusion**
Luxembourg	SGL Asia SCSp	Financial services	5.00%	No control(1)	5.00%	No control(1)
Luxembourg	Sociéte de la Bourse de Luxembourg	Stock exchange	0.01%	No control(1)	0.01%	No control(1)
Luxembourg	Société Immobilière du Golf S.A.	Real Estate	0.20%	No control(1)	0.20%	No control(1)
Luxembourg	Cercle Munster	Non Financial Corporation	0.01%	No control(1)	0.01%	No control(1)
Luxembourg	Méribou Investments S.A.	Financial services	100.00%	Full consolidation	100.00%	Insignificant
Luxembourg	Ischia Invesments	Financial services	100.00%	Insignificant	100.00%	Insignificant
Luxembourg	Vivara Investments S.A.	Financial services	100.00%	Insignificant	100.00%	Insignificant
Luxembourg	Procida Investments S.A.	Financial services	100.00%	Insignificant	100.00%	Insignificant
Luxembourg	Itaparica Investments S.A.	Financial services	100.00%	Insignificant	N/A	N/A
Luxembourg	Tinhare Investments S.A.	Financial services	100.00%	Insignificant	N/A	N/A
Luxembourg	Ilhabela Investments S.A.	Financial services	100.00%	Insignificant	N/A	N/A
Luxembourg	Torcello Investments S.A.	Financial services	100.00%	Insignificant	N/A	N/A
Luxembourg	Burano Investments S.A.	Financial services	100.00%	Insignificant	N/A	N/A

(1) Entities which are not controlled by the Group are held in minority of capital.

Non-consolidated subsidiaries and participations are accounted in the consolidated accounts of SG Luxembourg as financial instruments at fair value through profit or loss (see Note 3.2).

Note 2.2. – Material changes in consolidation scope

The Group amended the consolidation perimeter as follows:

- companies consolidated for the first time in 2023:
  - Méribou Investments S.A.
- companies no longer consolidated in 2023 and reason for exclusion:
  - None

1. COMPANIES CONSOLIDATED FOR THE FIRST TIME IN 2023

Méribou Investments S.A. is a 100% SG Luxembourg indirect subsidiary held through 100% ownership by Societe Generale Luxembourg Leasing S.A. that has economic ownership of assets financed by Societe Generale Group and are leased to external clients through Societe Generale Luxembourg Leasing S.A. (its direct parent company) intermediary.

2. NON CONSOLIDATED ENTITIES INCORPORATED IN 2023

In 2023, Itaparica Investments S.A., Ilhabela Investments S.A. and Tinhare Investments SA were incorporated as 100% Societe Generale Luxembourg S.A. subsidiaries in the context of the Group leasing activity.

In 2023, Burano Investments S.A. and Torcello Investments S.A. were incorporated as 100% Societe Generale Luxembourg Leasing S.A. SGLL subsidiaries subsidiaries in the context of the Group leasing activity.

Note 2.3. – Additional disclosure for consolidated entities and investments accounted for using the equity method

This Note provides additional disclosures for entities included in the consolidation scope.

These disclosures are for entities over which SG Luxembourg exercises exclusive control, or significant influence, provided these entities have significant impact on the Group's consolidated financial statements. The significance of the impact is considered in particular regarding Group consolidated total assets and gross operating income.

1. NON-CONTROLLING INTERESTS

Non-controlling interests refer to equity holdings in one of fully consolidated subsidiary that are neither directly nor indirectly attributable to the Group. They include equity instruments issued by this subsidiary and not held by the Group, as well as the share of income and accumulated reserves, and of unrecognised or deferred gains and losses attributable to the holders of these instruments. Non-controlling interests amounted to EUR 109 thousand at December 31, 2023 and EUR 107 thousand at December 31, 2022.

December 31, 2023

(in EUR thousand)	Group voting interest	Group ownership interest	Net income attributable to non-controlling interests	Total non-controlling interests	Dividends paid during the year to the holders of non-controlling interest
Montalis Investment B.V.	95.00%	95.00%	13	109	11
Total			**13**	**109**	**11**

December 31, 2022 R

(in EUR thousand)	Group voting interest	Group ownership interest	Net income attributable to non-controlling interests	Total non-controlling interests	Dividends paid during the year to the holders of non-controlling interest
Montalis Investment B.V.	95.00%	95.00%	17	107	20
Total			**17**	**107**	**20**

2. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

(in EUR thousand)	12.31.2023	12.31.2022 R
Group share	-	-
Net income	45 914	36 714
Unrealized or deferred gains and losses (net of tax)	(29)	1 343
Net income and unrealized or deferred gains and losses	**45 885**	**38 057**

There were no guarantee, nor commitment provided to associates as of December 31, 2023 and December 31, 2022.

Societe Generale Luxembourg S.A. has a 99.8% interest in SG Issuer S.A., which activity is to issue both secured and unsecured notes though private placements or public offering. SG Issuer S.A. is a public limited company (please refer to note 2.1.2).

Societe Generale Luxembourg S.A.'s interest in SG Issuer S.A is accounted for using the equity method in 2023 and 2022 consolidated financial statements. The following table illustrates the summarised financial information of SG Luxembourg's investment in SG Issuer S.A.:

(in EUR thousand)	12.31.2023	12.31.2022 R
Financial assets at fair value	51 181 490	39 783 165
Other assets	1 290 186	327 426
Total assets	**52 471 676**	**40 110 591**
Financial liabilities at fair value	51 175 297	39 779 264
Other liabilities	1 294 164	328 775
Total liabilities	**52 469 461**	**40 108 039**
Equity	**2 215**	**2 552**
Group's share in equity – 99.80%	2 211	2 547
Group's carrying amount of the investment	**2 211**	**2 547**

The associate had no contingent liabilities or capital commitments as at December 31, 2023 and December 31, 2022.

Note 2.4. – Restrictions

Legal, regulatory, statutory or contractual constraints or requirements may restrict the ability of the Group to transfer assets freely to or from entities within the Group.

The ability of consolidated entities to distribute dividends or to grant or repay loans and advances to entities within the Group depends on, among other things, local regulatory requirements, European Central Bank recommendations, statutory reserves and financial and operating performance. Local regulatory requirements may concern regulatory capital, exchange controls or non-convertibility of the local currency, liquidity ratios or large exposures ratios that aim to cap the entity's exposure in relation to the Group. The Group was not exposed to significant limitations as of December 31, 2023 and 2022.

The ability of the Group to use assets may also be restricted in the following cases:

- assets pledged as security for liabilities, or assets pledged as security for transactions on financial instruments, mainly through guarantee deposits with clearing houses (Note 3.10);
- securities that are sold under repurchase agreements or that are lent (Note 3.7);
- mandatory deposits placed with central banks (Note 3.1).

Note 2.5. – UNCONSOLIDATED STRUCTURED ENTITIES

The information provided hereafter concerns entities structured but not controlled by the Group.

The Group's interests in unconsolidated entities that have been structured by third parties are classified among financial instruments in the consolidated statement of financial position according to their nature (financial assets at fair value through profit or loss, available-for-sale financial assets on insurance, etc…).

1. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group's interests in an unconsolidated structured entity refer to contractual and non-contractual involvements that expose the Group to the variability of returns from the performance of this structured entity.

BREAKDOWN OF INTERESTS OF THE GROUP IN UNCONSOLIDATED STRUCTURED ENTITIES

(in EUR thousand)	**12.31.2023**	**12.31.2022 R**
Net carrying amount of Group interests in unconsolidated structured entities:	-	-
Assets:	**24 306**	**29 277**
Financial assets at fair value through profit or loss	22 230	25 707
Financial assets at fair value through other comprehensive income	-	-
Due from banks at amortised cost and customer loans at amortised cost	2 076	3 570
Liabilities:	**52**	**5 561**
Financial liabilities at fair value through profit or loss	-	-
Due to banks and customer deposits	52	5 561
Other liabilities	-	-

The Group did not provide any financial support to these entities nor any binding contractual arrangement and, as of December 31, 2023 and did not have any intention to provide such support.

The maximum loss exposure related to interests in unconsolidated structured entities is measured as:

- the amortised cost or fair value for non-derivative financial assets entered into with the structured entity depending on how they are measured on the consolidated statement of financial position;
- the fair value of derivative financial assets recognized in the consolidated statement of financial position;
- the notional amount of written Credit Default Swaps (maximum amount to pay);
- the notional amount of loan commitments or guarantee commitments granted.

	Other interests	
(in EUR thousand)	**12.31.2023**	**12.31.2022 R**
Amortised cost or fair value (1) (according to the measurement of the financial instrument) of non-derivative financial assets entered into with the structured entity	**24 306**	**29 277**
Fair value of derivative financial assets recognized in the consolidated statement of financial position (1)	-	-
Notional amount of loan or guarantee commitments granted	-	-
Maximum exposure to loss	24 306	29 277

(1) Fair value at the closing date, which may fluctuate in subsequent periods.

The amount of maximum loss exposure can be mitigated by:

- the notional amount of guarantee commitments received;
- the fair value of collateral received;
- the carrying amount of surety deposits received.

These mitigating amounts must be capped in case of legal or contractual limitation of their realizable or recoverable amounts.

2. INFORMATION ON UNCONSOLIDATED STRUCTURED ENTITIES SPONSORED BY THE GROUP

The Group may have no ownership interest in a structured entity, but still be considered as a sponsor of this structured entity if it acts or has acted as:

- a structure;
- an originator for potential investors;
- an asset manager;
- an implicit or explicit guarantor of the entity's performance (in particular via capital or return guarantees granted to mutual fund unit holders).

A structured entity is also considered to be sponsored by the Group if its name includes the name of the Group or the name of one of its subsidiaries. Conversely, entities that are structured by the Group according to specific needs expressed by one or more customers or investors are considered to be sponsored by said customers or investors.

In 2023, no significant revenue has been recognised for these structured entities.

	Asset financing		Asset management		Others	
(in EUR thousand)	12.31.2023	12.31.2022 R	12.31.2023	12.31.2022 R	12.31.2023	12.31.2022 R
Entity consolidated statement of financial position total[(1)]	-	-	3 486 916	2 469 830	302 320	329 080
Income from those entities during the year	-	-	-	-		-
Carrying amounts of all assets transferred to those structured entities during the year	-	-	-	-		-

(1) For Asset Management, NAV (Net Asset Value) of the fund

NOTE 3 – FINANCIAL INSTRUMENTS

MAKING IT SIMPLE

The financial instruments represent the contractual rights or obligations to receive or to pay cash or other financial assets. The Group's banking activities generally take the form of financial instruments covering a broad spectrum of assets and liabilities, such as loans, investment portfolios (equity, bonds, etc.), deposits, debt securities issued and derivative instruments (swaps, options, forward contracts, credit derivatives, etc.).

In the financial statements, the classification and valuation of financial assets and liabilities depends on their contractual characteristics and the way the entity manages those financial instruments.

However, this distinction is not applicable to derivative instruments, which are always measured at fair value in the statement of financial position, no matter what their purpose is (market activities or hedging transactions).

ACCOUNTING PRINCIPLES

Accounting principles presented in this Note 3 are applied as from 1 January 2018 according to the IFRS 9 provisions excluding insurance activities (see Note 4.3), and hedge accounting, which is applied according to IAS 39 (see Note 3.3.).

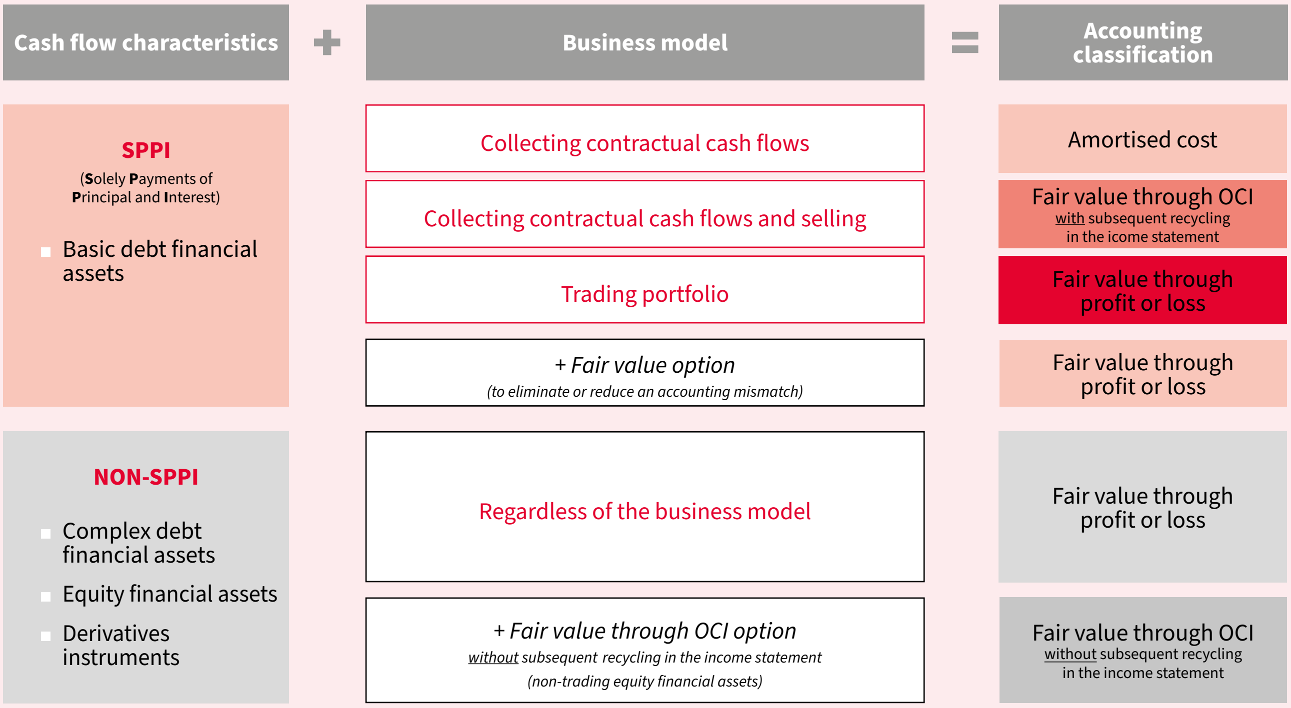
CASH DUE FROM CENTRAL BANKS

Cash and cash equivalents are Cash consists primarily of cash balances, debit balances outstanding from the current account and the mandatory minimum reserve with the Central Bank of Luxembourg.

The funds for the minimum reserves are not available for financing the current operations of the Group. The reserve base, calculated monthly, is based on balance sheet items in accordance with accounting principles. The baseline calculation, which determines the reserve requirement, is performed by the central bank of Luxembourg.

CLASSIFICATION OF FINANCIAL ASSETS

At initial recognition, financial instruments are classified in the Group statement of financial position in one of three categories (amortised cost, fair value through profit or loss, and fair value through other comprehensive income) that determines their accounting treatment and subsequent measurement method. Classification is based on their contractual cash flow characteristics and the entity's business model for managing the assets.



The accounting principles for classifying financial assets require the entity to analyse the contractual cash flows generated by the financial instruments and to analyse the business model for managing the financial instruments.

Analysis of contractual cash flow characteristics

The aim of the analysis of contractual cash flow characteristics is to limit exclusively the recognition of revenues from financial assets using the effective interest method to the instruments whose characteristics are similar to those of a basic lending arrangement, meaning their associated cash flows are highly predictable. All other financial instruments that do not share these characteristics are measured at fair value through profit or loss, regardless of the business model used to manage them.

Contractual cash flow that represent solely payments of principal and interest (SPPI) on the principal amount outstanding are consistent with a basic lending arrangement.

In a basic lending arrangement, interest predominantly consists of a consideration for the time value of money and for credit risk. Interest may also include a consideration for liquidity risk, administrative costs, and a commercial profit margin. Negative interest is not inconsistent with this definition.

All financial assets that are not basic will be mandatorily measured at fair value through profit or loss, regardless of the business model for managing them.

The Group can make the irrevocable decision, on a security-by-security basis, to classify and measure an investment in an equity instrument (shares and other equity securities) that is not held for trading purposes at fair value through other comprehensive income. Subsequently, the profit or loss accumulated in other comprehensive income will never be reclassified into profit or loss (only dividends from those investments will be recognised as income).

Analysis of the business model

The business model represents how the financial instruments are managed in order to generate cash flows and income. The Group uses several business models in the course of exercising its different business lines. Business models are assessed on how groups of financial instruments are managed together to achieve a particular business objective. The business model is not assessed on an instrument-by-instrument basis, but at a portfolio level, considering relevant evidence such as:

- how the performance of the portfolio is evaluated and reported to the Group's management;
- how risks related to financial instruments within that business model are managed;
- how managers of the business are compensated;
- sales of assets realised or expected (value, frequency, purpose).

To determine the classification and measurement of financial assets, three different business models shall be distinguished:

- a business model whose objective is to collect contractual cash flows ("Collect" business model);
- a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ("Collect and Sell" business model);
- and a separate business model for other financial assets, especially those that are held for trading purposes, where collecting contractual cash flows is only incidental.

Fair value option

SPPI financial assets that are not held for trading purposes can be designated, at initial recognition, at fair value through profit or loss if such designation eliminates or significantly reduces discrepancies in the accounting treatment of related financial assets and liabilities (accounting mismatch).

CLASSIFICATION OF FINANCIAL LIABILITIES

Financial liabilities are classified into one of the following two categories:

- Financial liabilities at fair value through profit or loss: these are financial liabilities held for trading purposes, which by default include derivative financial liabilities not qualifying as hedging instruments and non-derivative financial liabilities designated by the Group upon initial recognition to be measured at fair value through profit or loss using the fair value option;
- Debts: these include the other non-derivative financial liabilities and are measured at amortised cost.

Derivative financial assets and liabilities qualifying as hedging instruments are presented on separate lines of the statement of financial position (see Note 3.3).

RECLASSIFICATION OF FINANCIAL ASSETS

Reclassification of financial assets are only required in the exceptional event that the Group changes the business model used to manage these assets.

These reclassifications are applied prospectively (no restatement of previously recognised profits, losses or interests).

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation methods used by the Group to establish the fair value of financial instruments are detailed in Note 3.5.

INITIAL RECOGNITION

Purchases and sales of financial assets recorded under *Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income* are recognised in the statement of financial position at the delivery-settlement date. Changes in fair value between the trade and settlement dates are recorded in the income statement or booked to shareholders' equity depending on the accounting category of the relevant financial assets. Loans, receivables and securities at amortised cost are recorded in statement of financial position on the date they are paid or at the maturity date for invoiced services. The trade date is the date on which the contractual commitment becomes binding and irrevocable for the Group.

When initially recognised, financial assets and liabilities are measured at fair value including transaction costs directly attributable to their acquisition or issuance, except for financial instruments recognised at fair value through profit or loss, for which these costs are booked directly to the income statement.

The fair value of structural notes and warrants is defined according to models or limited observable market data, and the sales margin is recognised at Societe Generale's level as it assumes the role of agent and absorbs the initial sales margin.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The Group derecognises all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards linked to ownership of the asset.

The Group also derecognises financial assets over which it has retained the contractual rights to the associated cash flows but is contractually obligated to pass these same cash flows through to a third party ("pass-through agreement") and for which it has transferred substantially all the risks and rewards. Where the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has effectively not retained control of the financial asset, the Group derecognises it and, where necessary, recognises a separate asset or liability to cover any rights and obligations created or retained as a result of the asset's transfer. If the Group has retained control of the asset, it continues to recognise it in the statement of financial position to the extent of its continuing involvement in that asset.

When a financial asset is derecognised in its entirety, a gain or loss on disposal is recorded in the income statement for an amount equal to the difference between the carrying value of the asset and the payment received for it, adjusted where necessary for any unrealised profit or loss previously recognised directly in equity and for the value of any servicing asset or servicing liability. Indemnities billed to borrowers following the prepayment of their loan are recorded in the income statement on the prepayment date among Interest and similar income.

The Group derecognises all or part of a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.

A financial liability may also be derecognised in the event of a substantial amendment to its contractual conditions or where an exchange is made with the lender for an instrument whose contractual conditions are substantially different. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Basic financial assets (SPPI) are debt instruments which mainly include:

- cash and cash equivalents,
- fixed-rate loans,
- variable-rate loans that can include caps or floors,
- fixed or variable-rate debt securities (government or corporate bonds, other negotiable debt securities),
- securities purchased under resale agreements (reverse repos),
- guarantee deposits paid,
- trade receivables.

Contractual terms that would introduce exposure to risks or volatility in the contractual cash flows, unrelated to a basic lending arrangement (such as exposure to changes in equity prices or stock indexes for instance, or leverage features), could not be considered as being SPPI, except if their effect on the contractual cash flows remains minimum.

Non-basic financial assets (non-SPPI) mainly include:

- derivative instruments,
- shares and other equity instruments held by the entity,
- debt financial assets that can be converted or redeemed into a fixed number of shares (convertible bonds, equity-linked securities, etc.).

The basic financial assets (SPPI) held by the Group include instruments financing sustainable development projects (ESG labelled) in the form of Sustainability-linked loans.

The Non-basic financial assets (non-SPPI) include structured instruments the flows of which are indexed in full or in part on ESG related ratios (carbon emissions, or other ESG related Key Performance Indicators).

Impact loans have been granted by the Group to support the enterprises' sustainability approach through an incentive mechanism that reviews the margin according to ESG criteria specific to the borrower or to the achievement by the latter of sustainable development goals (Sustainability-linked loans). An analysis of these loans has allowed them to qualify as basic financial assets (SPPI) provided that their flows meet the Group internally defined de minimis criterion as well as the other SPPI criteria. This criterion is consistent with the Societe Generale Group approach for ESG related loans, specifically the loans presenting a remuneration indexed on ESG related ratios. The criterion consists in reviewing and assessing the ratio represented by the remuneration variation related to the compliance with some ESG ratios and ensure this ratio remains below the Societe Generale Group internal threshold.

When the time value component of interest can be modified according to the contractual term of the instrument, it may be necessary to compare the contractual cash flow with the cash flow that would arise from a benchmark instrument. For instance, that is the case when an interest rate is periodically reset, but the frequency of that reset does not match the tenor of the interest rate (such as an interest rate reset every month to a one-year rate), or when the interest rate is periodically reset to an average of short and long-term interest rates.

If the difference between the undiscounted contractual cash flows and the undiscounted benchmark cash flows is or may become significant, then the instrument is not considered basic.

Depending on the contractual terms, the comparison with benchmark cash flow may be performed through a qualitative assessment; but in other cases, a quantitative test is required.

The difference between contractual and benchmark cash flows has to be considered in each reporting period and cumulatively over the life of the instrument. When performing this benchmark test, the entity considers factors that could affect future undiscounted contractual cash flows: using the yield curve at the date of the initial assessment is not enough, and the entity also has to consider whether the curve could change over the life of the instrument according to reasonably possible scenarios.

Within the Group, the financial instruments concerned by a benchmark test include, for instance, variable-rate housing loans for which interest rates are reset every year based on the twelve-month Euribor average observed over the two months previous to the reset. Another example is loans granted to real estate professionals for which interest is revised quarterly based on the one-month Euribor average observed over the three months previous to the reset. Following the benchmark analysis performed by the Group, it has been concluded that these loans are basic.

Furthermore, a specific analysis of contractual cash flow is required when financial assets are instruments issued by a securitisation vehicle or a similar entity that prioritises payments to holders using multiple contractually-linked instruments that create concentrations of credit risk (tranches). When assessing whether contractual cash flows are SPPI or not, the entity must analyse the contractual terms, as well as the credit risk of each tranche and the exposure to credit risk in the underlying pool of financial instruments. To that end, the entity must apply a "look-through approach" to identify the underlying instruments that are creating the cash flows.

TREATMENTS OF THE CHANGES IN THE BASIS FOR DETERMINING THE CONTRACTUAL CASH FLOWS OF FINANCIAL ASSETS AND LIABILITIES – IBOR REFORM

In the context of the reference interest rates reform (IBOR reform) the basis for determining the contractual cash flows of a financial asset or liability may be modified:

- either by amending the contractual terms and conditions set during the initial recognition of the financial instrument (example: when the agreement is renegotiated, the contractual terms and conditions are amended to replace the initial reference interest rate by an alternative one),
- either by applying the appropriate external disposals without requiring a change in contractual terms (example: the adoption of European regulations requiring the migration of all contracts still indexed to Libor CHF and Eonia in the European Union respectively on 1 January and 3 January 2022),
- or as a result of the activation of an existing contractual term or condition (example: application of the contractual rate replacement provision, or "Fallback").

If, in the context of the reference interest rates reform (IBOR reform), there is a change in the basis for determining the contractual cash flows of a financial asset or liability at amortised cost or of a financial asset at fair value through other comprehensive income, the reassessment of the contractual cash flows is regarded as a modification of the effective interest rate applied to determine the future interest income or expense and does not generate a gain or loss in the income statement.

This treatment depends on compliance with the following conditions:

- a change in the basis for determining the contractual cash flows is required and results directly from the IBOR reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the former basis used before the change.
- The cases giving rise to a new basis for determining the contractual cash flows considered economically equivalent to the former basis are, for example:
- the replacement of an existing reference interest rate used to determine the contractual cash flows of a financial asset or liability by:
  - an alternative reference interest rate (or by changing the method used to determine the reference interest rate in question), with
  - the addition of a fixed spread necessary to compensate for the difference in basis between the existing reference interest rate and the alternative one;
- changes in the determination of the amount of interest resulting from the use of a new reference interest rate (rate revision procedure, number of days between interest payment dates …); and
- the addition of a Fallback provision to the contractual terms and conditions of a financial asset or liability to allow for the implementation of the changes described above (replacement of the rate; changes in the determination of the interest).

Changes to a financial asset or liability, in addition to those deriving directly from the application of the IBOR reform, are treated as changes to instruments with an income statement impact whenever they are substantial.

Note 3.1. – Cash, due from central banks

(in EUR thousand)	**12.31.2023**	**12.31.2022 R**
Cash	690	671
Balances with central banks	12 658 695	12 534 740
Total	**12 659 385**	**12 535 411**
Mandatory reserve	*434 384*	*482 043*

Note 3.2. – Financial assets and liabilities at fair value through profit or loss

SUMMARY OF THE IFRS 9 TRANSITION FOR INSURANCE ACTIVITY (SEE NOTE 1.4)

(in EUR thousand)	31.12.2021	IFRS 9 reclassifications of available for-sale financial assets	Reclassified balances of available for-sale financial assets	01.01.2022 R	31.12.2022 R
Financial assets at fair value through profit or loss					
Trading portfolio	831 097	-	831 097	831 097	626 153
Financial assets measured mandatory at fair value through profit or loss	409 485	2 008	411 493	411 493	358 339
Total	**1 240 582**	**2 008**	**1 242 590**	**1 242 590**	**1 024 354**
Financial liabilities at fair value through profit or loss					
Trading portfolio	425 086	-	425 086	425 086	379 810
Financial liabilities measured mandatory at fair value through profit or loss	24 965	-	24 965	24 965	19 539
Total	**450 051**	**-**	**450 051**	**450 051**	**399 349**

OVERVIEW

	12.31.2023		12.31.2022 R	
(in EUR thousand)	Assets	Liabilities	Assets	Liabilities
Trading portfolio	110 619	108 527	626 153	379 810
Financial instruments mandatorily at fair value through profit or loss	283 572	-	358 339	-
Financial instruments at fair value through profit or loss using the fair value option	46 730	1 123	39 862	19 539
Total	**440 921**	**109 650**	**1 024 354**	**399 349**

1. TRADING PORTFOLIO

ACCOUNTING PRINCIPLES

The trading book contains financial assets and liabilities held or accrued for the purpose of capital markets activities.

By default, derivative financial instruments are classified into the trading portfolio, unless they qualify as hedging instruments (see Note 3.3).

The financial instruments recorded in the trading portfolio are measured at fair value at the statement of financial position date and recognised in the statement of financial position under Financial assets or liabilities measured at fair value through profit or loss. Changes in their fair value, interests accrued and dividends net gains or losses and revenues from derecognition associated to those instruments are recorded in the income statement as Net gains and losses on financial instruments at fair value through profit or loss.

As at December 31, 2023, the Financial assets held for trading are mainly composed of:

- financial derivatives, of which back-to-back operations (see Note 3.3 Financial derivatives).

Trading portfolio includes all the financial assets held for trading purpose regardless of the characteristics of their contractual cash flows. Only non-SPPI financial assets that are not held for trading are classified amongst *Financial assets measured mandatorily at fair value through profit or loss* (see section 3 below).

ASSETS

(in EUR thousand)	12.31.2023	12.31.2022 R
Bonds and other debt securities	-	-
Shares and other equity securities	2 300	1 934
Loans and receivables and securities purchased under resale agreements	184	222 614
Trading derivatives	108 135	401 605
Total	**110 619**	**626 153**
o/w securities lent	–	–

LIABILITIES

(in EUR thousand)	12.31.2023	12.31.2022 R
Trading derivatives	108 527	379 810
Total	**108 527**	**379 810**

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

ACCOUNTING PRINCIPLES

Financial assets measured mandatorily at fair value through profit or loss include:

- loans, bonds and other debt securities that are not held for trading purposes and do not pass the SPPI test (non-basic or non-SPPI instruments).
- shares and share equivalents that are not classified in any other sub-category: trading book at fair value through profit or loss, instruments designated by the Group at fair value through other comprehensive income without subsequent reclassification to profit or loss.

These financial assets are recorded at fair value in the statement of financial position under *Financial assets measured at fair value through profit or loss* and changes in the fair value of these instruments (excluding accrued interest income) are recorded in the income statement under *Net gains or losses on financial instruments at fair value through profit or loss*.

Interest income is recorded in the income statement as Interest and similar income.

Dividends on shares & equity securities are recorded in the income statement under *Net gains or losses on financial instruments at fair value through profit or loss*, (see paragraph 4 below).

BREAKDOWN OF FINANCIAL ASSETS MEASURED MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

(in EUR thousand)	**12.31.2023**	**12.31.2022 R**
Bonds and other debt securities	52 222	48 154
Shares and other equity securities	82 532	92 993
Loans and receivables	148 818	217 192
Total	**283 572**	**358 339**

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

ACCOUNTING PRINCIPLES

In addition to financial assets and liabilities held for trading, and financial assets measured mandatorily at fair value through profit or loss, the same headings in the financial statements include non-derivative financial assets and liabilities that the Group has designated at fair value through profit or loss. Changes in the fair value of these instruments (including interest) are recorded in the income statement under *Net gains or losses on financial instruments at fair value through profit or loss*. Interest income is recorded in the income statement as *Interest and similar income*.

For financial assets, this option may only be used to eliminate or significantly reduce accounting mismatches that would otherwise arise from applying different accounting treatments to certain related financial assets and liabilities.

For financial liabilities, this option may only be used in the following cases:

- to eliminate or reduce discrepancies in the accounting treatment of certain related financial assets and liabilities;
- when it applies to a hybrid financial instrument with one or more embedded derivatives, which should be recognised separately;
- when a group of financial assets and/or liabilities is managed together and its performance is measured at fair value.

Furthermore, in order to simplify their accounting treatment by avoiding the separate recognition of embedded derivatives, the Group applies the fair value option to convertible bonds that are not held for trading purposes.

ASSETS

As at December 31, 2023, the Group holds assets for EUR 46,7 million in assets at fair value through profit and loss using fair value option as compared to EUR 39,8 million as at December 31, 2022 (restated amount as described in Note 1 paragraph 4)

LIABILITIES

As at December 31, 2023, the Group holds structured deposits for EUR 1,1 million in liabilities at fair value through profit and loss using fair value option as compared to EUR 19,5 million as at December 31, 2022.

4. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS FAIR VALUE THROUGH PROFIT OR LOSS

(in EUR thousand)	**2023**	**2022 R**
Net gain/loss on trading portfolio (excluding derivatives)	(27 317)	2 350
Net gain/loss on financial instruments mandatorily at fair value through profit or loss	17 427	(115)
o/w dividend income	*191 337*	*90 631*
Net gain/loss on financial instruments measured using fair value option	(3 510)	(322)
Net gain/loss on derivative instruments	1 658	57 500
Net gain/loss on hedging transactions	(17 026)	(11 295)
Net gain/loss on foreign exchange transactions	67 269	55 652
Total	**38 501**	**103 770**

Insofar as income and expenses recorded in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through profit or loss must be assessed as a whole. It should be noted that the income shown here does not include the refinancing cost of these financial instruments, which is shown under interest expense and interest income.

Note 3.3. – Financial derivatives

MAKING IT SIMPLE

Derivative instruments are financial instruments for which the value changes according to that of an underlying item and can be accompanied by a leverage effect. The items underlying these instruments are various (interest rates, exchange rates, equity, indexes, commodities, credit rating…), as well as are their forms (forward contracts, swaps, calls and puts…). desi

The Group may use these derivative instruments for their market activities to provide to its customers solutions to meet their risk management or revenue optimisation needs. In that case, they are accounted for as trading derivatives. These financial instruments are issued in back-to-back.

The Group may also use derivative instruments to manage and hedge its own risks. In which case, they are qualified as hedging derivatives. Hedging transactions can concern individual items or transactions (micro-hedging relationships) or portfolios of financial assets and liabilities that can generate a structural interest-rate risk (macro-hedging relationships).

Contrary to other financial instruments, derivative instruments are always measured at fair value in the statement of financial position, regardless their purpose (market activities or hedging transactions). The fair value adjustments of trading derivatives are directly recognised in the income statement. However, the accounting method used on hedging transactions aims to neutralise in the income statement the effects of the re-valuation of hedging derivatives, as long as the hedge is effective.

ACCOUNTING PRINCIPLES

Derivatives are financial instruments meeting the following three criteria:

- their value changes in response to the change in a specified interest rate, foreign exchange rate, share price, index of prices, commodity price, credit rating, etc.;
- they require little or no initial investment;
- they are settled at a future date.

All financial derivatives are recognised at fair value in the statement of financial position as financial assets or financial liabilities. They are considered to be trading derivatives by default, unless they are designated as hedging instruments for accounting purposes.

EMBEDDED DERIVATIVES

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host instrument.

Where the host contract is a financial asset, the entire hybrid contract is measured at fair value through profit or loss because its contractual cash flows do not pass the SPPI test.

Where the host contract is a financial liability and is not measured at fair value through profit or loss, the embedded derivative is separated from the host contract if: at acquisition, the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host; and it would meet the definition of a derivative. As at December 31, 2023 and December 31, 2022, the Group did not have these instruments.

1. TRADING DERIVATIVES

ACCOUNTING PRINCIPLES

All financial derivatives are recognised at fair value in the statement of financial position as financial assets or financial liabilities. They are considered to be trading derivatives.

Trading derivatives are recorded in the statement of financial position under Financial assets or liabilities at fair value through profit or loss. Changes in fair value and interest income and expense are recorded in the income statement under Net gains and losses on financial instruments at fair value through profit or loss.

Trading derivatives are mainly used by the Group for transactions with customers in back to back transactions with Societe Generale.

BREAKDOWN OF TRADING DERIVATIVES COMMITMENTS (NOTIONAL AMOUNTS)

(in EUR thousand)	12.31.2023	12.31.2022 R
Interest rate instruments	**3 882 008**	**7 965 906**
Firm instruments	3 882 008	7 262 648
Swaps	*3 781 860*	*7 232 776*
FRAs	*100 148*	*29 872*
Options	-	703 258
Foreign exchange instruments	**10 655 190**	**21 674 296**
Firm instruments	6 445 997	12 779 638
Options	4 209 193	8 894 658
Equity and index instruments	**1 780 233**	**3 631 506**
Firm instruments	46 831	721 048
Options	1 733 402	2 910 458
Commodities instruments	**2 201**	**303**
Firm instruments	2 201	303
Options	-	-
Other trading instruments	**1 557 239**	**988 244**
Total	**17 876 871**	**34 260 255**

BREAKDOWN OF ASSETS AND LIABILITIES

(in EUR thousand)	12.31.2023		12.31.2022 R	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate instruments	17 132	21 802	62 951	50 427
Foreign exchange instruments	35 711	31 474	29 186	22 889
Equities & index Instruments	53 922	53 884	305 506	302 544
Other trading instruments(1)	1 370	1 367	3 962	3 950
Total	**108 135**	**108 527**	**401 605**	**379 810**

(1) Other trading instruments are mainly composed of structured optional products (back to back activities).

2. HEDGING DERIVATIVES

According to the transitional provisions of IFRS 9, the Group made the choice to maintain the IAS 39 provisions related to hedge accounting. Consequently, equity instruments held (equities and similar securities) are not eligible for hedge accounting regardless of their accounting classification.

In the context of the sharp increase of interest rates, the Group has not observed any ineffectiveness outside the IAS 39 boundaries of 80-125% or disappearance of hedged items that could lead to the termination of its hedging relationships.

ACCOUNTING PRINCIPLES

In order to be hedged against certain market risks, the Group sets up hedging derivatives. From an accounting standpoint, the Group designates the hedging transaction as a fair value hedge, a cash flow hedge, depending on the risk and on the instruments that are hedged.

To designate an instrument as a hedging derivative, the Group must document the hedging relationship in detail, from the inception of the hedge. This documentation specifies the asset, the liability, the risk to be hedged and the associated risk management strategy, the type of financial derivative used and the valuation method that will be used to measure its effectiveness.

A derivative designated as a hedging instrument must be highly effective in offsetting the change in fair value or cash flows arising from the hedged risk. This effectiveness is verified when changes in the fair value or cash flows of the hedged instrument are almost entirely offset by changes in the fair value or cash flows of the hedging instrument, with the expected ratio between the two changes ranging from 80% to 125%.

Effectiveness shall be assessed both when the hedge is first set up and throughout its life. Effectiveness is measured each month retrospectively (effectiveness measured on past periods). Where the effectiveness falls outside the range specified above hedge accounting in discontinued.

Hedging derivatives are recognised in the statement of financial position under Hedging derivatives.The purpose of these hedges is to protect the Group against an adverse fluctuation in the fair value of an instrument which could affect profit or loss if the instrument were derecognised from the statement of financial position.

FAIR VALUE HEDGES

The purpose of these hedges is to protect the Group against an adverse fluctuation in the fair value of an instrument which could affect profit or loss if the instrument were derecognised from the statement of financial position.

Changes in the fair value of the hedging derivative are recorded in the income statement under Net gains and losses on financial instruments at fair value through profit or loss; for interest rate derivatives, however, however, accrued interest income and expenses on the derivative are recorded in the income statement under Interest and similar income / Interest and similar expense – Hedging derivatives symmetrically to the accrued interest income and expenses related to the hedged item.

In the consolidated statement of financial position, the carrying value of the hedged item is adjusted for gains and losses attributable to the hedged risk, which are reported in the income statement under Net gains and losses on financial instruments at fair value through profit or loss. To the extent that the hedge is highly effective, changes in the fair value of the hedged item and changes in the fair value of the hedging derivative are accurately offset through profit or loss, the difference corresponding to an ineffectiveness gain or loss.

Prospective effectiveness is assessed via a sensitivity analysis based on probable market trends or via a regression analysis of the statistical relationship (correlation) between the hedged risk component and the hedging instrument. Retrospective effectiveness is assessed by comparing any changes in the fair value of the hedging instrument with any changes in the fair value of the hedged item.

If it becomes apparent that the derivative has ceased to meet the effectiveness criteria for hedge accounting or if it is terminated or sold, hedge accounting is discontinued prospectively. Thereafter, the carrying amount of the hedged asset or liability ceases to be adjusted for changes in fair value attributable to the hedged risk and the cumulative adjustments previously recognised under hedge accounting are amortised over its remaining life. Hedge accounting is also discontinued if the hedged item is sold prior to maturity or early-redeemed, the valuation adjustments are then immediately recognised in the income statement.

CASH FLOW HEDGES

The purpose of interest rate cash flow hedges is to protect against changes in future cash flows associated with a financial instrument on the statement of financial position. The purpose of these hedges is to protect the Group against adverse fluctuations in the future cash-flows of an instrument or transaction that could affect profit or loss.

The prospective effectiveness of the hedge is assessed via a sensitivity analysis based on probable market input trends or via a regression analysis of the statistical relationship (correlation) between the hedged risk component and the hedging instrument. The effectiveness of the hedge is assessed using the hypothetical derivative method, which consists in i) creating a hypothetical derivative which bears exactly the same characteristics as the instrument being hedged (in terms of notional amounts, date on which the rates are reset, interest rate, exchange rate, etc.), but moves in the opposite direction and whose fair value is nil when the hedge is set up, then ii) comparing the expected changes in the fair value of the hypothetical derivative with those of the hedging instrument (sensitivity analysis) or performing a regression analysis on the prospective effectiveness of the hedge.

The changes in fair value of the hedging financial instruments are recorded directly as Unrealised or deferred gains and losses for their effective portion, while the ineffective portion is recognised under Net gains and losses on financial instruments at fair value through profit or loss. With regard to interest rate derivatives, the portion corresponding to the rediscount of the derivative financial instrument is recorded in the income statement under Interest and similar income / Interest and similar expense symmetrically to the interest income or expense related to the hedged item.

The gains or losses, realised or unrealised, accumulated directly in equity for the effective portion of these changes in value, are carried in equity to be recycled in the income statement when the expected hedged cash flows impact the income statement. With regard to the hedging flows related to a variable-rate financial instrument recorded on the balance sheet, recycling is done as and when the hedged interest income or expenses are recognised in the income statement. In the case of hedging of future transactions, if it is the future sale of a financial instrument, recycling takes place on the date when the sold instrument is derecognised; if the transaction is settled through the recognition on the balance sheet of a financial instrument, the gains or losses accumulated in equity are carried in it, before being recycled in the income statement at the same pace as the hedged cash flows generated by the instrument then recognised on the balance sheet.

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold, hedge accounting is discontinued prospectively. Amounts previously recognised directly in equity are reclassified under Interest income and expense in the income statement over the periods during which interest income is affected by cash flows arising from the hedged item. If the hedged item is sold or redeemed earlier than expected, unrealised gains and losses recognised in equity are immediately reclassified in the income statement.

PORTFOLIO HEDGES (MACRO-HEDGE)

In this type of hedge, interest rate derivatives are used to globally hedge the structural interest rate risk resulting mainly from clients' deposits.

In accounting for these transactions, are either documented as fair value hedges or as cash flow hedges depending on which type of hedging relationship is implemented and which financial instruments are hedged.

A. Macro fair value hedge relationships

While documenting a macro fair value hedge of fixed rate assets and liabilities portfolios, the Group applies the IAS 39 "carve-out" standard as adopted by the European Union, which facilitates:

- the application of fair value hedge accounting to the macro-hedges used for asset-liability management, including customer demand deposits in the fixed-rate positions being hedged;
- the performance of the effectiveness tests.

The accounting treatment of the financial derivatives designated as macro fair value hedges is similar to that of other fair value hedging instruments. Changes in the fair value of the portfolio of macro-hedged instruments measured based on the modelled synthetic instrument are reported on a separate line in the balance sheet under Revaluation differences on portfolios hedged against interest rate risk through profit or loss (table **Fair value hedge: Breakdown of hedged items detailed below**).

B. Macro cash flow hedge relationships

While documenting a macro cash flow hedge, the Group apply the same accounting principles as those presented above for cash flow hedge. Thus, macro-hedged assets or liabilities portfolios are not measured at fair value for the hedged risk.

In the case of macro cash flow hedge, hedged portfolios include assets or liabilities at variable rate.

Finally, regardless of the documentation used for these macro-hedges, they require the implementation of three tests to measure the effectiveness of the relationship:

- a non-over-coverage test to ensure, prospectively and retrospectively, that the nominal amount of the portfolios covered is higher than the notional amount of the hedging instruments for each future maturity band and each rate generation;
- a test of non-disappearance of the hedged item, which consists in prospectively and retrospectively ensuring that the historically covered maximum position is less than the notional amount of the hedging instruments on the closing date considered for each maturity band and each generation of rates;
- a quantitative test to retrospectively ensure that the fair value changes in the modelled synthetic instrument offset the changes in fair value of the hedging instruments.

BREAKDOWN OF HEDGING DERIVATIVES

	12.31.2023		12.31.2022 R	
(in EUR thousand)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Fair value hedge				
Interest rate instruments*	100 096	2 325	133 203	14 899
Foreign exchange instruments	-	-	-	-
Cash flow hedge				
Interest rate instruments	56 403	117	83 965	1 092
Other forward financial instruments	26	157	38	12
Total	**156 525**	**2 599**	**217 206**	**16 003**

**o/w macro fair value hedging assets as of 12.31.2023: EUR 21 933 thousand (12.31.2022: nil).*

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 and fixed-rate securities). against changes in long-term interest rates. In 2023, the Group has set-up a macro hedge to hedge the fixed-rate customers deposits against changes in interest rates. The hedging instruments used mainly consist of interest rate swaps.

Through some of its 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.

BREAKDOWN OF HEDGING DERIVATIVES COMMITMENTS (NOTIONAL AMOUNTS)

DERIVATIVE ASSETS (NOTIONAL AMOUNT)

(in EUR thousand)	12.31.2023	12.31.2022 R
Interest rate instruments	3 616 475	3 150 650
Foreign exchange instruments	-	-
Equity and index instruments	-	-
Commodity instruments	-	-
Credit derivatives	-	-
Other forward financial instruments	1 225	1 507
Total	**3 617 700**	**3 152 157**

DERIVATIVE LIABILITIES (NOTIONAL AMOUNT)

(in EUR thousand)	12.31.2023	12.31.2022 R
Interest rate instruments	3 616 475	3 150 650
Foreign exchange instruments	-	-
Equity and index instruments	-	-
Commodity instruments	-	-
Credit derivatives	-	-
Other forward financial instruments	-	-
Total	**3 616 475**	**3 150 650**

BREAKDOWN OF NET GAINS/LOSSES ON HEDGING TRANSACTIONS

(in EUR thousand)	2023	2022 R
Net gain/loss on hedging transactions		
Net gain/loss on fair value hedging derivatives	*(31 098)*	*192 580*
Revaluation of hedged items attributable to hedged risks	*30 201*	*(194 021)*
Ineffective portion of cash flow hedge	*(16 129)*	*(9 853)*
Total of net gains and losses on financial instruments at fair value through profit or loss from hedging transactions	**(17 026)**	**(11 294)**

MATURITIES OF HEDGING FINANCIAL DERIVATIVES (NOTIONAL AMOUNTS)

(in EUR thousand)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	12.31.2022 R
Interest rate instruments	21 000	558 000	2 196 150	375 500	3 150 650
Foreign exchange instruments	-	-	-	-	-
Equity and index instruments	-	-	-	-	-
Other forward financial instruments	-	-	1 507	-	1 507
Total	**21 000**	**558 000**	**2 197 657**	**375 500**	**3 152 157**

These items are presented according to the contractual maturity of the financial instruments.

(in EUR thousand)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	12.31.2023
Interest rate instruments	37 500	1 053 500	2 073 216	452 259	**3 616 475**
Foreign exchange instruments	-	-	-	-	**-**
Equity and index instruments	-	-	-	-	**-**
Other forward financial instruments	-	-	1 225	-	**1 225**
Total	**37 500**	**1 053 500**	**2 074 441**	**452 259**	**3 617 700**

FAIR VALUE HEDGE: BREAKDOWN OF HEDGED ITEMS

	12.31.2023		
(in EUR thousand)	Carrying amount	Cumulative change in the fair value	Change in the fair value booked during the year
Hedge of interest rate risk	**2 443 053**	**(97 830)**	**26 640**
Hedged assets	1 374 898	(75 201)	49 269
Due from banks, at amortised cost	-	-	-
Customer loans, at amortised cost	*45 191*	*(9 109)*	*3 553*
Securities at amortised cost	-	-	-
Financial assets at fair value through other comprehensive income	*1 329 707*	*(66 092)*	*45 716*
Hedged liabilities	1 068 155	(22 629)	(22 629)
Debt securities issued	-	-	-
Due to banks	-	-	-
Customer deposits (macro hedged)	*1 068 155*	*(22 629)*	*(22 629)*
Subordinated debts	-	-	-
Hedge of currency risk	-	-	-
Hedged assets	-	-	-
Customer loans, at amortised cost	-	-	-
Hedged liabilities	-	-	-
Debt securities issued	-	-	-
Due to banks	-	-	-
Customer deposits	-	-	-
Hedge of equity risk	-	-	-
Hedged liabilities	-	-	-
Other liabilities	-	-	-
Total	**2 443 053**	**(97 830)**	**26 640**

	12.31.2022 R		
(in EUR thousand)	**Carrying amount**	**Cumulative change in the fair value**	**Change in the fair value booked during the year**
Hedge of interest rate risk	**1 835 741**	**(124 470)**	**(218 297)**
Hedged assets	1 835 741	(124 470)	(218 297)
Due from banks, at amortised cost	-	-	-
Customer loans, at amortised cost	*42 338*	*(12 662)*	*(12 662)*
Securities at amortised cost	-	-	-
Financial assets at fair value through other comprehensive income	*1 793 403*	*(111 808)*	*(205 635)*
Hedged liabilities	-	-	-
Debt securities issued	-	-	-
Due to banks	-	-	-
Customer deposits	-	-	-
Subordinated debts	-	-	-
Hedge of currency risk	-	-	-
Hedged assets	-	-	-
Customer loans, at amortised cost	-	-	-
Hedged liabilities	-	-	-
Debt securities issued	-	-	-
Due to banks	-	-	-
Customer deposits	-	-	-
Hedge of equity risk	-	-	-
Hedged liabilities	-	-	-
Other liabilities	-	-	-
Total	**1 835 741**	**(124 470)**	**(218 297)**

FAIR VALUE HEDGE: BREAKDOWN OF HEDGING INSTRUMENTS

	12.31.2023				
	Commitments (notional amounts)	**Fair value (1)**		**Change in fair value booked during the year**	**Ineffectiveness recognised during the year**
(in EUR thousand)		**Assets**	**Liabilities**		
Hedge of interest rate risk	**2 497 475**	**100 096**	**2 325**	**(30 510)**	**(309)**
Firm instruments – Swaps	2 497 475	100 096	2 325	(30 510)	(309)
For hedged assets	*1 451 949*	*78 160*	*2 325*	*(53 353)*	*(495)*
For hedged liabilities	*1 045 526*	*21 936*	-	*22 843*	*186*
Options	-	-	-	-	-
Hedge of currency risk	-	-	-	-	-
Firm instruments	-	-	-	-	-
For hedged liabilities	-	-	-	-	-
Non-derivative financial instruments	-	-	-	-	-
For hedged assets	-	-	-	-	-
Hedge of equity risk	-	-	-	-	-
Options	-	-	-	-	-
For hedged liabilities	-	-	-	-	-
Total	**2 497 475**	**100 096**	**2 325**	**(30 510)**	**(309)**

(1) The fair value of interest rate hedging derivatives includes accrued interests.

	12.31.2022 R				
(in EUR thousand)	**Commitments (notional amounts)**	**Fair value (1)**		**Change in fair value booked during the year**	**Ineffectiveness recognised during the year**
		Assets	**Liabilities**		
Hedge of interest rate risk	**1 965 650**	**133 203**	**14 899**	**192 882**	**(1 139)**
Firm instruments – Swaps	1 965 650	133 203	14 899	192 882	(1 139)
For hedged assets	*1 965 650*	*133 203*	*14 899*	*192 882*	*(1 139)*
For hedged liabilities	-	-	-	-	-
Options	-	-	-	-	-
Hedge of currency risk	-	-	-	-	-
Firm instruments	-	-	-	-	-
For hedged liabilities	-	-	-	-	-
Non-derivative financial instruments	-	-	-	-	-
For hedged assets	-	-	-	-	-
Hedge of equity risk	-	-	-	-	-
Options	-	-	-	-	-
For hedged liabilities	-	-	-	-	-
Total	**1 965 650**	**133 203**	**14 899**	**192 882**	**(1 139)**

(1) The fair value of interest rate hedging derivatives includes accrued interests.

CASH FLOW HEDGE: BREAKDOWN OF HEDGED ITEMS

The following table describes the change of fair value of hedged items used to book the ineffective portion of the hedge during the current period. As at December 31, 2023 and 2022, hedged items are composed of customers deposits (Note 3.7.2) with floating interest rates mainly in EUR and USD. Regarding the cash flow hedges, the change in fair value of hedged items is assessed using the hypothetical derivative method described in the accounting principles above.

	12.31.2023	12.31.2022 R
(in EUR thousand)	**Change in the fair value**	**Change in the fair value**
Hedge of interest rate risk	**(10 839)**	**(51 182)**
Hedged assets	-	-
Due from banks, at amortised cost	-	-
Customer loans, at amortised cost	-	-
Securities at amortised cost	-	-
Financial assets at fair value through other comprehensive income	-	-
Customer loans (macro hedged)	-	-
Hedged liabilities	(10 839)	(51 182)
Debt securities issued	-	-
Due to banks	-	-
Customer deposits	-	-
Subordinated debts	-	-
Customer deposits (macro hedged)	*(10 839)*	*(51 182)*
Forecast transactions	-	-
Total	**(10 839)**	**(51 182)**

CASH FLOW HEDGE: BREAKDOWN OF HEDGING INSTRUMENTS

	12.31.2023					
		Fair value		Changes in fair value recorded during the year		Cumulative change in fair value recorded in unrealised or deferred gains and losses
(in EUR thousand)	Commitments (notional amounts)	Assets	Liabilities	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	
Hedge of interest rate risk	**1 119 000**	**56 403**	**117**	**(23 554)**	**(16 129)**	**22 875**
Firm instruments – Swaps	1 119 000	56 403	117	(23 554)	(16 129)	22 875
For hedged assets	*1 119 000*	*56 403*	*117*	*(23 554)*	*(16 129)*	*22 875*
For hedged liabilities	-	-	-	-	-	-
Firm instruments – FRAs	-	-	-	-	-	-
For hedged liabilities	-	-	-	-	-	-
Hedge of currency risk	-	-	-	-	-	-
Firm instruments	-	-	-	-	-	-
For hedged assets	-	-	-	-	-	-
For hedged liabilities	-	-	-	-	-	-
For hedged future transactions	-	-	-	-	-	-
Non-derivative financial instruments	-	-	-	-	-	-
For hedged future transactions	-	-	-	-	-	-
Hedge of equity risk	**1 225**	**26**	**157**	**(84)**	-	**(79)**
Options	1 225	26	157	(84)	-	(79)
For hedged future transactions	*1 225*	*26*	*157*	*(84)*	-	*(79)*
Total	**1 120 225**	**56 429**	**274**	**(23 638)**	**(16 129)**	**22 796**

	12.31.2022 R					
		Fair value		Changes in fair value recorded during the year		Cumulative change in fair value recorded in unrealised or deferred gains and losses
(in EUR thousand)	Commitments (notional amounts)	Assets	Liabilities	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	
Hedge of interest rate risk	**1 185 000**	**83 965**	**1 092**	**52 369**	**(9 853)**	**46 429**
Firm instruments – Swaps	1 185 000	83 965	1 092	52 369	(9 853)	46 429
For hedged assets	*1 185 000*	*83 965*	*1 092*	*52 369*	*(9 853)*	*46 429*
For hedged liabilities	-	-	-	-	-	-
Firm instruments – FRAs	-	-	-	-	-	-
For hedged liabilities	-	-	-	-	-	-
Hedge of currency risk	-	-	-	-	-	-
Firm instruments	-	-	-	-	-	-
For hedged assets	-	-	-	-	-	-
For hedged liabilities	-	-	-	-	-	-
For hedged future transactions	-	-	-	-	-	-
Non-derivative financial instruments	-	-	-	-	-	-
For hedged future transactions	-	-	-	-	-	-
Hedge of equity risk	**1 507**	**38**	**12**	**(33)**	-	**5**
Options	1 507	38	12	(33)	-	5
For hedged future transactions	*1 507*	*38*	*12*	*(33)*	-	*5*
Total	**1 186 507**	**84 003**	**1 104**	**52 336**	**(9 853)**	**46 434**

Note 3.4. – Financial assets at fair value through other comprehensive income

SUMMARY OF THE IFRS 9 TRANSITION FOR INSURANCE ACTIVITY (SEE NOTE 1.4)

(in EUR thousand)	31.12.2021	IFRS 9 reclassifications of available for-sale financial assets	Reclassified balances	01.01.2022 R	31.12.2022 R
Debt instruments	2 815 004	356 563	3 171 567	3 171 567	2 238 820
Bonds and other debt securities	*2 815 004*	*356 563*	*3 171 567*	*3 171 567*	*2 238 820*
Total financial assets at fair value through other comprehensive income	**2 815 004**	**356 563**	**3 171 567**	**3 171 567**	**2 238 820**

OVERVIEW OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(in EUR thousand)	12.31.2023	12.31.2022 R
Bonds and other debt securities	1 539 911	2 238 820
Shares and other equity securities	-	-
Total	**1 539 911**	**2 238 820**
o/w unrealized gain/loss through OCI, excluding deferred taxes and allowances for impairment losses	*1 527*	*(1 176)*
o/w allowances for impairment losses	*1*	*2*

1. DEBT INSTRUMENTS

ACCOUNTING PRINCIPLES

Debt instruments are classified as Financial assets at fair value through other comprehensive income where their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a Collect and Sell business model.

Accrued or earned income on debt instruments is recorded in profit or loss based on the effective interest rate, under *Interest and similar income*.

At the reporting date, these instruments are measured at fair value, and changes in fair value, excluding income, are recorded under Unrealised or deferred gains and losses, except for foreign exchange differences, which are recorded in profit or loss. Furthermore, as these financial assets are subject to impairment for credit risk, changes in expected credit losses are recorded in profit or loss under Cost of risk with a corresponding entry to Unrealised or deferred gains and losses. The applicable impairment rules are described in Note 3.9. The impairment does not impact the carrying amount of the assets.

If these instruments are sold, the impairments for credit risk are reversed in Cost of risk in the income statement, and the unrealised or deferred gains and losses are reclassified to profit or loss under *Net gains or losses on financial assets at fair value through other comprehensive income*.

BUSINESS MODEL “HOLD TO COLLECT AND SELL”

The objective of this business model is to realise cash flows by both collecting contractual payments and selling financial assets. In this type of business model, the sales of financial assets are not incidental or exceptional, but they are integral to achieving the business’ objectives.

Cash management

Within the Group, the “hold to collect and sale” business model is mainly applied by the Treasury activity for managing HQLA securities (High Quality Liquid Assets) included in the liquidity buffer.

CHANGES OF THE CARRYING AMOUNT

(in EUR thousand)	2023
Balance on January 1	**2 238 820**
Acquisitions / disbursements	225
Disposals / redemptions	(740 494)
Changes in fair value during the year	50 130
Changes in related receivables	(8 770)
Translation differences	-
Balance on December 31	**1 539 911**

BREAKDOWN OF CUMULATED UNREALISED GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY AND THAT WILL BE RECLASSIFIED SUBSEQUENTLY INTO INCOME

(in EUR thousand)	12.31.2023	12.31.2022 R
Unrealised gains	6 312	4 517
Unrealised losses	(4 784)	(5 691)
Total	**1 528**	**(1 174)**

The amounts as at December 31, 2023 and December 31, 2022 were reclassified into income from financial instruments at fair value through other comprehensive income and presented in the paragraph 3 below.

2. EQUITY INSTRUMENTS

ACCOUNTING PRINCIPLES

Equity instruments (shares and share equivalents), that are not held for trading purposes, can be initially designated by the Group to be measured at fair value through other comprehensive income. This choice made instrument by instrument, is irrevocable. desi

These equity instruments are then measured at fair value and the changes in fair value are recognised under Unrealised or deferred gains and losses with no subsequent reclassification to profit or loss. If the instruments are sold, the realised gains and losses are reclassified to Retained earnings at the opening of the next financial year. Only dividend income, if it is considered as a return on investment, is recorded in profit or loss under Net gains or losses on financial assets at fair value through other comprehensive income.

As at December 31, 2023 and December 31,2022, the Group did not apply the fair value through other comprehensive income option to any equity instruments.

3. NET GAINS AND LOSSES RECOGNISED IN NET INCOME ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(in EUR thousand)	2023	2022 R
Realised gains and losses on sale of debt instruments	-	(2 613)
Dividends incomes on financial assets at fair value through other comprehensive income	-	-
Total	**-**	**(2 613)**

Note 3.5. – Fair value of financial instruments

MAKING IT SIMPLE

The financial assets and liabilities recognised in the Group statement of financial position are measured either at fair value or at amortised cost. In the latter case, the fair value of the instruments is disclosed in the notes (see Note 3.6).

If an instrument is quoted on an active market, its fair value is equal to its market price.

But many financial instruments are not listed: most of the notes issued by the Group, loans and receivables, structured products.

Financial derivatives traded by the Group are mostly only negotiable on over-the-counter markets.

In such situations, the fair value of the instruments is calculated using measurement techniques or valuation models. Market parameters are included in these models and must be observable; otherwise they are determined based on internal estimates. The models and parameters used are subject to independent validations and internal controls.

ACCOUNTING PRINCIPLES

DEFINITION OF FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In the absence of observable prices for identical assets or liabilities, the fair value of financial instruments is determined using another measurement technique that maximises the use of observable market input based on assumptions that market operators would use to set the price of the instrument in question.

FAIR VALUE HIERARCHY

The fair values of financial instruments include accrued interest as applicable.

For information purposes, in the notes to the consolidated financial statements, the fair value of financial instruments is classified using a fair value hierarchy that reflects the observability level of the inputs used. The fair value hierarchy is composed of the following levels:

Level 1 (L1): instruments valued on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 1 instruments carried at fair value on the statement of financial position include in particular shares listed in an active market, government or corporate bonds priced directly by external brokers/dealers, derivatives traded on organised markets (futures, options), and units of funds (including UCITS) whose net asset value is available on the statement of financial position date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and if they reflect actual and regular market transactions on an arm's length basis.

Determining whether a market is inactive requires the use of indicators such as a sharp decline in trading volume and the level of activity in the market, a sharp disparity in prices over time and among the various above-mentioned market participants, or the fact that the latest transactions conducted on an arm's length basis did not take place recently enough.

Where a financial instrument is traded in several markets to which the Group has immediate access, its fair value is represented by the market price at which volumes and activity levels are highest for the instrument in question.

Transactions resulting from involuntary liquidations or distressed sales are usually not taken into account to determine the market price.

Level 2 (L2): instruments valued using inputs other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

These are instruments measured using a financial model based on observable market inputs. The inputs used shall be observable in active markets; using some unobservable inputs is possible only if those last have a less decisive influence on the fair value of the instrument. Prices published by an external source derived from the valuation of similar instruments are considered as data derived from prices.

Level 2 instruments include in particular non derivative financial instruments carried at fair value on the statement of financial position that are not directly quoted or do not have a quoted price on a sufficiently active market (e.g. corporate bonds, repos transactions, mortgage-backed securities, units of funds), and firm derivatives and options traded over-the-counter: interest rate swaps, caps, floors, swaptions, equity options, index options, foreign exchange options, commodity options and credit derivatives. The maturities of these instruments are linked to ranges of terms commonly traded in the market, and the instruments themselves can be simple or offer a more complex remuneration profile (e.g. barrier options, products with multiple underlying instruments), with said complexity remaining limited however. The valuation techniques used in this category are based on common methods shared by the main market participants.

This category also includes the fair value of loans and receivables measured at amortised cost in the balance-sheet granted to counterparties whose credit risk is quoted via Credit Default Swap (see Note 3.10).

Level 3 (L3): instruments valued using significant part of inputs that are not based on observable market data (referred to as unobservable inputs).

Level 3 instruments carried at fair value on the balance sheet are valued using financial models based on market inputs among which those which are unobservable or observable on insufficiently active markets, have a significant impact on the fair value of the financial instrument as a whole.

Accordingly, Level 3 financial instruments include derivatives and repo transactions with longer maturities than those usually traded and/or with specifically-tailored return profiles, structured debts including embedded derivatives valued based on a method using unobservable inputs or long-term equity investments valued based on a corporate valuation method, which is the case for unlisted companies or companies listed on an insufficiently liquid market.

1. FINANCIAL ASSETS MEASURED AT FAIR VALUE

As at December 31, 2023 and December 31, 2022, the fair value hierarchy of financial assets by instrument type is as follows:

	12.31.2023				12.31.2022 R			
(in EUR thousand)	(L1)	(L2)	(L3)	Total	(L1)	(L2)	(L3)	Total
Trading portfolio (excluding derivatives)	**2 300**	**184**	**-**	**2 484**	**1 934**	**222 614**	**-**	**224 548**
Bonds and other debt securities	-	-	-	-	-	-	-	-
Shares and other equity securities	2 300	-	-	2 300	1 934	-	-	1 934
Securities purchased under resale agreements	-	-	-	-	-	-	-	-
Loans, receivables and other trading assets	-	184	-	184	-	222 614	-	222 614
Trading derivatives	**-**	**108 135**	**-**	**108 135**	**-**	**401 605**	**-**	**401 605**
Interest rate instruments	-	17 132	-	17 132	-	62 951	-	62 951
Foreign exchange instruments	-	35 711	-	35 711	-	29 186	-	29 186
Equity and index instruments	-	53 922	-	53 922	-	305 506	-	305 506
Commodity instruments	-	-	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-	-	-
Other forward financial instruments	-	1 370	-	1 370	-	3 962	-	3 962
Financial assets measured mandatorily at fair value through profit or loss	**2 438**	**6 688**	**274 446**	**283 572**	**10 889**	**6 304**	**341 146**	**358 339**
Bonds and other debt securities	362	-	51 860	52 222	-	-	48 154	48 154
Shares and other equity securities	2 076	6 688	73 768	82 532	10 889	6 304	75 800	92 993
Loans, receivables and securities purchased under resale agreements	-	-	148 818	148 818	-	-	217 192	217 192
Financial assets measured using fair value option through profit or loss	**46 730**	**-**	**-**	**46 730**	**39 862**	**-**	**-**	**39 862**
Hedging derivatives	**-**	**156 525**	**-**	**156 525**	**-**	**217 206**	**-**	**217 206**
Interest rate instruments	-	156 499	-	156 499	-	217 168	-	217 168
Foreign exchange instruments	-	26	-	26	-	38	-	38
Equity and index instruments	-	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	**1 539 911**	**-**	**-**	**1 539 911**	**2 238 820**	**-**	**-**	**2 238 820**
Bonds and other debt securities	1 539 911	-	-	1 539 911	2 238 820	-	-	2 238 820
Shares and other equity securities	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	-	-	-	-
Total	**1 591 379**	**271 532**	**274 446**	**2 137 357**	**2 291 505**	**847 729**	**341 146**	**3 480 380**

2. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

As at December 31, 2023 and as at December 31, 2022, the fair value hierarchy of financial liabilities by instrument type is as follows:

	12.31.2023				12.31.2022 R			
(in EUR thousand)	(L1)	(L2)	(L3)	Total	(L1)	(L2)	(L3)	Total
Trading portfolio (excluding derivatives)	-	-	-	-	-	-	-	-
Trading derivatives	-	**108 527**	-	**108 527**	-	**379 810**	-	**379 810**
Interest rate instruments	-	21 802	-	21 802	-	50 427	-	50 427
Foreign exchange instruments	-	31 474	-	31 474	-	22 889	-	22 889
Equity and index instruments	-	53 884	-	53 884	-	302 544	-	302 544
Commodity instruments	-	-	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-	-	-
Other forward financial instruments	-	1 367	-	1 367	-	3 950	-	3 950
Financial liabilities measured using fair value option through profit or loss	-	**1 123**	-	**1 123**	-	**19 539**	-	**19 539**
Hedging derivatives	-	**2 599**	-	**2 599**	-	**16 003**	-	**16 003**
Interest rate instruments	-	2 442	-	2 442	-	15 991	-	15 991
Foreign exchange instruments	-	157	-	157	-	12	-	12
Equity and index instruments	-	-	-	-	-	-	-	-
Total financial liabilities at fair value	-	**112 249**	-	**112 249**	-	**415 352**	-	**415 352**

There have been no transfer of financial assets or liabilities measured at fair value from Level 2 to Level 1 in 2023, as well as in 2022.

3. FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

ACCOUNTING PRINCIPLES

For financial instruments that are not recognised at fair value on the balance sheet, the figures disclosed in this note and broken down according to the fair value hierarchy as described above should not be taken as an estimate of the amount that would be realised if all such financial instruments were to be settled immediately.

The fair value of financial instruments includes accrued interest if applicable.

For financial instruments that are not recognised at fair value on the balance sheet, the figures disclosed in this note are estimates of their fair value broken down according to the fair value hierarchy as described in Note 3.5 paragraphs 1 and 2.

These estimates are disclosed for information purpose only, they are not used for the management of the Group's activities, and should not be taken as an estimate of the amount that would be realised if all such financial instruments were to be settled immediately.

Please refer to Note 3.5.5 for additional details on the valuation methods for loans and debt securities at amortised cost.

FINANCIAL ASSETS MEASURED AT AMORTISED COST

The Group analyzed the main variations in fair value of financial instruments measured at amortised cost and assessed the following:

- Interest rate risk impacts mainly loans and deposits with fixed rates with maturities above 1 year. Regarding the other financial instruments at amortised cost such as debt securities and loans and deposits with variable rates or fixed rates with maturities below 1 year, the Group considers the interest rate risk impact as non material;
- At Group level, the loans and deposits with fixed rates with maturities above 1 year and sensitive to interest rate risk represent a limited volume in terms of amount and number, considering the loans and deposits from the Private Banking subsidiaries are fully hedged back-to-back by the Group.

With the above described approach, the fair value assessment of financial instruments measured at amortised cost is reported below as at December 31, 2023 and December 31, 2022.

ASSETS

	12.31.2023				
(in EUR thousand)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due from banks	23 067 296	22 806 955	-	22 806 955	-
Customer loans	17 633 172	17 500 515	-	17 500 515	-
Debt securities	9 953 229	9 953 229	-	9 953 229	-
Total	**50 653 697**	**50 260 699**	**-**	**50 260 699**	**-**

ASSETS

	12.31.2022				
(in EUR thousand)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due from banks	21 990 338	21 629 373	-	21 629 373	-
Customer loans	19 965 886	19 620 928	-	19 620 928	-
Debt securities	9 291 435	9 291 435	-	9 291 435	-
Total	**51 247 658**	**50 541 736**	**-**	**50 541 736**	**-**

Analysis of fair value related to debt securities is described in Note 3.6. paragraph Securities

LIABILITIES

	12.31.2023				
(in EUR thousand)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due to banks	21 761 332	21 709 217	-	21 709 217	-
Customer deposits	39 127 204	39 119 033	-	39 119 033	-
Debt securities issued	16 730	16 730	-	16 730	-
Total	**60 905 266**	**60 844 980**	**-**	**60 844 980**	**-**

LIABILITIES

	12.31.2023				
(in EUR thousand)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due to banks	21 543 080	21 366 416	-	21 366 416	-
Customer deposits	41 283 263	41 268 812	-	41 268 812	-
Debt securities issued	22 394	22 394	-	22 394	-
Total	**62 848 737**	**62 657 622**	**-**	**62 657 622**	**-**

4. VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

During the year of 2023, no transfer of level 3 instruments were observed and no new financial instruments were classified in Level 3.

The following tables show a reconciliation of the opening and closing amounts of Level 3 which are recorded at fair value.

	12.31.2023								
(in EUR thousand)	**Balance as at 12.31.2022 R**	**Acquisitions**	**Disposals/ Redemptions**	**Transfer to Level 2**	**Transfer from Level 2**	**Gains and losses**	**Translation differences**	**Change in scope and others**	**Balance as at 12.31.2023**
Financial assets measured mandatorily at fair value through profit or loss	**341 146**	**3 059**	**-**	**-**	**-**	**(69 030)**	**(858)**	**129**	**274 446**
Bonds and other debt securities	48 154	2 969	-	-	-	737	-	-	**51 860**
Shares and other equity instruments	75 800	90	-	-	-	(1 393)	(858)	129	**73 768**
Loans and receivables	217 192	-	-	-	-	(68 374)	-	-	**148 818**
o/w other financial instruments	*217 192*	-	-	-	-	*(68 374)*	-	-	***148 818***
Financial assets measured using fair value option through profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest rate instruments	-	-	-	-	-	-	-	-	**-**
Total financial assets at fair value	**341 146**	**3 059**	**-**	**-**	**-**	**(69 030)**	**(858)**	**129**	**274 446**

5. 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 Department, in accordance with the methodologies defined by the Market Risk Department of Societe Generale Group.

If necessary, these valuations are supplemented by additional reserves (such as bid-ask spreads or liquidity) determined reasonably and appropriately after an analysis of available information.

Derivatives and security financing transactions are subject to a Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA).

The CVA is determined on the basis of 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 symetrically 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.

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.

BONDS & OTHER DEBT SECURITIES

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.

SHARES AND OTHER EQUITY INSTRUMENTS

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:

- Discounted Cash Flows method based on business plans
- Discounted Dividend Method based on business plans

LOANS AND RECEIVABLES

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).

FINANCIAL DERIVATIVES

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.

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).

DUE FROM BANKS & 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.

6. ESTIMATES OF MAIN UNOBSERVABLE INPUTS

According to the fair value hierarchy established by IFRS 13, Level 3 (L3) comprises products valued using inputs that are not based on observable market data (referred to as unobservable inputs).

The following table provides the valuation of level 3 instruments on the balance sheet as at December 31, 2023 and the range of values of the most significant unobservable inputs by main product type.

Type of underlyings	**Assets** In EUR thousand	**Liabilities** In EUR thousand	**Main products**	**Valuation techniques used**	**Significant unobservable inputs**	**Range of unobservable inputs**	
						Min	**Max**
Equities/funds	73 768	–	Equity shares	Discounted cash flows or dividend distribution models	Equity dividends	0%	15,9%
					Correlations	-72,4%	99,9%
					Illiquidity discount	0%	20%
Credit	200 678	-	Loans with embedded derivatives, convertible bonds	Recovery and base correlation projection models	Time to default correlations	0%	100%
					Recovery rate variance for single name underlyings	0%	100%
					Credit spreads	0 bps	1 000 bps
Total	**274 446**	-					

Unobservable inputs add a degree of uncertainty in the valuation of Level 3 instruments.

However, by the nature of its activities (mainly private banking, securities services, corporate lending) the Group has very limited market risk exposure. The impact of an immediate change in an unobservable parameter would have very limited consequence on the Group net profit.

7. SENSITIVITY OF FAIR VALUE FOR LEVEL 3 INSTRUMENTS

Unobservable inputs are assessed carefully, particularly in this persistently uncertain economic environment and market. However, by their very nature, unobservable inputs inject a degree of uncertainty into the valuation of Level 3 instruments.

To quantify this, fair value sensitivity was estimated at 31 December 2023 on instruments whose valuation requires certain unobservable inputs. This estimate was based either on a "standardised" variation in unobservable inputs, calculated for each input on a net position, or on assumptions in line with the additional valuation adjustment policies for the financial instruments in question.

SENSITIVITY OF LEVEL 3 FAIR VALUE TO A "STANDARDISED*" VARIATION IN UNOBSERVABLE INPUTS

	12.31.2023		12.31.2022 R	
(in EUR thousand)	Negative impact	Positive impact	Negative impact	Positive impact
Shares and other equity instruments and derivatives	**(927)**	**1 008**	**(1 067)**	**1 159**
Equity volatilities	(927)	1 008	(1 067)	1 159
Rates or Forex instruments and derivatives	**(138)**	**135**	**(256)**	**248**
Correlations between exchange rates and/or interest rates	(138)	135	(256)	248

*The "standardised" variation corresponds to the standard deviation of consensus prices used to measure an input nevertheless considered as unobservable. In cases of unavailability of these data, the standard deviation of historical data is then used to assess the input.

Note 3.6. – Loans, receivables and securities at amortised cost

1. OVERVIEW OF FINANCIAL ASSETS AT AMORTISED COST

ACCOUNTING PRINCIPLES

Loans, receivables and debt securities are measured at amortised cost where their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a "Hold to Collect" business model.

Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, and their accrued or earned income is recorded in the income statement under Interest and similar income. Furthermore, as these financial assets are subject to impairment for credit risk, changes in expected credit losses are recorded in profit or loss under Cost of risk with a corresponding impairment of amortised cost under balance sheet assets. The applicable impairment rules are described in Note 3.9.

Loans issued by the Group may be subject to renegotiations for commercial reasons, where the borrowing customer is not experiencing financial difficulties or insolvency. Such efforts are undertaken for customers for which the Group agrees to renegotiate their debt in the interest of preserving or developing a business relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest. Renegotiated loans are derecognised at the renegotiation date, and the new loans contractualised under the renegotiated terms and conditions replace the previous loans in the balance sheet at this same date. The new loans are subject to the SPPI test to determine how they are classified in the balance sheet. If a loan qualifies as SPPI, renegotiation fees received are included in the effective interest rate of the new instrument. The applicable renegociation on loans rules are described in Note 3.9.

SUMMARY OF THE TRANSITION IFRS 9 FOR INSURANCE ACTIVITY (SEE NOTE 1.4)

(in EUR thousand)	12.31.2021	IFRS 9 reclassifications of available for-sale financial assets	Reclassified balances	Adjustment of book value related to investments Impairment and provisions for credit risk	01.01.2022 R	31.12.2022 R
Securities at amortised cost	8 051 597	12 331	8 063 928	(8)	8 063 920	9 309 177
Due from banks at amortised cost	19 840 378	746	19 841 124	-	19 841 124	19 965 886
Customer loans and receivables at amortised cost	22 817 851		22 817 851	-	22 817 851	21 990 338
Total	**50 709 826**	**13 077**	**50 722 903**	**(8)**	**50 722 895**	**51 265 401**

OVERVIEW

	12.31.2023		12.31.2022 R	
(in EUR thousand)	**Carrying amount**	*o/w impairment*	**Carrying amount**	*o/w impairment*
Due from banks	23 067 296	*(662)*	21 990 338	*(755)*
Customer loans	17 633 172	*(96 913)*	19 965 886	*(237 531)*
Securities	9 953 229	*(150)*	9 309 177	*(221)*
Total	**50 653 697**	***(97 725)***	**51 265 401**	***(238 507)***

DUE FROM BANKS

(in EUR thousand)	12.31.2023	12.31.2022 R
Current accounts	5 943 191	7 718 310
Deposits and loans	16 965 971	14 202 237
Securities purchased under resale agreements	21	-
Subordinated and participating loans	-	-
Related receivables	158 775	70 546
Due from banks before impairment	**23 067 958**	**21 991 093**
Credit loss impairment	(662)	(755)
Revaluation of hedged items	-	-
Total	**23 067 296**	**21 990 338**

CUSTOMER LOANS

(in EUR thousand)	12.31.2023	12.31.2022 R
Unsecured loans[(1)]	5 434 948	8 329 089
Other collateralized loans	6 842 859	6 502 711
Housing loans	2 915 406	3 118 662
Overdrafts	2 155 634	1 499 943
Lease Financing agreements	20 520	189 355
Subordinated loans	35 000	37 000
Related receivables	87 513	67 094
Doubtful loans	247 316	472 225
Customer loans before impairment[(2)]	**17 739 196**	**20 216 079**
Impairment	(96 913)	(237 531)
Revaluation of hedged items	**(9 111)**	**(12 662)**
Net customer loans	**17 633 172**	**19 965 886**

[(1)] *Unsecured loans include exposures with related parties, which are guaranteed by Societe Generale Group, amounting to EUR 3 656 million as at December 31, 2023 (December 31, 2022: 5 153 million).*

[(2)] *As at December 31, 2023, the amount due from customers classified as Stage 3 impairment (credit impaired) is EUR 38 144 thousand compared to EUR 82 902 thousand as at 31 December 2022. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.8).*

SECURITIES

(in EUR thousand)	12.31.2023	12.31.2022 R
Negotiable certificates, bonds and other debt securities	9 947 664	9 304 711
Related receivables	5 715	4 687
Securities before impairment	**9 953 379**	**9 309 398**
Impairment	(150)	(221)
Total	**9 953 229**	**9 309 177**

Securities at amortized cost are mainly composed of Notes of securitization vehicles purchased by a subsidiary of the Group.

The above mentioned Notes are variable rate instruments held in a specific activity of securities purchasing financed by limited recourse deposits from related parties entities from Societe Generale Group. The variable rates considered are similar to standard generally accepted rates (such as ESTER or Euribor rate). Please also refer to Note 9.2 Market Risk for Interest Rate risk analysis for the Group.

Consequently, the fair value of securities at amortized cost is considered approximately equal to their amortized cost net of credit risk impairment.

Note 3.7. – Debts

ACCOUNTING PRINCIPLES

Debts include non-derivative financial liabilities that are not measured at fair value through profit or loss.

They are recognised in the balance sheet according to the type of instrument and counterparty, under *Due to banks, Customer deposits, Debt securities issued.*

Debts are initially recognised at cost, measured at the fair value of the amount borrowed net of transaction fees. These liabilities are measured at period-end at amortised cost using the effective interest rate method. As a result, issue or redemption premiums on bonds are amortised over the lifetime of the instruments concerned. Accrued or paid expenses are recorded in profit or loss under *Interest and similar expense*.

1. DUE TO BANKS

(in EUR thousand)	12.31.2023	12.31.2022 R
Term deposits	21 005 187	20 975 055
Securities sold under repurchase agreements	445 537	386 998
Demand deposits and current accounts	65 780	98 333
Related payables	234 991	67 844
Overnight deposits / borrowings and others	9 837	14 850
Total	**21 761 332**	**21 543 080**

2. CUSTOMER DEPOSITS

(in EUR thousand)	12.31.2023	12.31.2022 R
Demand deposits	15 857 346	20 079 519
Term deposits	23 120 997	21 162 463
Related payables	148 861	41 281
Total customer deposits	**39 127 204**	**41 283 263**
Securities sold to customers under repurchase agreements	-	-
Total	**39 127 204**	**41 283 263**

BREAKDOWN OF DEMAND DEPOSITS BY CUSTOMER TYPE

(in EUR thousand)	12.31.2023	12.31.2022 R
Non-financial corporations	2 091 250	1 060 929
Individual customers	899 536	1 513 757
Financial customers	12 866 440	17 504 241
Others [(1)]	120	592
Total	**15 857 346**	**20 079 519**

(1) Including deposits linked to governments and central administrations.

3. DEBT SECURITIES ISSUED

(in EUR thousand)	12.31.2023	12.31.2022 R
Interbank certificates and negotiable debt instruments	16 576	22 241
Related payables	154	153
Total	**16 730**	**22 394**

Note 3.8. – Interest income and expense

MAKING IT SIMPLE

Interest is compensation for a financial service, consisting in a lender making a certain amount of cash available to a borrower for an agreed period of time. Such compensated financing arrangements can be loans, deposits or securities (bonds, negotiable debt securities…).

This compensation is a consideration for the time value of money, and additionally for credit risk, liquidity risk and administrative costs, all borne by the lender for the duration of the financing agreement.

Interest is recognised as expense or income over the life of the financing service granted or received, proportionally to the principal amount outstanding.

ACCOUNTING PRINCIPLES

Interest income and expense are recorded in the income statement under *Interest and similar income* and *Interest and similar expense* for all financial instruments measured using the effective interest method (instruments at amortised cost and debt instruments at fair value through other comprehensive income).

- Interest income and expense are recorded in the income statement under Interest and similar income and Interest and similar expense for:
- all financial instruments measured using the effective interest method (instruments at amortised cost and debt instruments at fair value through other comprehensive income);
- hedging financial derivatives;
- trading portfolio
- all financial instruments mandatorily measured at fair value through profit and loss;
- all financial instruments at fair value through profit or loss using fair value option
- interest rate risk hedging derivatives for the portion of income or expenses representative of the effective interest rate;
- interest on lease liabilities (from IFRS 16 application).

Negative interest cashflows on assets are recorded under *Interest and similar expense*; positive interest cashflows on liabilities are recorded under *Interest and similar income*.

The effective interest rate is taken to be the rate used to net discount future cash inflows and outflows over the expected life of the instrument in order to establish the net book value of the financial asset or liability. The calculation of this rate considers the future cash flows estimated on the basis of the contractual provisions of the financial instrument without taking into account possible future credit losses and also includes commissions paid or received between the parties where these may be assimilated to interest, directly linked transaction costs, and all types of premiums and discounts.

Where a financial asset is classified in Stage 3 for impairment, subsequent interest income is recognized in profit or loss by applying the effective interest rate to the net amount calculated by deducting the credit risk impairment applicable from the net carrying amount of the financial asset.

	2023			2022 R		
(in EUR thousand)	Income	Expense	Net	Income	Expense	Net
Financial instruments at amortised cost	2 519 864	(2 031 565)	488 299	912 283	(513 307)	398 976
Central banks	*206 582*	*(42)*	*206 540*	*45 611*	*(23 241)*	*22 370*
Bonds and other debt securities	*539 043*	*(2 359)*	*536 684*	*184 108*	*(718)*	*183 390*
Due from/to banks	*1 185 015*	*(844 570)*	*340 445*	*281 221*	*(223 569)*	*57 652*
Customer loans and deposits	*589 143*	*(1 171 933)*	*(582 790)*	*400 235*	*(265 679)*	*134 556*
Securities lending/borrowing	-	-	-	-	*(100)*	*(100)*
Securities purchased/sold under resale/purchase agreements and borrowings secured by notes and securities	*81*	*(12 661)*	*(12 580)*	*1 108*	-	*1 108*
Hedging derivatives	*95 409*	*(22 129)*	*73 280*	*14 578*	*(38 346)*	*(23 768)*
Financial instruments at fair value through other comprehensive income	22 996	-	22 996	34 591	(1 470)	33 121
Lease agreement	19	(3 266)	(3 247)	37	(390)	(353)
Real estate lease agreements	-	(2 997)	(2 997)	-	(385)	(385)
Non-real estate lease agreements	*19*	*(269)*	*(250)*	*37*	*(5)*	*32*
Subtotal interest income/expense on financial instruments using the effective interest method	**2 638 288**	**(2 056 960)**	**581 328**	**961 489**	**(553 513)**	**407 976**
Financial instruments at fair value through profit or loss	**10 601**	**-**	**10 601**	**3 249**	**-**	**3 249**
Total Interest income and expense	**2 648 889**	**(2 056 960)**	**591 929**	**964 738**	**(553 513)**	**411 225**
o/w interest income from impaired financial assets	*3 997*	-	*3 997*	*10 704*	-	*10 704*

These interest expenses include the refinancing cost of financial instruments at fair value through profit or loss, which results are classified in net gains or losses on these instruments. 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 3.9. – IMPAIRMENT AND PROVISIONS

MAKING IT SIMPLE

Some financial assets (loans, debt securities) involve credit risk which exposes the Group to a potential loss if the counterparty or the securities issuer were to be unable to respect their financial commitments. To bear this risk, a portion of the contractual interest received by the Group on those assets, called credit margin, compensate it.

This potential loss, or expected credit loss, is recognised in profit or loss without waiting the occurrence of a default event on a specific counterparty.

For loans, receivables and debt securities measured at amortised cost or fair value through other comprehensive income, the expected credit loss, as assessed by the Group, is recognised in profit or loss in the Cost of risk. On balance sheet, this potential loss is recognised as an impairment that reduces the carrying amount of assets meas-ured at amortised cost. Impairments are written-back in case of a subsequent decrease of credit risk.

Potential losses recognised in profit or loss represent initially the credit losses expected by the Group over the year to come. Subsequently, the amount is increased by the expected loss at maturity of the instrument in case of significant increase of risk. The losses are then reassessed if the counterparty or issuer of the security is in default.

For financial assets measured at fair value through profit or loss (including instruments hold by global markets activities), their fair value includes already the expected credit loss, as assessed by the market participant, on the residual lifetime of the instrument.

ACCOUNTING PRINCIPLES

RECOGNITION OF EXPECTED CREDIT LOSSES

Debt instruments classified as financial assets at amortised cost or as financial assets at fair value through other comprehensive income, customer receivables, as well as loan commitments granted and guarantee commitments issued, are systematically subject to impairment or provisions for expected credit losses. These impairments and provisions are recognised as the loans are granted, the commitments undertaken, or the debt securities purchased, without waiting for the occurrence of an objective evidence of impairment.

To determine the amount of impairment or provision to be recorded at each reporting date, these exposures are split among three categories based on the increase in credit risk observed since initial recognition. An impairment or provision shall be recognised for the exposures in each category as follows:

OBSERVED DETERIORATION IN CREDIT RISK SINCE INITIAL RECOGNITION OF THE FINANCIAL ASSET

CREDIT RISK CATEGORY	**STAGE 1** PERFORMING ASSETS	**STAGE 2** UNDER-PERFORMING OR DOWNGRATED ASSETS	**STAGE 3** CREDIT-IMPAIRED OR DEFAULTED ASSETS
Transfer criteria	Initial recognition of the instrument in stage 1 ▶ *Maintained if the credit risk has not increased significantly*	Credit risk on the instrument has increased significantly since initial recognition / 30 days past due	Evidence that the instrument has become credit-impaired / 90 days past due
Measurement of credit risk	12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses
Interest income recognition basis	Gross carrying amount of the asset before impairment	Gross carrying amount of the asset before impairment	Net carrying amount of the asset after impairment

EXPOSURES CLASSIFIED IN STAGE 1

At the initial recognition date, the exposures are systematically classified in Stage 1, unless they are purchased or originated credit-impaired instruments.

EXPOSURES CLASSIFIED IN STAGE 2

To identify Stage 2 exposures, the significant increase in credit risk is assessed by the Group using all available past and forward-looking data (behavioral scores, loan to value indicators, macroeconomic forecast scenarios, etc.). This assessment of changes in credit risk takes account of the following three criteria's:

- The counterparty's credit rating

The Group analyses changes in the counterparty's credit rating, as well as any changes in its operating sector, in macroeconomic conditions and in the behaviors of the counterparty that may, above and beyond the review of the credit rating, be a sign of deteriorating credit risk.

If, after a review, a counterparty is deemed "sensitive" (notion of watch list), all contracts between the Group and this counterparty are transferred into Stage 2 and the related impairment and provisions are increased up to the lifetime expected credit losses. Once a counterparty has been placed on a watch list, all new transactions originated with that counterparty are recorded in Stage 2.

- The magnitude of the change in a counterparty's credit rating

This magnitude is assessed from contract to contract, from the date of their initial recognition to the balance sheet date.

To determine whether a deterioration or improvement in the credit rating between the date of initial recognition and the balance sheet date is significant enough to prompt a change in the impairment Stage, thresholds are set once a year by the Risk Division. These transfer thresholds between Stage 1 and Stage 2 are determined for each homogenous portfolio of contracts (notion of risk segment) and are calculated based on the probability-of-default curves for each (thus, the threshold is different depending on whether it is a Sovereign portfolio or a Large Corporates portfolio, for instance). The thresholds are therefore differentiated based on the one-year probability of default curves; this assumes there is no distortion with respect to any comparison made with the lifetime probability-of-default curves.

From 2019 the thresholds are differentiated based on the lifetime probability-of-default curves for the Group's main portfolios. The transition from one-year probability-of-default curves to lifetime probability-of-default curves is ongoing for the remaining portfolios, assuming that there is no distortion with respect to any comparison made with the lifetime probability-of-default curves.

- The existence of payments more than 30 days past due

There is a rebuttable presumption of a significant deterioration in credit risk when a payment on an asset is more than 30 days past due.

Once any one of these three criteria is met, the instrument is transferred from Stage 1 to Stage 2, and the related impairments or provisions are adjusted accordingly.

The first two criteria are symmetrical: a sufficient improvement in the credit rating, or removal from the watch list of sensitive counterparties, results in a return to Stage 1.

EXPOSURES CLASSIFIED IN STAGE 3

To identify Stage 3 exposures (doubtful exposures), the Group has been applying to most of its entities, since July 2020, the new definition of default as detailed in the guidelines published by the European Banking Authority (EBA). This definition leads to applying the following criteria to classify exposures as Stage 3:

- One or more unpaid payments of one or more unpaid payments of over 500 euros for Non-retail during 90 consecutive days, representing at least 1% of the total exposure of the customer. This unpaid amount may or may not be accompanied by a recovery procedure except for restructured loans classified into Stage 1 or 2 which are retransferred into Stage 3 from the first amount unpaid after 30 days during the two-year probation period. In addition, only missed payments related to business litigations, specific contractual features or IT failures may avoid automatic transfer into Stage 3 after 90 days;
- identification of other criteria that evidence, even in the absence of missed payments, that this is unlikely that the counterparty could meet all its financial obligations:
  - A significant deterioration in the counterparty's financial situation creates a strong probability that it will not be able to meet all of its commitments and thus represents a risk of loss for the Group;
  - Concessions are granted to the clauses of the loan agreement, in light of the borrower's financial difficulties, that would not have been granted in other circumstances;
  - The existence of litigious proceedings (ad hoc mandate, bankruptcy protection, court-ordered settlement or compulsory liquidation or other similar proceedings in local jurisdictions).

The Group applies the impairment contagion principle to all of the defaulting counterparty's exposures. When a debtor belongs to a group, the impairment contagion principle may also be applied to all of the group's exposures.

In the case of a return in Stage 2, the exposures are kept in Stage 2 during a probation period before assessing whether they could be transferred in Stage 1. This probation period in Stage 2 is from six months to two years according to the nature of the risk portfolio to which the exposures belong.

MEASUREMENT OF DEPRECIATION AND PROVISION

Stage 1 exposures are impaired for the amount of credit losses that the Group expects to incur within 12 months (12-months expected credit losses), based on past data and the current situation. Accordingly, the amount of impairment is the difference between the gross carrying amount of the asset and the present value of future cash flows deemed to be recoverable, taking into account the impact of collateral called up or liable to be called up and the probability of a default event occurring within the next 12 months.

Stage 2 and 3 exposures are impaired for the amount of credit losses that the Group expects to incur over the life of the exposures (lifetime expected credit losses), taking into consideration past data, the present situation and reasonable forecast changes in economic conditions, and relevant macroeconomic factors through to maturity. Accordingly, the amount of impairment is the difference between the gross carrying amount of the asset and the present value of future cash flows deemed to be recoverable, taking into account the impact of collateral called up or liable to be called up and the probability of a default event occurring through to the instrument's maturity.

Irrespective of the Stage in which the exposures are classified, cash flows are discounted using the initial effective interest rate of the financial asset. The amount of impairment is included in the net carrying amount of the credit impaired financial asset. Impairment allocations/reversals are recorded in profit or loss under *Cost of risk*.

ESTIMATION OF EXPECTED CREDIT LOSSES

The methodology for calculating Stage 1 and 2 expected credit losses is based on the Basel framework, which served as the basis for determining the methods for setting calculation inputs (probability of default and loss given default for exposures under the A-IRB and F-IRB approaches, and the provisioning rate for exposures under the standardised method).

SG Group portfolios have been segmented to ensure that they are consistent in terms of risk characteristics and to ensure better correlation with global and local macroeconomic variables.

This segmentation factors in all specific characteristics associated with the Group's activities. This new segmentation is consistent or equivalent to the segmentation defined in the Basel framework in order to ensure the uniqueness of past data on defaults and losses.

The forward-looking expected credit loss approach (12-months/ lifetime) is based first and foremost on the incorporation of economic forecasts in probability of default.

IFRS 9 expected credit losses are calculated using the probabilised average of 3 macroeconomic scenarios, established by Societe Generale Group economists for all entities of Societe Generale Group (base scenarios and current stress scenarios, plus an optimistic scenario).

The probabilities used are based on past observations, spanning a 25-year period, of differences in outcome between the base scenario and the actual scenario (positive and negative differences).

The method is not based on expert opinion; rather it is intended to be replicated over time and updated each quarter.

The method is supplemented with a sector adjustment that increases or decreases expected credit loss in an effort to better anticipate defaults or recoveries in certain cyclical sectors.

On Private Banking perimeter, a simplified approach of expected credit losses calculation is deployed. This methodology is based on segmentation by homogeneous portfolio specification for which a provisioning rate is applied. These rates are reviewed by the business line on a quarterly basis.

Lastly, on an ancillary basis, loss allowances based on expert opinions that increase or decrease expected credit loss have been retained to factor in future risks which cannot be modelled. These inputs are updated at each reporting date.

RESTRUCTURED LOANS

Loans issued or acquired by the Group may be restructured due to financial difficulties. This takes the shape of a contractual modification of the initial terms of the loan (e.g. lower interest rates, rescheduled loan payments, partial debt forgiveness, or additional collateral). This adjustment of the contractual terms is strictly linked to the borrower's financial difficulties and/or insolvency (whether they have already become insolvent or are certain to do so if the loan is not restructured).

Where they still pass the SPPI test, restructured loans are recognized in the balance sheet and their amortised cost before credit risk allowance is adjusted for a discount representing the restructuration loss. This discount is equal to the negative difference between the present value of the new contractual cash flows resulting from the restructuring of the loan and the amortised cost before credit risk allowance less any partial debt forgiveness; it is booked to Cost of risk in the income statement. As a result, the amount of interest income subsequently recognised into income are still computed using the initial effective interest rate of the loan.

Post-restructuring, these financial assets are classified in Stage 3 (credit-impaired exposures) whether the present value of modified cash flows decreases by more than 1% compared with the carrying amount of financial instruments before the restructuring or there is a high probability that the counterparty cannot meet all its commitments involving a risk of loss for the Group. In these two cases, the restructuring of financial assets leads to default. Stage 3 classification is maintained for at least one year, or longer if the Group is uncertain that the borrowers will be able to meet their commitments. Once the loan is no longer classified in Stage 3, the assessment of the significant increase of credit risk will be performed by comparing the credit risk level at the closing date and the level at the initial recognition date of the loan before restructuring.

Where they no longer pass the SPPI test, restructured loans are derecognised and replaced by new loans recognized according to the restructured terms and conditions. These new loans are then classified as *Financial assets measured mandatorily at fair value through profit or loss*.

Restructured loans do not include loans and receivables subject to commercial renegotiations that are loans to customers for which the Group has agreed to renegotiate the debt with the aim of maintaining or developing a commercial relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest.

OVERVIEW OF IMPAIRMENT AND PROVISIONS

(in EUR thousand)	12.31.2023	12.31.2022 R
Impairment of financial assets at fair value through other comprehensive income	**1**	**2**
Impairment of financial assets at amortised cost	**97 847**	**238 716**
Loans and receivables at amortised cost, including debt securities	*97 725*	*238 507*
Other assets at amortised cost	*122*	*209*
Total impairment of financial assets	**97 848**	**238 718**
Provisions on Financing commitments	1 346	1 383
Provisions on Guarantee commitments	262	588
Total credit risk provisions	**1 608**	**1 971**

1. IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN OF FINANCIAL ASSETS IMPAIRMENT

(in EUR thousand)	Amounts as at 12.31.2022 R	Allocations	Write-backs available *	Net impairment losses	Write-backs used **	Currency and scope effects	Amounts as at 12.31.2023
Financial assets at fair value through other comprehensive income	**2**	**17**	**(18)**	**(1)**	-	-	**1**
Impairment on performing outstandings (Stage 1)	2	17	(18)	(1)	-	-	1
Impairment on under-performing outstandings (Stage 2)	-	-	-	-	-	-	-
Impairment on doubtful outstandings (Stage 3)	-	-	-	-	-	-	-
Financial assets at amortised cost	**238 716**	**64 331**	**(152 623)**	**(88 292)**	**(51 266)**	**(1 311)**	**97 847**
Impairment on performing outstandings (Stage 1)	22 480	12 888	(13 554)	(666)	-	281	22 095
Impairment on under-performing outstandings (Stage 2)	133 220	20 699	(115 420)	(94 721)	-	(1 011)	37 488
Impairment on doubtful outstandings (Stage 3)	83 016	30 744	(23 649)	7 095	(51 266)	(581)	38 264
Total	**238 718**	**64 348**	**(152 641)**	**(88 293)**	**(51 266)**	**(1 311)**	**97 848**

** Reversals available correspond to reversal of impairment*

***Reversals used correspond to impairment utilisation previously recorded*

VARIATION OF IMPAIRMENT ACCORDING TO CHANGES IN THE CARRYING AMOUNT OF FINANCIAL ASSETS

(in EUR thousand)	Amounts as at 12.31.2022 R	Production & Acquisition	Derecognition (among which write-offs) and repayments	Transfer between stages of impairment and model update	Other variations	Amounts as at 12.31.2023
Financial assets at fair value through other comprehensive income	**2**	**17**	**(18)**	**-**	-	**1**
Impairment on performing outstandings (Stage 1)	2	17	(18)	-	-	1
Impairment on under-performing outstandings (Stage 2)	-	-	-	-	-	-
Impairment on doubtful outstandings (Stage 3)	-	-	-	-	-	-
Financial assets at amortised cost	**238 716**	**4 640**	**(121 484)**	**(20 988)**	**(3 037)**	**97 847**
Impairment on performing outstandings (Stage 1)*	22 480	2 528	(2 887)	(96)	70	22 095
Impairment of under-performing outstandings (Stage 2)*	133 220	1 345	(70 163)	(26 969)	55	37 488
Impairment on doubtful outstandings (Stage 3)	83 016	767	(48 434)	6 077	(3 162)	38 264
Total	**238 718**	**4 657**	**(121 502)**	**(20 988)**	**(3 037)**	**97 848**

* Variations mainly linked to overlays explained in note 3.9.3

2. CREDIT RISK PROVISIONS

BREAKDOWN OF PROVISIONS

(in EUR thousand)	Amounts as at 12.31.2022 R	Allocations	Write-backs available	Net impairment losses	Currency and scope effects	Amounts as at 12.31.2023
Financing commitments	**1 383**	**969**	**(1 048)**	**(79)**	**42**	**1 346**
Provisions on performing outstandings (Stage 1)	1 290	962	(949)	13	42	1 345
Provisions on under-performing outstandings (Stage 2)	93	7	(99)	(92)	-	1
Provisions on doubtful outstandings (Stage 3)	-	-	-	-	-	-
Guarantee commitments	**588**	**367**	**(698)**	**(331)**	**5**	**262**
Provisions on performing outstandings (Stage 1)	502	345	(653)	(308)	3	197
Provisions on under-performing outstandings (Stage 2)	86	22	(45)	(23)	2	65
Provisions on doubtful outstandings (Stage 3)	-	-	-	-	-	-
Total	**1 971**	**1 336**	**(1 746)**	**(410)**	**47**	**1 608**

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

(in EUR thousand)	Amounts as at 12.31.2022 R	Production, Acquisition	Derecognition (among which write-offs) and repayments	Transfer between stages of impairment	Other variations	Amounts as at 12.31.2023
Financing and Guarantee commitments						
Provisions on performing outstandings (Stage 1)	1 792	446	(472)	(238)	14	1 542
Provisions on under-performing outstandings (Stage 2)	179	21	(18)	(129)	13	66
Provisions on doubtful outstandings (Stage 3)	-	-	-	-	-	-
Total	**1 971**	**467**	**(490)**	**(367)**	**27**	**1 608**

3. COST OF RISK

ACCOUNTING PRINCIPLES

Cost of risk only includes net allocations to impairments losses allowances for credit risk, losses on irrecoverable loans and amounts recovered on amortised receivables.

The Group proceed to a write off by recognising a loss on the bad loan and a reversal of impairment in Cost of credit risk when a debt is forgiven or when there are no longer any hopes of future recovery. The lack of future hopes of recovery is documented when a certificate issued as proof that the debt is uncollectible is delivered by the relevant authority or when strong circumstantial evidences are identified (years in default, provisions at 100%, lack of recent recoveries, specificities of the case).

However, a write-off in accounting terms does not imply debt forgiveness in the legal sense as recovery actions on cash due by the counterparty are pursued particularly if the latter's fortune improve. In case of recoveries on an exposure previously written-off, such recoveries are recognised as *Amounts recovered on bad loans* on the year of collection.

OVERVIEW COST OF RISK

(in EUR thousand)	12.31.2023	12.31.2022 R
Cost of risk of financial instruments related to insurance activities	57	135
Cost of risk	92 354	(168 298)
Total	**92 411**	**(168 163)**

(in EUR thousand)	2023	2022 R
Credit risk		
Net allocation to impairment losses	88 293	(160 632)
On financial assets at fair value through other comprehensive income	*1*	*1*
On financial assets at amortised cost	*88 292*	*(160 633)*
Net allocations to provisions	410	557
On financing commitments	*79*	*241*
On guarantee commitments	*331*	*316*
Losses not covered on irrecoverable loans*	(28 293)	(8 088)
Amounts recovered on irrecoverable loans*	32 001	-
Income from guarantee not taken into account for the calculation of impairment	-	-
Other risks	-	
Total	**92 411**	**(168 163)**

** In 2023, losses not covered on irrecoverable loans for an amount of EUR 28 million are related to disposal losses on 2 deals in Corporate portfolio. Further to such disposal, financial guarantees were activated and allowed recoveries disclosed in "amounts recovered on irrecoverable loans" for EUR 32 million.*

The net recovery over year 2023, mostly composed of recoveries on Stage 2 exposures, was mainly explained by the favorable evolution of the credit portfolio on Russian corporates, with an active policy of sale of credit exposures and restructuration of debt carried out throughout 2023.

CORPORATE INVESTMENT BANKING PORTFOLIO

The main variation is related to the decrease in the amount of overlay for a total amount of EUR 81,3 million with:

- The restructuration of two credit exposures to Russian counterparties (- EUR 49,5 million);
- The activation of default status on one Russian corporate client (- EUR 17 million), as the defaulted credit exposures have a credit risk calculated individually and are not included in Russian overlay scope;
- One progressive amortization of a Russian client's debt (- EUR 15,1 million).

The decrease of residual maturity and the gradual amortization (- EUR 13,2 million) of the Watchlist client exposure also allowed the recovery of ECL provision representing EUR 11,5 million decrease.

The sale to third parties of two Russian defaulted loans, generated a negative Net Cost of Risk impact for EUR 1,9 million in Profit and loss.

RETAIL PORTFOLIO

On Private Banking portfolio, the Group's program for the sale of defaulted receivables resulted in Stage 3 additional provisions at the end of the year 2023 for EUR 12,11 million. This negative impact on Net Cost of Risk was mainy compensated by favorable developments in some litigation files representing EUR 8,99 million, resulting in a Net Cost of Risk on stage 3 for retail portfolio of approximately EUR 3,12 million.

A reversal of provisions on exposures in Stages 1 and 2 for EUR 1,57 million explained by repayments and transfers of Stage contributed to lower total Net Cost of Risk on the Retail Portfolio for 2023.

Note 3.10. – Assets under management, commitments and assets pledged and received as securities

ACCOUNTING PRINCIPLES

LOAN COMMITMENTS

Loan commitments that are not considered as financial derivatives or that are not measured at fair value through profit and loss for trading purpose are initially recognised at fair value. Thereafter, they are provisioned as necessary in accordance with the accounting principles for *Impairment and provisions* (see Note 3.9).

GUARANTEE COMMITMENTS

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because of the failure of a specified debtor to make a payment at maturity at the initial or modified terms in the debt instrument.

When considered as non-derivative financial instruments, financial guarantees issued by the Group are initially recognised in the balance sheet at fair value. Thereafter, they are measured at either the amount of the obligation or the amount initially recognised (whichever is higher) less, when appropriate, the cumulative amortisation of a guarantee commission. Where there is objective evidence of impairment, a provision for financial guarantees given is recognised on the liabilities side of the balance sheet (see Note 3.9).

SECURITIES COMMITMENTS

Securities bought and sold, which are booked to *Financial assets at fair value through profit or loss, Financial assets at fair value through other comprehensive income* and *Financial assets at amortised cost* are recognised on the balance sheet at the settlement delivery date. Between the trade date and the settlement-delivery date, securities receivable or deliverable are not recognized on the balance sheet. Changes in the fair value of securities measured at fair value through profit or loss and securities measured at fair value through other comprehensive income between the trade date and the settlement-delivery date are booked to profit or loss or equity, depending on the accounting classification of the securities.

FIDUCIARY ASSETS

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the consolidated statement of financial position, as they are not assets of the Group.

The Group records though commitments due to the fiduciary transactions as it is committed to restitute the fiduciary advance to the clients with the proceeds of the fiduciary trust to be received at the end of the transaction.

1. COMMITMENTS

COMMITMENTS GRANTED

To meet the financial needs of customers, the Group enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend.

Letters of credit and guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers in the event of a specific act. Guarantees and standby letters of credit carry a similar credit risk to loans.

(in EUR thousand)	**12.31.2023**	**12.31.2022 R**
Loan commitments	**4 432 441**	**4 045 213**
To banks	111 953	306 157
To customers	4 320 488	3 739 056
Issuance facilities	-	-
Confirmed credit lines	*4 320 488*	*3 739 056*
Others	-	-
Guarantee commitments	**1 086 142**	**1 021 584**
On behalf of banks	*484 929*	*321 403*
On behalf of customers	*601 213*	*700 181*
Securities commitments	**266 127**	**68 162**
Securities to be delivered	*266 127*	*68 162*

COMMITMENTS RECEIVED

(in EUR thousand)	**12.31.2023**	**12.31.2022 R**
Loan commitments	**1 925 418**	**1 347 814**
From banks	*1 925 418*	*1 347 814*
Guarantee commitments	**13 545 655**	**13 717 919**
From banks	*12 265 766*	*11 980 935*
Other guarantee commitments	*1 279 889*	*1 736 984*
Securities commitments	**266 851**	**68 747**
Securities to be received	*266 851*	*68 747*
Other commitments	**1 988 665**	**2 187 568**

2. FINANCIAL ASSETS PLEDGED AND RECEIVED AS SECURITY

FINANCIAL ASSETS PLEDGED

(in EUR thousand)	**12.31.2023**	**12.31.2022 R**
Book value of assets pledged as cash for transactions in financial instruments [1]	525 044	520 417
Book value of assets pledged as deposit for off-balance sheet commitments	266 766	209 766
Total	**791 810**	**730 183**

(1) Assets pledged as security for transactions in financial instruments mainly include security deposit.

As of December 31, 2023, the Group has pledged:

- No collateral asset for secured issuances (December 31, 2022: nil);
- collateral for derivative transactions for EUR 80 470 thousand (December 31, 2022: EUR 133 735 thousand) and;
- collateral for repurchase agreements for EUR 444 574 thousand (December 31, 2022: EUR 386 682 thousand).

FINANCIAL LIABILITIES RECEIVED AS PLEDGE

(in EUR thousand)	12.31.2023	12.31.2022 R
Book value of liabilities received as pledged security for transactions in financial instruments	13 916 150	14 606 947
Book value of liabilities received as pledged security for off-balance sheet commitments	1 026 021	1 094 472
Total	**14 942 171**	**15 701 419**

3. ASSETS UNDER MANAGEMENT

(in EUR thousand)	12.31.2023	12.31.2022 R
Custody assets	421 988 474	287 236 195
Fiduciary transactions	6 248 215	8 057 337
Asset management	19 947 914	18 651 513
Total	**448 184 603**	**313 945 045**

The Group provides management and representation services to third parties, particularly wealth management services, custody and administration of securities, fiduciary representation and agent functions.

A fiduciary issuance program has been launched by Societe Generale Luxembourg in 2017, according to the Luxembourg Law of the March 27, 2003 on fiduciary operations.

During 2023, the Group issued 2 fiduciary notes (of which one redeemed before year end 2023) in EUR for an outstanding amount of EUR 1,5 billion, and 1 fiduciary note in USD for an amount of USD 420 million.

As at December 31, 2023, the Group had 61 outstanding notes (December 31,2022: 71), listed on the Luxembourg Stock Exchange, amounting to EUR 6 billion (December 31, 2022: EUR 7,6 billion).

- 36 notes in EUR for an outstanding amount of EUR 3,2 billion and a nominal amount of EUR 4,4 billion (December 31,2022: 47 notes in EUR for an outstanding amount of EUR 4,3 billion and a nominal amount of EUR 6 billion);
- 20 notes in JPY for an outstanding amount of JPY 268,4 billion and a nominal amount of JPY 390,72 billion (December 31, 2022: 20 notes in JPY for an outstanding amount of JPY 351,6 billion and a nominal amount of JPY 390,7 billlion);
- 2 notes in USD for an outstanding amount of USD 866,7 million and a nominal amount of USD 688 million (December 31, 2022: 1 note in USD for an outstanding amount of USD 417 million and a nominal amount of USD 400 million);
- 1 note in CHF for an outstanding amount of CHF 279,9 million and a nominal amount of CHF 300 million (December 31, 2022: 1 note in CHF for an outstanding amount of CHF 308 million and a nominal amount of CHF 300 million);
- 1 note in GBP for an outstanding amount of GBP 5,9 million and a nominal of GBP 3 million (December 31,2022: 1 note in GBP for an outstanding amount of GBP 15,6 million and a nominal amount of GBP 3 million);
- 1 note in SGD for an outstanding amount of SGD 8,1 million and a nominal amount of SGD 7 million (December 31, 2022: 1 note in SGD for an outstanding amount of SGD 15,6 million and a nominal amount of SGFD 7 million).

The Group fiduciary issuance with the Parent Company Societe Generale represents EUR 377,3 million as of December 31, 2023 (December 31, 2022: EUR 500,3 million).

The total amount of fiduciary transactions also includes other single fiduciary operations with some corporate client.

Note 3.11. – Transferred financial assets

ACCOUNTING PRINCIPLES

Transferred financial assets that are not derecognised include securities lending transactions and repurchase agreements as well as certain loans transferred to consolidated securitisation vehicles.

The tables below show securities lending and repurchase agreements that only concern securities recognised on the asset side of the balance sheet.

Securities involved in a repurchase agreement or securities lending transaction are held in their original position on the asset side of the Group's balance sheet. For repurchase agreements, the obligation to return the amounts deposited is recorded under *Liabilities* on the liabilities side of the balance sheet, with the exception of transactions initiated under trading activities, which are recorded under *Financial liabilities at fair value through profit or loss*.

Securities involved in a reverse repurchase agreement or securities borrowing transaction are not recorded in the Group's balance sheet.

For securities received under a reverse repurchase agreement, the right to recover the amounts delivered by the Group is recorded under *Customer Loans and receivables* or *Due from banks* on the asset side of the balance sheet, with the exception of transactions initiated under trading activities, which are recorded under *Financial assets at fair value through profit or loss*. In the case of a subsequent sale of the borrowed securities, a debt due to the lender of those securities is recognised on the Group balance sheet amongst *Financial liabilities at fair value through profit or loss*.

Securities lending and securities borrowing transactions that are fully matched by cash are assimilated to repurchase and reverse repurchase agreements and are recorded and recognised as such in the balance sheet.

With securities lending and repurchase agreements, the Group remains exposed to issuer default (credit risk) and to increases or decreases of securities value (market risk). The underlying securities cannot simultaneously be used as collateral in other transactions.

1. TRANSFERRED FINANCIAL ASSETS NOT DERECOGNISED

	12.31.2023	
(in EUR thousand)	**Carrying amount of transferred assets**	**Carrying amount of associated liabilities**
Financial assets at fair value through profit or loss	446 189	445 537
Financial assets at fair value through other comprehensive income	-	-
Total	**446 189**	**445 537**

	12.31.2022 R	
(in EUR thousand)	**Carrying amount of transferred assets**	**Carrying amount of associated liabilities**
Financial assets at fair value through profit or loss	381 618	386 998
Financial assets at fair value through other comprehensive income	-	-
Total	**381 618**	**386 998**

2. TRANSFERRED FINANCIAL ASSETS PARTIALLY OR FULLY DERECOGNISED

As at December 31, 2023 and December 31,2022, the Group carried out no material transactions resulting in the partial or full derecognition of financial assets leaving the Group with a continuous involvement in said assets.

Note 3.12. – Offsetting financial assets and financial liabilities

ACCOUNTING PRINCIPLES

A financial asset and a financial liability are offset and the net amount presented on the balance sheet when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The legal right to set off the recognised amounts must be enforceable in all circumstances, in both the normal course of business and in the event of default of one of the counterparties. In this respect, the Group recognises in its balance sheet the net amount of derivative financial instruments traded with certain clearing houses where they achieve net settlement through a daily cash margining process, or where their gross settlement system has features that eliminate or result in insignificant credit and liquidity risk, and that process receivables and payables in a single settlement process or cycle.

As at December 31, 2023, and December 31, 2022, there is no impact due to offsetting of financial assets and liabilities in the Group's balance sheet.

NOTE 4 – OTHER ACTIVITIES

Note 4.1. – Fee income and expense

ACCOUNTING PRINCIPLES

Fee income and *Fee expense* combine fees on services rendered and received, as well as fees on commitments that cannot be assimilated to interest. Fees that can be assimilated to interest are integrated into the effective interest rate on the associated financial instrument and are recorded under Interest and similar income and Interest and similar expense (see Note 3.8).

Transactions with banks includes the fees that relates to banking services such as brokerage fees, interchange fees, account management fees or fiduciary fee income if the counterparty is a bank.

Transactions with customers includes the fees from customers from the Group banking activities (in particular, brokerage fees, account management fees, fiduciary fee income if the counterparty is not a bank or structuring fees outside the effective interest rate).

Financial instruments operations gather specific services on financial instruments and are not directly linked to client account management.

In particular, the remuneration of issuance and structuration is composed by 2 distinct services:

- The issuing upfront fee for the initiation and structuration of the operation (thereafter issuing upfront fee);
- The account and security servicing during the lifecycle of the security (thereafter security servicing fee), accrued on a monthly basis.

Sundry services provided includes the fees from customers from the other Group activities (in particular, interchange fees, funds management fees or fees on insurance products sold within the network).

The Group recognises fee income or expense for an amount equivalent to the remuneration for the service provided and depending on the progress transferring control of these services:

- fees for ongoing services, such as some payment services, custody fees, or digital service subscriptions are recognised as income over the life of the service;
- fees for one-off services, such as fund activity, finder's fees received, arbitrage fees, or penalties on payment incidents are recognised as income when the service is provided.

The amount equivalent to the remuneration for the service provided is composed of fixed and variable contractual compensation whether they are paid in kind or in cash, less any payments due to customers (for example, in case of promotional offers). The variable compensation (for example, discounts based on the provided services volume over a period of time or fees payable subject to the achievement of a performance target, etc.) are included in the amount equivalent to the remuneration for the service provided if and only if this compensation is highly probable not to be subsequently reduced significantly.

The possible mismatch between the payment date of the service provided and the date of execution of the service gives contract assets and contract liabilities depending on the type of contract and mismatch which are recognized under *Other Assets* and *Other Liabilities* (see Note 4.4):

- customer contracts generate trade receivables, accrued income or prepaid income;
- supplier contracts generate trade payables, accrued expenses or prepaid expenses.

(in EUR thousand)	2023 Income	2023 Expense	2023 Net	2022 R Income	2022 R Expense	2022 R Net
Transactions with banks	**878**	**(5 394)**	**(4 516)**	**339**	**(6 341)**	**(6 002)**
Transactions with customers	**87 367**	**-**	**87 367**	**76 375**	**-**	**76 375**
Financial instruments operations	**101 406**	**(63 609)**	**37 797**	**115 595**	**(59 522)**	**56 073**
Securities transactions	54 993	(62 473)	(7 480)	69 731	(56 037)	13 694
Primary market transactions	39 292	-	39 292	33 468	-	33 468
Foreign exchange transactions and financial derivatives	7 121	(1 136)	5 985	12 396	(3 485)	8 911
Loan and guarantee commitments	**74 465**	**(51 205)**	**23 260**	**70 290**	**(53 131)**	**17 159**
Sundry services	**148 063**	**-**	**148 063**	**141 014**	**-**	**141 014**
Fund administration fees and custody fees	*64 432*	-	*64 432*	*63 140*	-	*63 140*
Asset management fees	*75 043*	-	*75 043*	*67 021*	-	*67 021*
Means of payment fees	*4 187*	-	*4 187*	*4 511*	-	*4 511*
Insurance products fees	*2 327*	-	*2 327*	*2 591*	-	*2 591*
Underwriting fees of UCITS	*2 074*	-	*2 074*	*3 751*	-	*3 751*
Others	**24 966**	**(28 862)**	**(3 896)**	**23 158**	**(40 177)**	**(17 019)**
Total	**437 145**	**(149 070)**	**288 075**	**426 771**	**(159 171)**	**267 600**

Note 4.2. – Income and expenses from other activities

ACCOUNTING PRINCIPLES

Other activities gather all services that are not directly in scope of banking activities.

The income and expense from other activities mainly relate to:

- Sundry activities that are not the main banking activities but are considered as an extension to banking services (safe deposit box rental, assistance and advice);
- Non-financing services.

(in EUR thousand)	2023	2022 R
Income from other activities	4 427	6 005
Expenses from other activities	(6 209)	(6 089)
Total	**(1 782)**	**(84)**

Note 4.3. – Insurance activities

MAKING IT SIMPLE

Insurance activities (non-life insurance for SG Luxembourg) add to the range of products included in the banking services offered to Group customers.

These activities are carried out by dedicated subsidiaries, subject to regulations specific to the insurance sector.

The rules for measuring and accounting for risks associated with insurance contracts are specific to the Insurance sector.

ACCOUNTING PRINCIPLES

Insurance contracts subject to IFRS 17 “Insurance Contracts” are insurance contracts issued, reinsurance contracts issued (reinsurance assumed) or held (reinsurance ceded), as well as investment contracts issued including a discretionary participation clause provided that they are issued by an entity which also issues insurance contracts.

The accounting principles below do not apply to the insurance contracts for which the Group is the insured beneficiary except for the contracts identified as reinsurance treaties.

Investment contracts without discretionary participation features and with no insurance component (pure unit-linked contracts) do not meet the IFRS 17 definition of an insurance contract and are recognised as Financial liabilities measured at fair value through profit or loss (not applicable to the Group). These are financial liabilities indexed on the performance of underlying assets for which the Group has elected to exercise the option to measure the instruments at fair value without requiring the separation of the embedded derivatives.

GROUPING OF CONTRACTS

For their assessment, insurance contracts are grouped into homogeneous portfolios to take account of the pooling of risks specific to the insurance activity. These portfolios include insurance contracts that are exposed to similar risks and managed together.

Within each portfolio, three groups of contracts shall be distinguished on initial recognition of the later: onerous contracts, contracts with no significant possibility of becoming subsequently onerous, and other contracts.

Lastly, contracts issued more than one year apart cannot be included in the same group. Consequently, each group of contracts shall be subdivided into annual cohorts. However, while adopting IFRS 17, the European Union has provided European undertakings with an option not to implement this provision to contracts benefiting from an intergenerational mutualisation of returns on the underlying assets in countries where these undertakings market insurance contracts.

The Group uses this optional exemption on the life-insurance savings and retirement savings contracts issued as they include direct or discretionary profit-sharing items for which both risks and cashflows are shared between different generations of policyholders. These savings life-insurance contracts are also managed on an intergenerational basis in order to mitigate interest rate risk and longevity risk exposures.

The portfolios of contracts are determined by the Group, using (i) the product line to identify the insurance contracts exposed to similar risks and (ii) the country of issuance of the contract and/or the distribution entity.

When the materiality of the outstanding amounts of the contracts concerned is not significant in the context of the aggregates of the Group's consolidated balance sheet, some of these portfolios may be grouped together.

The major portfolios identified by Societe Generale Group are as follows:

Scope of products	Product line
Savings	Life Insurance Savings with accumulation of capital paid out upon redemption or death (investments in euro funds, unit-linked funds, multivehicle contracts)
Retirement	Individual and group insurance contracts such as Retirement savings plans (French 'Plan Epargne Retraite' – PER) with payout in annuities and/or capital (single or multiple unit-linked investments)
Protection–Provident	Borrower insurance; Individual protection; Group protection; Individual health insurance; Group health insurance; Funeral insurance; Nursing care insurance.
Protection–Non-life insurance (property and casualty)	Personal injury accident; Insurance of the Means of payment; Multi-risk home insurance; Land motor vehicle insurance; Miscellaneous Risk Insurance.

At the level of SG Luxembourg Group, the insurance activities are included in "Protection-Provident portfolio.

MEASUREMENT MODELS

Each group of insurance contracts is measured separately, and its value is presented in the balance sheet either under Insurance and reinsurance contract assets or under Insurance and reinsurance contract liabilities.

GENERAL MODEL APPLICABLE TO THE INSURANCE CONTRACTS ISSUED

Initial measurement

Upon initial recognition, the value of a group of insurance contracts issued corresponds to the sum of the following items:

Liabilities representative of the insurance contracts

=

Current value of the insurance services or Fulfilment Cash flow

Future cash flows estimated as at the effective date of the contract
Premiums, services, directly related costs.

+

Discounting
Time value of money and financial risk not taken into account in the estimated flows.

+

Adjustment for non-financial risks
(Risk adjustment)
Margin for uncertainties on the estimated future flows

+

Contractual services margin
Future expected profits calculated at the subscription of the contract.

Future estimated cash flows

These cash flows are the current estimates of all the amounts that the insurer expects to receive (for premiums) or pay to the benefit of insurance policyholders (in relation to life insurance, claims to be compensated, guaranteed benefits and other directly attributable expenses) as part of the fulfilment of insurance contracts, until their settlement.

These amounts are adjusted to reflect:

- the present value of the future cash flows taking into account the time value of money and the financial risks related to the future cash flows (see Discounting),
- the uncertainties about the amount and frequency of the cash flows (see Adjustment for non-financial risk).

Discounting

The future cash flows estimated are discounted using a risk-free yield curve (swap rate curve) adjusted for an illiquidity premium to represent the differences in characteristics between the liquid, risk-free financial instruments and the financial instruments backed insurance contracts (bottom-up approach).

Adjustment for non-financial risk

The discounted cash flows are adjusted to reflect the uncertainties about the amount and frequency of the future cash flows. This adjustment for non-financial risks is determined using a quantile approach based on a confidence level estimated between 80% and 90% for Protection business.

The calculation method of the adjustment for non-financial risks ignores the diversification effect between the different insurance activities.

Contractual service margin (CSM)

The contractual service margin (CSM) represents the unearned profit that the entity will recognise in the income statement as the insurance services are provided in the future. Its amount is determined at the time of initial recognition of the group of insurance contracts so that, at that date, neither income nor expense is recorded in the income statement. In the event of onerous contracts, the expected loss shall immediately be recognised in profit or loss. This initial loss will later be reversed in profit or loss to offset the expense for incurred claims.

Subsequent measurement

On each closing date, the carrying amount in the balance sheet of the group of insurance contracts issued is remeasured. It is then equal to the sum of the following amounts:

- the liability for remaining coverage (LRC), for an amount equal to the reestimated value as at the date of the fulfilment cash flows related to future services (discounted value of the amounts receivable and payable related to the supply of insurance services on the remaining coverage period and the deposit components) and, when appropriate, the contractual service margin reestimated on the same date as described below;
- the liability for incurred claims (LIC), for an amount equal to the reestimated value as at the date of the fulfilment cash flows related to past services (discounted value of the amounts payable in relation to services on already incurred claims).

Income and expense are recognised for the changes in liabilities for remaining coverage and for incurred claims, as summarised below:

	Changes in liability for remaining coverage	**Changes in liability for incurred claims**
Insurance products	▪ Reversals related to the insurance services provided during the period	
Insurance services expenses	▪ Losses recognised on onerous contracts and reversal of these losses	▪ Allocations of liabilities for the incurred claims and the unfunded expenses incurred during the period ▪ Subsequent changes in the fulfilment cash flows relating to the incurred claims and the unfunded expenses incurred
Insurance financial expenses and income	▪ Account taken of the impacts of the time value of money	▪ Account taken of the impacts of the time value of money

On this same closing date, the amount of contractual service margin is adjusted to take notably account, for all contracts, of:

- the impact of the new contracts added to the Group;
- the interest capitalised on the carrying amount of the margin at the discounting rate used to determine the initial margin value;
- the reestimate of the fulfilment cash flows (discounted value of the amounts receivable and payable related to the insurance services provided during the remaining coverage period, excl. estimated amounts to be paid for already incurred claims that are subject to separate measurement);
- the amount recognised as insurance revenue because of the transfer of insurance contract services in the period.

Moreover, the contractual service margin is recognised in profit or loss according to coverage units that reflect the amount of service provided and the expected coverage period for the contracts remaining in the group of contracts.

The contractual service margin is not adjusted for the following changes in cash flows as they are not related to future services:

- inclusion of the impacts (and changes in them) of the time value of money and the financial risk (for example, the impact of a change in the discounting rate);
- changes in estimates of the fulfilment cash flows of liabilities for incurred claims;
- adjustments related to experience (difference between the estimate of the amounts expected for the period and the actual cash flows of the period).

PROTECTION-PROVIDENT BUSINESS

The Group mainly applies the General Model to measure its Protection-Provident contracts (borrower insurance, funeral, dependency contracts…).

The Group will apply the General Model to measure its provident contracts. This approach will be applied on the reinsurance subsidiaries (Societe Generale Luxembourg Ré S.A. and Societe Generale Ré S.A.), as well as on credit insurance subsidiary (Societe Generale Luxembourg Credit Insurance S.A.).

For the Protection – Provident business, the insured value (for example the outstanding capital of the loan in the context of a borrower contract) is used to measure the quantity of service (or coverage units) provided or to be provided, in order to recognise a portion of the contractual service margin in the net income of the period.

General Model adapted to the insurance contracts issued with direct participation features (Variable Fee Approach)

Insurance contracts issued with direct participation features may be regarded as creating an obligation to pay to policyholders an amount equal to the fair value of the underlying items (for example, investments in units of funds), minus a variable fee for the service.

THE VARIABLE FEE:

a) represents the counterparty that a company receives to provide investment services;

b) is based on the portion of the performance of the underlying items that varies over time. Consequently, the variable fee reflects the performance of the underlying items and the other cash flows necessary for the fulfilment of the contracts.

The general accounting model is adapted to reflect that the consideration received for this type of contract is a variable fee (Variable Fee Approach - VFA).

This adaptation of the general accounting model is used to measure the groups of insurance contracts for which:

- the contractual clauses specify that the policy holder is entitled to a portion of a clearly defined portfolio of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the yield on the fair value of the underlying items; and
- the entity expects any change in the amounts payable to the shareholder to be attributable, substantially, to a change in fair value of the underlying items.

Eligibility to this measurement model is analysed on the issuance date of the contracts and may subsequently be reassessed only in case of changes in the contract.

This measurement model is in line with the general model with regards to the following items:

- the fulfilment cash flows are measured the same way;
- during the initial measurement, the contractual service margin is identical;
- the subsequent changes in the fulfilment cash flows associated with the future services adjust the contractual service margin while the other changes, related to the services provided during the period or before impact the net income.

There are however several differences:

	General model	Tailored General model - VFA
Recognition of the changes in fulfilment cash flows in relation to the changes in discounting rates and other financial variables	▪ in full in the Statement of net income and unrealised or deferred gains and losses	▪ as an adjustment of the contractual service margin for the portion of this change associated with the insurer's share of underlying items
Determination of the interest expense for the capitalisation of interest on the contractual service margin	▪ explicitly applying the discount rate used during the initial measurement	▪ implicitly when taking account of the insurer's share in the change in fair value of the underlying items for the determination of the contractual service margin

GENERAL MODEL ADAPTED TO THE REINSURANCE CONTRACTS HELD

Following the issuance of insurance contracts, some risks may be ceded to another insurance company through reinsurance contracts.

The general accounting model is adapted to take account of the specificities of the reinsurance contracts held. These reinsurance contracts held are booked under the General Model, modified on the following features:

Estimate of the fulfilment cash flows	The fulfilment cash flows take into account the risk of non-fulfilment by the issuer of the reinsurance contract (i.e. the risk of not recovering the expected compensation in the event of default of the reinsurer).
Measurement of the contractual service margin during initial recognition	Any net cost or profit determined at initial recognition (determined based on the estimated amount of premiums payable, expenses to be paid and compensations to be received) is recognised as a contractual service margin.
Measurement of the contractual service margin in the context of onerous underlying contracts	The contractual service margin is adjusted, and an income is recognised accordingly, when a loss is recognised at initial recognition of a group of onerous underlying insurance contracts or when onerous underlying insurance contracts are added to the group.

SIMPLIFIED MODEL (PREMIUM ALLOCATION APPROACH)

The standard also allows, under some conditions, for the application of a simplified accounting model for the contracts whose insurance coverage is lower or equal to 12 months, or for which the measurement of the Group's remaining coverage liabilities determined using this approach is not significantly different from the one that would result from the application of the general model.

The remaining coverage liabilities presented on the balance sheet corresponds to:

- the amount of premium received under the contract adjusted for the amounts recognised as insurance contracts income as the company provides the insurance coverage;
- minus the remaining depreciable acquisition costs paid.

If a group of contracts is onerous, the remaining coverage liability is increased up to the estimated future fulfilment cash flows and a loss is recognised in the income statement.

The incurred claim liability is measured based on the general model. The Group does not discount the liability when it expects the claims to be settled within one year.

The simplified approach does not require:

- an explicit measurement of the contractual service margin;
- an update of the remaining coverage liability for the changes in discount rate and financial variables.

PROTECTION – NON-LIFE INSURANCE ACTIVITY

The Group mostly applies the simplified approach to measure its non-life insurance contracts (personal injuries, means of payment, multi-risk home insurance…).

PRESENTATION OF THE FINANCIAL PERFORMANCE OF INSURANCE CONTRACTS

Expenses and income relating to insurance contracts are presented in the income statement, distinguishing between:

- the income arising from insurance services which includes:
- income from insurance contracts issued;
- insurance services expenses;
- net income or expenses from the reinsurance contracts held;
- the financial result of the insurance and reinsurance contracts.

INCOME FROM INSURANCE CONTRACTS ISSUED

The revenues from insurance contracts represent the consideration that the insurance subsidiary expects to receive (representative of the premium received) against the services provided under the contracts.

The revenues recognised for the period include the amount representative of the premium received as coverage of the insurance service expenses and the margin expected in relation to the services provided during the period.

Many insurance contracts providing investment services include a deposit component, which is an amount paid by the policyholder and repaid by the insurer even when the insured event does not take place. These deposit components are excluded from the income statement, as the collection and repayment of a deposit are not, respectively, an income and an expense.

INSURANCE SERVICES EXPENSES

Insurance services expenses reflect thecosts incurred to provide services over the period, including those associated with the claims incurred, and excluding the deposit component.

The expenses recorded over the period include the insurance services expenses related to the services provided for the incurred claims during the current or past periods and other amounts such as the amortisation of the insurance acquisition costs, the costs on onerous contracts and their reversals.

INCOME AND EXPENSES OF THE REINSURANCE CONTRACTS HELD.

Income and expenses are representative of the amounts recovered from reinsurers and of the allocation of the premiums paid for this coverage.

FINANCIAL INCOME AND EXPENSES OF INSURANCE CONTRACTS

The fulfilment cash flows and contractual service margin are booked on a discounted basis reflecting the frequency of cash flows. Over time, the effect of the time value of money decreases, which is reflected in the income statement as an insurance financial expense (the present value of future disbursements increases). Indeed, the financing costs (financial expenses of the contracts) of insurance are similar to the interest paid on an early payment (in the form of a premium) and reflect the fact that policyholders usually pay the premiums in advance and receive benefits at a later date.

Finance income or expenses from insurance also include the effects on the carrying amount of insurance contracts of some changes in financial assumptions (namely discount rate and other financial variables).

The Group decided to present the Notes detailing the financial data of the insurance subsidiaries distinguishing between the data attributed to the insurance contracts within the scope of IFRS 17 (columns headed Insurance contracts) including the measurement of these contracts and the investments backing them. These data also distinguish between the insurance contracts issued with direct participation features measured using the VFA model and their underlying investments.

The financial data of the investment contracts without participation features and without insurance component (contracts within the scope of IFRS 9) as well as all financial instruments that are not backing insurance contracts within the scope of IFRS 17 (ex: financial instruments negotiated in the context of the investment of equity) are presented separately from the other financial data in the Others column.

As a reminder, on the transition date of 1 January 2022, the Group applied a modified retrospective approach for the measurement of savings life insurance contracts.

The future cash flows of the assets and liabilities of the insurance contract assets and liabilities are discounted using a risk-free rate curve (swap rate curve) modified by an illiquidity premium per entity and per activity. The following table shows the average discount rates used:

	31.12.2023						31.12.2022 R					
Average discount rate for the euro	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**	**40 years**	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**	**40 years**
Savings and retirement	4.30%	3.26%	3.33%	3.41%	3.36%	3.29%	3.73%	3.69%	3.66%	3.57%	3.32%	3.12%
Protection	3.35%	3.84%	2.39%	2.47%	2.41%	2.71%	3.18%	3.13%	3.09%	3.02%	2.77%	N.A.

1. BALANCE SHEET OF INSURANCE ACTIVITY

The tables below present the carrying amount of the assets and liabilities recognised on the balance sheet of the Group's insurance subsidiaries for:

- Insurance contracts or investment contracts;
- Investments made (whether or not backed by insurance contracts)

ASSETS FROM INSURANCE ACTIVITIES

	12.31.2023				12.31.2022 R			
	Insurance contracts				Insurance contracts			
(in EUR thousand)	with direct participations features	Other	Other	Total	with direct participations features	Other	Other	Total
Financial assets at fair value through profit or loss	**49 099**	**-**	**-**	**49 099**	**42 189**	**-**	**-**	**42 189**
Trading portfolio	-	-	-	-	-	-	-	-
Bonds and other debt securities	-	-	-	-	-	-	-	-
Shares and other equity securities	-	-	-	-	-	-	-	-
Loans, receivables and securities purchased under resale agreements	-	-	-	-	-	-	-	-
Trading derivatives	-	-	-	-	-	-	-	-
Other trading assets	-	-	-	-	-	-	-	-
Financial assets measured mandatorily at fair value through profit or loss	2 369	-	-	2 369	2 327	-	-	2 327
Bonds and other debt securities	*361*	-	-	*361*	-	-	-	-
Shares and other equity securities	*2 008*	-	-	*2 008*	*2 327*	-	-	*2 327*
Loans, receivables and securities purchased under resale agreements	-	-	-	-	-	-	-	-
Financial instruments measured using fair value option through profit or loss	46 730	-	-	46 730	39 862	-	-	39 862
Bonds and other debt securities	*46 730*	-	-	*46 730*	*39 862*	-	-	*39 862*
Loans, receivables and securities purchased under resale agreements	-	-	-	-	-	-	-	-
Separate assets for employee benefits plans	-	-	-	-	-	-	-	-
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial assets at fair value though other comprehensive income	**-**	**-**	**-**	**-**	**171 413**	**-**	**-**	**171 413**
Debt instruments	-	-	-	-	171 413	-	-	171 413
Bonds and other debt securities	-	-	-	-	*171 413*	-	-	*171 413*
Loans, receivables and securities purchased under resale agreements	-	-	-	-	-	-	-	-
Shares and other equity securities	-	-	-	-	-	-	-	-
Financial assets at amortised cost *	**75 083**	**-**	**-**	**75 083**	**22 179**	**-**	**-**	**22 179**
Investment Property	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL INVESTMENTS OF INSURANCE ACTIVITIES	**124 182**	**-**	**-**	**124 182**	**235 781**	**-**	**-**	**235 781**
Deferred acquisition costs	-	-	-	-	-	-	-	-
Insurance and reinsurance contracts issued assets	-	15 818	-	15 818	-	1 832	-	1 832
Reinsurance contracts held assets	-	174	-	174	-	160	-	160
TOTAL INSURANCE AND REINSURANCE CONTRACTS ASSETS	**-**	**15 992**	**-**	**15 992**	**-**	**1 992**	**-**	**1 992**

** The item Financial assets at amortised cost corresponds to Securities at amortised cost, Due from banks at amortised cost and Customer loans at amortised cost.*

LIABILITIES FROM INSURANCE ACTIVITIES

	12.31.2023				12.31.2022 R			
	Insurance contracts				Insurance contracts			
(in EUR thousand)	with direct participations features	Other	Other	Total	with direct participations features	Other	Other	Total
Financial liabilities at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trading portfolio	-	-	-	-	-	-	-	-
Amounts payable on borrowed securities	-	-	-	-	-	-	-	-
Bonds and other debt instruments sold short	-	-	-	-	-	-	-	-
Shares and other equity instruments sold short	-	-	-	-	-	-	-	-
Borrowings and securities sold under repurchase agreements	-	-	-	-	-	-	-	-
Trading derivatives	-	-	-	-	-	-	-	-
Other trading liabilities	-	-	-	-	-	-	-	-
Financial instruments measured using fair value option through profit or loss	-	-	-	-	-	-	-	-
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debt securities issued	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Due to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Customer deposits	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL OF FINANCIAL LIABILITIES FROM INSURANCE ACTIVITIES	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Insurance and reinsurance contracts issued liabilities	**-**	**73 516**	**-**	**73 516**	**1 876**	**62 133**	**-**	**64 009**
Reinsurance contracts held liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL INSURANCE AND REINSURANCE CONTRACTS LIABILITIES	**-**	**73 516**	**-**	**73 516**	**1 876**	**62 133**	**-**	**64 009**

2. PERFORMANCE OF INSURANCE ACTIVITIES

The tables below show the details of the income and expenses recognised in the income statement or in the gains and losses directly recognised in equity by the Group's insurance subsidiaries for:

- the commercial performance of insurance services presented within the Net income of insurance services,
- the financial performance related to the management of contracts resulting from:
  - the financial income and expenses recognised on insurance contracts,
  - the financial income and expenses recognised on the investments backed on contracts,
- the financial performance of the other investments.

BREAKDOWN OF THE PERFORMANCE FOR INSURANCE ACTIVITIES

	2023				2022 R			
	Insurance contracts				Insurance contracts			
(in EUR thousand)	with direct participations features	Other	Other	Total	with direct participations features	Other	Other	Total
Financial result of investments and other operations of insurance activities	**(1 486)**	**-**	**-**	**(1 486)**	**(11 059)**	**-**	**-**	**(11 059)**
Interest and similar income	2 101	-	-	2 101	2 991	-	-	2 991
Interest and similar expenses	(809)	-	-	(809)	(1 757)	-	-	(1 757)
Commissions (income)	(9)	-	-	(9)	-	-	-	-
Commissions (expenses)	(77)	-	-	(77)	(325)	-	-	(325)
Net income from financial operations	(2 749)	-	-	(2 749)	(12 103)	-	-	(12 103)
O/w net gains or losses on financial instruments at fair value through profit or loss	*(3 082)*	-	-	*(3 082)*	*(9 432)*	-	-	*(9 432)*
O/w net gains or losses from financial instruments at fair value through equity	-	-	-	-	-	-	-	-
O/w net gains or losses resulting from the derecognition of instruments at amortized cost	*333*	-	-	*333*	*(2 671)*	-	-	*(2 671)*
Cost of credit risk of financial instruments related to the insurance business	57	-	-	57	135	-	-	135
Net income from other activities *	-	-	-	-	-	-	-	-
Net income from insurance services	**-**	**11 978**		**11 978**	**-**	**32 420**		**32 420**
Income from insurance contracts issued	-	19 942		19 942	-	17 228		17 228
insurance service expenses	-	(7 980)		(7 980)	-	15 063		15 063
Income and expenses from reinsurance contracts held	-	16		16	-	129		129
Financial result of insurance services recognized in profit or loss	**-**	**(2 673)**		**(2 673)**	**(12 672)**	**(5)**		**(12 677)**
Net financial income or expense from insurance contracts issued	-	(2 677)		(2 677)	(12 672)	-		(12 672)
Net financial income or expense from reinsurance contracts held	-	4		4	-	(5)		(5)
Gains and losses recognized directly in equity from insurance business investments and which will be reclassified subsequently to profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Revaluation of debt instruments at fair value through equity	-	-	-	-	-	-	-	-
Revaluation of derivative hedging instruments	-	-	-	-	-	-	-	-
Gains and losses recognized directly in equity of insurance contracts and which will be reclassified subsequently to profit or loss	**-**	**-**		**-**	**-**	**-**		**-**
Revaluation of issued insurance and reinsurance contracts	-	-		-	-	-		-
Revaluation of reinsurance contracts held	-	-		-	-	-		-

FOLLOW-UP OF CUMULATIVE AMOUNTS INCLUDED IN OCI FOR DEBT INSTRUMENTS UNDERLYING WITH DIRECT PARTICIPATION CONTRACTS PRESENT ON THE DATE OF TRANSITION

The Group elected, for the groups of contracts with direct participation features, to recognise in the Net income of the period the financial income or expenses that eliminate accounting mismatches with the income or expenses recognised in the Net income for the underlying items held. Consequently, insurance subsidiaries directly recognise in equity the difference between the total financial income or expenses to be booked for the period for the contracts with direct participation features and the amount recognised in the Net income to eliminate an accounting mismatch.

The table below shows the changes in cumulative amount of the financial income and expenses related to insurance activities recognised directly in equity in relation to the contracts with direct participation features identified as at 1 January 2022 (date of transition to the new measurement method of contracts provided by IFRS 17).

	12.31.2023	12.31.2022 R
(in EUR thousand)	**Cumulative amounts included in OCI for debt instruments underlying with direct participation contracts present on the date of transition**	**Cumulative amounts included in OCI for debt instruments underlying with direct participation contracts present on the date of transition**
Opening balance	(4 845)	5 226
Unrealised or deferred gains and losses for the period	4 490	(10 071)
Unrealised or deferred gains and losses reclassified in profit or loss	10	-
Closing balance	**(345)**	**(4 845)**

3. BREAKDOWN RELATED TO INSURANCE CONTRACTS OUTSTANDINGS

	12.31.2023				12.31.2022 R			
	Insurance contracts				Insurance contracts			
(in EUR thousand)	with direct participations features	Other	Other	Total	with direct participations features	Other	Other	Total
Insurance contracts issued assets	-	15 818	-	15 818	-	1 832	-	1 832
o/w insurance contracts not measured under the PAA	-	*15 194*	-	*15 194*	-	*387*	-	*387*
Insurance contracts issued liabilities	-	73 516	-	73 516	1 876	62 133	-	64 009
o/w insurance contracts not measured under the PAA	-	*1 305*	-	*1 305*	-	*368*	-	*368*
Reinsurance contracts held assets	-	174	-	174	-	160	-	160
o/w reinsurance contracts not measured under the PAA	-	-	-	-	-	-	-	-
Reinsurance contracts held liabilities	-	-	-	-	-	-	-	-
o/w reinsurance contracts not measured under the PAA	-	-	-	-	-	-	-	-
Investment contracts	-	-	-	-	-	-	-	-

BREAKDOWN OF NET INCOME OF INSURANCE SERVICES

The table below shows the Net income from insurance services. The way in which the Insurance income and expenses are recognised are detailed in the accounting principles under the Presentation of the financial performance of insurance contracts heading.

	12.31.2023			12.31.2022 R		
	Insurance contracts			Insurance contracts		
(in EUR thousand)	with direct participations features	Other	Total	with direct participations features	Other	Total
Income from insurance contracts issued	**-**	**19 942**	**19 942**	**-**	**17 228**	**17 228**
Contracts not measured under the PAA	-	2 070	2 070	-	-	-
Income of premiums (relating to changes in Liabilities for Remaining Coverage) relative to:	-	-	-	-	-	-
- Deferred acquisition costs	-	-	-	-	-	-
- Expected claims and handling costs	-	-	-	-	-	-
- Expected non financial risk adjustment	-	-	-	-	-	-
- Expected contractual services margin	-	*2 070*	*2 070*	-	-	-
Net income on premiums not expected	-	-	-	-	-	-
Contracts measured under the PAA	-	17 872	17 872	-	17 228	17 228
Insurance service expenses	**-**	**(7 980)**	**(7 980)**	**-**	**15 063**	**15 063**
Amortisation of acquisition costs	-	-	-	-	-	-
Net impairment of unallocated deferred acquisition costs to insurance and reinsurance contracts issued	-	-	-	-	-	-
Net expenses for expected costs of claims, handling costs and non-financial risk adjustment (changes in Liabilities Incurred Claims) - Incurred in the period	-	(10 627)	(10 627)	-	(10 530)	(10 530)
Changes in net expenses for expected costs of claims and handling costs (changes in Liabilities Incurred Claims) - Past services	-	2 647	2 647	-	25 593	25 593
Losses and reversals of losses on onerous contracts (changes in Liabilities for Remaining Coverage)	-	-	-	-	-	-
Net income or expenses from reinsurance contracts held	**-**	**16**	**16**	**-**	**129**	**129**
INSURANCE SERVICE RESULT	**-**	**11 978**	**11 978**	**-**	**32 420**	**32 420**

INSURANCE CONTRACTS ASSESSED ACCORDING TO BBA, VFA AND PAA MODELS

TABLE OF LIABILITIES RECONCILIATION BY TYPE OF COVERAGE (REMAINING COVERAGE AND INCURRED CLAIMS)

	12.31.2023					
	Remaining coverage		Incurred claims (not measured under the PAA)	Incurred claims (measured under the PAA)		Total
(in EUR thousand)	excluding the loss component	Loss component		Present value of the future cash flows	Non-financial risk adjustment	
Insurance contracts issued liabilities	(4 982)	-	-	65 721	3 270	64 009
Insurance contracts issued assets	(2 629)	-	-	759	38	(1 832)
NET BALANCE AS AT 1 JANUARY	**(7 611)**	**-**	**-**	**66 480**	**3 308**	**62 177**
Income from insurance contracts issued *	**(19 942)**	**-**	**-**	**-**	**-**	**(19 942)**
Insurance service expenses	**-**	**-**	**-**	**2 907**	**5 073**	**7 980**
Amortisation of acquisition costs	-	-	-	-	-	-
Net expenses for expected costs of claims, handling costs and non-financial risk adjustment (changes in Liabilities Incurred Claims) - Incurred in the period	-	-	-	9 472	1 155	10 627
Changes in net expenses for expected costs of claims and handling costs (changes in Liabilities Incurred Claims) - Past services	-	-	-	(6 565)	3 918	(2 647)
Losses and reversals of losses on onerous contracts (changes in Liabilities for Remaining Coverage)	-	-	-	-	-	-
Net finance income or expenses from insurance contracts issued (1)	**2**	**-**	**-**	**2 675**	**-**	**2 677**
Changes relative to the investment component including in the insurance contract	**-**	**-**	**-**	**-**	**-**	**-**
Other changes	**(11 477)**	**-**	**-**	**-**	**-**	**(11 477)**
Cash flows:	**26 082**	**-**	**-**	**(9 799)**	**-**	**16 283**
Premiums received (as a reduction of premiums to be received included in the remaining coverage)	26 082	-	-	-	-	26 082
Costs of claims and handling costs (as a reduction of the incurred claims liabilities)	-	-	-	(9 799)	-	(9 799)
Paid acquisition costs	-	-	-	-	-	-
NET BALANCE AS AT 31 DECEMBER	**(12 946)**	**-**	**-**	**62 263**	**8 381**	**57 698**
Insurance contracts issued liabilities	3 552	-	-	61 615	8 349	73 516
Insurance contracts issued assets	(16 498)	-	-	648	32	(15 818)

(1) This heading includes the financial income and expenses that were recorded under the heading Revaluation of insurance contracts in equity within Gains and losses recognised directly in equity and which will be reclassified later in profit or loss.

** o/w concerning the insurance contracts present at the transition date (and measured under General Model): EUR 2 070 thousand.*

	12.31.2022 R					
	Remaining coverage		**Incurred claims (not measured under the PAA)**	**Incurred claims (measured under the PAA)**		**Total**
(in EUR thousand)	**excluding the loss component**	**Loss component**		**Present value of the future cash flows**	**Non-financial risk adjustment**	
Insurance contracts issued liabilities	914	-	-	73 001	3 633	77 548
Insurance contracts issued assets	(1 124)	-	-	464	23	(637)
NET BALANCE AS AT 1 JANUARY	**(210)**	**-**	**-**	**73 465**	**3 656**	**76 911**
Income from insurance contracts issued *	**(17 228)**	**-**	**-**	**-**	**-**	**(17 228)**
Insurance service expenses	**-**	**-**	**-**	**(14 715)**	**(348)**	**(15 063)**
Amortisation of acquisition costs	-	-	-	-	-	-
Net expenses for expected costs of claims, handling costs and non-financial risk adjustment (changes in Liabilities Incurred Claims) - Incurred in the period	-	-	-	10 028	502	10 530
Changes in net expenses for expected costs of claims and handling costs (changes in Liabilities Incurred Claims) - Past services	-	-	-	(24 743)	(850)	(25 593)
Losses and reversals of losses on onerous contracts (changes in Liabilities for Remaining Coverage)	-	-	-	-	-	-
Net finance income or expenses from insurance contracts issued	**-**	**-**	**-**	**12 672**	**-**	**12 672**
Changes relative to the investment component including in the insurance contract	**-**	**-**	**-**	**-**	**-**	**-**
Other changes	**(2 933)**	**-**	**-**	**1**	**-**	**(2 932)**
Cash flows:	**12 760**	**-**	**-**	**(4 943)**	**-**	**7 817**
Premiums received (as a reduction of premiums to be received included in the remaining coverage)	12 760	-	-	-	-	12 760
Costs of claims and handling costs (as a reduction of the incurred claims liabilities)	-	-	-	(4 943)	-	(4 943)
Paid acquisition costs	-	-	-	-	-	-
NET BALANCE AS AT 31 DECEMBER	**(7 611)**	**-**	**-**	**66 480**	**3 308**	**62 177**
Insurance contracts issued liabilities	(4 982)	-	-	65 721	3 270	64 009
Insurance contracts issued assets	(2 629)	-	-	759	38	(1 832)

** o/w concerning the insurance contracts present at the transition date (and measured under General Model): nil.*

CONTRACTS ASSESSED USING BBA AND VFA MODELS

TABLE OF LIABILITIES RECONCILIATION BY ESTIMATE COMPONENTS (DISCOUNTED FUTURE CASH FLOWS, NON-FINANCIAL RISK ADJUSTMENT AND CONTRACTUAL SERVICES MARGIN)

	12.31.2023				12.31.2022 R			
(in EUR thousand)	**Present value of the future cash flows**	**Non-financial risk adjustment**	**Contractual services margin**	**Total**	**Present value of the future cash flows**	**Non-financial risk adjustment**	**Contractual services margin**	**Total**
Insurance contracts issued liabilities	(1,141)	1,034	475	368	-	-	-	-
Insurance contracts issued assets	-	-	(387)	(387)	-	-	-	-
NET BALANCE AS AT 1 JANUARY	**(1,141)**	**1,034**	**88**	**(19)**	**-**	**-**	**-**	**-**
Changes that relate to future services	**(14,483)**	**3,094**	**(88)**	**(11,477)**	**-**	**-**	**-**	**-**
Changes in estimates that adjust the CSM	-	-	-	-	-	-	-	-
Changes in estimates that result in losses and reversals on onerous contracts (ie, that do not adjust the CSM)	-	-	-	-	-	-	-	-
Effect of new contracts recognised in the year	(14,483)	3,094	(88)	(11,477)	-	-	-	-
Changes that relate to current services	**-**	**-**	**(2,070)**	**(2,070)**	**-**	**-**	**88**	**88**
Contractual services margin recognised in profit or loss for services provided	-	-	(2,070)	(2,070)	-	-	88	88
Change in non financial risk adjustment for risk expired	-	-	-	-	-	-	-	-
Experiences adjustments	-	-	-	-	-	-	-	-
Changes that relate to past services (ie, changes in fulfilment cash flows relative to incurred claims)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net finance income or expenses from insurance contracts issued	**(323)**	**-**	**-**	**(323)**	**-**	**-**	**-**	**-**
Other changes	**-**	**-**	**-**	**-**	**(1,141)**	**1,034**	**-**	**(107)**
Cash flows:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Premiums received (as a reduction of premiums to be received included in the remaining coverage)	-	-	-	-	-	-	-	-
Costs of claims and handling costs (as a reduction of the incurred claims liabilities)	-	-	-	-	-	-	-	-
Paid acquisition costs	-	-	-	-	-	-	-	-
NET BALANCE	**(15,947)**	**4,128**	**(2,070)**	**(13,889)**	**(1,141)**	**1,034**	**88**	**(19)**
Insurance contracts issued liabilities *	(15,947)	4,128	13,124	1,305	(1,141)	1,034	475	368
Insurance contracts issued assets *	-	-	(15,194)	(15,194)	-	-	(387)	(387)

BREAKDOWN OF THE EFFECT OF NEW AGREEMENTS RECOGNISED OVER THE PERIOD

	12.31.2023		12.31.2022 R	
(in EUR thousand)	Insurance contracts issued	*o/w transfer of contracts*	Insurance contracts issued	*o/w transfer of contracts*
Present value of:				
Estimated cash outflows	-	-	-	-
o/w acquisitions costs	-	-	-	-
o/w costs of claims and handling costs	-	-	-	-
Estimated cash inflows	(9 300)	-	(1 141)	-
Non-financial risk adjustment	**2 400**	**-**	**1 034**	**-**
Contractual services margin	**(1 200)**	**-**	**88**	**-**
Loss component on onerous contracts	**-**	**-**	**-**	**-**
Total	**(8 100)**	**-**	**(19)**	**-**

BREAKDOWN OF THE PLANNED ELEMENTS RELATED TO THE VALUATION OF CONTRACTS

SCHEDULING OF LIABILITIES PORTFOLIOS CASHFLOWS OF INSURANCE CONTRACTS

(In EUR thousand)	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	12.31.2023
Net contracts liabilities	1 124	26 310	32 789	13 293	73 516

RECOGNITION EXPECTED IN PROFIT OR LOSS OF CONTRACTUAL SERVICES MARGIN CALCULATED AT END OF PERIOD (1)

(in EUR thousand)	12.31.2023	12.31.2022 R
Expected years before recognising CSM in profit or loss	**Insurance contracts issued**	**Insurance contracts issued**
1 to 5 years	(2,070)	88
6 to 10 years	-	-
> 10 years	-	-
Total	**(2,070)**	**88**

(1) The contractual service margin determined at the end of the period does not include future new insurance contracts, and insurance contracts valued according to the simplified model. Furthermore, this contractual service margin includes the discounting effect and the adjustment taking into account the financial performance of the underlying assets.

Note 4.4. - Other assets and liabilities

1. OTHER ASSETS

(in EUR thousand)	**12.31.2023**	**12.31.2022 R**
Guarantee deposits paid [(1)]	97 961	154 912
Settlement accounts on securities transactions	306 524	24 156
Prepaid expenses	8 148	7 230
Miscellaneous receivables	176 132	165 589
o/w amounts receivable and prepayments	*82 234*	*93 705*
o/w other	*93 898*	*71 884*
Gross amount	**588 765**	**351 887**
Impairment	(122)	(209)
Net amount	**588 643**	**351 678**

(1) Mainly relates to guarantee deposits paid on financial instruments.

2. OTHER LIABILITIES

(in EUR thousand)	**12.31.2023**	**12.31.2022 R**
Guarantee deposits received [(1)]	173 034	268 911
Settlement accounts on securities transactions	299 870	136 199
Expenses payable on employee benefits	50 126	27 928
Lease liability	102 343	71 088
Deferred income	13 306	23 787
Miscellaneous payables [(2)]	499 010	261 234
Total	**1 137 689**	**789 147**

(1) Miscellaneous payables primarily include other securities transactions, amounts payable and sundry creditors

NOTE 5 – PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

MAKING IT SIMPLE

Employee benefits correspond to the compensation granted by the Group to its employees in exchange for work carried out during the annual reporting period.

All forms of compensation for work rendered are recorded in the expenses:

- whether paid to employees or to external social security agencies,
- whether paid during the annual reporting period or to be paid by the Group in the future as entitlements to employees (pension plans, retirement benefits…).
- whether paid in cash or in shares of Societe Generale S.A.

ACCOUNTING PRINCIPLES

Employee benefits are divided into four categories:

- Short-term employee benefits which are employee benefits expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, such as fixed and variable compensation, annual leave, taxes and social security contributions, mandatory employer contributions and profit-sharing;
- Post-employment benefits, including defined contributions plans and defined benefit plans such as pension plans and retirement benefits;
- Long-term employee benefits which are employee benefits not expected to be settled wholly before twelve months, such as defined variable compensation paid in cash and not indexed to the Group share, long service awards and time saving accounts;
- Termination benefits.

Note 5.1. – Personnel expenses and related party transactions

ACCOUNTING PRINCIPLES

Personnel expenses include all expenses related to personnel, including employee benefits and expenses related to payments based on the Group shares.

Short-term employee benefits are recorded under *Personnel expenses* during the period according to the services provided by the employee.

The accounting principles relating to post-employment benefits and long-term benefits are described in Note 5.2.

PERSONNEL EXPENSES

(in EUR thousand)	2023	2022 R
Employee compensation	(195 445)	(176 299)
Social security charges and payroll taxes	(23 673)	(17 304)
Net pension expenses - defined contribution plans	(4 089)	(5 819)
Net pension expenses - defined benefit plans	(5 458)	(11 928)
Total	**(228 665)**	**(211 350)**
Including net expenses from share - based payments	*(1 849)*	*(2 330)*

Over the course of 2023, the Group employed an average of 1 693 employees (2022: 1 726 employees), including representive offices abroad.

Staff may be broken down as follows:

Average full time-equivalent employees over the year	12.31.2023	12.31.2022
General Management	36	32
Senior managers	409	417
Other employees	1 192	1 277
Total	**1 637**	**1 726**

Note 5.2. – Employee benefits

Group entities in Luxembourg and abroad, may award their employees:

- post-employment benefits, such as pension plans or retirement benefits;
- termination benefits.

DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

(in EUR thousand)	**Provisions at 12.31.2022**	**Allocations**	**Reversals/ utilization**	**Net allocation**	**Actuarial gains and losses**	**Other**	**Provisions at 12.31.2023**
Provisions for employee benefits	**41 862**	**4 473**	**(2 335)**	**2 138**	**2 139**	**440**	**46 579**
Provisions for retiment plans	*33 672*	*2 876*	*(1 612)*	*1 264*	*2 139*	*1*	*37 076*
Provisions for other long-term benefits	*6 394*	*802*	*(291)*	*511*	*-*	*76*	*6 981*
Other provisions for employee benefits	*1 796*	*795*	*(432)*	*363*	*-*	*363*	*2 522*

1. POST-EMPLOYMENT BENEFITS

ACCOUNTING PRINCIPLES

Post-employment benefits can be broken down into two categories: defined contribution pension plans or defined benefit pension plans.

DEFINED CONTRIBUTION PLANS

Defined contribution plans limit the Group's liability to the subscriptions paid into the plan but do not commit the Group to a specific level of future benefits. Contributions paid are recorded as an expense for the current year.

DEFINED BENEFIT PLANS

Defined benefit plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits and therefore bare the associated medium or long-term risk.

Provisions are recognised on the liabilities side of the balance sheet under *Provisions*, to cover the whole of these retirement obligations. These provisions are assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

The Group previously chose to finance defined benefit plans through assets held by a long-term employee benefit fund or by qualifying insurance policies. Since then, the Group transferred employees to a defined contributions plan on voluntary basis.

Funding assets, made by funds, are classified as plan assets if assets are held by a fund that is legally separate from the reporting entity and are available to be used only to pay employee benefits.

When these plans are financed from extrernal funds classified as plan assets, the fair value of these funds is substracted from the provision to cover obligations.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) and differences between actuarial assumptions and real performance are recognised as actuarial gains and losses. Actuarial gains and losses, as well as the return on plan assets excluding amounts expensed as net interest on the net defined benefit liability (or asset) and any change in the effect of the asset ceiling are components used to re-measure the net defined benefit liability (or asset). These components are immediately and fully recognised in shareholder's equity among unrealised or deferred gains and losses and they cannot be subsequently reclassified as income.

In the Group consolidated financial statements, these items that cannot be subsequently reclassified as income are displayed separately in the Statement of net income and unrealised or deferred gain and losses, but are transferred immediately to retained earnings in the Statement of changes in shareholder's equity so that they are presented directly under retained earnings on the liabilities side of the balance sheet.

Where a new or amended plan comes into force, past service cost is immediately recognised in profit or loss.

An annual charge is recorded under Personnel expenses for defined benefit plans consisting of:

- the additional entitlements vested by each employee (current service cost);
- past service cost resulting from a plan amendment or a curtailment;
- the financial expense resulting from the discount rate and the interest income on plan assets (net interest on the net defined benefit liability or asset);
- plan settlements.

POST-EMPLOYMENT DEFINED BENEFIT PLANS

PLANS' PROVISIONS AND ASSUMPTIONS

The defined contribution plans provided to employees of the Group are located in Luxembourg, Monaco and Switzerland. The following disclosures are provided only for the main retirement plans of the Group: the Luxembourg plan in place at Societe Generale Luxembourg S.A. and the Swiss plan in place at Societe Generale Private Banking Suisse S.A. ("SGPB Suisse").

THE LUXEMBOURG RETIREMENT PLAN PROVISIONS

The Group offers a supplemental defined benefit retirement plan to all eligible employees at its headquarters in Luxembourg.

Under the defined benefit retirement plan, payment of a supplementary pension to the Luxembourg government pension starting from age 65 is planned. The goal of the business pension plan is to grant, for 35 years of service, benefits equal to approximately 60% of salary at retirement, including Luxembourg Social Security.

More specifically, for 35 years of service in the company, the retirement benefit will be equal to 8.33% of the portion of the final pensionable salary, limited to the pension ceiling plus 62.5% of the final pensionable salary that surpasses this ceiling. The salary used for calculation purposes is the annual base salary. The pension benefit is a planned joint and survivor annuity of 60% to the survivor after retirement.

The plan allows for payment of capital instead of the planned supplemental retirement annuity. By its nature, this defined benefit retirement plan exposes SG Luxembourg to certain associated actuarial risks*, such as investment risk, interest rate risk, longevity, inflation and the effect of an increase in payroll.

The risks defined below are applicable for all plans defined among the Group:

**Those risks are applicable to all pension plan of the Group.*

Investment risk	The present value of the defined benefit commitment is calculated using a discount rate determined by reference to the interest rates of the highest-quality corporate bonds. If the return on plan assets is below this rate, this will create a plan deficit. The plan assets are limited to those of a reduced insurance group that benefits from a guaranteed return from an insurer.
Interest rate risk	A decline in interest rates for bonds will increase the plan's commitments.
Longevity risk	The present value of the pension commitment is calculated taking into account the estimated mortality tables. The objective being to best reflect the mortality of the pension plan's participants. However, an increase in the life expectancy of participants will increase the plan's commitments.
Risk of payroll growth	The present value of the pension commitment is calculated under the assumption that the pension plan's participants' salaries will increase. Any future increase that is greater than the estimate will increase the plan's commitments.
Inflation risk	The inflation rate directly affects the changes in payrolls and the pension ceiling. An increase in the inflation rate will cause an increase in the current value of the pension commitments.

Risks related to benefits paid to beneficiaries in the event of the death of a plan participant before retirement age is insured by an insurance company.

THE SWISS RETIREMENT PLAN PROVISIONS

The plan provisions detailed were effective from January 1, 2011.

All employees aged at least 18 with an indefinite working contract beyond 3 months are eligible.

For death and disability benefits, participation starts at hire date, but not before 1st of January following 17th birthday. For retirement and termination benefits, participation starts at hire date, but not before 1st of January following 22nd birthday.

The participant has the option of electing to take all the benefit as a pension payable monthly or electing to take part or all of the benefit as a lump sum.

Annual pension is payable monthly (if married or have a registered partner, 60% J&S annuity and if single, life annuity): Accrued Retirement Savings Capital converted to annuity using conversion rates, varying by portion of benefit associated with BVG (Survivors', disability and pension plan) minimum benefit and portion of benefit in excess of BVG minimum benefit.

Lump sum: Accrued Retirement Savings Capital.

The plan must be financed.

The components of the overall contribution include the cost of:

- retirement benefits;
- risk benefits (death, disability), including cost-of-living adjustments;
- payments to the Guarantee Fund;
- administrative costs.

The Group has measured the obligations of the retirement plan as at December 31, 2023 and as at December 31, 2022 in accordance with IAS19 Revised.

The present value of the defined benefit pension obligation as well as the pension cost related to one year of service were measured using the actuarial method called the "projected unit credit method".

The principal assumptions used for measuring pension fund obligations are summarized below:

	12.31.2023		12.31.2022	
Luxembourg				
SG Luxembourg				
Discount rate	3,15%		3,65%	
Inflation rate	2,15%		2,42%	
Expected rate of return on assets	N/A		N/A	
Compensation increase rate	Age	Rate	Age	Rate
	<35 years	1,9%-2,00%	<35 years	1,9%-2,00%
	35 years <= age < 45 years	1%-1,3%	35 years <= age < 45 years	1%-1,3%
	45 years <= age < 55 years	0,3%-0,65%	45 years <= age < 55 years	0,3%-0,65%
	55 years <= age < 65 years	0%-0,7%	55 years <= age < 65 years	0%-0,7%
Switzerland				
SGPB Suisse				
Discount rate	1,38%		2,24%	
Inflation rate	1,50%		1,00%	
Expected rate of return on assets	n/a		n/a	
Compensation increase rate (excluding indexation)	0,20%		0,20%	

The discount rate used as at December 31, of the year in question is based on the yield curve for corporate bonds rated AA. The discount rate is determined by Societe Generale Central (Risk Department).

This curve is observed in October via the Merrill Lynch Index.

IAS19 requires taking the same rate for the expected return. The inflation rates used are in line with the long-term objectives of the central banks of the Euro zone.

The cost of services rendered and the net interest on net liabilities (assets) are reported under "Personnel expenses" in profit or loss.

Following the adoption of IAS 19R, the "corridor" method is no longer used: net actuarial gains are now reported at their total amount on the liability side of the consolidated statement of financial position.

Revaluations of net liabilities (assets) are reported in the other items of comprehensive income.

PENSION PLAN LIABILITIES

The pension plan's liabilities according to IAS 19R breaks down as follows:

(in EUR thousand)	12.31.2023	12.31.2022
Defined benefit obligation	205 157	171 152
Fair value of plan assets	(168 488)	(159 147)
Net defined benefit asset/ (liability)	**36 669**	**12 005**

BREAKDOWN OF FAIR VALUE OF PLAN ASSETS

(in EUR thousand)	12.31.2023	12.31.2022
Insurance contract	12 216	12 300
Equity	50 413	46 596
Bonds	50 345	49 353
Real Estate	38 031	32 695
Others	17 483	18 203
Total	**168 488**	**159 147**

ACTUARIAL GAINS AND LOSSES

Total actuarial gains and losses increases or decreases provision booked by the Group.

Actuarial gains and losses for the year are booked against Other Comprehensive Income.

Each January 1st, actuarial gains and losses for the year are reclassified towards reserves with no impact on provision calculation

As at December 31, 2023, total actuarial gains and losses recorded in OCI and retained earnings, gross from deferred taxes, were as follows:

(in EUR thousand)	
Total at January 1, 2022	**(13 492)**
Net 2022 change [(1)]	(13 714)
Total at December 31, 2022	**(27 206)**
Net 2023 change [(2)]	4 118
Total at December 31, 2023	**(23 088)**

(1) See note 7.2 Actuarial gains and losses on defined benefits plans gross value
(2) See note 7.2 Actuarial gains and losses on defined benefits plans gross value

RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

(in EUR thousand)	12.31.2023	12.31.2022
A - Present value of funded defined benefit obligations	205 157	171 152
B - Fair value of plan assets and separate assets	(168 488)	(159 147)
C = A + B Deficit (surplus)	**36 669**	**12 005**
D - Present value of unfunded defined benefit obligations	-	-
E - Change in asset ceiling	-	-
C + D + E = Net balance recorded in the balance sheet	**36 669**	**12 005**

COMPONENTS OF THE COST OF DEFINED BENEFITS

(in EUR thousand)	12.31.2023	12.31.2022
Current service cost including social security contributions	4 795	7 970
Employee contributions	-	-
Past service cost/curtailments	-	-
Settlements	-	-
Net interest	1 139	344
A - Components recognised in income statement	**5 934**	**8 314**
Actuarial gains and losses on assets	-	-
Actuarial gains and losses due to changes in demographic assumptions	-	-
Actuarial gains and losses due to changes in economic and financial assumptions	(1 753)	(29 214)
Actuarial gains and losses due to experience	1 573	153
Return on assets excluding amounts included in interest income	4 298	15 347
B - Components recognised in unrealised or deferred gains and losses	**4 118**	**(13 714)**
C = A + B Total components of the cost of defined benefits	**10 052**	**(5 400)**

CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

(in EUR thousand)	12.31.2023	12.31.2022
Balance at January 1	**171 152**	**212 400**
Current service cost including social security contributions	7 843	10 612
Past service cost / curtailments	(601)	-
Settlements	-	-
Net interest	3 661	426
Actuarial gains and losses due to changes in demographic assumptions	-	-
Actuarial gains and losses due to changes in economic and financial assumptions	-	-
Actuarial gains and losses due to experience	-	-
Revaluation – actuarial gains and losses	21 856	(50 062)
Foreign exchange adjustment	9 979	7 699
Benefit payments	(1 612)	(1 309)
Change in consolidation scope	-	-
Payment from plan assets	(7 115)	(8 614)
Transfers and others	(6)	-
Balance at December, 31	**205 157**	**171 152**

CHANGES IN THE FAIR VALUE OF PLAN ASSETS

(in EUR thousand)	12.31.2023	12.31.2022
Balance at January 1	**159 147**	**167 045**
Interest income	2 838	87
Expected return on plan assets	-	-
Expected return on separate assets	-	-
Actuarial gains and losses due to assets	(4 216)	(14 924)
Foreign exchange adjustment	10 045	7 870
Employee contributions	2 700	2 633
Employer contributions to plan assets	5 091	5 052
Benefit payments	(7 117)	(8 616)
Change in consolidation scope	-	-
Return on assets excluding amounts included in interest income	-	-
Transfers and others	-	-
Balance at December, 31	**168 488**	**159 147**

SENSITIVITY ANALYSIS

Actuarial assumptions which are significant in determining pension commitments are: discount rates, inflation and future payroll growth.

The calculation's sensitivity to these individual key assumptions was analyzed on the date of the calculation, i.e. December 31, 2023, using the same projection method (projected unit credit method).

The impact of each individual assumption is not representative of the potential impact of a sensitivity analysis based on combined variations of assumptions.

DBO sensitivity to a change of assumptions by +0,5%, -0,5% would have the following effect as at December 31, 2023:

2023

Luxembourg

SG Luxembourg

Sensitivity	Defined benefit obligation	Service cost	Expected expenses N+1
Discount rate -0.5%:	5,3%	4,7%	-2,1%
Discount rate +0.5%:	-4,9%	-4,4%	1,7%
Inflation rate -0.5%:	-3,4%	-4,1%	-3,9%
Inflation rate +0.5%:	3,6%	4,3%	4,1%
Salary increase +0.5%:	5,9%	7,4%	6,8%

Switzerland

Sensitivity	Defined benefit obligation	Service cost	Expected expenses N+1
Discount rate -0.5%:	6,3%	7,7%	12,8%
Discount rate +0.5%:	-5,6%	-6,9%	-9,8%
Inflation rate -0.5%:	-0,8%	0,8%	1,2%
Inflation rate +0.5%:	0,9%	-0,9%	-1,0%
Salary increase +0.5%:	0,9%	-0,8%	-1,0%

LUXEMBOURG'S PLAN FINANCING

Luxembourg law does not require companies to outsource pension obligations to a pension fund or an insurance group.

The Group's retirement plan is funded directly by the payment of benefits when they become due. In order to provide the benefits expected, the Group recognizes accounting reserves in consolidated statement of financial position liabilities. The retirement plan can be considered as an internally-funded retirement plan. Pension plan liabilities are recognized in the consolidated balance sheet of the company while pension plan assets are included in the assets used in the company's business activities. Should the company become insolvent, a mechanism to protect pension rights is provided through insolvency insurance with the German pension security fund ("Pensionssicherungsverein" - PSV).

Finally, for staff hired before 1997, a small part of the retirement obligation is funded in a former insurance group that no longer receives additional inflows of contributions. There is also a reduced hedging insurance reserve.

Plan duration:

In years		12.31.2023	12.31.2022
Luxembourg	SG Luxembourg	10,0	11,0
Switzerland	SGPB Suisse	12,0	10,0

Expected future benefit payments are as follows:

	Luxembourg	Switzerland
	12.31.2023	**12.31.2023**
Year	*(in EUR thousand)*	*(in EUR thousand)*
2025	2 130	10 624
2026	1 517	10 429
2027	1 499	10 631
2028	2 015	10 360
2029-2033	20 190	48 623

	Luxembourg	Switzerland
	12.31.2022	**12.31.2022**
Year	*(in EUR thousand)*	*(in EUR thousand)*
2024	1 132	10 376
2025	2 074	10 055
2026	2 016	10 134
2027	1 745	9 821
2028-2032	18 755	48 013

TREATMENT OF ENTITIES THAT PARTICIPATE IN THE PLAN BUT ARE NOT PART OF SG LUXEMBOURG GROUP

For entities that participate in the plan but are not part of SG Luxembourg Group, paragraphs 32 to 39 of IAS 19R apply, and the plan is treated as a multiemployer plan.

There are two possible scenarios, depending on whether the entity does or does not have sufficient data to categories the plan in its books as a defined benefit or defined contribution plan.

The number of employees (active or retired) benefiting from the plan in each entity must be considered as a major feature. In fact, the use of projection techniques (IAS 19R's projected unit credit method) and all demographic parameters based on a small number of people cannot give truly pertinent results and generates significant statistical volatility each time there is a change in personnel. In such cases the results could be considered insufficiently reliable.

Furthermore, some of these entities have an employee policy based on the use of employees that stay with the entity for a short period (four to five years) and come from/return to SG Luxembourg, effectively resulting in high employee turnover. Similarly, in this context, projecting these employees' compensation over the long term does not make much sense as, by design, they do not remain with the company although they stay with the Group.

Within this framework, and in order to prevent administrative work that does not take into account financial challenges at the SG Luxembourg Group level, these entities treat this plan as a defined benefit plan (paragraph 36) and pay SG Luxembourg their share of the total annual cost of financing the plan, proportional to the percentage of total eligible employees represented by the entities' employees, through a contractual agreement.

The materiality threshold has been set at 20 people (i.e., 3% of the total number of employees benefiting from the plan) as defined with the actuary in charge of the work.

TREATMENT OF ENTITIES THAT DO NOT PARTICIPATE IN THE PENSION PLAN AND EMPLOY STAFF FROM AN AFFILIATED ENTITY

This occurs when SG Luxembourg assigns its personnel to other Societe Generale Group entities. In such cases, employee entitlements in the pension plan are maintained during their assignment period.

The obligation remains with the original affiliation entity. The unaffiliated entity, to which an employee is assigned, has no obligation, not even an implicit one, to the defined benefit plan.

The original entity therefore invoices the expense of maintaining the employee's entitlements under the supplementary pension plan to the entity to which the employee is assigned, as it does for other employee benefits. Societe Generale has implemented a standard reinvoicing contract that the assigning entity must use, filling out the appendices with the various benefits due to the employee in question.

Accordingly, the accounting treatment used is the one used for intra-Group billing of payroll expenses in the entity to which an employee is assigned and for defined benefits in the original entity. Income received from each entity contributes to the financing of the plan at the original entity.

For simplicity's sake, the invoicing principles is based on a fixed amount, defined annually in proportion to the length of time that employees are assigned to an entity and based on the annual cost of the plan and the percentage represented by assigned employees in the total number of eligible employees in the plan.

DEFINED CONTRIBUTION PLAN

Starting in 2015, all new incoming SG Luxembourg employees enroll in a defined contribution pension plan.

RETIREMENT CAPITAL

Retirement capital, or Early Retirement capital, is paid to Plan Members when they retire at normal retirement age or when they take early retirement, respectively.

Plan Members have the option of taking all of the benefit as a pension payable monthly or taking part or all of the benefit as a lump sum.

DEATH BENEFIT

If a Plan Member dies before retirement age, the retirement savings at the time of death are paid in the form of capital to the Beneficiaries designated in the event of death.

EMPLOYER CONTRIBUTIONS

Employer contributions are calculated as follows: 2.5% S1 + 9% S2

Where:

- S1 represents the portion of S below the annual cap on contributions to Social Security in force as of the calculation date;
- S2 represents the portion of S which exceeds this cap;
- S represents January's monthly salary x 13.

The employer contribution is multiplied by the percentage of employee time as of the calculation date.

The employer contribution for the year of enrolment in the plan may be paid, in accordance with the plan's administrative provisions, in the year of enrolment or in the following year.

PERSONAL CONTRIBUTIONS

The Plan Member may elect to contribute to the Plan and can choose the monthly or annual contribution amount at the time of enrolment.

FUNDING VEHICLE

The Plan Member may choose from among three financial management and investment formulas for investing the investment of employer contributions, and for the transfer of any entitlements resulting from employer contributions.

However, according to current legal provisions, personal contributions may only be invested in a fund with a guaranteed rate of return at least equal to the rate set by the Commissariat aux Assurances (Luxembourg Insurance Commission).

FINANCE

The company guarantees the payment of benefits and contributions provided for by the supplementary pension plan.

To accomplish this, the Company signed a group insurance contract with the AXA insurance company.

2. LONG-TERM BENEFITS

ACCOUNTING PRINCIPLES

Long-term employee benefits are benefits other than post-employment and termination benefits that are paid to employees more than twelve months after the end of the annual period in which they provided the related services.

Long-term benefits are measured and recognised in the same way as post-employment benefits, with the exception of actuarial gains and losses, which are immediately recognised in the consolidated statement of comprehensive income.

EMPLOYEE BENEFITS - JUBILEE AWARDS

PLANS' PROVISIONS AND ASSUMPTIONS

Disclosures are provided only for the two mains jubilee plans in the Group: the Luxembourg plan in place at Societe Generale Luxembourg S.A., and the Swiss plan in place at Societe Generale Private Banking Suisse S.A.

SG Luxembourg Group employees are entitled to a plan that provides for a jubilee award which is a function of their seniority in the Group.

The defined benefit obligation corresponding to this plan was estimated according to the standard IAS 19R. For this plan, the actuarial gains and losses are immediately recognized in the consolidated income statement account.

The principal assumptions used for measuring the jubilee plan obligations are summarized below:

	12.31.2023		**12.31.2022**	
SG Luxembourg				
Discount rate	4,08%		3,77%	
Inflation rate	N/A		N/A	
Expected rate of return on assets	N/A		N/A	
Compensation increase rate	Age	Age	Age	Age
	<35 years	1,9% - 2%	<35 years	1,9% - 2%
	35 years <= age < 45 years	1% - 1,3%	35 years <= age < 45 years	1% - 1,3%
	45 years <= age < 55 years	0,3% - 0,65%	45 years <= age < 55 years	0,3% - 0,65%
	55 years <= age < 65 years	0% - 0,7%	55 years <= age < 65 years	0% - 0,7%

Switzerland	**12.31.2023**	**12.31.2022**
Discount rate	0,19%	0,19%
Inflation rate	1,00%	1,00%
Expected rate of return on assets	N/A	N/A
Compensation increase rate (excluding indexation)	1,20%	1,20%

PLAN RESULTS

The cost associated with jubilee awards is reported under "Personel expenses" in Profit or Loss and breaks down as follows:

(in EUR thousand)	**12.31.2023**	**12.31.2022**
Service cost	39	(4 983)
Financial cost	71	21
Actuarial gains and losses	-	-
Total	**110**	**(4 962)**

CHANGE IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATIONS DURING THE YEAR

The reconciliation of opening and closing obligation balances related to defined benefits for the current year is as follows:

(in EUR thousand)	**12.31.2023**	**12.31.2022**
Obligation in relation to defined benefits – Opening	**3 053**	**8 036**
Total (expense)/ revenue recognized in the income statement	110	(4 962)
Paid benefits	(174)	(79)
Other	-	-
Translation effect	80	58
Obligation in relation to defined benefits – Closing	**3 069**	**3 053**

NOTE 6 – INCOME TAX

MAKING IT SIMPLE

Income tax expenses are presented separately from other taxes which are classified among Other operating expenses. They are calculated according to the rates and tax regulations applicable in the countries where each consolidated entity is located.

Income tax presented in the income statement includes current taxes and deferred taxes:

- current taxes correspond to the amount of taxes due (or refundable) as calculated according to the taxable profit base for the reporting period.
- deferred taxes correspond to the amount of taxes resulting from past transactions and that will be payable (or refundable) in a future reporting period.

ACCOUNTING PRINCIPLES

CURRENT TAXES

Current tax is based on the taxable profits of each consolidated taxable entity and determined in accordance with the rules established by the local taxation authorities, upon which *income taxes* are payable. This tax expense also includes net allowances for tax adjustments pertaining to income tax.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under Income tax in the consolidated income statement.

DEFERRED TAXES

Deferred taxes are recognised whenever the Group identifies a temporary difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured in each consolidated taxable entity considering rules established by the local taxation authorities.

The amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realized or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value.

Deferred tax assets can result from deductible temporary differences or from tax loss carry forwards. These deferred tax assets are recorded only if the entity concerned is likely to recover these assets within a set time. Temporary differences or tax loss carry forwards can also be used against future taxable profit. Tax loss carry forward review taking into account the tax system applicable to each relevant tax entity and a realistic projection of their tax income or expense, based on their business development outlook: any previously unrecognized deferred tax assets are recorded in the consolidated statement of financial position to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered; however, the carrying value of deferred tax assets already recognized in the consolidated statement of financial position is reduced where a risk of total or partial non-recovery occurs.

Current and deferred taxes are recognized in the consolidated income statement *under Income Tax*. However, deferred taxes related to gains and losses recorded under "Unrealized or deferred gains and losses" are also recognized under the same heading in the consolidated statement of comprehensive income.

TAX INTEGRATION

Since financial year 2005, SG Luxembourg has elected to be considered as an integrated group for tax purposes (intégration fiscale or tax integration).

As at December 31, 2023, 14 subsidiaries were included in the group filing a consolidated return (2022: 13 subsidiaries). In accordance with a tax integration agreement entered into with SG Luxembourg, some affiliates recognize in their financial statements the tax which they would have paid had they not been included in SG Luxembourg's Group tax scope.

Tax integration implies that the Head of the tax group, Societe Generale Luxembourg, should be in charge of income tax payment for the whole Group.

SG Luxembourg establishes its income tax provisions ("Impôt sur le revenu des collectivités" or "IRC", and the "Impôt commercial communal" or "ICC") based on the taxable income of the entire consolidated group, including its own revenue.

Tax prepayments due by SG Luxembourg are also calculated on this basis and paid by SG Luxembourg as the lead company of the integrated group. Tax are prepaid and then, when the right amount is known, the prepayment is netted with the definitive amount.

There is no tax filing integration for wealth tax. However, in compliance with existing tax law, SG Luxembourg sets up, on behalf of some affiliates, a special reserve for the purpose of charging each of these affiliates for the wealth tax. The reserve thus constituted for each affiliate is equal to five times the wealth tax due in principle by each of the members of the integrated group and is unavailable for a period of five years.

The reserve for the wealth tax charged to affiliates is separate from the tax expense reserve set up for SG Luxembourg's own needs. The reserve is set up each year and maintained for the specified legal time limit i.e. five years. The maximum amount of wealth tax that can be charged by affiliates and by SG Luxembourg is determined by reference to the IRC payable by the integrated group before the allocation of tax credits.

PROVISIONS FOR TAX ADJUSTMENTS

Provisions for tax adjustments represent liabilities whose timing or amount cannot be precisely determined and that are adjusted throughout time. The expected outflows are then discounted to present value to determine the amount of the provision, where this discounting has a significant impact. Allocations to and reversals of provisions for tax adjustments are booked to the consolidated income statement under "Income tax".

TAX PROVISIONS

Provisions may be recorded:

- where, by virtue of a commitment to a third-party, the Group will probably or certainly incur an outflow of resources to this third-party without receiving at least the equivalent value in exchange;
- and when the amount of probable outflow of resources can be reliably estimated.

Information on the nature and the amount of the associated risks is not disclosed when the Group considers that such disclosure could seriously undermine its position in a dispute with other parties on the object of the provision.

1. INCOME TAX

(in EUR thousand)	**2023**	**2022 R**
Current taxes	(51 071)	(24 528)
Deferred taxes	(5 264)	13 746
Total taxes	**(56 335)**	**(10 782)**

Reconciliation of the difference between the Group's standard tax rate and its effective tax rate:

(in EUR thousand)	**2023**	**2022 R**
Income before tax excluding net income from companies accounted for using the equity method	554 406	202 683
Tax rate applicable at the end of the year	25,08%	24,94%
Theoretical income tax	**(139 017)**	**(50 549)**
Tax effect of non-taxable income	53 385	48 477
Tax effect of non-deductible expenses	(1 534)	(18 924)
Tax without basis *	25 771	13 007
Provisions for tax adjustments	-	-
Sub-consolidated results taxed at other rates	(357)	(3 665)
Previous year corrections	-	-
Other items	5 417	872
Total income tax	**(56 335)**	**(10 782)**

** mainly refers to tax expenses of fiscally integrated entities.*

Tax credits resulting on income from receivables and trading portfolios, when used to settle the tax on income due in the same period, are booked in the same accounts as the income they are linked to. The corresponding tax charge is maintained in the account "Tax expense", explaining the transfer in the net banking result.

Tax impact on non-taxable income is mainly explained through various income received from fully taxable resident or non-resident participations held by the Group. As all conditions for participation exemption regime are met (EU parent directive and article 166 LITL), the Group avoids double taxation by using these provisions.

2. TAX ASSETS AND LIABILITIES

TAX ASSETS

(in EUR thousand)	2023	2022 R
Current tax assets	1 147	1 523
Deferred tax assets	819	3 798
o/w deferred tax assets on tax loss carryforward	*-*	*-*
o/w deferred tax assets on temporary differences	*819*	*3 798*
Total	**1 966**	**5 321**

TAX LIABILITIES

(in EUR thousand)	12.31.2023	12.31.2022 R
Current tax liabilities	53 045	29 377
Deferred tax liabilities and provision from income tax adjustments	90 571	93 888
Total	**143 616**	**123 265**

PILLAR TWO: TAX REFORM – GLOBAL MINIMUM TAX ("GloBE" RULES)

In October 2021, 137 of the 140 jurisdictions that are members of the Anti-Tax Fraud Strategy-Group of the Organisation for Economic Cooperation and Development (OECD) committed to the principle of establishing a global minimum corporate tax rate of 15% on profits. A regulatory model, referred to as "Pillar Two" or "Pillar 2" (or "GloBE rules"), published by the OECD on 20 December 2021, specifies the mechanism which will apply, in the States that will adopt it, to the profits by country of multinational groups with more than EUR 750 million in revenues.

Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union", intended to implement that in the EU, was adopted and published in the Official Journal of the European Union on 22 December 2022.

The Luxembourg law of 22 December 2023 incorporates the directive into Luxembourg law. The minimum level of tax will take the form of Qualifying Domestic Minimum Top-up Tax ("impôt national complémentaire") determined according to rules compliant with the directive. The temporary simplification rules as provided for by the OECD for the first three financial years are also included in the Luxembourg law. These rules will apply to the Group from 31 December 2023, in respect of any Qualifying Domestic Minimum Top-up tax due in Luxembourg.

Under the provisions introduced by the amendments to IAS 12, adopted by the European Union on 8 November 2023 with both immediate and retrospective implementation (see Note 1), the Group applies, from 1 January 2023, the mandatory and temporary exception to the accounting recognition of the deferred taxes associated with the top-up taxes resulting from the Pillar Two rules.

A project structure has been established, to analyse the provisions of the Pillar Two European directive and take the appropriate measures to comply with them as soon as they enter into force. To date, the Group does not anticipate any material impact of this reform in respect of its current tax. Because of the calculation complexity resulting from these rules, the effects of this reform are still being examined for a first application in the Group's consolidated accounts as at 30 June 2024.

3. BREAKDOWN OF DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

The following table shows deferred tax recorded in the statement of financial position and changes recorded in the income tax expense:

	December 31, 2023			
(in EUR thousand)	**Deferred Tax Asset**	**Deferred Tax Liability**	**Income Statement**	**OCI**
Provisions	-	37 625	8 246	585
Impairment allowance for loans and advances to customers	781	(2 478)	(11 846)	-
Fair value of financial instruments through profit or loss	-	7 445	260	-
Revaluation of hedging derivatives	-	5 737	-	6 155
Revaluation of debt instruments at fair value through other comprehensive income	-	464	-	(677)
Foreign currency translation reserve	-	-	-	-
Derivative financial instruments	-	-	-	-
Net gain on hedge of net investment	-	-	-	-
Consolidation treatments	-	43 321	(3 655)	-
Other temporary differences	38	(1 543)	1 731	-
Total	**819**	**90 571**	**(5 264)**	**6 063**

	December 31, 2022 R			
(in EUR thousand)	**Deferred Tax Asset**	**Deferred Tax Liability**	**Income Statement**	**OCI**
Provisions	-	46 160	12 104	(3 008)
Impairment allowance for loans and advances to customers	3 791	(11 293)	13 501	-
Fair value of financial instruments through profit or loss	-	7 695	(9)	-
Revaluation of hedging derivatives	-	11 580	-	(13 061)
Revaluation of debt instruments at fair value through other comprehensive income	-	53	-	9 485
Foreign currency translation reserve	-	-	-	-
Derivative financial instruments	-	-	-	-
Net gain on hedge of net investment	-	-	-	-
Consolidation treatments	-	39 629	(11 583)	-
Other temporary differences	7	64	(267)	5
Total	**3 798**	**93 888**	**13 746**	**(6 579)**

4. CHANGE IN DEFERRED TAX

The change in deferred taxes is analysed as follows:

ASSETS

(in EUR thousand)	**12.31.2023**	**12.31.2022 R**
Net opening balance	**3 798**	**17**
Items taken directly to net profit or loss	(2 979)	3 781
Items taken directly to equity	-	-
Impact change in accounting policy	-	-
Closing balance	**819**	**3 798**

LIABILITIES

(in EUR thousand)	12.31.2023	12.31.2022 R
Net opening balance	**93 888**	**96 994**
Items taken directly to net profit or loss	2 285	(9 965)
Items taken directly to equity	(6 063)	6 579
Others movements	461	280
Closing balance	**90 571**	**93 888**

5. DEFERRED TAX ASSETS RECOGNIZED ON TAX LOSS CARRIED FORWARD

As at December 31, 2023, and December 31, 2022 the Group has no Deferred Tax Asset recognized due to tax loss carried forward.

NOTE 7 – SHAREHOLDERS’ EQUITY

MAKING IT SIMPLE

Equity are the resources contributed to the Group by external shareholders as capital, as well as the cumulative and undistributed results (retained earnings). It also includes resources received when financial instruments are issued and for which the issuer has no contractual obligation to deliver cash to the holders of these instruments (such as certain perpetual subordinated notes).

Equity has no contractual maturity, and when compensation is awarded to shareholders or holders of other equity instruments, it does not affect the income statement but directly reduces the retained earnings in the equity.

The statement “Changes in Shareholders’ Equity” presents the various changes that affect the components of equity over the reporting period.

Note 7.1. – Shareholders’ equity

(in EUR thousand)	12.31.2023	12.31.2022 R
Share capital	1 389 043	1 389 043
Share premium	2 817	2 817
Consolidation reserve	476 589	579 603
Revaluation reserve	7 212	38 454
Legal reserve	138 905	138 905
Special reserve for Net Wealth Tax reduction	237 881	249 965
Retained earnings	1 116 449	961 668
Net income for the year	543 973	228 598
Total	**3 912 869**	**3 589 053**

1. SHARE CAPITAL

As of December 31, 2023 and December 31, 2022, the fully subscribed share capital amounted to EUR 1 389 042 648 divided into 11 024 148 registered shares with a nominal value of EUR 126 each.

2. CONSOLIDATION RESERVE

Consolidation reserves represent the contribution of the subsidiaries to the reserves of the Group.

3. REVALUATION RESERVE

Revaluation reserve is composed of translation reserves, change in fair value of assets available-for-sale, change in fair value of hedging derivatives, change in fair-value of debt instruments at fair value through other comprehensive income, change in gains and losses on entities accounted for using the equity method and actuarial gains and losses on post-employment defined benefits plans. If the instruments are sold, the associated unrealised or deferred gains and losses are reclassified to Retained earnings at the opening of the next financial year.

(in EUR thousand)	12.31.2023	12.31.2022 R
Translation reserve	(7 626)	(6 300)
Revaluation of debt instruments at fair value through other comprehensive income	1 528	(1 174)
Revaluation of hedging derivatives	22 796	46 434
Unrealized gains and losses of entities accounted for using the equity method	4	11
Tax related	(6 175)	(11 364)
Unrealized or deferred gains (losses) that may be reclassified subsequently to profit or loss	10 527	27 607
Actuarial gains (losses) on defined benefits plans	**(4 118)**	**13 714**
Unrealised gains and losses of entities accounted for using the equity method	-	285
Revaluation of equity instruments at fair value through other comprehensive income	-	(1)
Tax related	803	(3 151)
Unrealized or deferred gains (losses) that will not be reclassified subsequently to profit or loss	**(3 315)**	**10 847**
Total Revaluation reserve	**7 212**	**38 454**

4. LEGAL RESERVE

In accordance with legal requirements, 5% of the net income for the year must be allocated to a legal reserve. This allocation is no longer required once this reserve reaches 10% of the subscribed and paid-up share capital. The legal reserve cannot be used for dividend payments.

As at December 31, 2023 and December 31, 2022, the legal reserve reached 10% of the capital and amounted to EUR thousand 138 905.

5. SPECIAL RESERVE FOR NET WEALTH TAX REDUCTION

For the reporting periods ended from December 31, 2016 to 2023, the Group reduced its Net Wealth Tax charge in accordance with the tax legislation; i.e. by setting up an unavailable reserve in an amount equal to five times the amount of the Net Wealth Tax reduction. The lock-in period on this reserve is five years starting on January 1, of the year following the year in which the Net Wealth Tax has been reduced.

(in EUR thousand)	12.31.2023	12.31.2022
2017	-	41 356
2018	42 525	42 525
2019	41 283	41 283
2020	40 139	40 139
2021	42 738	42 738
2022	41 924	41 924
2023	29 272	-
Total	**237 881**	**249 965**

Note 7.2. – Dividends paid and proposed

(in EUR thousand)	12.31.2023	12.31.2022 R
Declared and paid during the year		
Dividends on ordinary shares	200 000	-
Dividends per share (in EUR)	18	-
Proposed for approval at Annual General Meeting (not recognized as a liability as at December 31)		
Dividends on ordinary shares	544 000	200 000
Dividends per share (in EUR)	49	18

For the year 2023, a dividend of EUR 544 million will be proposed for approval at the Annual General Meeting on May 31, 2024.

Note 7.3. – Gains and losses recognised in other comprehensive income

BREAKDOWN OF CHANGES OF UNREALISED OR DEFERRED GAINS AND LOSSES

	01.01.2023		
(in EUR thousand)	**Gross value**	**Tax**	**Net value**
Translation differences	(6 300)	-	(6 300)
Revaluation of debt instruments at fair value through other comprehensive income	(1 174)	219	(955)
Revaluation of hedging derivatives	46 434	(11 580)	34 854
Unrealised gains and losses of entities accounted for using the equity method	11	(3)	8
Subtotal of unrealised gains and losses with subsequent recycling in the income statement	**38 971**	**(11 364)**	**27 607**
Actuarial gains and losses on defined benefit plans	13 714	(3 056)	10 658
Unrealised gains and losses of entities accounted for using the equity method	284	(95)	189
Subtotal of unrealised gains and losses without subsequent recycling in the income statement	**13 998**	**(3 151)**	**10 847**
Total of unrealised gains and losses	**52 969**	**(14 515)**	**38 454**

(1) Unrealised gains and losses on available-for-sale financial assets are related exclusively to insurance activities.

	01.01.2022 R		
(in EUR thousand)	**Gross value**	**Tax**	**Net value**
Translation differences	(4 382)	-	(4 382)
Revaluation of debt instruments at fair value through other comprehensive income	36 855	(9 266)	27 589
Revaluation of available-for-sale financial assets[1]	-	-	-
Revaluation of hedging derivatives	(5 903)	1 477	(4 426)
Unrealised gains and losses of entities accounted for using the equity method	(1 519)	374	(1 145)
Subtotal of unrealised gains and losses with subsequent recycling in the income statement	**25 051**	**(7 415)**	**17 636**
Actuarial gains and losses on defined benefit plans	16 223	(2 279)	13 944
Unrealised gains and losses of entities accounted for using the equity method	(1)	18	17
Subtotal of unrealised gains and losses without subsequent recycling in the income statement	**16 222**	**(2 261)**	**13 961**
Total of unrealised gains and losses	**41 273**	**(9 676)**	**31 597**

(1) Unrealised gains and losses on available-for-sale financial assets are related exclusively to insurance activities.

	Variation				12.31.2023			
Net Group share	**Gross value**	**Tax**	**Net value**	**Net Group share**	**Gross value**	**Tax**	**Net value**	**Net Group share**
-	(1 326)	-	(1 326)	-	(7 626)	-	(7 626)	-
-	2 702	(677)	2 025	-	1 528	(458)	1 070	-
-	(23 638)	5 864	(17 774)	-	22 796	(5 716)	17 080	-
-	(7)	2	(5)	-	4	(1)	3	-
-	**(22 269)**	**5 189**	**(17 080)**	**-**	**16 702**	**(6 175)**	**10 527**	**-**
-	(17 832)	3 883	(13 949)	-	(4 118)	827	(3 291)	-
-	(284)	71	(213)	-	-	(24)	(24)	-
-	**(18 116)**	**3 954**	**(14 162)**	**-**	**(4 118)**	**803**	**(3 315)**	**-**
-	**(40 385)**	**9 143**	**(31 242)**	**-**	**12 584**	**(5 372)**	**7 212**	**-**

	Variation				12.31.2022 R			
Net Group share	**Gross value**	**Tax**	**Net value**	**Net Group share**	**Gross value**	**Tax**	**Net value**	**Net Group share**
-	(1 918)	-	(1 918)	-	(6 300)	-	(6 300)	-
-	(38 029)	9 485	(28 544)	-	(1 174)	219	(955)	-
-	-	-	-	-	-	-	-	-
-	52 337	(13 057)	39 280	-	46 434	(11 580)	34 854	-
-	1 530	(377)	1 153	-	11	(3)	8	-
-	**13 920**	**(3 949)**	**9 971**	**-**	**38 971**	**(11 364)**	**27 607**	**-**
-	(2 509)	(777)	(3 286)	-	13 714	(3 056)	10 658	-
-	285	(113)	172	-	284	(95)	189	-
-	**(2 224)**	**(890)**	**(3 114)**	**-**	**13 998**	**(3 151)**	**10 847**	**-**
-	**11 696**	**(4 839)**	**6 857**	**-**	**52 969**	**(14 515)**	**38 454**	**-**

NOTE 8 – ADDITIONAL DISCLOSURES

Note 8.1. – Segment reporting

1. DEFINITION OF SEGMENT REPORTING

The Group includes in the results of each segment all operating income and expenses directly related to its activity. Income for each segment, except for the Corporate Center, also includes the return on equity allocated to it, based on the estimated rate of return on Group equity. Transactions between segments are carried out under the same terms and conditions as those applying to non-Group customers, while these transactions are eliminated from segment assets and liabilities.

For the purpose of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the booking entities.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2023 or 2022.

In 2023 and 2022, the Group's core businesses are managed through the following strategic segments of activity that are regrouped into five segments:

1. PRIVATE BANKING

Societe Generale Luxembourg Private Banking has a foothold in Luxembourg, Switzerland and Monaco. It offers global financial engineering and wealth management solutions, in addition to global expertise in structured products, hedge funds, mutual funds, private equity funds, life insurance and real estate investment solutions. It also offers customer access to the capital markets.

2. SECURITIES SERVICES

The Securities Services (SGSS) business in Luxembourg offers a comprehensive and complete range of Assets and Securities services to Corporate and Financial Institutions as well as Institutional Investors, including:

- custody and depository bank activities, covering all asset classes;
- fund administration services for investment managers on all asset classes including complex financial products;
- private asset services for alternative investment managers covering real estate, private equity and infrastructure funds;
- issuer services, including issuing and paying agency services to large international corporate bond programs;
- transfer agent activities, providing a comprehensive array of services to support fund distribution;
- middle office and trade execution services.

3. CORPORATE AND INVESTMENT BANKING THAT INCLUDES

The Corporate Banking and Cash Management teams in Luxembourg are geared to economic and financial operators and sparticularly domestic and international financial institutions, medium and large companies with international and multinational activities that require flow management assistance for their banking, commercial, corporate flows and/or payment flow assistance. The business line offers a full and integrated range of solutions and services, leveraging the expertise of the Transaction Banking business lines. It houses five banking activities:

- cash management;
- short & medium term financing;
- financial & commercial guarantees issuance;
- foreign exchange services and interest rate hedging;
- financial assets custody.

The Global Banking & Advisory (GLBA) platform in Luxembourg contributes to Group worldwide platform composed by expert teams located in Europe, the CEEMEA region, the Americas and in Asia region, whose knowledge of customers and local regulations are key to conducting domestic, international and cross-border activities due to the international dimension of customers. Leveraging this global expertise and sectoral knowledge, the Financing Banking teams provide issuer clients with a full range of products and integrated solutions, products and advisory, and are housed in three divisions:

- The Asset Finance division, which consists of five businesses: export finance, aircraft finance, shipping finance, real estate finance, and structured solutions and leasing. Through a wide range of products, experienced professionals design tailor-made solutions for customers, financial companies and public institutions, combining financial knowledge and industry expertise;
- The Natural Resources and Infrastructures division is tasked with developing a global activity in the natural resources, energy and infrastructure sector by providing clients with financing solutions, as well as advisory services. The customers of this division are producers, operators, refinery groups, traders, commodity service providers, commodity and distributor logistics companies, as well as public and private institutions;
- The Asset Backed Product division, which combines GLBA's expertise in the primary markets, blends sectoral skills, securitisation and structuring with know-how in secondary market trading, distribution channels and debt security refinancing, making it possible to capitalise on credit capacities and act as the single entry point for ABS-type products and structured loans, and assist the development of our issuer clients and investors.

Within the Global Markets Business Unit, the Issuing activity is performed through the "SOGEIS" framework based on Luxembourg's fiduciary legal framework and provides investors with access to the entire range of financial engineering services (Asset and Liability Management – portfolio management, securitisation, risk policy management and Capital Management – strategic management of shareholdings, equity-linked products, and employee savings plans). SOGEIS issues secured notes. The securities issued by SG Luxembourg via SOGEIS are also backed by a guarantee from the Societe Generale group.

4. INSURANCES ACTIVITIES

The Insurance activities develop the Group's Insurance business through the integrated bank-insurance model.

5. CORPORATE CENTER

It includes Treasury and Assets Liabilities Management functions which are responsible for monitoring, managing and hedging structural risks (liquidity, interest rate and forex) arising from all the active business units within SG Luxembourg namely Securities Services, Private Banking, Corporate Banking and Cash Management. This team is also in charge of the oversight of similar activities in Monaco and Switzerland SG Luxembourg's affiliates devoted to the Private Banking area, and operates under the functional oversight of the Group central departments.

It recognises too the carrying cost of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's Asset and Liability Management (ALM) and income from the Group's management of its assets (management of its industrial and bank equity portfolio and of its real estate assets). Income or expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Center.

2. SEGMENT REPORTING BY OPERATING SEGMENTS

Amounts by division incorporate the organizational structure of Group activities.

	2023					
(in EUR thousand)	**Private Banking**	**Securities Services**	**Corporate and Investment Banking**	**Insurance activities**	**Corporate center**	**Total**
Interest margin	206 206	53 794	395 443	1 703	(65 217)	591 929
Net fees income	132 903	92 143	63 444	(110)	(305)	288 075
Net income from other activity	2 614	(202)	(4 256)	-	62	(1 782)
Total income on financial instruments	12 217	2 139	(17 056)	(4 045)	45 579	38 834
Net income of insurance activities	-	-	-	9 362	-	9 362
Internal remuneration	2 456	916	5 751	-	(9 123)	-
Net banking income	**356 396**	**148 790**	**443 326**	**6 910**	**(29 004)**	**926 418**
Operating expenses	(260 117)	(120 421)	(77 565)	(960)	(6 393)	(465 456)
Gross operating income	**96 279**	**28 369**	**365 761**	**5 950**	**(35 397)**	**460 962**
Cost of risk	(1 552)	(262)	94 511	-	(343)	92 354
Operating income	**94 727**	**28 107**	**460 272**	**5 950**	**(35 740)**	**553 316**
Net income from investments accounted for using the equity method	-	-	34 642	11 272	-	45 914
Net income/expense from other assets	-	-	-	-	1 090	1 090
Consolidated Net Income before tax	**94 727**	**28 107**	**494 914**	**17 222**	**(34 650)**	**600 320**
Tax expenses	(8 889)	(2 638)	(46 444)	(1 616)	3 252	(56 335)
Consolidated net income	**85 838**	**25 469**	**448 470**	**15 606**	**(31 398)**	**543 985**

(in EUR thousand)	**Private Banking**	**Securities Services**	**Corporate and Investment Banking**	**Insurance activities**	**Corporate center**	**Total**
Total assets	**9 165 320**	**-**	**18 345 997**	**83 925**	**38 768 389**	**66 363 631**
o/w customer loans and securities at amortised cost (Note 3.6)	*9 165 320*	*-*	*18 345 997*	*75 084*	*-*	*27 586 401*
Total liabilities and equity	**12 264 574**	**5 812 242**	**27 671 355**	**83 926**	**20 531 534**	**66 363 631**
o/w customer deposits (Note 3.7 table 2)	*12 264 574*	*5 450 935*	*21 411 695*	*-*	*-*	*39 127 204*

(in EUR thousand)	2022 R Private Banking	Securities Services	Corporate and Investment Banking	Insurance activities	Corporate center	Total
Interest margin	172 161	49 852	234 691	1 234	(46 713)	411 225
Net fees income	124 833	98 969	50 936	(821)	(6 317)	267 600
Net income from other activity	87	(1 367)	(932)	(45)	2 173	(84)
Total income on financial instruments	19 562	1 305	4 664	(12 103)	87 671	101 099
Net income of insurance activities	-	-	-	19 878	-	19 878
Internal remuneration	1 729	798	6 464	-	(8 991)	-
Net banking income	**318 372**	**149 557**	**295 823**	**8 143**	**27 823**	**799 718**
Operating expenses	(240 355)	(112 598)	(67 988)	(1 245)	(6 548)	(428 734)
Gross operating income	**78 017**	**36 959**	**227 835**	**6 898**	**21 275**	**370 984**
Cost of risk	(20 332)	(27)	(148 473)	-	534	(168 298)
Operating income	**57 685**	**36 932**	**79 362**	**6 898**	**21 809**	**202 686**
Net income from investments accounted for using the equity method	-	-	22 649	14 065	-	36 714
Net income/expense from other assets	-	-	(3)	-	-	(3)
Consolidated Net Income before tax	**57 685**	**36 932**	**102 008**	**20 963**	**21 809**	**239 397**
Tax expenses	(2 598)	(1 663)	(4 594)	(944)	(983)	(10 782)
Consolidated net income	**55 087**	**35 269**	**97 414**	**20 019**	**20 826**	**228 615**

(in EUR thousand)	Private Banking	Securities Services	Corporate and Investment Banking	Insurance activities	Corporate center	Total
Total assets*	**9 718 811**	**-**	**19 538 509**	**178 355**	**38 450 692**	**67 886 367**
*o/w customer loans and securities at amortised cost (Note 3.6)**	*9 718 811*	-	*19 538 509*	*17 743*	-	*29 275 063*
Total liabilities and equity*	**12 863 594**	**7 304 505**	**29 811 740**	**178 356**	**17 728 172**	**67 886 367**
*o/w customer deposits (Note 3.7 table 2)**	*11 995 699*	*6 758 090*	*22 529 474*	-	-	*41 283 263*

** 2022 amounts were reclassified for comparability purposes*

3. SEGMENT REPORTING BY GEOGRAPHICAL REGION

(in EUR thousand)	12.31.2023 Luxembourg	Monaco	Switzerland	Other	Total
Net banking income	732 857	73 711	107 940	11 910	926 418
Total assets	**59 572 319**	**3 089 484**	**2 320 153**	**1 381 675**	**66 363 631**
Total liabilities	**59 572 319**	**3 089 484**	**2 320 153**	**1 381 675**	**66 363 631**

(in EUR thousand)	12.31.2022 R Luxembourg	Monaco	Switzerland	Other	Total
Net banking income	623 507	63 911	105 004	7 296	799 718
Total assets	**60 262 940**	**3 287 036**	**2 839 388**	**1 497 003**	**67 886 367**
Total liabilities	**60 262 940**	**3 287 036**	**2 839 388**	**1 497 003**	**67 886 367**

Note 8.2. – Other operating expenses

ACCOUNTING PRINCIPLES

The Group records operating expenses under expenses, according to the type of services to which they refer and the rate of use of said services.

This type of services mainly includes re-charge fees, IT expenses, professional fees and other taxes charges.

Other operating expenses mainly include lease payments, building maintenance and other costs, travel and business expenses, outsourcing and advisory fees and marketing and advertising expenses.

(in EUR thousand)	2023	2022 R
VAT and other taxes (1)	(30 401)	(33 806)
Recharge fees (2)	(56 261)	(54 388)
IT expenses	(41 811)	(32 754)
Professional fees	(27 043)	(23 874)
Service and maintenance	(12 867)	(11 290)
Data provider fees	(7 804)	(6 693)
Telecommunication expenses	(4 336)	(4 104)
Other operating expenses	(3 621)	(4 827)
Marketing, advertising and public relations	(3 327)	(2 641)
Premises and equipment leases	(2 656)	(1 525)
Administrative expenses	(1 066)	(848)
Insurance fees	(1 411)	(1 332)
Training	(453)	(784)
Total	**(193 057)**	**(178 866)**

(1) Other taxes include the contribution to bank resolution mechanisms paid by the Group.

(2) Mainly reinvoiced personal fees from SG Group and allocated share of headquarter expenses.

CONTRIBUTION TO BANK RESOLUTION MECHANISMS

The European Regulation UE n°806/2014 of July 15, 2014 determined the financing means of resolution mechanisms within the European Banking Union through the establishment of a Single Resolution Fund (SRF), represented in Luxembourg by the “Fonds de Résolution Luxembourgeois” (Luxembourg Resolution Fund, or FRL). In addition to this instrument, the “Fonds Nationaux de Résolution” (National Resolution Funds) exists for institutions subject to this resolution mechanisms, but that have no SRF.

SG Luxembourg also made its contribution to the “Fonds de Garantie des Dépôts Luxembourgeois” (FGDL) over the course of 2022. For the financial year of 2022, the contribution to the FGDL is included in the same account than the FRL amouting EUR 352 thousand broken down as follows:

- 1st compartiment: EUR 95 thousand
- 2nd compartiment: EUR 239 thousand
- Administrative fee: EUR 18 thousand

The Single Resolution Fund, 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 (IPC).

Please find below the detailed amount paid by the Group for the resolution mechanisms contribution:

(in EUR thousand)	2023	2022 R
Net contribution paid	27 754	31 316
IPC deposit (22.5% of net contribution applied for 2023, 15% for 2022)	(6 244)	(4 697)
Total	**21 510**	**26 619**

By a ruling of 25 October 2023, the General Court of the European Union dismissed the appeal of a French Credit institution against the Single Resolution Board (SRB) following the rejection, by the latter, of the request for return of collateral linked to ex ante contributions provided in the form of irrevocable payment commitments. The reimbursement of the collateral linked to the irrevocable payment commitments, requested by the institution after the withdrawal of its licence from the European Central Bank, had been refused by the SRB. It required, as a prior condition, to return the collateral backing, the prior payment by the institution of an amount in cash corresponding to the amount committed under the irrevocable payment commitments entered into. The institution concerned decided to appeal to the European Court of Justice against the ruling of the General Court of the European Union. Societe Generale Luxembourg will keep abreast of new developments in this matter and will analyse the possible consequences on its financial statements.

Note 8.3. – Provisions

ACCOUNTING PRINCIPLES

Under statement of financial liabilities, Provisions are comprised of provisions for financial instruments, disputes, employee benefits and income tax adjustments (only for 2018).

Provisions, other than those for credit risk or employee benefits, are recognized when the Group has a present obligation (legal, contractual or implicit) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are determined based on the best estimate of the expenditure required to settle the obligation, in application of certain assumptions. Provisions are discounted when the effect of the time value of money is material, using a discount rate that reflects current market assessments of the time value of money. Provisions are booked in profit and loss accounts according to the nature of the expenses.

Provisions include provisions for credit risk related to guarantee commitments granted to third parties by the Group and to contingent liabilities whose timing or amount cannot be precisely determined (primarily legal disputes and restructuring).

Probable losses incurred by the Group in identifying objective evidence of credit risk related to loan and guarantee commitments are recorded in the consolidated income statement of under Cost of risk against a liability booked under Provision in the consolidated statement of financial position.

Provisions are presented in Note 5.7. Information relating to the nature and the amount of the relevant risks is not disclosed if the Group considers that it could cause the Group serious harm in a dispute with third parties on the matter covered by the provision.

1. BREAKDOWN OF PROVISIONS

(In EUR thousand)	Provisions as at 12.31.2022 R	Allocations	Reversals available	Net allocation	Actuarial Gain and Losses	Currency and others	Provisions as at 12.31.2023
Provisions for credit of risk on off statement of financial commitments (see Note 3.9)	1 971	1 336	(1 746)	(410)	-	47	1 608
Provisions for employee benefits (see Note 5.2)	41 862	4 473	(2 335)	2 138	2 139	440	46 579
Other provisions[(1)]	12 864	-	(5 682)	(5 682)	-	319	7 501
Total	**56 697**	**5 809**	**(9 763)**	**(3 954)**	**2 139**	**806**	**55 688**

(1) *Other provisions include provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.*

2. OTHER PROVISIONS

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

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 January 3, 2023, Societe Generale Private Banking (Switzerland) ("SGPBS") entered into an agreement to settle litigation in the United States stemming from the Ponzi scheme of Robert Allen Stanford and his affiliates. On February 21, 2023, the US Receiver and the Official Stanford Investors

Committee ("OSIC") filed a motion in US District Court for the Northern District of Texas seeking approval of the settlement. The settlement provides for the payment by SGPBS of USD 157 million in exchange for the release of all claims. During the 7 June 2023 hearing, the Court granted the US Receiver's motion to approve the settlement. This order is now subject to an appeal. The settlement amount that SGPBS must pay is fully covered by reserves in the accounts of Societe Generale S.A. following a financial guarantee provided by Societe Generale S.A. to SGPBS. Each of the other defendant banks in this litigation also announced settlements in the first quarter of 2023 with the US Receiver and OSIC resolving their claims.

These settlements were reached in advance of a jury trial that had been scheduled to start on February 27, 2023 (which ultimately did not take place).

In the same matter, a pre-contentious claim (*requête en conciliation*) was initiated in Geneva in November 2022 by the Joint Liquidators of Stanford International Bank Limited ("SIBL"), appointed by the courts in Antigua, representing the same investors as those represented by the US plaintiffs. SGPBS was served with the statement of claim on June 20, 2023 and will defend itself against the claims in this proceeding.

Note 8.4. – Tangible and intangible fixed assets

ACCOUNTING PRINCIPLES

Tangible and intangible fixed assets include operating and investment fixed assets.

Tangible and intangible fixed assets are carried at their purchase price on the asset side of the statement of financial position, less depreciation, amortisation and impairment.

Software developed internally is recorded under fixed asset, on the asset side of the statement of financial position in the amount of the direct cost of development.

Depreciation and amortization expenses are recognized in consolidated income statement under *"Amortization, depreciation and impairment of property, plant and equipment and other intangible assets"*.

The range of the useful life of assets used by the Group is as follows:

Intangible assets are amortised using the straight-line method based on their estimated useful lives; the amortization rates used range from 20% to 33.33%.

Property, plant and equipment are depreciated using the straight-line method based on their estimated useful lives; the depreciation rates used are:

- other facilities, office furniture and equipment: 10 – 33,33%
- computer hardware: 20 – 33,33%

Land with an indefinite life is not depreciated.

Any residual value of the asset is deducted from its depreciable amount. If there is a subsequent decrease or increase in this initial residual value, the depreciable amount of the asset is adjusted, leading to a prospective modification of the depreciation schedule.

Depreciation and amortisation are recorded in the income statement under *Amortisation, depreciation and impairment of tangible and intangible fixed assets*.

Fixed assets grouped into Cash Generating Units are tested for impairment whenever there is any indication that their value may have diminished. Allocations and reversals of provisions for impairment are recorded in the income statement under *Amortisation, depreciation and impairment of tangible and intangible fixed assets.*

Realised capital gains and losses on operating fixed assets are recognised under Net income from other assets.

RIGHTS-OF-USE FOR ASSETS LEASED BY THE GROUP

LEASE

Definition of the lease

A contract is, or contains, a lease if it conveys to the lessor the right to control the use of an identified asset for a period of time in exchange for consideration:

- Control is conveyed when the customer has both the right to direct the identified asset's use, and to obtain substantially all the economic benefits from that use throughout the lease period.
- The existence of an identified asset will depend on the absence, for the lessor, of substantive substitution rights for the leased asset; this condition is measured with regard to the facts and circumstances existing at the commencement of the contract. If the lessor has the option of freely substituting the leased asset, the contract can not be qualified as a lease, since its purpose is the provision of a capacity and not an asset.

A capacity portion of an asset is still an identified asset if it is physically distinct (e.g. a floor of a building). Conversely, a portion of the capacity or of an asset that is not physically distinct does not constitute an identified asset (e.g. the lease of co-working area within a unit with no pre-defined location inside that unit).

Separation of lease and non-lease components

A contract may cover the lease of an asset by the lessor as well as the supply of additional services by that lessor. In this scenario, the lessee can separate the lease components from the non-lease components of the contract and treat them separately. The rental payments stipulated in the contract must be separated between the lease components and the non-lease components based on their individual prices (as directly indicated in the contract or estimated on the basis on all of the observable information). If the lessee cannot separate the lease components from the non-lease components (or services), the entire contract is treated as a lease.

LEASE TERM

Definition of the lease term

The lease period to be applied in determining the rental payments to be discounted matches the non-cancellable period of the lease adjusted for:

- options to extend the contract that the lessee is reasonably certain to exercise,
- and early termination options that the lessee is reasonably certain not to exercise.

LEASE TERM = **Non-cancellable period of the lease** + **Periods covered by an option to extend the lease*** + **Periods covered by an option to terminate the lease****

** if the lessee is reasonably certain to exercise that option*
*** if the lessee is reasonably certain not to exercise that option*

Following the decision of IFRIC consultation in November 2019, the measurement of the reasonable certainty of exercising or not exercising the extension or early termination options shall take into account all the facts and circumstances that may create an economic incentive to exercise or not these options, specifically:

- the conditions for exercising these options (including measurement of the amount of the rental payments in case of an extension, or of the amount of penalties that may be imposed for early termination),
- substantial changes made to the leased premises (specific layouts, such as a bank vault),
- the costs associated with terminating the contract (negotiation costs, moving costs, research costs for a new asset that meets the lessee's requirements, etc.),
- the importance of the leased asset for the lessee, in view of its specific nature, its location, or the availability of substitute assets (specifically for branches located in commercially strategic sites, given their accessibility, expected traffic, or the prestige of the location),
- the history of renewals of similar contracts, as well as the strategy for the future use of the assets (based on the prospect of redeployment or rearrangement of a commercial branch network, for example).

Changing the lease term

In the event of a change of circumstances of the lessee which has an impact on the certainty of exercise of an option that the lessee has or has not included in its calculation of the lease term, the term must be re-estimated.

The entity must also revise the term of the lease contract in any one of the following situations:

- the lessee exercises an option that had not been included when calculating the term of the lease;
- the lessee does not exercise an option that had been included when calculating the term of the lease;
- the lessee is contractually obliged, due to an event, to exercise an option that had not been included when calculating the term of the lease;
- the lessee is contractually prevented, due to an event, from exercising an option that had been included when calculating the term of the lease.

Following a change in the lease term (re-estimate or revision), the lease obligation must be reassessed to reflect those changes. The revised rate is the interest rate implicit in the lease for the remaining term of the contract if it is possible to calculate this rate, otherwise the lessee must use its incremental borrowing rate on the date of modification of the lease term.

ACCOUNTING TREATMENT BY THE GROUP AS A LESSEE

On the starting date (on which the leased asset is made available for use), the lessee must record a lease liability on the liabilities side of the statement of financial position and a right-of-use asset on the assets side of the statement of financial position except for the exemptions described below.

In the income statement, the lessee must recognise an interest expense (see Note 3.8) calculated on the lease liability under Net banking income and a depreciation of the right-of-use under *Amortisation, depreciation and impairment of tangible and intangible fixed assets*.

The rental payments will partly reduce the lease liability and partly remunerate this liability in the form of interest expense.

Exemptions and exclusions

Lessee may choose not to apply the new lease treatment to contracts on low-value items by applying the exemption threshold of EUR 5 000 determined by the Group (the threshold should be measured against the replacement cost per unit of the leased asset). This last simplification applies specifically to small equipment such as personal computers, tablets, telephones, and small items of office furniture.

The Group has chosen to apply this exemption permitted. Related expenses are disclosed in the table below, and classified under *other operating expenses* (Note 8.2).

Rental payment amounts

The payments to be considered for the measurement of the lease liability include fixed and variable rental payments based on an index (e.g. consumer price index or construction cost index) or a benchmark interest rate (Euribor), plus, where applicable, the funds that the lessee expects to pay the lessor for residual value guarantees, purchase options, or early termination penalties.

However, variable lease payments that are indexed on the use of the leased asset (indexed on revenue or mileage, for example) are excluded from the measurement of lease liability. This variable portion of the rental payments is recorded in the net income over time according to fluctuations in contractual indexes fluctuations.

SG Luxembourg does not have variable rental payments.

Rental payments have to be considered based on their amount net of valueadded tax. In addition, for building leases, occupancy taxes and property taxes passed on by lessors will be excluded from lease liabilities because their amount, as set by the competent public authorities, is variable. The liability initial amount is equal to the discounted value of the rental payments that will be payable over the lease period.

This lease liability is then measured at the amortised cost using the effective interest rate method: part of each rental payment will then be booked as interest expenses in the income statement, and part will be gradually deducted from the lease liability on the statement of financial position.

After the starting date, the amount of the lease liability may be adjusted if the lease is amended, the lease period is re-estimated, or to account for contractual changes in the rental payments related to the application of indices or rates.

As applicable, the lessee must also recognise a provision in its liabilities to cover the costs of restoring the leased asset that would be assumed when the lease ends.

Recognition of a lease liability

The initial amount of the liability is equal to the discounted value of the rental payments that will be payable over the lease period.

This lease liability is then measured at the amortised cost using the effective interest rate method: part of each rental payment will then be booked as interest expenses in the income statement, and part will be gradually deducted from the lease liability on the statement of financial position.

The lease liability is recorded under Other liabilities (see Note 4.4).

After the commencement date, the amount of the lease liability may be adjusted if the lease is amended, the lease period is re-estimated, or to account for contractual changes in the rental payments related to the application of indices or rates.

The Group, as a lessee, must also recognise a provision in its liabilities to cover the costs of restoring the leased asset that would be assumed when the lease ends.

Recognition of a right-of-use

On the availability date of the leased asset, the lessee must enter a right-of-use to the leased asset, on the assets side of the statement of financial position, for an amount equal to the initial value of the lease liability, plus, as applicable, initial direct costs, advance payments, and restoration costs.

This asset is then depreciated on a straight-line basis over the lease period that is applied for measuring the lease liability.

After the starting date, the asset's value may be adjusted if the lease is amended, as it is the case for the lease liability.

Rights-of-use is presented on the lessee's statement of financial position under the items of fixed assets where properties of the same type that are held in full ownership are entered. If the lease stipulates the initial payment of a leasehold right to the former tenant of the premises, the amount of that right is stated as a separate component of the right of use and presented under the same heading as the latter.

Lease discount rates

The implicit contract rates are not generally known nor easily determined, specifically for building leases. Therefore, the Group has decided to use the lessees' incremental borrowing rate to discount the rental payments as well as the amount of lease liabilities.

The incremental borrowing rate is determined through a function of three factors specific to each contract:

- the duration of the contract and the currency of the lessee entity, which together define the risk-free rate;
- the country of the lessee, which defines the liquidity spread.

The liquidity spread by country is defined centrally by the Group on basis of macroeconomic observations.

CHANGES IN TANGIBLE AND INTANGIBLE FIXED ASSETS

December 31, 2023

(in EUR thousand)	Gross book value as at January 1, 2023	Acquisitions	Disposals	Changes in translation, consolidation scope and reclassifications
Intangible assets				
Software, EDP development costs	49 883	40	-	1 832
Internally generated assets	55 249	-	-	3 896
Assets under development	7 482	5 190	-	(4 983)
Others	6 104	-	-	-
Sub-total	**118 718**	**5 230**	**-**	**745**
Property and Equipment				
Land and buildings	9 476	-	-	55 216
Assets under development	37 335	31 271	(130)	(65 790)
Others	67 500	6 815	-	11 468
Sub-total	**114 311**	**38 086**	**(130)**	**894**
Real estate	144 755	72 245	(39 474)	1 940
IT	4 500	604	(1 159)	(1)
Others	1 811	543	(276)	1
Right-of-use	**151 066**	**73 392**	**(40 909)**	**1 940**
Property and equipment, other intangible and right-of-use assets	**384 095**	**116 708**	**(41 039)**	**3 579**

December 31, 2022

(in EUR thousand)	Gross book value as at January 1, 2022	Acquisitions	Disposals	Changes in translation, consolidation scope and reclassifications
Intangible assets				
Software, EDP development costs	48 170	638	-	1 075
Internally generated assets	47 566	-	-	7 683
Assets under development	9 929	5 680	-	(8 127)
Others	1 500	4 604	-	-
Sub-total	**107 165**	**10 922**	**-**	**631**
Property and Equipment				
Land and buildings	9 492	-	(16)	-
Assets under development	20 088	18 318	(939)	(132)
Others	62 787	3 955	-	758
Sub-total	**92 367**	**22 273**	**(955)**	**626**
Real estate	134 133	9 310	-	1 312
IT	4 650	369	(519)	-
Others	1 741	241	(171)	-
Right-of-use	**140 524**	**9 920**	**(690)**	**1 312**
Property and equipment, other intangible and right-of-use assets	**340 056**	**43 115**	**(1 645)**	**2 569**

Gross value as at December 31, 2023	Accumulated depreciation and amortisation of assets at 1 January	Allocations to amortisation and depreciation in the year	Impairment of assets in the year	Reversals from amortisation and depreciation in the year	Other	Net book value as at December 31, 2023
51 755	(46 458)	(1 927)	-	-	(854)	2 516
59 145	(43 877)	(5 325)	-	-	1	9 944
7 689	(2 126)	-	-	-	-	5 563
6 104	(1 542)	-	-	-	42	4 604
124 693	**(94 003)**	**(7 252)**	**-**	**-**	**(811)**	**22 627**
64 692	(6 851)	(1 590)	-	-	-	56 251
2 686	-	-	-	-	-	2 686
85 783	(58 409)	(4 991)	-	-	(762)	21 621
153 161	**(65 260)**	**(6 581)**	**-**	**-**	**(762)**	**80 558**
179 466	(76 890)	(21 769)	(6 937)	19 455	(6 148)	87 177
3 944	(2 473)	(808)	-	1 159	-	1 822
2 079	(1 380)	(387)	-	316	-	628
185 489	**(80 743)**	**(22 964)**	**(6 937)**	**20 930**	**(6 148)**	**89 627**
463 343	**(240 006)**	**(36 797)**	**(6 937)**	**20 930**	**(7 721)**	**192 812**

Gross value as at December 31, 2022	Accumulated depreciation and amortisa-tion of assets at 1 January	Allocations to amortisation and depreciation in the year	Impairment of assets in the year	Reversals from amortisation and depreciation in the year	Other	Net book value as at December 31, 2022
49 883	(42 188)	(3 658)	-	-	(612)	3 425
55 249	(35 977)	(7 900)	-	-	-	11 372
7 482	(2 126)	-	-	-	-	5 356
6 104	(1 500)	(42)	-	-	-	4 562
118 718	**(81 791)**	**(11 600)**	**-**	**-**	**(612)**	**24 715**
9 476	(6 641)	(210)	-	-	-	2 625
37 335	-	-	-	-	-	37 335
67 500	(52 552)	(5 424)	-	-	(433)	9 091
114 311	**(59 193)**	**(5 634)**	-	**-**	**(433)**	**49 051**
144 755	(55 883)	(19 957)	-	-	(1 050)	67 865
4 500	(2 063)	(930)	-	519	1	2 027
1 811	(1 181)	(397)	-	171	27	431
151 066	**(59 127)**	**(21 284)**	**-**	**690**	**(1 022)**	**70 323**
384 095	**(200 111)**	**(38 518)**	**-**	**690**	**(2 067)**	**144 089**

The Group's tangible assets are classified as follows:

Property Leases

Most of the leases (>90%) involve building leases contracted for the lease of commercial and office spaces.

The buildings in question consist in office buildings leased to the Group and its subsidiaries at Luxembourg level or the local head offices of foreign representation desks.

Equipment Leases

Other leases (<10%) are mainly related to the lease of vehicles.

DETAILS OF THE EXPENSES ON LEASES

	12.31.2023			
(in EUR thousand)	**Real estate**	**Computer equipment**	**Others**	**Total**
Lease	**(26 809)**	**(891)**	**(717)**	**(28 417)**
Interest expenses on lease liabilities	(2 997)	(10)	(11)	**(3 018)**
Depreciation charge for right-of-use assets	(22 392)	(808)	(387)	**(23 587)**
Expense relating to short-term leases	(1 420)	(73)	(319)	**(1 812)**
Expense relating to leases of low-value assets	-	-	-	**-**
Expense relating to variable lease payments	-	-	-	**-**

	12.31.2022 R			
(in EUR thousand)	**Real estate**	**Computer equipment**	**Others**	**Total**
Lease	**(22 292)**	**(1 085)**	**(806)**	**(24 183)**
Interest expenses on lease liabilities	(385)	(5)	(1)	**(391)**
Depreciation charge for right-of-use assets	(20 559)	(930)	(397)	**(21 886)**
Expense relating to short-term leases	(1 348)	(150)	(408)	**(1 906)**
Expense relating to leases of low-value assets	-	-	-	**-**
Expense relating to variable lease payments	-	-	-	**-**

Note 8.5. – Foreign exchange transactions

ACCOUNTING PRINCIPLES

At the consolidated statement of financial position date, monetary assets and liabilities denominated in foreign currencies are translated into Euro at the prevailing spot exchange rate. Realized or unrealized foreign exchange losses or gains are recognized in the consolidated income statement.

Forward foreign exchange transactions are recognized at fair value based on the forward exchange rate for the remaining maturity. Spot foreign exchange positions are valued using the official spot rates prevailing at the end of the period. Unrealized gains and losses are recognized in the consolidated income statement under *Net gains and losses on financial instruments at fair value through profit or loss* (see Note 7.3), except when hedge accounting is applied to a cash-flow hedge transaction or to a hedge of a net investment in a foreign currency operation (see Note 3.5).

Non-monetary financial assets denominated in foreign currencies, including shares and other variable income securities that are not part of the trading portfolio, are converted into the entity's functional currency at the spot exchange rate prevailing at the end of the period.

Foreign exchanges losses or gains are recognised either in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss*, or under other comprehensive income (*Unrealised and deferred gains and losses*), depending on the accounting of the gains or losses relative to these assets/liabilities.

The main spot exchange rates used December 31, 2023 are described in the Note 1.

BREAKDOWN OF ASSETS AND LIABILITIES BY CURRENCY

The table presents the split of assets and liabilities by currency, countervalued in Euro as of December 31, 2023 and December 31, 2022.

	12.31.2023		12.31.2022 R	
(in EUR thousand)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
EUR	46 588 588	46 317 138	45 591 258	43 940 718
USD	10 766 851	12 736 336	12 526 782	15 396 531
GBP	3 197 901	3 595 360	2 814 344	3 389 397
JPY	2 000 733	2 025 898	2 892 412	2 882 876
AUD	69 491	79 994	75 825	85 728
CZK	47 613	46 789	5 213	5 291
RUB	210	197	500	330
RON	139	135	115	93
CHF	3 085 375	844 781	2 846 906	1 212 461
SEK	106 580	88 407	161 738	123 722
DKK	133 480	101 886	224 938	120 524
Other currencies	366 670	526 710	746 336	728 696
Total	**66 363 631**	**66 363 631**	**67 886 367**	**67 886 367**

Note 8.6. – Fees paid to statutory auditors

In accordance with the requirements of article 107 (15) of the banking law dated June 17, 1992, as amended, and of article 10 (2) g) of the EU Regulation 537-2014, the fees paid to the Group's independent auditors, Ernst & Young, during 2023 and 2022 fiscal years in relation with Societe Generale Luxembourg Group were as follows:

(in EUR thousand)	12.31.2023	12.31.2022 R
Statutory audit of the consolidated financial statements	(1 486)	(1 206)
Other assurance services	(181)	(354)
Tax consulting services	-	-
Other services	-	-
Total	**(1 667)**	**(1 560)**

Note 8.7. – Transactions with related parties

The Group enters into transactions with its parent company Societe Generale and Societe Generale subsidiaries. Other related parties refer to entities which are part of Group Societe Generale with no direct equity link or with no full or joint control and with no significant influence from Societe Generale. The following table shows the outstanding balance at year end.

OUTSTANDING ASSETS AND LIABILITIES WITH RELATED PARTIES

	As at 12.31.2023			
(in EUR thousand)	**Headquarter**	**Subsidiaries**	**Other related parties**	**Total**
ASSETS				
Financial assets at fair value though profit or loss	24 295	48 043	176 791	**249 129**
Hedging derivatives	156 499	-	26	**156 525**
Financial assets at fair value through other comprehensive income	-	-	-	-
Financial assets at amortised cost	20 452 006	37 158	5 022 790	**25 511 954**
Others	65 349	1 283	4 245	**70 877**
TOTAL	**20 698 149**	**86 484**	**5 203 852**	**25 988 485**
LIABILITIES	-	-	-	-
Financial liabilities at fair value through profit or loss	24 296	-	47	**24 343**
Hedging derivatives	2 325	-	-	**2 325**
Customer deposits	17 570	227 101	11 301 437	**11 546 108**
Financial liabilities at amortised cost	21 423 310	2 325	95 873	**21 521 508**
Others	244 936	-	12 221	**257 157**
TOTAL	**21 712 437**	**229 426**	**11 409 578**	**33 351 441**

	As at 12.31.2022 R			
(in EUR thousand)	**Headquarter**	**Subsidiaries**	**Other related parties**	**Total**
ASSETS				
Financial assets at fair value though profit or loss	116 130	39 816	249 141	**405 087**
Hedging derivatives	172 308	-	38	**172 346**
Financial assets at fair value through other comprehensive income	-	-	62 790	**62 790**
Financial assets at amortised cost	19 547 170	37 776	6 593 006	**26 177 952**
Others	10 038	2 265	4 176	**16 479**
TOTAL	**19 845 646**	**79 857**	**6 909 151**	**26 834 654**
LIABILITIES	-	-	-	-
Financial liabilities at fair value through profit or loss	51 235	-	-	**51 235**
Hedging derivatives	14 899	-	12	**14 911**
Customer deposits	20 421	119 116	9 817 815	**9 957 352**
Financial liabilities at amortised cost	21 029 770	-	28 435	**21 058 205**
Others	309 810	-	9 069	**318 879**
Total	**21 426 135**	**119 116**	**9 855 331**	**31 400 582**

NET BANKING INCOME FROM RELATED PARTIES

2023

(in EUR thousand)	Headquarter	Subsidiaries	Other related parties	Total
Interest and similar income	56 466	(1 590)	(365 689)	**(310 813)**
Fees	(3 581)	11 892	(20 387)	**(12 076)**
Net gains and losses from financial transactions	(24 673)	(1)	187 097	**162 423**
Income from other activities	1 134	-	-	**1 134**
Net banking income	**29 346**	**10 301**	**(198 979)**	**(159 332)**
General Administrative expense	(43 610)	1 146	(10 636)	**(53 100)**
Gross operating income	**(14 264)**	**11 447**	**(209 615)**	**(212 432)**
Cost of risk	-	-	-	**-**
Operating income	**(14 264)**	**11 447**	**(209 615)**	**(212 432)**
Consolidated Net Income before tax	**(14 264)**	**11 447**	**(209 615)**	**(212 432)**
Tax expenses	-	-	-	**-**
Consolidated Net Income	**(14 264)**	**11 447**	**(209 615)**	**(212 432)**

2022 R

(in EUR thousand)	Headquarter	Subsidiaries	Other related parties	Total
Interest and similar income	6 867	1 112	(60 358)	**(52 379)**
Fees	(16 516)	11 536	(18 446)	**(23 426)**
Net gains and losses from financial transactions	279 962	-	81 753	**361 715**
Income from other activities	1 716	2 601	-	**4 317**
Net banking income	**272 029**	**15 249**	**2 949**	**290 227**
General Administrative expense	(46 669)	2 035	(9 973)	**(54 607)**
Gross operating income	**225 360**	**17 284**	**(7 024)**	**235 620**
Cost of risk	-	-	-	**-**
Operating income	**225 360**	**17 284**	**(7 024)**	**235 620**
Consolidated Net Income before tax	**225 360**	**17 284**	**(7 024)**	**235 620**
Tax expenses	**-**	**-**	-	**-**
Consolidated Net Income	**225 360**	**17 284**	**(7 024)**	**235 620**

COMMITMENTS TO RELATED PARTIES

	12.31.2023			
(in EUR thousand)	Headquarter [1]	Subsidiaries	Other related parties	Total
Commitments granted	8 022 888	-	90 998	**8 113 886**
Commitments received	13 884 345	-	811 744	**14 696 089**
Derivative financial assets commitments	5 689 064	-	112	**5 689 176**
Derivative financial liabilities commitments	5 689 670	-	-	**5 689 670**
TOTAL	**33 285 967**	**-**	**902 854**	**34 188 821**

(1) The commitments towards Headquarters include the fiduciary notes issued by the Group and disclosed in Note 3.10.

	12.31.2022 R			
(in EUR thousand)	**Headquarter** [1]	**Subsidiaries**	**Other related parties**	**Total**
Commitments granted	8 277 375	-	225 815	**8 503 190**
Commitments received	13 094 368	-	1 033 034	**14 127 402**
Derivative financial assets commitments	9 425 849	-	394	**9 426 243**
Derivative financial liabilities commitments	9 876 688	-	-	**9 876 688**
TOTAL	**40 674 280**	**-**	**1 259 243**	**41 933 523**

(1) The commitments towards Headquarters include the fiduciary notes issued by the Group and disclosed in Note 3.10.

EMPLOYEE BENEFITS FOR KEY MANAGEMENT PERSONNEL

Key management personnel include the authorized management of the Group, their respective spouses and any children residing in the family home, subsidiaries which are controlled either exclusively or jointly by the Group, and companies over which the Group exercises significant influence.

(in EUR thousand)	**12.31.2023**	**12.31.2022 R**
Short-term benefits	1 704	1 146
Post-employment benefits	-	3
Long-term benefits	167	215
Share-based payments	315	159
Total	**2 186**	**1 523**

Share-based payments are deferred payments in actions from Societe Generale Group.

NOTE 9 – NOTE ON RISK EXPOSURES

The understanding, identification, mitigation and management of risk are essential elements for the successful management of the Group. The Group deployed a strategy to ensure the implementation of robust and efficient risk management and monitoring organization where the main objective is:

- to contribute to the development of the Group's business lines by optimizing the overall profitability in consideration of assumed risks;
- to ensure the Group's sustainability by rolling out a high-performance organization for the analysis, valuation and monitoring of risks: global risk policies and procedures define the framework for controlling all types of risks by describing the methods used, defining limits, as well as setting escalation procedures;
- to provide the Authorized Management and the Board of Directors with a comprehensive, objective and relevant overview of the risks;
- to design dedicated risk monitoring reports sent and presented to the Chief Risk Officer (CRO) on a regular basis;
- to ensure that the risk limits are compatible with the Group's strategy, business model and structure through an effective risk appetite framework, which defines the level of risk the Group is willing to take in order to achieve its strategic and financial goals;
- to ensure compliance with banking regulation requirements by submitting regular reports to the regulators (CSSF, ECB, EBA and BCL), taking part in regulatory discussions and analyzing all new requirements related to risk management that could affect the regulatory monitoring of the Group's activities.

The governance of risk management relies on an active involvement from all the company's managers, a clear and well-defined structure of internal rules, procedures and, monitoring actions, performed by independent operational management teams, to structure the underwriting of new risks.

SG Luxembourg's Enterprise Risk Committee, chaired by the Chief Executive Officer, meets quarterly to review risk management and, if necessary, to determine whether to accept risks or to decide how to manage them.

It aims to:

- inform the Executive Management about the nature and magnitude of the risks to which the Group is exposed and to provide analyses of the credit portfolio on a periodic basis;
- find possible remedial measures for identified risks;
- examine provisions from a prudential perspective;
- report on the progresses of each Risk Department initiatives finalized to manage each counterparty, market, credit and operational risk.

To reflect a proper management of risk and develop an integrated risk culture, the Group has set up an effective Risk Management organization, encompassing the relevant risks coming from its activities.

The overall Risk Management framework remains under the CRO's responsibility, who is responsible for providing any relevant information on risks to the Authorized Management.

The CRO delegates the day-to-day supervision of the department to the Head of the Group's Risk Management.

Note 9.1. – Credit risk

Credit risk is defined by the Group as the risk of loss resulting from the inability of the Group's customers, sovereign issuers or other counterparties to honor their financial commitments. This risk may be further amplified by individual, country and sector concentration. It includes:

- the risk linked to securitisation activities;
- the underwriting risk which is the risk of loss arising from debt syndication activities where the Group fails to meet its final take target due to market conditions, inaccurate analysis of investor's demand, miscalculated credit profile or credit deterioration of the borrower during the syndication phase of the loan/the bond.

It also includes the counterparty risk relating to the market activities conducted by the Group entities.

The Group has established a Global credit risk policy covering all of its activities that specified the risk tolerance of the various business lines and establishes a number of common principles relating to the acceptance and monitoring of risk. This policy has been validated by the Group's Board of Directors.

The risks approval complies with rules common to all business lines:

- all transactions resulting in a counterparty risk, are subject to a prior analysis, finalized to credit risk monitoring and to an authorization process;
- the Group's internal organization makes appropriate arrangements to monitor clients' creditworthiness;
- with the support from their associated risk departments, the business lines are responsible for analyzing and approving risk insofar as their delegations of authority permit;
- the comparison of the commercial interest, driven by a profitability/risk pairing on the one hand, and the independent opinion of the risk departments on the other hand, supports the decision-making. In the event of a disagreement between the parties, the decision is subject to an arbitration process;
- all decisions in respect of the granting of credit must automatically take into account the risk ratings attributed internally to the counterparties, communicated by the business lines and approved by the SG Luxembourg Group's risk management team.

Private Banking division loans are predominantly granted to Ultra High Networth clients who hold assets with this department, or prospect to have a significant potential development for Private Banking division target. The credit approach relies on the assessment of the ability of the debtor to repay on time (and more generally to meet its obligations under the credit documentation), on the economical rationale of the proposed transaction, on the appraisal of the collateral and finally on the Group's operational capacity to track changes in each loan's collateral. Loan to Value is determined by applying haircuts to the value of the collateral that are based on its quality, liquidity, volatility, and the diversity of its assets. The Group implements a daily monitoring mechanism for detecting deterioration in collateral and defining, with its clients, measures for regularizing shortfalls.

For corporate and institutional clients, the acceptance of any credit commitment is based on a credit application including a detailed analysis of financial performance of the client and of the purpose, the structure and the sources of debt repayment.

In a credit transaction, risk acceptability is based, first, on the borrower's ability to meet its commitments and so to repay its debt, through the cash flows. For medium and long-term operations, the funding duration must remain compatible with the economic life of the financed asset and the visibility horizon of the borrower's cash flow.

The Group has specific credit policies and/or limits for sectors or types of credit transactions which have a specific or intrinsically higher concentration risk profile. In addition, certain types of transactions benefit from the expertise off specialized business line teams within Societe Generale Group (in particular: LBOs, financing of real estate professionals, securitization, hedge fund transactions, commodities trade financing, aircraft and shipping, and project financing).

A Credit Committee, chaired by an approved member from SG Luxembourg's General Management, approves the Group's main exposures within the limits of the Committee's delegated responsibilities. The Risk Department is responsible for monitoring exposure, compiling reports and when necessary issuing alerts as well as for the regular update of analyses.

1. CREDIT RISK CONSIDERATIONS UNDER IFRS 9

ESTIMATING EXPECTED CREDIT LOSSES

The Group is exposed to counterparty and concentration risks, which may have a material adverse effect on the Group's business, economic results and financial position. The Group is exposed to credit risk with respect to numerous counterparties in the ordinary course of its trading, lending, issuing and deposit-taking, clearing, settlement and other activities. These counterparties include, among others, institutional clients, brokers and dealers, commercial and investment banks, corporates, clearing houses, hedge funds, and sovereign states. The Group may realise losses if a counterparty defaults on its obligations, if the Group encounters legal or other difficulties in enforcing its collateral or/and if the value of the collateral is not sufficient to fully recover the exposure.

In order to protect itself, the Group performs hedging activities and other risk management strategies also through transactions with financial services counterparties. Any default or insolvency on the part of these counterparties may impair the effectiveness of the Group's hedging and risk management strategies.

Following the financial crisis, regulators have encouraged or imposed the mandatory netting of certain financial instruments formerly traded over-the-counter. This has increased the exposure of the Group and of other financial market participants to clearing houses: the default of any one of them or of one of their members could affect the financial markets and could have negative consequences for the Group.

Consequently, the default of one or more significant counterparties of the Group could have a material adverse effect on the Group.

This risk is increased if exposures are concentrated on a particular counterparty, borrower or issuer (including sovereign issuers), or on a particular country or industry. The devices and methods the Group uses to ensure the diversification of its credit and counterparty risks, could be insufficient or defective in preventing the concentration of credit risk. Such a concentration could result in losses for the Group, even when economic and market conditions are generally favourable for its competitors and may have a material adverse impact.

The Group's results of operations and financial position could be adversely affected by a late or insufficient provisioning of credit exposures.

The Group regularly records provisions for loan losses on its lending activities in order to anticipate as much as possible the occurrence of such losses and moderate the volatility of its results. The amount of loan provisions is based on the most accurate assessment to date of it's recoverability. This assessment relies on an analysis of the current and prospective situation of the borrower as well as an analysis of the value and recoverability of the debt, taking into account any security interests. In some cases (loans to individual customers), the provisioning method may be based on the use of statistical models and of loss and historical data.

The Group could be required to substantially increase its loan provision, following an increase in defaults or a re-evaluation of recovery prospects.

Since January 1, 2018, the Group has been recording provisions on performing loans under the IFRS 9 accounting standard. This assessment is based on probabilities of default statistical models on default potential losses, which take into account a prospective analysis based on macroeconomic scenarios. The Group's cost of risk could be negatively impacted by a proven or anticipated deterioration in the quality of the outstanding loan portfolios or macroeconomic prospects. In addition, IFRS 9 accounting standard principles and provisioning models could be pro-cyclical in the event of a sharp and sudden deterioration in the environment or can generate enhanced volatility in the event of fluctuations in the economic prospects. This could lead to a significant and/or not fully anticipated change in the cost of risk and therefore in the Group's results.

Accounting policies which govern the outstandings to be provisioned as well as the principles for classification in stages of provisioning are described in Note 3.9.

2. RISK MEASUREMENT AND INTERNAL RATINGS

To calculate its capital requirements under the IRB method, the Group estimates its Risk-Weighted Assets (RWA) and the Expected Loss (EL) that may be incurred with regard the nature of the transaction, the quality of the counterparty and all measures taken to mitigate risk;

To calculate its RWA, the Group uses its own Basel parameters, which are estimated using its internal risk measurement system:

- the Exposure at Default (EAD) value is defined as the Group's exposure in the event that the counterparty should default. The EAD includes exposures recorded on the statement of financial position (loans, receivables, accrued income, market transactions, etc.), and a proportion of off-balance sheet exposures calculated using internal or regulatory Credit Conversion Factors (CCF);
- the Probability of Default (PD): the probability that a counterparty of the Group will default within one year;
- the Loss Given Default (LGD): the ratio between the loss incurred on an exposure in the event a counterparty defaults and the amount of the exposure at the time of the default.

The Group also takes into account:

- the impact of guarantees and credit derivatives, by substituting the PD, the LGD and the risk-weighting calculation of the guarantor for that of the obligor (the exposure is considered to be a direct exposure to the guarantor) in the event that the guarantor's risk weighting is more favourable than that of the obligor;
- collateral used as guarantees (physical or financial). This impact is factored in either at the level of the LGD models for the pools concerned or on a line-by-line basis.

ANALYSIS OF GROSS OUTSTANDINGS AND PROVISIONS FOR CREDIT RISK

The following tables detail the outstandings provisioned (balance sheet and off-balance sheet) subject to impairment in accordance with IFRS 9 provisions by stage.

The perimeter includes:

- securities (excluding securities received under repurchase agreements), customer loans and due from banks measured at amortised cost;
- financing and guarantee commitments.

TABLE 1: BASEL PORTFOLIO BREAKDOWN OF PROVISIONED OUTSTANDINGS

	12.31.2023				12.31.2022 R			
(in EUR thousand)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Sovereign	1 007	-	-	**1 007**	4 281	-	-	**4 281**
Institutions	23 683 190	-	-	**23 683 190**	22 624 360	-	-	**22 624 360**
Corporates	28 022 450	719 727	172 524	**28 914 701**	28 660 790	992 958	419 778	**30 073 526**
Retail	3 488 985	107 330	74 792	**3 671 107**	3 751 609	64 484	52 447	**3 868 540**
Total	**55 195 632**	**827 057**	**247 316**	**56 270 005**	**55 041 040**	**1 057 442**	**472 225**	**56 570 707**

Institutions are credit institutions (such as banks) or an investment firms (professional entities of financial sector).

Sovereign means nations and governments as well as agencies and entities owned by governments and central banks.

Corporates are companies and entities with legal personality and a defined purpose among various activity sectors, and different from institutions.

Retail are single persons, group of persons or small or medium size enterprise acting for their own.

TABLE 2: GEOGRAPHICAL BREAKDOWN OF PROVISIONED OUTSTANDINGS BASED ON THE TAX RESIDENCY

	12.31.2023				12.31.2022 R			
(in EUR thousand)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Luxembourg	9 060 481	200 994	10 050	**9 271 525**	9 414 740	239 004	19 534	**9 673 278**
Africa and Middle East	1 599 546	2 023	10 674	**1 612 243**	1 912 386	99 138	5 801	**2 017 325**
Asia Pacific	380 913	16 657	-	**397 570**	616 780	-	-	**616 780**
Eastern Europe (excluding EU)	121 086	100 653	68 639	**290 378**	26 991	331 352	227 033	**585 376**
Eastern Europe EU	55 392	0	-	**55 392**	21 977	-	-	**21 977**
Latin America and Caribbean	1 511 258	-	53 112	**1 564 370**	1 922 311	24 583	51 538	**1 998 432**
North America	1 249 074	103 362	-	**1 352 436**	1 776 149	-	-	**1 776 149**
Western Europe (excluding Luxembourg)	41 217 882	403 368	104 841	**41 726 091**	39 349 706	363 365	168 319	**39 881 390**
Total	**55 195 632**	**827 057**	**247 316**	**56 270 005**	**55 041 040**	**1 057 442**	**472 225**	**56 570 707**

TABLE 3: BASEL PORTFOLIO BREAKDOWN OF PROVISIONS AND IMPAIRMENT FOR CREDIT RISK

	12.31.2023				12.31.2022 R			
(in EUR thousand)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Sovereign	0	-	-	**0**	1	-	-	**1**
Institutions	688	-	-	**688**	717	-	-	**717**
Corporates	16 944	37 315	18 233	**72 492**	17 505	133 070	70 808	**221 383**
Retail	6 002	241	19 910	**26 153**	6 050	232	12 095	**18 377**
Total	**23 634**	**37 556**	**38 143**	**99 333**	**24 273**	**133 302**	**82 903**	**240 478**

TABLE 4: GEOGRAPHICAL BREAKDOWN OF PROVISIONS AND IMPAIRMENT FOR CREDIT RISK BASED ON THE TAX RESIDENCY

	12.31.2023				12.31.2022 R			
(in EUR thousand)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Luxembourg	4 988	14 193	4 802	**23 983**	2 865	26 013	4 362	**33 240**
Africa and Middle East	454	11	3 819	**4 284**	460	41	3 695	**4 196**
Asia Pacific	137	11	-	**148**	98	-	-	**98**
Eastern Europe (excluding EU)	4	21 739	5 917	**27 660**	16	69 132	46 101	**115 249**
Eastern Europe EU	12	-	-	**12**	8	-	-	**8**
Latin America and Caribbean	137	-	-	**137**	219	43	5 128	**5 390**
North America	209	575	-	**784**	367	-	-	**367**
Western Europe (excluding Luxembourg)	17 693	1 027	23 605	**42 325**	20 240	38 073	23 617	**81 930**
Total	**23 634**	**37 556**	**38 143**	**99 333**	**24 273**	**133 302**	**82 903**	**240 478**

TABLE 5: PROVISIONED OUTSTANDINGS, PROVISIONS AND IMPAIRMENT FOR CREDIT RISK BY RATING OF COUNTERPARTY

	12.31.2023							
	Provisioned outstandings				**Impairment and Provisions**			
(in EUR thousand)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1	3 800	20	-	**3 820**	-	-	-	**-**
2	655 000	-	-	**655 000**	17	-	-	**17**
3	26 014 700	-	-	**26 014 700**	592	-	-	**592**
4	2 930 573	-	-	**2 930 573**	906	-	-	**906**
5	2 711 346	29 083	-	**2 740 429**	2 361	476	-	**2 837**
6	195 068	403 235	-	**598 303**	905	36 353	-	**37 258**
7	13 779	-	-	**13 779**	-	-	-	**-**
Default (8,9,10)	-	-	247 316	**247 316**	-	-	38 143	**38 143**
Other method [(1)]	22 671 366	394 719	-	**23 066 085**	18 853	727	-	**19 580**
Total	**55 195 632**	**827 057**	**247 316**	**56 270 005**	**23 634**	**37 556**	**38 143**	**99 333**

(1) Other method corresponds mainly to the retail methodology described in Note 9.1.

	12.31.2022 R							
	Provisioned outstandings				Impairment and Provisions			
(in EUR thousand)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	622	-	-	**622**	-	-	-	**-**
2	898 724	-	-	**898 724**	25	-	-	**25**
3	26 851 506	-	-	**26 851 506**	634	45	-	**679**
4	3 117 769	159 470	-	**3 277 239**	706	412	-	**1 118**
5	1 853 773	72 312	-	**1 926 085**	2 206	14 625	-	**16 831**
6	69 259	689 900	-	**759 159**	1 083	116 906	-	**117 989**
7	272	6 432	-	**6 704**	-	655	-	**655**
Default (8,9,10)	-	-	472 225	**472 225**	-	-	82 903	**82 903**
Other method (1)	22 249 115	129 328	-	**22 378 443**	19 619	659	-	**20 278**
Total	**55 041 040**	**1 057 442**	**472 225**	**56 570 707**	**24 273**	**133 302**	**82 903**	**240 478**

TABLE 6: PROVISIONED OUTSTANDINGS, PROVISIONS AND IMPAIRMENT FOR CREDIT RISK BY SECTOR

	12.31.2023							
	Provisioned outstandings				Impairment and Provisions			
(in EUR thousand)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Central administrations	1 007	-	-	**1 007**	-	-	-	**-**
Credit institutions	23 683 190	-	-	**23 683 190**	688	-	-	**688**
Other financial corporations	16 388 136	9 438	10 048	**16 407 622**	2 522	71	4 850	**7 443**
Non-financial corporations(1)	11 634 314	710 289	162 476	**12 507 079**	14 422	37 244	13 383	**65 049**
Retail customers	3 488 985	107 330	74 792	**3 671 107**	6 002	241	19 910	**26 153**
Total	**55 195 632**	**827 057**	**247 316**	**56 270 005**	**23 634**	**37 556**	**38 143**	**99 333**

(1) Detail of non-financial corporations:

(in EUR thousand)	12.31.2023
Mining and quarrying	437 801
Manufacturing	880 941
Electricity, gas, steam and air conditioning supply	199 380
Water supply	20 112
Construction	186 305
Wholesale and retail trade	682 301
Transport and storage	938 032
Accommodation and food service activities	225 275
Information and communication	73 074
Real estate activities	533 987
Professional, scientific and technical activities	564 951
Administrative and support service activities	4 494 605
Others services	3 270 315
Total	**12 507 079**

	12.31.2022 R							
	Provisioned outstandings				Impairment and Provisions			
(in EUR thousand)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Central administrations	4 281	-	-	**4 281**	1	-	-	**1**
Credit institutions	22 624 362	-	-	**22 624 362**	717	-	-	**717**
Other financial corporations	14 804 461	11 428	10 536	**14 826 425**	2 191	715	757	**3 663**
Non-financial corporations[1]	13 856 329	981 531	409 241	**15 247 101**	15 314	132 353	70 050	**217 717**
Retail customers	3 751 609	64 484	52 447	**3 868 540**	6 050	232	12 095	**18 377**
Total	**55 041 042**	**1 057 443**	**472 224**	**56 570 709**	**24 273**	**133 300**	**82 902**	**240 475**

(1) Detail of non-financial corporations:

(in EUR thousand)	**12.31.2022 R**
Mining and quarrying	725 578
Manufacturing	1 469 288
Electricity, gas, steam and air conditioning supply	382 279
Water supply	-
Construction	153 027
Wholesale and retail trade	395 101
Transport and storage	1 192 127
Accommodation and food service activities	262 960
Information and communication	205 776
Real estate activities	564 168
Professional, scientific and technical activities	728 933
Administrative and support service activities	5 595 106
Others services	3 572 758
Total	**15 247 101**

TABLE 7: PROVISIONING OF DOUBTFUL LOANS

(in EUR thousand)	**12.31.2023**	**12.31.2022**
Gross book outstandings	56 270 005	56 570 707
Doubtful loans	247 316	472 225
GROSS DOUBTFUL LOANS RATIO	**0,4%**	**0,8%**
Stage 1 provisions	23 634	24 273
Stage 2 provisions	37 556	133 302
Stage 3 provisions	38 143	82 903
GROUP GROSS DOUBTFUL LOANS COVERAGE RATIO (STAGE 3 PROVISIONS / DOUBTFUL LOANS)	**15%**	**18%**

Scope: customer loans, amounts due from banks, operating leases, lease financing and similar agreements.

3. ANALYSIS OF MAXIMUM CREDIT RISK EXPOSURE

The following table shows the maximum exposure to credit risk by class of financial asset and commitment. It also shows the total collateral fair value.

Any collateral surplus (fair value of collateral held is greater than the exposure to which it relates) is not presented.

	12.31.2023		12.31.2022 R	
(in EUR thousand)	**Credit risk exposures**	**Collateral**	**Credit risk exposures**	**Collateral**
Financial assets at fair value through profit or loss	-	-	-	-
Hedging derivatives	156 525	-	217 206	-
Financial assets at fair value through other comprehensive income	1 539 911	96 202	2 067 407	158 321
Securities at amortised cost	9 953 229	9 317 315	9 291 435	8 697 121
Due from banks at amortised cost [1]	23 067 296	2 408 383	21 990 338	2 178 874
Customer loans at amortised cost [2]	17 633 172	15 377 108	19 965 886	17 043 806
Other assets	117 992	-	122 450	-
Total	**52 468 125**	**27 199 008**	**53 654 721**	**28 078 122**
Loan commitments	4 432 441	1 686 224	4 045 213	1 599 900
Financial guarantees	1 086 142	315 848	1 021 585	130 789
Other commitments	266 127	-	68 162	-
Total	**5 784 710**	**2 002 072**	**5 134 960**	**1 730 689**

(1) Below is detailed the financial effect of the collateral related to due from banks at amortised cost as of December 31:

DUE FROM BANKS AT AMORTISED COST

(in EUR thousand)	12.31.2023	12.31.2022 R
Other collateralized loans	**2 343 355**	**2 178 860**
Cash	*2 170 772*	*2 061 339*
Other	*172 583*	*117 521*
Financial guarantees received	**65 028**	**14**

(2) Below are detailed the financial effect of the collateral related to customers loans at amortised cost as of December 31:

CUSTOMERS LOANS AT AMORTISED COST

(in EUR thousand)	12.31.2023	12.31.2022 R
Mortgage loans	**3 073 106**	**3 044 988**
Residential	*2 715 950*	*2 745 841*
Commercial	*357 156*	*299 147*
Other collateralized loans	**6 325 086**	**6 140 244**
Cash	*2 367 377*	*2 179 743*
Others	*3 957 709*	*3 960 501*
Financial guarantees received	**5 978 916**	**7 858 574**
Total	**15 377 108**	**17 043 806**

COLLATERAL AND OTHER CREDIT ENHANCEMENTS

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty.

Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are the following:

- for securities lending and reverse repurchase transactions, cash or securities;
- for commercial lending, charges over real estate properties, inventory and trade receivables;
- for retail lending, mortgages over residential properties.

The Group also obtains guarantees from parent companies for loans to their subsidiaries.

For securities collateral, a loan to Value is determined by applying discounts to the value of the surety based on its quality, liquidity, volatility, and the diversity of its assets.

The Risk department monitors the market value and the loanable value of collateral and can request additional collateral in accordance with the underlying agreement.

For real estate, the Societe Generale Group obtains a detailed real estate expert appraisal, including market analysis by an independent company for all financing of more than 3 M€ for residential real estate and 1 M€ for commercial real estate. A loan to value is also determined, generally between 30 and 85% depending on the type of credit and the location. The location of the assets is limited to the following countries: France, Monaco, Switzerland, Luxembourg, and the UK and on a punctual and on a case-by-case basis: Italy, Spain, Germany.

In its normal course of business, the Group does not physically retain properties or other assets in its retail portfolio, but engages external agents to recover funds generally at the auctions to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the consolidated statement of financial position and treated as non-current held for sale.

CREDIT QUALITY OF FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR INDIVIDUALLY IMPAIRED

The Societe Generale Group records Expected Credit Losses on financial assets, financial guarantees and other financial commitments on the basis of Societe Generale Group calculation rules defined in Note 3.9. The Societe Generale Group determines that “individually impaired” financial assets refer mainly to financial assets classified in Stage 3 under IFRS 9.

ANALYSIS OF RISK EXPOSURE BY RATING

On the Corporate portfolio, the Societe Generale Group manages the credit quality of financial assets using internal risk ratings. It is the Societe Generale Group’s policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all business lines, geographic regions, sectors and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk.

All internal risk ratings are tailored to the various categories and are derived in accordance with the Societe Generale Group’s rating policy.

Internal rating is based on a detailed analysis of qualitative and financial information of the counterparty, the economic, sector or juridical background, etc.

The internal ratings are regularly assessed and reviewed by the Risk Division.

The rating determines the level of probability of default of the counterparty and is directly influenced by the level of risk weight. There’s a correspondence between internal and external ratings (see table hereafter).

Counterparty internal rating	Indicative equivalent FitchRatings	Indicative equivalent Moody’s	Indicative equivalent S&P	Probability of Default (one year)
1	AAA	Aaa	AAA	0.01%
2	AA+ à AA-	Aa1 à Aa3	AA+ à AA-	[0.01% -0.03%]
3	A+ à A-	A1 à A3	A+ à A-	[0.03% -0.09%]
4	BBB+ à BBB-	Baa1 à Baa3	BBB+ à BBB-	[0.09% -0.74%]
5	BB+ à BB-	Ba1 à Ba3	BB+ à BB-	[0.74% -3.88%]
6	B+ à B-	B1 à B3	B+ à B-	[3.88% -12.79%]
7	CCC+ à CCC-	Caa1 à Caa3	CCC+ à CCC-	[12.79% -100%]
8, 9 and 10	CC and below	Ca and below	D and below	100%

On the Private Banking portfolio, the approach is based on the collateral and the Societe Generale Group's operational capacity to track changes in each loan's collateral. Loan to Value is determined by applying haircuts to the value of the surety based on its quality, liquidity, volatility, and the diversity of its assets.

The Societe Generale Group implemented a monitoring mechanism for detecting any deterioration in collateral and defining, through its credit policy, measures for making up insufficient margins.

As of December 31, 2023 and December 31, 2022 the breakdown of EAD by the Basel method is as follows

	12.31.2023	12.31.2022 R
IRBA	97%	97%
Standard	3%	3%
Total	**100%**	**100%**

4. QUALITY OF FINANCIAL ASSETS

PAST DUE AND IMPAIRED LOANS AND ADVANCES

12.31.2023

	Past due but not impaired assets		
(in EUR thousand)	**≤ 30 days**	**> 30 days ≤ 90 days**	**Unlikely to pay or ≤ 90 days**
Credit Institutions	-	-	-
Other financial corporations	2 008	-	-
Non financial Corporations	3 659	44 029	54 974
Households	16 204	10 707	27 219
Total	**21 871**	**54 736**	**82 193**

12.31.2022 R

	Past due but not impaired assets		
(in EUR thousand)	**≤ 30 days**	**> 30 days ≤ 90 days**	**Unlikely to pay or ≤ 90 days**
Credit Institutions	-	-	4
Other financial corporations	243	4 000	-
Non financial Corporations	59 596	13 084	174 131
Households	7 632	12 337	18 542
Total	**67 471**	**29 421**	**192 677**

GUARANTEES HELD FOR PAST DUE OR INDIVIDUALLY IMPAIRED ASSETS AND DEBT INSTRUMENTS

(in EUR thousand)	**12.31.2023**	**12.31.2022 R**
Past due	76 607	96 891
Impaired	247 316	472 225
Total	**323 923**	**569 116**

5. COLLATERAL OR OTHER CREDIT ENHANCEMENTS OBTAINED BY TAKING POSSESSION OF THE GUARANTEE HELD

The carrying value of assets obtained during the period by taking possession of the guarantees held is:

(in EUR thousand)	**12.31.2023**	**12.31.2022 R**
Mortgage	4 714	25 983
Total	**4 714**	**25 983**

Credit impaired assets						Guarantees held for past due or individually impaired assets and debt instruments
> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total Past Due but not impaired and Credit Impaired Assets	Gross carrying amount financial assets	
-	-	-	-	**-**	-	-
-	-	10 048	-	**12 056**	10 048	7 116
7 649	14 743	81 156	3 954	**210 164**	162 476	313 967
13 986	6 007	15 052	12 528	**101 703**	74 792	77 929
21 635	**20 750**	**106 256**	**16 482**	**323 923**	**247 316**	**399 012**

Credit impaired assets						Guarantees held for past due or individually impaired assets and debt instruments
> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total Past Due but not impaired and Credit Impaired Assets	Gross carrying amount financial assets	
-	-	-	-	**4**	4	-
-	500	10 032	-	**14 775**	10 532	13 769
4	192 639	38 516	3 952	**481 922**	409 243	296 539
-	14 268	8 647	10 989	**72 415**	52 446	45 407
4	**207 407**	**57 195**	**14 941**	**569 116**	**472 225**	**355 715**

6. RESTRUCTURED DEBT

Group “restructured” debt refers to loans whose amount term or financial conditions have been contractually modified due to the borrower’s insolvency (whether insolvency has already occurred or will definitely occur unless the debt is restructured). The Societe Generale Group aligned its definition of restructured loans with the EBA definition.

(in EUR thousand)	**12.31.2023**	**12.31.2022 R**
Non-performing restructured debt	7 128	5 582
Performing restructured debt	473 708	327 072
Total	**480 836**	**332 654**

Note 9.2. – Market risk

1. GENERAL

Market risk is defined as the risk of loss due to unfavorable movements in market factors such as interest rates share prices or currency exchange rates impacting the value of the Group’s proprietary positions.

Although the primary responsibility of the monitoring of risks lies down with the managers of the trading rooms (Front Office) the organization of the supervision relies on the independent structures which in particular are in charge of:

- the calculation on a daily basis of market risks based on a formal and secure procedure;
- the daily monitoring of compliance with the limits notified for each activity;
- the preparation of a daily report on the use of the limits sent to the general management of the entities related to the front office and to the SG Luxembourg Group’s market risk department.

The Group's market risk assessment is based on daily indicators which are used to define exposure limits:

- 99% Value at Risk (VaR) and Stressed Value-at-Risk (SVaR) in accordance with the internal regulatory model used to calculate capital: synthetic indicator for day-to-day monitoring of market risks incurred by SG Luxembourg as part of its trading activities. The "historical simulation" method takes into account shocks and correlations between various markets using a one-day horizon calculated on a rolling one-year basis (for the VaR) and on a stresses annual window chosen a long-term period (for the SVaR);
- The stress testing is based on ten-year risk indicators. Stress testing makes it possible to limit exposure to systemic risks and to cases of exceptional market shock. A stress test estimates the loss resulting from an extreme shift in market prices over a period corresponding to the time required to unwind or hedge the positions affected (5 to 20 days for most trading positions). This estimate uses historical scenarios as well as theoretical scenarios that are regularly reviewed and updated by the SG Luxembourg Group Risk Division. At the end of the most recent review the stress test used 12 scenarios (3 historical and 9 theoretical);
- additional indicators (in sensitivity nominal holding or modify duration etc.) enable to ensure consistency between the overall risk limits and the operational thresholds used by the Front Office. These limits also allow mitigating the risks which would only partially be caught by the "VaR" or stress testing.

MEASUREMENT OF MARKET RISK AND DEFINITION OF LIMITS

Market risk is managed through procedures that explain how and when to activate and monitor limits for SG Luxembourg independently and for its subsidiaries.

Although primary responsibility for risk monitoring naturally falls into front office managers the oversight mechanism also relies on independent structures.

From an organizational viewpoint responsibility for managing market risk within SG Luxembourg Group is distributed as follows:

- Societe Generale Group's Market Risk Department establishes the risk measurement methods and control procedures, centrally handles Societe Generale Group's market risk reporting examines and validates the limits requests from the various activities.
- The entities of SG Luxembourg Group bearing market risk (SG Luxembourg and SGPB Suisse) have a dedicated risk, independent from the business lines, in charge of managing risks resulting from market activities. The daily market risk calculation and monitoring and the limits and methodologies validation are under the accountability of the Risk department.

Market risk management is based on a combination of several types of indicators:

- The internal VaR model was introduced at the end of 1996 and has been approved by the French supervisor within the scope of the regulatory capital requirements. This approval was renewed in 2020 at the Target Review of Internal Models (TRIM). The Value at Risk (VaR) assesses the potential losses on positions over a defined time horizon and for a given confidence interval (99% for Societe Generale). The method used is the "historical simulation" method, which implicitly takes into account the correlation between the various markets, as well as general and specific risk. It is based on the following principles:
  - storage in a database of the risk factors that are representative of the Group's positions (i.e. interest rates share prices. Controls are regularly performed in order to check that all major risk factors for the trading portfolio of the Group are taken into account by the internal VaR model;
  - definition of 260 scenarios corresponding to one-day variations in these market parameters over a rolling one-year period: these scenarios are updated daily with the inclusion of a new scenario and the removal of the oldest scenario. There are three coexisting methods for modeling scenarios (relative shocks, absolute shocks and hybrid shocks), the choice between these methods for a given risk factor is determined by its nature and its historical trend;
  - the application of these 260 scenarios to the market parameters of the day;
  - revaluation of daily positions on the basis of the 260 sets of adjusted market parameters: in most cases, this calculation involves a full re-pricing. Nonetheless, for certain risk factors, a sensitivity-based approach may be used.

Within the framework described above, the one-day 99% VaR, calculated according to the 260 scenarios, corresponds to the weighted average of the second and third largest losses computed, without applying any weighting to the other scenarios.

The relevance of the model is checked through ongoing backtesting in order to verify whether the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval.

- The Stressed VaR (SVaR) model was introduced at the end of 2021 and has been approved by the Regulator within the scope of the regulatory capital requirements on the same scope as the VaR. As with the VaR model, this approval was renewed in 2020 at the Target Review of Internal Models (TRIM). The calculation method used for the 99% one-day SVaR is the same as the one for VaR. It consists in carrying out an historical simulation with one-day shocks and a 99% confidence interval. SVaR uses a fixed one-year historical window of scenarios corresponding to a period of significant financial tension.
- The Market Stress Test focuses on market risk and estimates the loss resulting from shocks on the set of risk factors. This stress test is based on 12 scenarios (3 historical and 9 hypothetical). The main principles are as follows:
  - The scenario considered in the market stress test is the worst of the different scenarios defined;
  - The shocks applied are calibrated on time horizons specific to each risk factor (the time horizon can range from five days for the most liquid risk factors to three months for the least liquid);

- Risks are calculated every day for each of the Group's market activities (all products together), using each of the historical and hypothetical scenarios.
- **Historical scenarios:** this method consists of an analysis of the major economic crises that have affected the financial markets: changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, etc.) during each of these crises have been analysed in order to define scenarios for potential variations in these main risk factors which, when applied to the Bank's trading positions, could generate significant losses. Accordingly, this approach makes it possible to determine the historical scenarios used for the calculation of the stress test. This set of scenarios is also the subject of regular reviews. In 2020, 2 new historical scenarios related to the Covid-19 crisis were integrated: a crisis scenario (marked by a decline in equity indices and an increase in credit spreads) as well as a rebound scenario (marked by an increase in equity indices and a decrease in credit spreads). In 2023, the historical rebound scenario in financial markets observed in 2020 was replaced by two hypothetical scenarios based on the same market context. Societe Generale Group is currently using 3 historical scenarios in the calculation of the stress test, which cover the monthly periods of October 2008, December 2008 and March 2020.
- **Hypothetical scenarios:** the hypothetical scenarios are defined with the Group's economists and are designed to identify possible sequences of events that could lead to a major crisis in the financial markets (e.g. European crisis, a drop in assets, etc.). The Group's aim is to select extreme but plausible events which would have major repercussions on all international markets. Accordingly, Societe Generale has defined 9 hypothetical scenarios. In 2023, an obsolete scenario corresponding to the Russian crisis of 1998 was replaced by a new theoretical scenario centered on an inflationary crisis and 2 new hypothetical scenarios corresponding to bull markets were added.

- Risks are calculated daily for each market activity of the Societe Generale Group all products included. A limit in "stress-test" is set for the global activity of the Societe Generale Group;
- Different Stress test scenarios are subject to regular review and improvements from teams of economists of the Societe Generale Group.

These scenarios are supplemented by a set of adverse stress tests calculated by activity or risk factor to take extreme risks on a specific market into account (dislocation liquidity concentration etc.).

- An "Emerging Countries" stress test combining shocks calibrated to the history of fluctuations observed in the past. The calibration is created from the 99% quantile of the shock distribution by risk factor for each country. An aggregation by country region and worldwide is used to quantify the risk by geographical area. The Stress Test limit relates to the most sensitive area.
- "Sensitivity" and "nominal" indicators control position size: sensibilities are calculated using the major valuation risk factors (e.g. sensitivity of an option to changes in underlying asset prices); nominal values are used for risk significant.

2023 METRICS

SG Luxembourg	Limit (€k)	Average use (€k)	Number of overruns observed	Maximum use (€k)	Maximum period of overrun
VaR	250	3,86	-	13,86	N/A
SVaR	400	5,60	-	23,19	N/A
Stress Test	500	14,99	-	39,37	N/A
Emerging Stress Test	500	3,03	-	8,09	N/A
10bp sensitivity	15	0,05	-	0,23	N/A
Nominal FX Postion	2 000	79,05	-	441,20	N/A

2022 METRICS

SG Luxembourg	Limit (€k)	Average use (€k)	Number of overruns observed	Maximum use (€k)	Maximum period of overrun
VaR	250	5,43	-	16,84	N/A
SVaR	400	12,75	-	43,15	N/A
Stress Test	500	15,80	-	437,68	N/A
Emerging Stress Test	500	5,74	-	15,51	N/A
10bp sensitivity	15	0,51	-	0,86	N/A
Nominal FX Position	2 000	160,82	-	732,45	N/A

In 2023, the principal metrics levels, VaR, SVaR and Stress Test, remained low overall, way under the limits validated by the head office. These indicators never reached their limit in 2023.

2. INTEREST RATE RISK

Structural interest rate risk (also referred to as Interest Rate Risk in the Banking Book – "IRRBB") refers to the risk – current or prospective – to SG Luxembourg Group's equity and earnings (hence for the Net Present Value ("NPV") and the Net Interest Margin ("NIM")) posed by adverse movements in interest rates affecting the items comprising its banking book.

There are four main types of risk:

- rates level risk;
- curve risk, related to the term structure of the instruments in the banking book;
- optional risk arises from automatic options (typically caps and floors on the floating rate of a loan) and behavioral options (typically the right for a customer to prepay a fixed rate loan with no or fixed penalty);
- basis risk, related to the impact of relative changes in interest rates indices in statement of financial position and off-balance sheet items.

All four types of IRRBB may potentially affect the value or yield of interest-rate sensitive assets, liabilities and off-balance sheet items. Assets, liabilities and off-balance sheet items are analyzed through a static approach based on no commercial assumption. Instalments on the outstanding are calculated considering the contractual characteristics of the transactions and the results of modelling of client behavior (in particular for sight accounts, special savings plans and loan prepayments), as well as assumptions based on conventional scenarios for certain aggregates.

Main internal amortization standards are:

- For SG Luxembourg Group's own funds, the retained internal standard for amortization is based on the assumption that such items constitute long term fixed rate resources. The standard has been built on the assumption of a reinvestment every year of one tenth of the amount, on 10-year fixed rate instruments. The expected average replacement rate will then converge to the moving average over 10 years of 10-year rates.
- In connection with the above, this standard also applies to the subsidiaries own funds (with exceptions for shorter term structures) and the corresponding investment in such subsidiaries, as well as to provisions, intangible assets and goodwill. For intangible assets, the retained maturity is nevertheless capped to the remaining IFRS amortization schedule.

SG Luxembourg Group structural interest rate risk management primarily relies on the sensitivity of NPV of fixed-rate residual positions (excesses or shortfalls) to interest rate changes according to several interest rate scenarios.

Such NPV sensitivity captures the rates level risk, the curve risk and the optional risk:

- when automatic options are identified, their NPV is calculated with standard pricing tools;
- when behavioral options are modeled, the risk metrics include either their intrinsic values calculated as the NPV of the expected amortization modeled profile or the marked to market value calculated with specific pricing tools, thus including also the time value of the option.

The NPV is calculated by discounting actual principal cash flows as well as either actual or estimated coupons flows. When estimated, the coupons proxy is based on the interest rates levels as of the NPV calculation date. In any case, the coupons do not include any sales margin.

Thresholds/limits are defined on:

- Global (all currencies), as well as on major currencies, and on an aggregate (on all currencies not framed specifically)
- Four Group steering scenarios (2 business-as-usual and 2 under stress):
  - an immediate and parallel 10 bps rise in the yield curve;
  - an immediate and parallel 10 bps fall in the yield curve;
  - an immediate and parallel 100 bps rise in the yield curve
  - an immediate and parallel 100 bps fall in the yield curve.

Depending on the monitored currency and on the time bucket, the SG Luxembourg solo (as a main entity of the Group) thresholds and limits are validated either by the SG Luxembourg ALM Committee, the central Group ALM Risk department, or Societe Generale Group Risk Finance Committee, on a yearly basis. For the other entities within the consolidated perimeter of SG Luxembourg Group, the NPV sensitivity threshold and limits are set and approved by their respective BU ALCOs.

IRRBB risks being concentrated at SG Luxembourg standalone entity, the risk appetite at the consolidated level is identical to the NPV thresholds/limits notified at solo level and focused on the global (all currencies) NPV sensitivity. The sensitivity on a currency basis is monitored on a monthly basis and discussed during SG Luxembourg ALM Committee.

The current NPV sensitivity limits applicable to SG Luxembourg and the entities of its consolidated perimeter are presented in the table below (including limits as of Q4-23):

			Q4 2023			
			+10bps	-10bps	+100bps	-100bps
BU	Entity name	Currency	[0;end[	[0;end[	[0;end[	[0;end[
SG Lux	SG Luxembourg	EUR	-10.88	-10.88	-108.80	-108.80
		USD	-1.66	-1.66	-16.60	-16.60
		CHF	-1.25	-1.25	-12.50	-12.50
		Aggregate	-6.47	-6.47	-64.69	-64.69
		Global	-20.26	-20.26	-202.59	-202.59
PRIV	SG Private Banking Switzerland	EUR	-0.23	-0.23	-2.30	-2.30
		USD	-0.23	-0.23	-2.30	-2.30
		CHF	-0.45	-0.45	-4.50	-4.50
		Aggregate	-0.03	-0.03	-0.28	-0.28
	SG Private Banking Monaco	EUR	-0.22	-0.22	-2.20	-2.20
		USD	-0.07	-0.07	-0.70	-0.70
		Aggregate	-0.01	-0.01	-0.13	-0.13
	SG Private Wealth Management	-	Not monitored			
	SSG Life Insurance Broker	-	Not monitored			
MARK	Montalis Investment	EUR	Not monitored			
GLBA	SG Capital Market Finance	EUR	-0.5	-0.5	-5.00	-5.00
		Aggregate	-0.05	-0.05	-0.50	-0.50
	SG Financing and Distribution	EUR	-0.09	-0.09	-0.9	-0.9
		Aggregate	-0.05	-0.05	-0.5	-0.5
	SGBT Credit International	EUR	-0.13	-0.13	-1.30	-1.30
		Aggregate	-0.015	-0.015	-0.15	-0.15
	SGBT Asset Based Funding	EUR	-0.26	-0.26	-2.6	-2.6
		Aggregate	-0.03	-0.03	-0.3	-0.3
	SGBT Finance Ireland	EUR	Not monitored			
	Surya investment S.A	EUR	Not monitored			
	SG Luxembourg Leasing	EUR	Not monitored			
	IVEFI	EUR	-0.05	-0.05	-0.5	-0.5
	SG Luxembourg Credit Insurance S.A.	EUR	Not monitored			
ASSU	SG Ré	EUR	Not monitored			
	SGL Ré	EUR	Not monitored			
	Sogelife	EUR	-0.34	-0.34	-3.4	-3.4
		Aggregate	-0.006	-0.006	-0.063	-0.063

** Source: Rafal reports 7003*

The "Supervisory Outlier Test" ("SOT") as defined in EBA Regulatory Technical Standards on supervisory outlier tests, EBA/RTS/2022/10 is calculated on a quarterly basis and presented to SG Luxembourg ALM committee. This test is based on Economic Value of Equity ("EVE") sensitivity (the EVE being the NPV after exclusion of own funds, investments in subsidiaries and intangible assets):

- According to article 98(5) of Directive 2013/36/EU, the sensitivity under the 6 regulatory scenarios has to remain below 15% of Tier 1 capital.

The IRRBB is also measured by an income metric, the Net Interest Margin ("NIM") sensitivity. It measures the change in the net interest margin resulting from interest rate movements. The Net Interest Margin is computed as the difference between the interest revenues and expenses generated by assets and liabilities.

NIM sensitivity is computed based on a parallel shift of the whole yield curve of +/-10bp, a parallel shift of the whole yield curve of +/-200bp as well as based on the 6 EBA scenarios. The limit framework has been enhanced with the introduction of a set of limits for the NIM sensitivity over 1 and 2 years (+/- 10 bps and +/- 200bps scenarios) for SG Luxembourg solo with a monthly monitoring. Additionally, EBA Regulatory Technical Standards EBA/RTS/2022/10 introduced a SOT NII under 2 regulatory scenarios that should remain below 5% of Tier 1 capital.

The current limits applicable to SG Luxembourg solo is presented in the table below (including limits as of Q4-23):

NII - Limits in MEUR			+10bps		-10bps		+200bps		-200bps	
BU	Entity name	Currency	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
SG Lux	SG Luxembourg	Global	0.25	3.00	-7.75	-9.00	5.00	60.00	-155.00	-180.00

In accordance with guideline EBA/GL/2022/14, the Group has defined in 2023 a new metric that adds up to NIM sensitivity, called Market Value Change that applies to items recorded at Fair Value and consists of a sensitivity to a parallel shift of the whole yield curve of +/-10bp and +/-200 bps on those items.

The current limits applicable to SG Luxembourg solo is presented in the table below (including limits as of Q4-23):

MVC - Limits in MEUR			+10bps		-10bps		+200bps		-200bps	
BU	Entity name	Currency	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
SG Lux	SG Luxembourg	Global	-0.29	-0.15	-0.29	-0.15	-5.75	-3.00	-5.75	-3.00

3. CURRENCY RISK

Structural exchange risk is the risk that a loss occurs due to an unfavorable movement of the exchange rate that would affect the Group on existing foreign currencies opened positions.

Structural exchange rate risk is mainly caused by:

- foreign currency denominated capital contributions and equity investments financed through the purchase of foreign currencies;
- retained earnings in foreign subsidiaries;
- investments made for regulatory reasons by certain foreign subsidiaries in a currency other than what used for their equity funding.

OBJECTIVE OF THE GROUP

The Group's policy consists in calibrating the hedging of its net investments in foreign entities in such a way as to reduce the sensitivity of its Common Equity Tier 1 ratio to fluctuations in exchange rates as far as possible. To this end, it enters into hedging transactions to maintain a currency exposure reducing such sensitivity to within limits. The Group quantifies its exposure to structural foreign exchange rate risks by analyzing all assets and liabilities denominated in foreign currencies.

4. MEASUREMENT AND MONITORING OF STRUCTURAL FOREIGN EXCHANGE RATE RISKS

The Group settles many forward foreign exchange transactions that are systematically backed by spot transactions. The residual position on those operations corresponds to interests of the currency in which the forward operation has been concluded and therefore represents an interest rate position monitored by the treasury desk.

The structural currency risk is monitored through monitoring process of the market currency risk. Those monitoring processes cover both natures of currency risks. Please refer to Note 9.2 for more details on those risk monitoring processes.

5. SENSITIVITY OF THE PROFIT OF THE GROUP TO A 10% CURRENCY CHANGE

The table below presents the impact on the Group profit of a 10% currency depreciation or appreciation as at December 31, 2023 and December 31, 2022:

	12.31.2023		12.31.2022 R	
(in EUR thousand)	Effect on the profit of a 10% currency appreciation	Effect on the profit of a 10% currency depreciation	Effect on the profit of a 10% currency appreciation	Effect on the profit of a 10% currency depreciation
EUR	-	-	-	-
USD	156	(191)	(432)	528
GBP	16	(20)	50	(61)
JPY	(75)	92	(31)	38
AUD	(1)	1	(4)	5
CZK	(3)	4	(4)	5
RUB	(1)	1	(1)	1
RON	-	-	(2)	2
CHF	(6)	8	50	(61)
HKD	(1)	1	(6)	7
Others	(29)	35	(17)	21
Total	**56**	**(69)**	**(397)**	**485**

MONITORING OF FOREIGN CURRENCY RISK EXPOSURE

The Group sets an overnight global limit to EUR 2 million that breaks down as follows: the global limit and all specifics limits have been globally maintained compared to 2022. Currencies have been allocated by zones.

Currency	Limit
AUD	
CHF	
GBP	+/-1 MEUR
JPY	
USD	
CAD	
DKK	
NOK	+/-0.5 MEUR
NZD	
SEK	
SGD	

Currency	Limit
BRL	
CNY	
CZK	
HKD	
KRW	+/-0.5 MEUR
MXN	
PLN	
RMB	
RUB	
TRY	

Currency	Limit
COP	
EGP	
HUF	
IDR	
ILS	
INR	
MYR	
OMR	+/-0.2 MEUR
PEN	
PHP	
RON	
RSD	
THB	
TWD	
ZAR	

Currency	Limit
AED	
ARS	
BGN	
BHD	+/-0.2 MEUR
ISK	
QAR	
SAR	
ARS	+/-0.1 MEUR

The Forex position on the Trading Book perimeter is monitored on a daily basis. As of December 31, 2023 the opened positions of SG Luxembourg Group are as follows:

Currency	Position (in EUR)
CHF	-4 434
USD	-94 117
GBP	1 877
AUD	562
JPY	943
CAD	3 586
NOK	-22 155
NZD	2 026
SEK	102
SGD	-261
HKD	32 192
CZK	138
MXN	122
TRY	-6
ILS	1 019

IMPACT OF CURRENCY RATE DEPRECIATION ON EQUITY TIER 1 RATIO AND PROFIT

The foreign exchange positions are hedged on a daily basis (for some positions on a monthly basis), with no structural FX position remaining at SG LUXEMBOURG level. Considering this, no additional capital charge is deemed necessary to cover this risk and no significant impact is to be considered on profit.

OTHER ENTITIES SIGNIFICANTLY EXPOSED TO MARKET RISK

SOCIETE GENERALE PRIVATE BANKING SUISSE S.A.

Societe Generale Private banking Suisse S.A. manages all of its positions through a system based on limits. Those limits are mainly set in terms of positions. On an accounting level the evaluation of the trading portfolio positions is performed daily at the market price.

- Risk management

Monitoring of market risk of Societe Generale Private banking Suisse S.A. is the responsibility of the Risk management the control of the forex activity and of the bonds positions is managed daily in relation to the overnight limits. Such control is performed by the department responsible for market and counterparties risk who then reports daily to the Chief Executive Officer, the Chief Operating Officer and the Chief Risk Officer. Both SG Luxembourg and Societe General Group are informed on those exposures on a daily basis. Such report contains the market value of the bond positions the forex positions and the commodities positions the utilization the limits applied and the result.

- Risk monitoring and management

Positions for own account are limited to:

- some forex operations and on forex derivatives (spot swap forwards) and on commodities. Daily limits are as follows: Forex: EUR 5 million Commodities: EUR 2 million;
- long positions towards head office (Paris) or other credit institutions allowed by Group policy;
- overnight placings;
- positions from client portfolios following execution errors or commercial gestures from Societe Generale Private Banking Suisse S.A.

Follow-up of client bonds positions in the trading portfolio is performed jointly by the investment and risk teams.

When shares or funds quotas are taken in the trading portfolio Management is informed.

Limits definition is evaluated following a risk appetite estimate from the business line validated by the Management.

Exposure towards those limits as of December 31, 2023 and December 31,2022 are as follows:

	2023			2022R		
SGPB Switzerland	**Limit (€k)**	**Average use (€k)**	**% use**	**Limit (€k)**	**Average use (€k)**	**% use**
Stress Test	9 000	-	-	9 000	-	-
10bp sensitivity	20	0,12	0,61%	35	0,23	1,14%
Nominal FX Postion	5 000	889	17,78%	5 000	261	5,21%
Precious metal position	2 000	80,38	4,02%	1 000	0,21	0,04%

There is no stress test consumption in 2022 and 2023 due to the revision of the Bank regarding the market risk limits framework for "Out of Global Tools" entities at the beginning of 2021. Those entities, including SGPB Suisse, are not able to produce Hypo/Histo stress test. Therefore, they are no longer obliged to produce Stress test metrics.

SOCIETE GENERALE PRIVATE BANKING MONACO S.A.

Societe Generale Private Banking Monaco S.A. does not have any management and monitoring capability in relation to market risk. It backs systematically each operation with its head office SG Luxembourg. It therefore does not manage any open position on derivatives. Clients of Societe Generale Private Banking Monaco S.A. perform operations on derivatives. Even though the market risk does not exist the counterparty risk exists on such operation.

For those operations clients systematically sign a derivative product convention. If the maturity of the positions is short the potential risk is collateralized by the client investment portfolio. Otherwise a cash collateral is systematically required to cover the position. Such position is accounted for 25 to 30% of the position representing the extreme volatility risk of the position.

Note 9.3. – Liquidity Risk

The Group measures and oversees liquidity risk using gaps (static and stressed) based on "assetliability" scenarios and using regulatory liquidity ratios ("LCR"). Since June 30 2021, SG Luxembourg Group is also subject to NSFR requirement.

Liquidity risks reflect a mismatch between statement of financial position's assets and liabilities over the short medium or long term.

Funding requirements or surpluses are measured by the liquidity gap governed by thresholds and limits defined by the Societe General Group Finance Committee.

Threshold breaches are subject to action plans aimed at resolving and preventing the recurrence of the breach.

The Group oversees its cash management within this framework. Changes in the structure of the statement of financial position and its run-off are managed by the ALM (Asset and Liability Management) unit and monitored by the ALM Committee.

SG Luxembourg Group is required to report the liquidity ratios defined by the CRD4. The Finance Division is responsible for producing and analyzing the CRD4 liquidity ratios (LCR and NSFR) of SG Luxembourg Group and sub-group via a process coordinated with Societe Generale Group.

SG Luxembourg Group submits the LCR monthly and the NSFR quarterly to the CSSF and BCL.

The ALM Committee chaired by SG Luxembourg CEO meets once a month and supervises the Group's liquidity position based on the associated metrics produced.

1. BREAKDOWN OF FINANCIAL ASSETS BY RESIDUAL MATURITY

	12.31.2023				
(in EUR thousand)	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Cash, due from central banks	12 659 385	-	-	-	**12 659 385**
Financial assets at fair value through profit or loss	308 138	8 568	33 570	90 645	**440 921**
Hedging derivatives	56 429	-	-	100 096	**156 525**
Financial assets at fair value through other comprehensive income	33 412	496 526	915 889	94 084	**1 539 911**
Securities at amortised cost	2 132 793	3 710 417	3 411 327	698 692	**9 953 229**
Due from banks at amortised cost	10 942 187	2 466 011	5 232 332	4 426 766	**23 067 296**
Customer loans at amortised cost	3 917 973	4 278 229	6 418 909	3 018 061	**17 633 172**
Insurance and reinsurance contracts assets	651	147	15 194	-	**15 992**
Total	**30 050 968**	**10 959 898**	**16 027 221**	**8 428 344**	**65 466 431**

	12.31.2022 R				
(in EUR thousand)	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Cash, due from central banks	12 535 411	-	-	-	**12 535 411**
Financial assets at fair value through profit or loss	779 636	465	-	244 253	**1 024 354**
Hedging derivatives	217 206	-	-	-	**217 206**
Financial assets at fair value through other comprehensive income	191 415	561 853	1 221 857	263 695	**2 238 820**
Securities at amortised cost	2 645 204	3 287 668	2 982 532	393 773	**9 309 177**
Due from banks at amortised cost	13 823 843	1 755 507	4 032 552	2 378 436	**21 990 338**
Customer loans at amortised cost	3 959 343	4 018 048	9 619 865	2 368 630	**19 965 886**
Insurance and reinsurance contracts assets	1 669	323	-	-	**1 992**
Total	**34 153 727**	**9 623 864**	**17 856 806**	**5 648 787**	**67 283 184**

2. BREAKDOWN OF FINANCIAL LIABILITIES BY RESIDUAL MATURITY

	12.31.2023				
(in EUR thousand)	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Financial liabilities at fair value through profit or loss	20 531	760	-	88 359	**109 650**
Hedging derivatives	117	-	-	2 482	**2 599**
Due to banks	3 581 049	3 562 179	12 028 317	2 589 787	**21 761 332**
Customer deposits	28 141 887	6 605 917	4 216 022	163 378	**39 127 204**
Debt securities issued	16 730	-	-	-	**16 730**
Subordinated debts	-	-	-	-	**-**
Insurance and reinsurance contracts issued -liabilities	1 125	64 789	7 602	-	**73 516**
Total	**31 761 439**	**10 233 645**	**16 251 941**	**2 844 006**	**61 091 031**

	12.31.2022 R				
(in EUR thousand)	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Financial liabilities at fair value through profit or loss	399 349	-	-	-	**399 349**
Hedging derivatives	16 003	-	-	-	**16 003**
Due to banks	2 316 480	4 037 765	13 429 770	1 759 065	**21 543 080**
Customer deposits	15 683 245	8 958 708	13 735 620	2 905 690	**41 283 263**
Debt securities issued	22 394	-	-	-	**22 394**
Subordinated debts	-	-	-	-	**-**
Insurance and reinsurance contracts issued -liabilities	-	20 066	30 900	13 043	**64 009**
Total	**18 437 471**	**13 016 539**	**27 196 290**	**4 677 798**	**63 328 098**

3. BREAKDOWN OF COMMITMENTS BY RESIDUAL MATURITY

COMMITMENTS GRANTED

	12.31.2023				
(in EUR thousand)	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Loan commitments	4 048 174	161 313	216 704	6 250	**4 432 441**
Guarantee commitments	308 075	110 078	33 654	634 335	**1 086 142**
Securities commitments	246 244	-	-	19 883	**266 127**
Total	**4 602 493**	**271 391**	**250 358**	**660 468**	**5 784 710**

	12.31.2022 R				
(in EUR thousand)	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Loan commitments	3 596 437	78 905	346 941	22 930	**4 045 213**
Guarantee commitments	932 575	56 844	28 210	3 955	**1 021 584**
Securities commitments	68 162	-	-	-	**68 162**
Total	**4 597 174**	**135 749**	**375 151**	**26 885**	**5 134 959**

COMMITMENTS RECEIVED

	12.31.2023				
(in EUR thousand)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Financing commitments	1 804 711	2 834	93 307	24 566	**1 925 418**
Guarantee commitments	1 467 321	547 967	11 520 523	9 844	**13 545 655**
From banks	*192 027*	*547 967*	*11 520 523*	*5 249*	***12 265 766***
Other guarantee commitments	*1 275 294*	*-*	*-*	*4 595*	***1 279 889***
Securities commitments	256 184	-	-	10 667	**266 851**
Other commitments	1 742 574	-	-	246 091	**1 988 665**
Total	**5 270 790**	**550 801**	**11 613 830**	**291 168**	**17 726 589**

	12.31.2022 R				
(in EUR thousand)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Financing commitments	1 326 374	21 440	-	-	**1 347 814**
Guarantee commitments	2 085 771	122 696	4 073	11 505 379	**13 717 919**
From banks	*348 787*	*122 696*	*4 073*	*11 505 379*	***11 980 935***
Other guarantee commitments	*1 736 984*	*-*	*-*	*-*	***1 736 984***
Securities commitments	68 747	-	-	-	**68 747**
Other commitments	2 187 568	-	-	-	**2 187 568**
Total	**5 668 460**	**144 136**	**4 073**	**11 505 379**	**17 322 048**

Note 9.4. – Operational risk

Operational risk is defined as the risk of loss or fraud because of defects in or failure of internal systems, procedures human error or external events including legal, IT and management risk. Particular attention is paid to the risk of compliance which is the subject of enhanced structural organization.

The SG Luxembourg Group is engaged in the process of strengthening the control and steering the operational risks. This approach is steered by the operational risks department within the SG Luxembourg Group's risk management division.

The valuation of operational risk is based on the advanced assessment approaches deployed under the Basel II reforms. The AMA (*Advanced Measurement Approach*) method is used to calculate the regulatory capital requirement except of SGCMF and SGFD for which standard method is applied.

Although the primary responsibility for controlling operational relays all department managers within the business lines and support functions who must promote the culture of operational risks within their teams.

On a daily basis the organization relies mainly on 4 processes, supervised by the operational risk departments and consolidated within the SG Luxembourg Group:

i. the periodic self-assessment of the risks and controls (*Risk and Control Self-Assessment*- RCSA) which aims to:
   - identify and measure the operational risks inherent in each activity and department of all entities of SG Luxembourg Group;
   - assess the quality of the prevention and control systems in place to reduce these risks and thereby measure the exposure to the latent risks with which each activities/department must contend;
   - implement corrective action plans.

ii. the gathering of internal data relating to losses associated with operational risks with a comprehensive declaration and on a specific tool, providing all the information necessary for analysis and monitoring this data being relayed to the senior management. The approach closely follows the formulation and follow-up of corrective actions that have to be subject to a degree of criticality a deadline and the appointment of a manager;

iii. the continuous monitoring mechanism, including the organisation and coordination of a set of first-level controls and key risk indicators and the production of summary reporting intended for the Societe Generale Luxembourg's General Management and Societe Generale Group's central operational risk teams;

iv. analyses of scenarios targeting particularly sensitive functions and processes within the Group. These are assessments of severe operational risks which the SG Luxembourg Group may face under certain conditions. These analyses aim to assess rarely occurring but extremely severe potential losses.

Furthermore, the entities composing the Societe Generale Luxembourg's Group have defined information security policies and ensure their enforcement, in line with the SG Group Guidelines. Those policies cover the management of computer access and rights, the prevention of information leaks, anonymization rules, the conducting of intrusion tests, and the websites monitoring. Prevention and employee awarenessraising campaigns are conducted regularly in conjunction with the implementation of Clean Desk policies.

Those processes are supplemented by a crisis management mechanism and a business continuity plan, the purpose of which is to develop the inherent capacity of each entity's activities to withstand crises. This is done by combining the organisations' own capacities (robust systems) and special resources (business continuity plans).

Furthermore, the Societe Generale Luxembourg Group's constant innovations in terms of the products and services proposed to its clients must be approved by a New Products Committee, which determines the necessary conditions, in terms of both operations and acceptable risks, including an analysis of compliance risks.

NOTE 10 – CAPITAL

The Group maintains an actively managed capital base to cover risks inherent to the business and meets the local banking supervisor capital adequacy requirements. The adequacy of the Group's capital is monitored using among other measures the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios).

SG Luxembourg Group has fully complied with all its externally imposed capital requirements over the reported period.

Note 10.1. – Capital management

As part of managing its capital the Group (under the supervision of the Finance Division) ensures that its solvency level is always compatible with the following objectives:

- meeting its regulatory requirement,
- maintaining its financial solidity and respecting the Risk Appetite targets;
- preserving its financial flexibility to finance organic growth within SG group risk weighted assets allocation;
- maintaining the Group's resilience in the event of stress scenarios.

SG Luxembourg Group Board of Directors approves its internal capital risk appetite thresholds and limits in accordance with these objectives and regulatory requirements.

The SG Luxembourg Group has an internal process (Internal Adequacy Assessment Process "ICAAP") for assessing the adequacy of its capital that measures the adequacy of the Group's capital ratios in light of regulatory constraints and future regulatory changes. The assessment of this adequacy is based on a selection of key metrics that are relevant to the SG Luxembourg Group in terms of risk and capital measurement, such as solvency ratios (CET1, Tier 1 and Total Capital), leverage ratio and MREL ratios. The capital regulatory indicators are supplemented by an assessment of the internal capital needs by available CET1 capital, thus confirming the relevance of the targets set in the risk appetite.

As of 31st December 2023, the Group's Common Equity Tier 1 ratio stood at 23,78% and the total capital ratio at 23,20%.

The Group fully complied with all its externally imposed capital requirements over the reported period.

1. LEVERAGE RATIO MANAGEMENT

The Group steers its leverage ratio according to the CRR rules as amended by the delegated act of October 10, 2014.

Steering the leverage ratio means both calibrating the amount of Tier 1 capital (the ratio's numerator) and controlling the SG Luxembourg Group's leverage exposure (the ratio's denominator) to achieve the target ratio levels that the SG Luxembourg Group sets for itself. To this end the "leverage" exposure of the different business lines is contained under the Finance Division's control.

Return on assets (i.e. Net Income divided by the total consolidated statement of financial position per consolidated financial statements) for the Group stood at 0,82% as at December 31, 2023 (2022 R: 0,34%).

2. LARGE EXPOSURES

The CRR (European Capital Requirements Regulation) incorporates the provisions regulating large exposures. As such the SG Luxembourg Group must not have any exposure where the total amount of net risks incurred on a single beneficiary exceeds 25% of the Group's Tier 1 capital.

The eligible capital used to calculate the large exposure ratio is the total regulatory capital with a limit on the amount of Tier 2 capital. Tier 2 capital cannot exceed one-third of Tier 1 capital.

On December 31, 2023, SGL Group had no additional RWA requirements due to the large exposures framework.

Note 10.2. – Regulatory capital

Reported according to international financial reporting standards (IFRS) SG Luxembourg Group's regulatory capital consists of the following components.

1. COMMON EQUITY TIER 1 CAPITAL

TIER 1 CAPITAL

According to CRR 2/CRD5 regulations Common Equity Tier 1 capital is made up primarily of the following:

- ordinary shares (net of repurchased shares and treasury shares) and related share premium accounts;
- retained earnings;
- components of other comprehensive income;
- other reserves.

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

- estimated dividend payment;
- goodwill and intangible assets net of associated deferred tax liabilities;
- unrealized capital gains and losses on cash flow hedging;
- any positive difference between expected losses on customer loans and receivables risk-weighted using the Internal Ratings Based (IRB) approach and the sum of related value adjustments and collective impairment losses;
- value adjustments resulting from the requirements of prudent valuation;
- excess of deduction from T2 items in CET1 capital;
- insufficient coverage for non-performing exposures.

ADDITIONAL TIER 1 CAPITAL

SG Luxembourg Group has no Additional Tier 1 capital.

2. TIER 2 CAPITAL

According to CRR2/CRD5 regulations, Tier 2 capital is made up primarily of the following:

- IRB Excess of provisions over expected losses eligible;
- Deduction of T2 instruments of financial sector entities where the institution has a significant investment.

SGL Group's capital on a consolidated basis is composed of:

- Common Equity Tier 1 capital: EUR 3 114 million (2022: EUR 3 030 million).
- Tier 2 capital: EUR nil (2022: EUR 8 million)*

SG Luxembourg is benefiting from a favorable assessment by the rating agency Standard & Poor's with regard to the Group's financial stability: A-1 in the short-term A in the long term (confirmed in December 2023).

The SGL Group has not issued any hybrid securities or subordinated borrowings not eligible for prudential capital.

** In the last quarter of 2023, SGL Group has no more T2 capital following the negative difference between IRB Excess of provisions over expected losses eligible and subordinated loan to SOGELIFE of EUR 35 million.*

NOTE 11 – EVENTS AFTER THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATE

After December 31, 2023 the Group has sold some loans in its Retail perimeter on Private Banking defaulted counterparties for a nominal amount of EUR 46 million. Considering the provision booked in 2023, this sale has no material impact on the Group net result as presented in the consolidated income statement for the period ended December 31, 2023.

In March 2024, the Group has proceeded to an increase of EUR 32 million in Sogelife equity participation with no impact on its ownership due to the parallel increase of equity participation by Sogelife other shareholder.

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