SOCIETE GENERALE LUXEMBOURG

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 2023

Société Générale Luxembourg S.A.

11, Avenue Emile Reuter

L-2420 Luxembourg

Interim Condensed Consolidated Financial Statements, Interim Consolidated Management Report and Report of the Independent auditor as at June 30, 2023

R.C.S. Luxembourg: B 006.061

Table of contents
As at June 30, 2023

INTERIM CONSOLIDATED MANAGEMENT REPORT

CORPORATE GOVERNANCE STATEMENT

The SG Luxembourg Board of Directors is committed to maintain the standards of corporate governance enforced at the European Union level and at level of the Société Générale Group. SG Luxembourg Group's governance principles and practices are described in the December 31, 2022 Consolidated Financial Statements.

GROUP ACTIVITY AND RESULTS

ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

(In EUR thousand)	**1st half of 2023**	**1st half of 2022 R**	**Change in %**	**Change in value**
Net interest margin	271 818	183 061	48%	88 757
Net fee margin	132 430	143 880	-8%	(11 450)
Net gains and losses on financial transactions	49 922	58 154	-14%	(8 232)
Net Income from other activities	5 275	19 274	-73%	(13 999)
Net banking income	**459 445**	**404 369**	**14%**	**55 076**
Operating expenses	(234 389)	(219 413)	7%	(14 976)
Gross operating income	**225 056**	**184 956**	**22%**	**40 100**
Cost of risk	1 374	(101 924)	-101%	103 298
Operating income	**226 430**	**83 032**	**173%**	**143 398**
Net income from investments accounted for using the equity method	22 328	17 367	29%	4 961
Net income/expense from other assets	-	40	-100%	(40)
Earnings before tax	**248 758**	**100 439**	**148%**	**148 319**
Income tax	(22 581)	(9 378)	141%	(13 203)
Consolidated net income	**226 177**	**91 061**	**148%**	**135 116**
Non-controlling interests	7	9	-22%	(2)
Net income, Group share	**226 170**	**91 052**	**148%**	**135 118**

a. Analytical Review

Société Générale Luxembourg Group consolidated Net Income has increased by 148% compared to H1 2022.

- The net banking income amounted to EUR 459 million, up by 14%. Such growth continues to be driven by the commercial dynamism of Corporate Banking and Cash Management, Private Banking, Global Banking & Advisory as well as Securities Services activities, boosted by interest rate surges observed in particular in EUR and USD, whereas revenues of Global Market activities were down compared to previous years on the back of overall less favorable market dynamics.
- Operating expenses stood at EUR 234 million, slightly increasing compared to H1 22, despite global inflation, confirming the Group cost strategy.
- Net cost of risk amounted to a net reversal provision of EUR 1 million (confirming the quality of the loan portfolio), compared to EUR 102 million in H1 22 (mainly linked to Russian client's exposure).

The 14% increase in **revenues** in H1 23 results from a contrasted evolution of the various Group's businesses.

The **Private Banking** activities had good net interest margin driven by the increase of EURO & USD interest rates. The magnitude of the New Net Money collected in H1 23 confirms the SG Private Banking commercial momentum.

In H1 23, **Securities Services** activities had a good commercial momentum on Custody and Fund administration and had improved their net interest margin driven by interest rates increase.

The **Corporate Banking and Cash Management** continued its high and dynamic activity development, especially with Private Equity and Real Estate clients. This trend, compounded with the surge of interest rates in EUR and USD, resulted in a revenue growth.

Global Banking & Advisory slightly increased, in particular with regards to securitization and corporate lending activities.

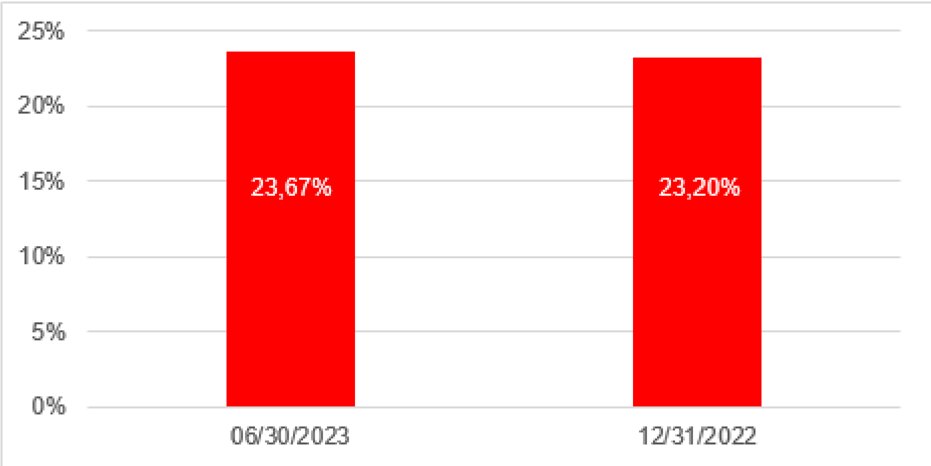
Global Markets activity reviewed its structured products issuance activities reflecting a decrease in revenue.

Finally, the **Corporate Center** H1 23 financial performance showed an exceptional negative *Mark to Market* of economic hedges (partial reversal of the exceptional positive Mark to Market recorded in H1 22).

In a continuing costs discipline model, Société Générale Luxembourg Group maintained its investment strategy to transform its IT and operating model to prepare the future of its business. Overall, costs slightly increase compared to H1 22 at EUR 234 million.

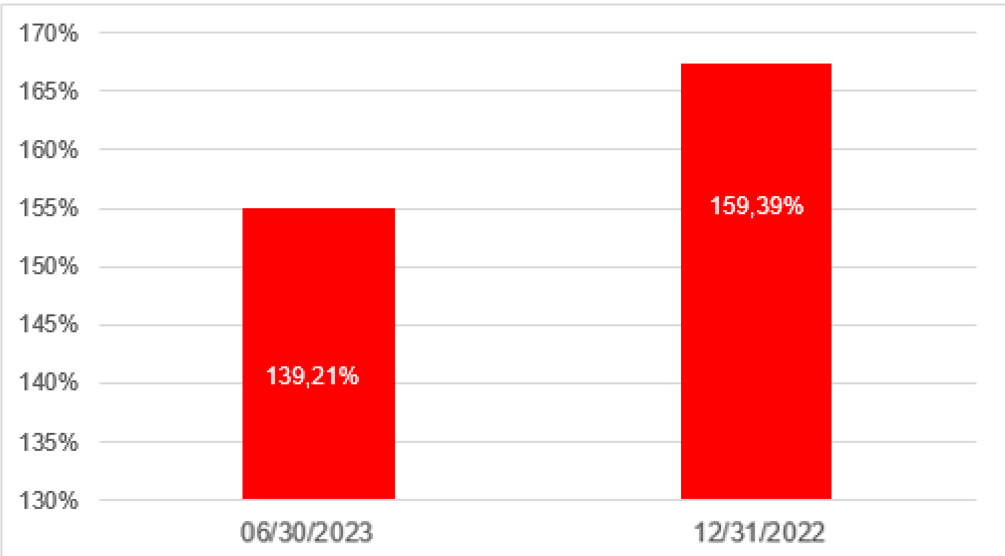
Considering the strong NBI increase, the Group generated significant Gross Operating Income (EUR 225 million, +22% compared to H1 22) in the first half 2023.

b. Capital ratios



As of June 30, 2023, SG Luxembourg Group Common Equity tier 1 stood at 23,67% (December 31, 2022 : 23,20%), so did the Group Total Capital ratio. As of June 30, 2023, SG Luxembourg Group capital ratios are significantly above the minimum regulatory requirements.

c. Liquidity Coverage Ratio



As of June 30, 2023, SG Luxembourg Group one-month Liquidity Coverage Ratio (LCR) stood at 139,21% (December 31, 2022 : 159,39%), above the regulatory requirement of 100%.

d. Conclusion

In an evolving interest rates environment, SG Luxembourg's Group businesses continue to develop well. In parallel, SG Luxembourg Group is pursuing its high-pace transformation focused on three priorities – customer centricity,corporate social responsibility and operational efficiency based on digital technologies.

e. Events after the interim consolidated statement of financial position

After June 30, 2023, the Group has sold some loans in its Corporate and Investment Banking perimeter on Russian counterparties for a nominal amount of EUR 211 million.

Considering the provision booked in 2022, this sale has no material impact on the Group net result as presented in the interim income statement for the period ended June 30, 2023.

GLOBAL STATEMENT FOR THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the best of our knowledge, the Interim Condensed Consolidated Financial Statements give a true and fair view of the financial position and profit and losses of Société Générale Luxembourg and its consolidated subsidiaries as at June 30, 2023, and its financial performance and cash flows for the period then ended in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union, and the Interim Consolidated Management Report includes a true and fair presentation of the evolution and performance of Société Générale Luxembourg and its consolidated subsidiaries, together with a description of the main risks and uncertainties that Société Générale Luxembourg and its consolidated subsidiaries face.

Anne De Kouchkovsky

Société Générale Luxembourg Deputy Chief Executive Officer

Luxembourg, September 28, 2023

Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg

Tel: +352 42 124 1

www.ey.com/luxembourg

B.P. 780
L-2017 Luxembourg

R.C.S. Luxembourg B 47 771
TVA LU 16063074

Building a better working world

REPORT OF THE "REVISEUR D'ENTREPRISES AGREE" ON THE REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Société Générale Luxembourg S.A. (the "Group") as of June 30, 2023, which comprise the interim consolidated statement of financial position, the related interim consolidated income statement, the interim consolidated statement of net income and unrealised or deferred gains and losses, the interim consolidated statement of changes in shareholders' equity, the interim consolidated cash flow statement for the six-month period then ended and a summary of significant accounting policies and other explanatory notes.

The Board of Directors is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Dorian Rigaud

Luxembourg, 28 September 2023

INTERIM CONDENSED 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).

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

(In EUR thousand)		**06.30.2023**	**12.31.2022 R**	**01.01.2022 R**
Cash due from central banks	Note 3.1	12 678 183	12 535 411	10 966 851
Financial assets at fair value through profit or loss	Notes 3.2, 3.3 and 3.5	934 717	1 024 354	1 242 590
Hedging derivatives	Notes 3.3 and 3.5	211 875	217 206	5 625
Financial assets at fair value through other comprehensive income	Notes 3.4 and 3.5	1 775 826	2 238 820	3 171 567
Securities at amortised cost	Notes 3.6 and 9.1	9 343 166	9 309 177	8 063 920
Due from banks at amortised cost	Notes 3.6 and 9.1	23 222 500	21 990 338	19 841 124
Customer loans at amortised cost	Notes 3.6 and 9.1	19 317 824	19 965 886	22 817 851
Insurance and reinsurance contracts assets	Note 4.3	8 263	1 992	804
Tax assets	Note 6	4 310	5 321	1 560
Other assets	Note 4.4	446 616	351 678	477 147
Investments accounted for using the equity method	Note 2.3	90 291	102 095	104 625
Tangible and intangible fixed assets and right-of-use assets	Note 8.4	199 748	144 089	139 945
Total		**68 233 319**	**67 886 367**	**66 833 609**

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION – LIABILITIES AND SHAREHOLDERS' EQUITY

(In EUR thousand)		**06.30.2023**	**12.31.2022 R**	**01.01.2022 R**
Financial liabilities at fair value through profit or loss	Notes 3.2, 3.3 and 3.5	285 113	399 349	450 051
Hedging derivatives	Notes 3.3 and 3.5	3 282	16 003	98 483
Debt securities issued	Note 3.7	20 412	22 394	45 084
Due to banks	Note 3.7	22 629 113	21 543 080	24 147 288
Customer deposits	Note 3.7	40 522 064	41 283 263	38 006 508
Tax liabilities	Note 6	130 000	123 265	120 143
Other liabilities	Note 4.4	908 173	789 147	481 724
Insurance and reinsurance contracts liabilities	Note 4.3	63 301	64 009	77 548
Provisions	Note 8.3	54 989	56 697	66 010
Total liabilities		**64 616 447**	**64 297 207**	**63 492 839**
Shareholders' equity				
Shareholders' equity, Group share				
Issued capital	Note 7	1 389 043	1 389 043	1 389 043
Reserves, share premium and retained earnings	Note 7	1 972 465	1 932 958	1 616 113
Net income	Note 7	226 170	228 598	303 907
Sub-total		**3 587 678**	**3 550 599**	**3 309 063**
Unrealised or deferred gains and losses	Note 7	29 091	38 454	31 597
Sub-total equity, Group share		**3 616 769**	**3 589 053**	**3 340 660**
Non-controlling interests		103	107	110
Total equity		**3 616 872**	**3 589 160**	**3 340 770**
Total liabilities and equity		**68 233 319**	**67 886 367**	**66 833 609**

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

INTERIM CONSOLIDATED INCOME STATEMENT

(In EUR thousand)		1st half of 2023	2022 R	1st half of 2022 R
Interest and similar income	Note 3.8	1 153 597	964 738	326 467
Interest and similar expense	Note 3.8	(881 779)	(553 513)	(143 406)
Fee income	Note 4.1	205 244	426 771	222 501
Fee expense	Note 4.1	(72 814)	(159 171)	(78 621)
Net gains and losses on financial transactions		49 922	101 099	58 154
o/w net gains and losses on financial instruments at fair value through profit or loss	Notes 3.2 and 3.3	49 950	103 770	60 679
o/w net gains and losses on financial instruments at fair value through other comprehensive income		-	*(2 613)*	*(2 483)*
o/w net gains and losses from the derecognition of financial assets at amortised cost		*(28)*	*(58)*	*(42)*
Net income from insurance activities	Note 4.3	9 633	17 228	8 387
Expenses from insurance services	Note 4.3	(3 003)	15 063	7 947
Net income and expenses from reinsurance held	Note 4.3	19	129	131
Finance income or expenses from insurance contracts issued recognised in profit or loss	Note 4.3	(599)	(12 672)	2 822
Finance income or expenses from reinsurance contracts held recognised in profit or loss	Note 4.3	-	(5)	-
Cost of risk of financial assets from insurance activities	Note 3.9	119	135	147
Income from other activities	Note 4.2	1 800	6 005	2 335
Expenses from other activities	Note 4.2	(2 694)	(6 089)	(2 495)
Net banking income		**459 445**	**799 718**	**404 369**
Personnel expenses	Note 5.1	(108 983)	(211 350)	(103 876)
Other operating expenses	Note 8.2	(106 501)	(178 866)	(95 732)
Amortisation, depreciation and impairment of tangible and intangible fixed assets and right-of-use assets	Note 8.4	(18 905)	(38 518)	(19 805)
Gross operating income		**225 056**	**370 984**	**184 956**
Cost of risk	Note 3.9	1 374	(168 298)	(101 924)
Operating income		**226 430**	**202 686**	**83 032**
Net income from investments accounted for using the equity method	Note 2.3	22 328	36 714	17 367
Net income/expense from other assets		-	(3)	40
Earnings before tax		**248 758**	**239 397**	**100 439**
Income tax	Note 6	(22 581)	(10 782)	(9 378)
Consolidated net income		**226 177**	**228 615**	**91 061**
Non-controlling interests		7	17	9
Net income, Group share		**226 170**	**228 598**	**91 052**

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

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

(In EUR thousand)	1st half of 2023	2022 R	1st half of 2022 R
Consolidated net income	**226 177**	**228 615**	**91 061**
Unrealised or deferred gains and losses that will be reclassified subsequently into income	**2 374**	**9 971**	**(5 089)**
Translation differences	(303)	(1 918)	(1 502)
Revaluation of debt instruments at fair value through other comprehensive income	5 775	(38 029)	(13 842)
Revaluation differences of the year	(1 362)	143 330	100 232
Reclassified into income	7 137	(181 359)	(114 074)
Revaluation of insurance contracts at fair value through other comprehensive income	-	-	-
Revaluation of hedging derivatives	(2 019)	52 336	7 532
Revaluation differences of the year	(2 019)	52 336	7 532
Reclassified into income	-	-	-
Unrealised gains and losses of entities accounted for using the equity method	(90)	1 531	1 532
Tax related	(989)	(3 949)	1 191
Unrealised or deferred gains and losses that will not be reclassified subsequently into income	**(890)**	**10 847**	**9 959**
Actuarial gains and losses on defined benefits plans	(1 256)	13 714	12 857
Unrealised gains and losses of entities accounted for using the equity method	285	285	(71)
Related tax	81	(3 152)	(2 827)
Total unrealised or deferred gains and losses	**1 484**	**20 818**	**4 870**
Net income and unrealised or deferred gains and losses	**227 661**	**249 433**	**95 931**
o/w Group share	227 654	249 416	95 922
o/w non-controlling interests	7	17	9

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Capital and associated reserves					Unrealised gains and losses					
(In EUR thousand)	Issued common stocks	Issuing premium and capital reserves	Total	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
Shareholders' equity at 12.31.2021	**1 389 043**	**2 817**	**1 391 860**	**1 603 980**	**303 907**	**32 728**	**13 967**	**46 695**	**3 346 442**	**110**	**3 346 552**
Allocation to retained earnings	**-**	**-**	**-**	**317 874**	**(303 907)**	**-**	**(13 967)**	**(13 967)**	**-**	**-**	**-**
Impact of the application of IFRS17 and IFRS9 for insurance sector subsidiaries (see Note 1)	-	-	-	**9 316**	-	(15 092)	(6)	(15 098)	(5 782)	-	(5 782)
Shareholders' equity at 01.01.2022 R	**1 389 043**	**2 817**	**1 391 860**	**1 931 170**	**-**	**17 636**	**(6)**	**17 630**	**3 340 660**	**110**	**3 340 770**
2022 dividends paid	-	-	-	-	-	-	-	-	-	(20)	(20)
Sub-total of changes linked to relations with shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(20)**	**(20)**
Change in unrealised or deferred gains and losses	-	-	-	-	-	(5 089)	(4 004)	(9 093)	(9 093)	-	(9 093)
1st half of 2022 Net income	-	-	-	-	91 052	-	-	-	91 052	9	91 061
Other changes	-	-	-	(1 055)	-	-	-	-	(1 055)	-	(1 055)
Sub-total	**-**	**-**	**-**	**(1 055)**	**91 052**	**(5 089)**	**(4 004)**	**(9 093)**	**80 904**	**9**	**80 913**
Shareholders' equity at 06.30.2022 R	**1 389 043**	**2 817**	**1 391 860**	**1 930 115**	**91 052**	**12 547**	**(4 010)**	**8 537**	**3 421 564**	**99**	**3 421 663**
Change in unrealised or deferred gains and losses	-	-	-	-	-	15 060	14 857	29 917	29 917	-	29 917
2nd half of 2022 Net income	-	-	-	-	137 546	-	-	-	137 546	8	137 554
Change in accounting policy	-	-	-	26	-	-	-	-	26	-	26
Sub-total	**-**	**-**	**-**	**26**	**137 546**	**15 060**	**14 857**	**29 917**	**167 489**	**8**	**167 497**
Shareholders' equity at 12.31.2022 R	**1 389 043**	**2 817**	**1 391 860**	**1 930 141**	**228 598**	**27 607**	**10 847**	**38 454**	**3 589 053**	**107**	**3 589 160**
Allocation to retained earnings	-	-	-	239 445	(228 598)	-	(10 847)	(10 847)	-	-	-
Shareholders' equity at 01.01.2023	**1 389 043**	**2 817**	**1 391 860**	**2 169 586**	**-**	**27 607**	**-**	**27 607**	**3 589 053**	**107**	**3 589 160**
2023 dividends paid (see Note 7)	-	-	-	(200 000)	-	-	-	-	(200 000)	**(11)**	**(200 011)**
Effect of changes of the consolidation scope	-	-	-	-	-	-	-	-	-	-	-
Sub-total of changes linked to relations with shareholders	**-**	**-**	**-**	**(200 000)**	**-**	**-**	**-**	**-**	**(200 000)**	**(11)**	**(200 011)**
Change in unrealised or deferred gains and losses	-	-	-	-	-	2 374	(890)	1 484	1 484	-	1 484
1st half of 2023 Net income	-	-	-	-	226 170	-	-	-	226 170	7	226 177
Other changes	-	-	-	62	-	-	-	-	62	-	62
Sub-total	**-**	**-**	**-**	62	226 170	2 374	(890)	1 484	227 716	7	227 723
Shareholders' equity at 06.30.2023	**1 389 043**	**2 817**	**1 391 860**	**1 969 648**	**226 170**	**29 981**	**(890)**	**29 091**	**3 616 769**	**103**	**3 616 872**

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

INTERIM CONSOLIDATED CASH FLOW STATEMENT

(In EUR thousand)		1st half 2023	2022 R	1st half 2022 R
Consolidated net income (I)		**226 177**	**228 615**	**91 061**
Amortisation expense on tangible and intangible fixed assets (including operational leasing) and on right-of-use assets		18 905	38 518	19 805
Depreciation and net allocation to provisions		(4 220)	141 795	100 767
Net income/loss from investments accounted for using the equity method		(22 328)	(36 714)	(17 367)
Change in deferred taxes	Note 6.1	(16 106)	(13 746)	1 555
Change in deferred income		440	7 030	5 971
Change in prepaid expenses		(5 540)	(737)	(655)
Change in accrued income		(61 810)	7 732	73 527
Change in accrued expense		134 700	120 129	62 003
Other changes		(38 108)	27 191	34 075
Income tax paid		15 611	18 300	(10 075)
Non-cash items included in net income and other adjustments excluding income on financial instruments at fair value through profit or loss (II)		**21 544**	**309 498**	**269 606**
Income on financial instruments at fair value through profit or loss		114 479	78 908	78 444
Interbank transactions		(838 147)	(2 581 614)	(1 550 224)
Customers transactions		(36 761)	4 106 498	4 891 280
Transactions related to other financial assets and liabilities		246 418	1 102 529	758 657
Transactions related to other non-financial assets and liabilities		94 587	(85 329)	12 282
Net increase/decrease in cash related to operating assets and liabilities (III)		**(419 424)**	**2 620 992**	**4 190 439**
Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III)		**(171 703)**	**3 159 105**	**4 551 106**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long term investments		38 985	(1 217 171)	(544 833)
Net cash inflow (outflow) related to tangible and intangible fixed assets		(74 816)	(43 115)	(15 331)
Net cash inflow (outflow) related to investment activities (B)		**(35 831)**	**(1 260 286)**	**(560 164)**
Dividend paid to equity holders of the parent	Note 7.6	(200 000)	-	-
Cash inflow related to dividends paid from subsidiaries and associates		-	-	-
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)		**(407 534)**	**1 898 819**	**3 990 942**
Cash due from central banks	Note 3.1	12 535 411	10 966 851	10 966 851
Demand deposits and current accounts with banks	Notes 3.6, 3.7.1	9 813 383	9 483 123	9 483 123
Cash and cash equivalents at the start of the period		**22 348 793**	**20 449 974**	**20 449 974**
Cash due from central banks	Note 3.1	12 678 183	12 535 411	13 042 866
Demand deposits and current accounts with banks	Notes 3.6, 3.7.1	9 263 076	9 813 382	11 398 050
Cash and cash equivalents at the end of the period		**21 941 259**	**22 348 793**	**24 440 916**
Net inflow (outflow) in cash and cash equivalents		**(407 534)**	**1 898 819**	**3 990 942**

Additional information on operational cash flows from interest:

(In EUR thousand)		1st half 2023	2022 R	1st half 2022 R
Interests paid	Note 3.8	(751 495)	(452 324)	(133 036)
Interests received	Note 3.8	1 073 146	895 041	318 364
Dividends received	Note 3.2	122 449	90 631	85 957

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING PRINCIPLES

1. INTRODUCTION

CORPORATE INFORMATION

Société Générale 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 Société Générale Bank & Trust S.A., with effect as at June 1, 1995. Furthermore, on January 27, 2020 the Bank changed its name to Société Générale 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 June 30, 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 Société Générale consolidated financial statements, which is the ultimate parent company of the Group. The consolidated financial statements of Société Générale may be obtained from its registered office at Société Générale, 29 Boulevard Haussmann, 75009 Paris, France.

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

The Bank holds a representation office in Germany (launched in 2018) 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 interim condensed consolidated financial statements were approved by the Board of Directors of the Bank on September 28, 2023.

ACCOUNTING STANDARDS

The interim condensed consolidated financial statements for the Group for the six-month period ending June 30, 2023 are prepared and are presented in accordance with IAS (International Accounting Standard) 34 “Interim Financial Reporting” as adopted by the European Union.

These notes should be read in conjunction with the audited consolidated financial statements for the year ending December 31, 2022.

Furthermore, as the Group’s activities are neither seasonal nor cyclical in nature, its first half results were not affected by these factors.

FINANCIAL STATEMENTS PRESENTATION

The interim condensed 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.

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”).

The disclosures provided in the notes to the interim condensed consolidated financial statements relate to events and transactions that are significant to an understanding of the changes in financial position and performance of the Group during the first half of 2023. Interim disclosures provided in these notes focus on information that is both relevant and material to the financial statements of the Group, its activities and the circumstances in which it conducted its operations over the period.

The Group publishes its consolidated financial statements as at June 30, 2023, in European Single Electronic Format (“ESEF”) format in accordance with European Regulation 2019/815 and modified by the delegated Regulation 2022/352.

PRESENTATION CURRENCY

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

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

The figures presented in the interim condensed 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 June 30, 2023 are as follows:

	06.30.2023	12.31.2022	06.30.2022
EUR1=	USD 1,0866	USD 1,0666	USD 1,0387
EUR1=	GBP 0,8582	GBP 0,8869	GBP 0,8582
EUR1=	CHF 0,9788	CHF 0,9847	CHF 0,9960
EUR1=	JPY 157,16	JPY 140,66	JPY 141,54

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

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"

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

The Group takes into account these amendments for the preparation of its interim condensed 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 interim condensed 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 will now have to recognize deferred taxes are excluded from the scope of these amendments.

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

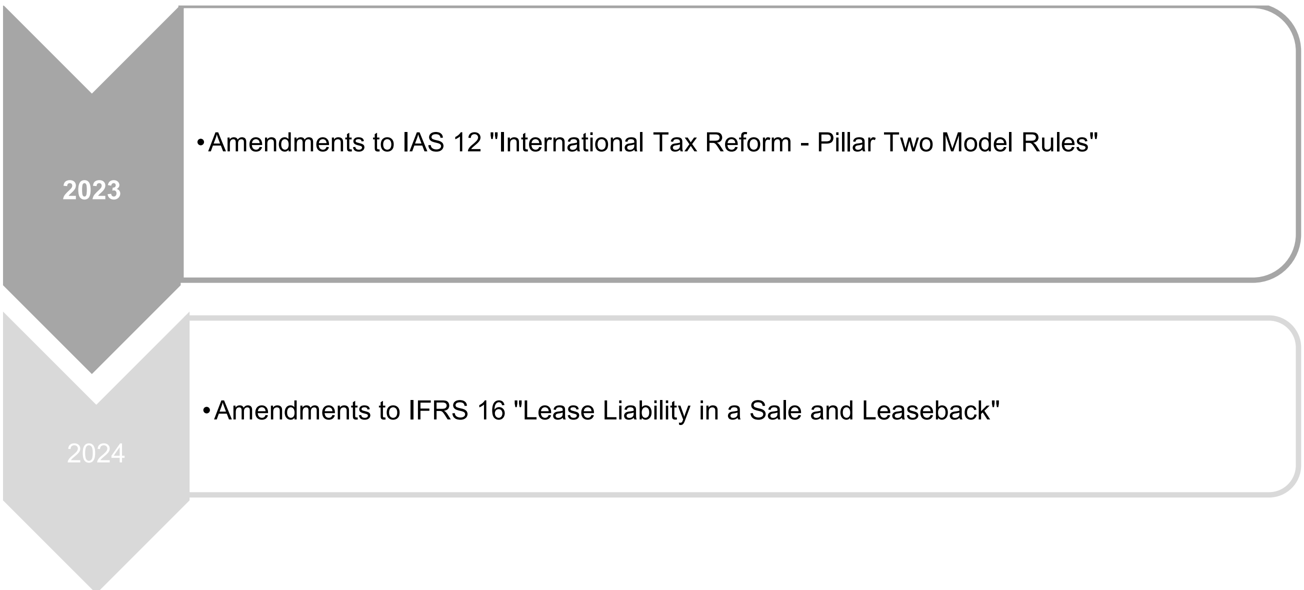
Since the date of first application of IFRS 16, the Group has been considering the rights of use and the lease-related debt as a single transaction. Consequently, on the initial recognition date, the amount of deferred tax asset offsets the amount of deferred tax liability. The net temporary differences 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 interim condensed consolidated financial statements.

3. ACCOUNTING STANDARDS, AMENDMENTS OR INTERPRETATIONS TO BE APPLIED BY THE GROUP IN THE FUTURE

IASB published accounting standards, amendments and interpretations, some of which have not been adopted by the European Union as at June 30, 2023. They are required to be applied from annual periods beginning on January 1, 2024 at the earliest or on the date of their adoption by the European Union. They were therefore not applied by the Group as at June 30, 2023.

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



AMENDMENTS TO IAS 12 "INTERNATIONAL TAX REFORM – PILLAR TWO MODEL RULES"

Published by the IASB on 23 May 2023

These amendments introduce a mandatory and temporary exception to the recognition of the deferred taxes related to the supplementary taxation arising from the OECD Pillar 2 rules. This exception is accompanied by specific disclosure requirements in the annual accounts. However, it is not required to disclose this specific information in the 2023 interim accounts.

Subject to their adoption by the European Union, expected by the end of the year, these amendments would apply retrospectively to fiscal years beginning on or after 1 January 2023. Société Générale Group is monitoring the approval of these amendments and has set up a project to identify impacts and comply with the new accounting requirements of these amendments in relation to the OECD's “Pillar Two Model rules” international tax reform (see Note 6).

AMENDMENTS TO IFRS 16 “LEASE LIABILITY IN A SALE AND LEASEBACK”

Published on September 22, 2022.

These amendments clarify the subsequent assessment of sale and leaseback transactions when the initial transfer of the property, plant or equipment meets the criteria of IFRS 15 for recognition as a sale. These amendments specify in particular how to subsequently assess the lease liability resulting from this sale and leaseback transactions, made of payments of variable leases that do not depend on an index or a rate.
The impact of these amendments 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 implement 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.

IFRS 17 applies from January 1, 2023. On the same date, the Group’ subsidiaries operating in the insurance sector will apply IFRS 9 “Financial Instruments” for the first time; this application has 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 September 9, 2022, the European Union adopted the amendment to IFRS 17 published by the IASB on December 9, 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 will take account, in particular, of market data in relation to financial elements and the behaviour of policyholders;
- the recognition of the margin: although the profitability of the insurance contracts remains unchanged, the pace of recognition in the income statement will be modified. Any expected profit is deferred in the balance sheet and spread in the income statement over the coverage period of the insurance contracts. Conversely any expected loss is immediately recognised in the income statement upon its initial recognition or in subsequent measurements;
- 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.

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;
- 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, will require 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).

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:

- basic financial instruments – the cash flows of which correspond solely to repayments of principal and payment of interest on the principal due – (see Note 4.3.1)
  - held within a "Collect and sell" business model: these instruments, which correspond to investments negotiated in relation to the management of insurance contracts, have been reclassified as Financial assets at fair value through equity, including SG Ré assets, taking into account the situation of the company (run-off);
  - held within a "Collect" business model: these instruments, primarily held for the reinvestment of own funds, have been reclassified as Financial assets at amortised cost;

- non-basic financial instruments: these instruments have been reclassified as Financial assets at fair value through Profit or Loss. The unrealised Gains and losses recognised directly in equity have been reclassified under Retained earnings (with no impact on the Group's equity).

Owing to the credit quality of the assets held (see Note 3.9), 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.

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

<u>Impacts on the Group's financial statements of the application of IFRS 17 and IFRS 9 by insurance entities</u>

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 to IFRS 9 financial assets at fair value through other comprehensive income (EUR 356,6 million), securities at amortized cost (EUR 12,3 million) and financial assets at fair value through profit and loss on SG Ré (EUR 2 million)
- the decrease of other assets for EUR 4,9 million due to the closing of receivable related to reinsurance operations under IFRS 17
- the negative variation of SOGELIFE result for EUR 3,9 million in the investments accounted for using the equity method.

In the Notes to the interim condensed consolidated financial statements, the restated data are identified with "R".

The changes in presentation (reclassifications and impacts from first time adoption as of January 1, 2022) are presented in the notes related to financial instruments and insurance activities (Notes 3.2, 3.4, 3.6 and 4.3).

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.

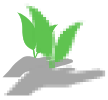
The assumptions and estimates made for the preparation of these consolidated financial statements take into account the uncertainties about the economic consequences of the war in Ukraine. Those that remain with regard to the Covid-19 pandemic, as well as of the current macroeconomic conditions. The 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 interim condensed 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 provisions recorded under liabilities on the balance sheet, the underwriting reserves of insurance companies and the deferred profit-sharing (see Notes 4.3, 5.2 and 8.3);
- 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 Société Générale Group approach, Société Générale 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 Société Générale Group's risk management system. In this regard, the impact of transitional risk on the credit risk of the corporate customers remains the primary climate risk for the Société Générale Group and its subsidiaries.

In addition, the Société Générale Group analyses the provisions of the draft ESRS (European Sustainability Reporting Standards) prepared and subjected to public consultation by the EFRAG (European Financial Reporting Advisory Group), in particular those relating to connectivity between these future disclosure requirements and the presentation of consolidated financial statements.

6. GEOPOLITICAL CRISES AND MACROECONOMIC CONTEXT

The restrictions related to the Covid-19 pandemics in Mainland China ended during the first quarter 2023 bringing to renewed optimism about economic activity for the year. However, the conflict in Ukraine still causes great uncertainty heightened by banking sector tensions in the U.S.A. and in Europe. Economic policies are clearly restrictive; focusing on inflation containment, central banks tightened monetary policies, in particular through rapid and significant interest rates increases. In the euro area:

- the economic activity slowdown observed during the first half of 2023 should continue during the rest of the year with a modest rebound in 2024-2025;
- inflation would remain high in 2023 to drop down to around 3% in 2024 and fall back to the target in the mid-term.

The monetary tightening imposed by the ECB should soften from the end of 2023 on.

In this context, the Société Générale Group updated the macroeconomic scenarios chosen for the preparation of the consolidated financial statements and maintained some adjustments applied to its models.

These macroeconomic scenarios are taken into account in the credit loss measurement models including forward-looking data (see Note 3.9).

MACROECONOMIC SCENARIOS

Société Générale Group has updated the macroeconomic scenarios selected to prepare the semi-annual interim condensed consolidated financial statements and has continued applying certain adjustments to its models.

SG Luxembourg Group approach relies on the Société Générale 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.

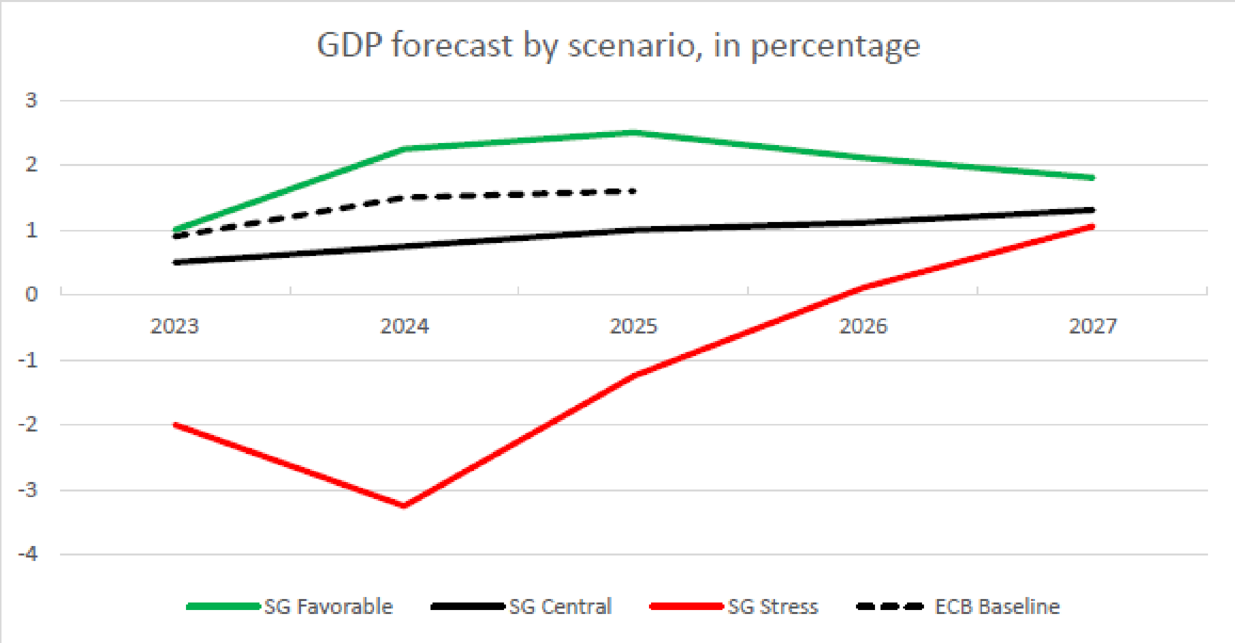
As of June 30, 2023, the Société Générale Group has selected three scenarios to help understand the uncertainties relating to the current macroeconomic context.

The assumptions selected to build these scenarios (which have not undergone any significant developments since December 31, 2022) are described below:

- the central scenario ("SG Central") predicts a sharp economic slowdown in 2023, and only a modest rebound in growth in 2024. In 2023, inflation will remain high, close to 5.5% before dropping down to around 3% in 2024 and returning to target in the mid-term. The ECB will continue tightening its monetary policy in the short term; but a possible easing might start at the end of 2023. In particular in the U.S.A, the central scenario forecasts further disinflation and a technical recession, with a credit crunch in the context of increased Federal Reserve interest rates and banking tensions;
- 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/or the profitability of companies;
- the stressed scenario ("SG Stress") corresponds to a crisis situation leading to a negative deviation in GDP compared to the central scenario. This scenario may result from a financial crisis (2008 crisis, euro area crisis…), an exogenous crisis (Covid-19-like pandemic) or a combination of both.

These scenarios are developed by Société Générale Economic and Sector Research for all the entities of the Société Générale Group based on the information published by the statistical institutes in each country.

The illustration below compares the GDP forecasts in the euro area used by the Société Générale Group for each scenario with the scenarios published by the ECB in December 2022.



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 occurred actual scenario (forecast similar to the actual scenario, significantly optimistic or pessimistic).

In order to better account for a possible reversal of the cycle, the Société Générale Group applies a methodology for weighting scenarios and assigns a higher weight to the Central scenario when the economy is depressed. Conversely, the methodology provides for a higher weight to be assigned to the SG Stress scenario when the economy moves towards the peak of the cycle. Accordingly, the weighting applied to the Central scenario is set at 62% as of June 30, 2023.

Presentation of the changes in weightings:

	1st half year 2023	**12.31.2022**	**1st half year 2022**
SG Central	62%	60%	60%
SG Stress	28%	30%	30%
SG Favourable	10%	10%	10%

UPDATE AND ADJUSTMENTS TO TAKE INTO ACCOUNT UNCERTAINTIES: WAR IN UKRAINE, COVID-19 AND ECONOMIC CONSEQUENCES

For the first half-year, the Société Générale Group revised the parameters used in the models based on the updated macroeconomic scenarios which take account of the recent economic developments and macroeconomic impacts related to the war in Ukraine.

To account for the uncertainties related to the war in Ukraine and the macroeconomic context, the Société Générale Group updated, as at 30 June 2023, the model and post-model adjustments.

The effects of the model and post-model adjustments in the determination of expected credit losses are described hereinafter.

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

ADJUSTMENTS SUPPLEMENTING THE APPLICATION OF MODELS

Owing to the geopolitical context related to the war in Ukraine, all Russian counterparties in GLBA perimeter have been classified as “sensitive” (in the context of watch list) from the beginning of the conflict and the associated outstanding loans have been transferred to Stage 2.

Further analysis has brought to the identification, within this population, of the outstanding loans that had to be transferred to Stage 3, from the beginning of the war in Ukraine.

Sectoral adjustments

The Société Générale Group can supplement the models with two types of sectoral adjustments: the first relates to the possible revision of the expected credit loss estimates of some sectors (with no impact on the classification of loans); the second, implemented since 2020 in relation with Covid-19 crisis, supplements the analysis of the increase in credit risk and may lead to additional transfers to Stage 2.

Estimate of the expected credit losses

The different models used to estimate the expected credit losses may be supplemented by sectoral adjustments that increase or decrease the amount of expected credit losses. These adjustments allow to better anticipate defaults or recoveries in some cyclical sectors that have known peaks of default in the past or that are particularly vulnerable to the current crisis. For such cyclical sectors, the Risk division of Société Générale Group reviews on a yearly basis a threshold for their exposure.

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

The main sectors concerned as of June 30, 2023 are the commercial real-estate sector, as well as leisure, oil and gas, cruise operators and airline sectors.

The specific adjustments implemented in 2022 to take account of the impact of raw materials/commodities/energy supply issues generated by the war in Ukraine and by the impact of a lasting stagflation on the most exposed sectors have been maintained in 2023.

Additional criterion of transfer to stage 2

Since 2020 and the onset of the Covid-19 crisis, to supplement the criteria for the transfer to underperforming loans classified as Stage 2 applied at an individual level, an additional expert analysis on the outstanding portfolios for which the increase in credit risk has been deemed significantly since their granting had been conducted at the end of the year.

The sector impacted is the following:

D1	RAILROAD, AEROSPACE. SHIP MANUFACTURING

Over the first half of 2023, airlines/ space transport and lodging, leisures, gaming sectors have been removed from this list, generating an insignificant NCR impact of EUR 46 thousand in 2023 for SGL Group.

For this sector and although not initially included in IFRS 9 framework, the SG Group has validated the full transfer to stage 2 of all exposures except:

- Exposures granted after April 1st, 2020, as we have considered that after that date and even if the pandemic situation may have evolved, its potential impact was known and a general significant deterioration for all contracts since origination cannot be considered. For these contracts granted after April, the usual criteria apply.
- Exposures already classified in stage 3

Other credit risk adjustments related to the war in Ukraine

The adjustments based on expert opinion related to war in Ukraine have been reassessed to reflect the current situation on Russian corporate credit portfolio.

The main changes are presented below:

- **Business as usual scenario** (probable to 30% instead of 35% as of 12.31.2022): PD and LGD remain unchanged.
- **Intermediate scenario** (probable to 40% unchanged): deepening of the crisis. The average rating of the portfolio decreases to 7-. LGDs are downgraded, especially as financing is less secure. To date, this scenario is considered the most likely.
- **Extreme scenario** (probable to 30% instead of 25% as of 12.31.2022): default by all counterparties. LGD downgraded, as in the intermediate scenario.

Due to the repayments of several loans and the transfer in stage 3 of one counterparty during the period, the adjustment recalibration does not have material impact on the Société Générale Luxembourg Net Cost of Risk.

IMPACTS ON CREDIT EXPOSURES

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

- **GLBA perimeter - corporate exposures**

	06.30.2023		12.31.2022	
(In EUR million)	**Gross outstanding**	**Net outstanding***	**Gross outstanding**	**Net outstanding***
Russia clients exposures	638	388	676	396

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

All corporate exposures (EUR 638 million) have been classified as “sensitive” and transferred in Stage 2 with an exception for three particular cases, classified in Stage 3.

- **Private banking perimeter – retail exposures**

	06.30.2023	06.30.2022
(In EUR million)	**EAD**	**EAD**
Russia clients exposures	520	513
*of which restricted clients**	*45*	*47*

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

On Private banking perimeter, as the exposures are fully collateralized by real estate or financial instruments portfolios collaterals, a case-by-case analysis has been performed to identify “sensitive” counterparties. Finally, several exposures have been transferred in stage 3 since the beginning of the war.

CALCULATION OF EXPECTED CREDIT LOSSES

The calculation of expected credit losses led Société Générale Luxembourg Group to record a Net Cost of Risk of – EUR 1,4 million (excluding Net Cost of Risk on insurance activities) as of June 30, 2023.
At SG Luxembourg Group level, the main evolutions that occurred over the first half of the year are the following:

- the expected credit losses model was updated to consider the impact of the macroeconomic scenarios as described above;
- the entry into default of Russian deals on Corporate and Investment banking perimeter during the second quarter of 2023, as a consequence of the application of European and international financial sanctions;
- the reassessment of the additional specific provision defined for Stage 2 Russian credit exposures on Corporate and Investment Banking business lines (described in the above section "Other credit risk adjustments related to the war in Ukraine");
- On Private Banking Europe perimeter, several new entries and exits in/from default or reimbursements during the first semester 2023 with a limited impact in terms of net cost of risk.

The table below describes SGL Group cost of risk as of June 30, 2023 splited by business lines:

(in EUR million)	2023 NCR		
Business line	**Stage 1 & Stage 2**	**Stage 3**	**Global**
Private Banking	(1,3)	1,1	(0,2)
Securities services	(0,1)	-	(0,1)
Corporate and Investment Banking	(10,0)	8,9	(1,1)
Corporate center	(0,1)	-	(0,1)
SG Luxembourg Group	**(11,4)**	**10,0**	**(1,4)**

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 – currently being implemented, 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 is on USD contracts migrated in June 2023.

Migration of the contracts with an IBOR index – Phase 2

The interest rate benchmark reform, in phase 2, aims to replace these benchmark rates with alternative rates, in particular the Risk-Free Rates (RFR). This reform was accelerated on March 5, 2021, when the Financial Conduct Authority, which is in charge of supervising LIBOR, announced the official dates for the cessation or loss of representativeness.

The progressive cessation of the production of new products indexed on LIBOR and EONIA started in first half of 2021 and the Société Générale Group has been offering to guide its customers towards alternative solutions since then. In parallel, the Group has introduced fallback clauses in line with the market standards in the new contracts that remain indexed on the IBOR indexes (EURIBOR included).

At the end of June 2023, the Société Générale Group has completed over 99% of its legal migration of the contracts indexed on the benchmarks terminated or not representative anymore at that time. Remainders are mainly contracts still being renegotiated as of June 30 and for which using the synthetic USD LIBOR will allow the renegotiation to be concluded in 2023 or, at the latest, before the cessation date of the synthetic LIBOR. Depending on the products, the transition has, overall, been carried out according to three major modalities:

- loans and credit lines are subject to individual renegotiations, together with the related hedging instruments, in order to maintain their effectiveness;
- the majority of the derivative products have been transitioned at the instigation of the clearing houses or through the activation of their fallback clauses. Some derivative products have, however, been renegotiated bilaterally;
- lastly, for some products (typically: sight deposits and similar), the transition has been done through an update of the general conditions.

It is to be noted that, for some types of contracts, the operational migration will take place at the end of the ongoing interest period at June 30, 2023 and, consequently, exposures on pre-June 2023 fixings of USD LIBOR and other indices will still appear beyond June 30, 2023 pending these migrations.

<u>Risks associated with the benchmark rate reform</u>

The risks related to the IBOR reform were mostly related to the USD LIBOR for the period until June 2023.

The June term for the USD LIBOR, and the existence of a synthetic USD LIBOR until September 2024 involve a significant reduction in the previously identified risks:

- program governance and execution risk, liable to cause delays and loss of opportunities, is monitored as part of the work of regular committees and arbitration bodies;
- legal documentation risk, liable to lead to post-transition litigations, is managed through fallback clauses inserted in the contracts depending on the availability of market standards;
- market risk, with the creation of a basis risk between the rate curves associated with the different indexes, it decreased on the old indices following the migration of transactions and is now related only marginally to positions indexed on the Term SOFR and synthetic USD LIBOR;
- operational risks in the execution of the migration of transactions depend in particular on the willingness and preparedness of our counterparties, the volume of transactions to be migrated and their spread over time;
- regulatory risk is managed according to the Société Générale Group guidelines in line with the recommendations of the regulators and working groups on the LIBOR transition;
- conduct risk, related to the end of LIBOR, is notably managed through:
  - specific guidelines on the appropriate conduct detailed by business line;
  - training of the teams;
  - communications to customers (conferences, events, bilateral discussions in particular with the less informed customers) are organised on the transition-related risks, the alternative solutions that may be implemented, and on how they might be affected.

NOTE 2 – CONSOLIDATION

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.

NOTE 2.2. – MATERIAL CHANGES IN CONSOLIDATION SCOPE

There is no change to the consolidation scope in 2023, compared to the scope applicable at the closing date of December 31, 2022.

NOTE 2.3. – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

There is no change related to investments accounted for using the equity method in 2023 compared to the scope applicable as of December 31, 2022.

NOTE 3 - FINANCIAL INSTRUMENTS

NOTE 3.1. – CASH, DUE FROM CENTRAL BANKS

(in EUR thousand)	**06.30.2023**	**12.31.2022**
Cash	838	671
Balances with central banks	12 677 345	12 534 740
Total	**12 678 183**	**12 535 411**
Mandatory reserve	*456 033*	*482 043*

NOTE 3.2. – FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

SUMMARY OF THE IFRS 9 TRANSITION FOR INSURANCE ACTIVITIES SUBSIDIARIES (SEE NOTE 1)

	31.12.2021	**IFRS 9 reclassifications**		**Other re-classifica-tion**	**Reclassified balances**	**Adjustment of book value related to invest-ments**		**01.01.2022 R**	**31.12.2022 R**
(In EURm)		of available for-sale financial assets	of non-SPPI loans and receiv-ables	Others		Reclassification effects	**Total**		
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
Financial instruments measured at fair value through profit or loss using the fair value option	-	-	-	-	-	-	-	-	-
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

(In EUR thousand)	06.30.2023 Assets	06.30.2023 Liabilities	12.31.2022 R Assets	12.31.2022 R Liabilities
Trading portfolio	523 180	282 709	626 153	379 810
Financial instruments mandatorily at fair value through profit or loss	368 182	-	358 339	-
Financial instruments at fair value through profit or loss using the fair value option	43 355	2 404	39 862	19 539
Total	**934 717**	**285 113**	**1 024 354**	**399 349**

1. TRADING PORTFOLIO

Trading portfolio includes all the financial assets held for trading purpose regardless of the characteristics of their contractual cash flows.

ASSETS

(In EUR thousand)	06.30.2023	12.31.2022 R
Bonds and other debt securities	-	-
Shares and other equity securities	2 333	1 934
Loans and receivables and securities purchased under resale agreements	225 982	222 614
Trading derivatives	294 865	401 605
Total	**523 180**	**626 153**
o/w securities lent	-	-

LIABILITIES

(In EUR thousand)	06.30.2023	12.31.2022 R
Trading derivatives	282 709	379 810
Total	**282 709**	**379 810**

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

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

(In EUR thousand)	06.30.2023	12.31.2022 R
Bonds and other debt securities	74 167	48 154
Shares and other equity securities	77 076	92 993
Loans and receivables	216 939	217 192
Total	**368 182**	**358 339**

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

ASSETS

As at June 30, 2023, the Group holds insurance assets at fair value through profit or loss using fair value option for EUR 43,4 million as compared to EUR 39,9 million as at December 31, 2022 (restated amount as described in Note 1 paragraph 4).

LIABILITIES

As at June 30, 2023, the Group holds structured deposits for EUR 2,4 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 AT FAIR VALUE THROUGH PROFIT OR LOSS

(In EUR thousand)	1st half of 2023	1st half of 2022 R
Net gain/loss on trading portfolio (excluding derivatives)	6 238	(3 075)
Net gain/loss on financial instruments at fair value through profit or loss	11 992	(4 280)
o/w dividend income	*122 449*	*85 957*
Net gain/loss on financial instruments measured using fair value option	(4 722)	-
Net gain/loss on derivative instruments	6 061	50 907
Net gain/loss on hedging transactions (cf Note 3.3.2)	(8 846)	(347)
Net gain/loss on foreign exchange transactions	39 227	17 474
Total	**49 950**	**60 679**

NOTE 3.3. – FINANCIAL DERIVATIVES

1. TRADING DERIVATIVES

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

FAIR VALUE

	06.30.2023		12.31.2022 R	
(In EUR thousand)	Assets	Liabilities	Assets	Liabilities
Interest rate instruments	47 553	37 940	62 951	50 427
Foreign exchange instruments	20 806	19 447	29 186	22 889
Equities & index Instruments	222 990	221 806	305 506	302 544
Other trading instruments[(1)]	3 516	3 516	3 962	3 950
Total	**294 865**	**282 709**	**401 605**	**379 810**

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

COMMITMENTS (NOTIONAL AMOUNTS)

(In EUR thousand)	06.30.2023	12.31.2022 R
Interest rate instruments	**6 368 875**	**7 965 906**
Firm instruments	6 368 875	7 262 648
Swaps	*6 364 489*	*7 232 776*
FRAs	*4 386*	29 872
Options	-	703 258
Foreign exchange instruments	**14 385 288**	**21 674 296**
Firm instruments	8 792 562	12 779 638
Options	5 592 726	8 894 658
Equity and index instruments	**3 863 060**	**3 631 506**
Firm instruments	663 566	721 048
Options	3 199 494	2 910 458
Commodities instruments	**2 290**	**303**
Firm instruments	2 290	303
Options	-	-
Other trading instruments	**757 271**	**988 244**
Total	**25 376 784**	**34 260 255**

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 Covid-19 crisis and 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.

FAIR VALUE

	06.30.2023		12.31.2022 R	
(In EUR thousand)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Fair value hedge				
Interest rate instruments	124 759	3 279	133 203	14 899
Foreign exchange instruments	-	-	-	-
Cash flow hedge				
Interest rate instruments	87 061	-	83 965	1 092
Other forward financial instruments	55	3	38	12
Total	**211 875**	**3 282**	**217 206**	**16 003**

The Group sets up hedging relationships recognised for accounting purposes as fair value hedges in order to protect its fixed-rate financial assets and liabilities (primarily loans/borrowings, securities issued and fixed-rate securities) against changes in long-term interest rates. The hedging instruments used mainly consist of interest rate swaps.

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 macro 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.

COMMITMENTS (NOTIONAL AMOUNTS)

DERIVATIVE ASSETS (NOTIONAL AMOUNT)

(In EUR thousand)	**06.30.2023**	**12.31.2022 R**
Interest rate instruments	2 795 950	3 150 650
Foreign exchange instruments	-	-
Equity and index instruments	-	-
Commodity instruments	-	-
Credit derivatives	-	-
Other forward financial instruments	1 504	1 507
Total	**2 797 454**	**3 152 157**

DERIVATIVE LIABILITIES (NOTIONAL AMOUNT)

(in EUR thousand)	**06.30.2023**	**12.31.2022 R**
Interest rate instruments	2 795 950	3 150 650
Foreign exchange instruments	-	-
Equity and index instruments	-	-
Commodity instruments	-	-
Credit derivatives	-	-
Other forward financial instruments	-	-
Total	**2 795 950**	**3 150 650**

BREAKDOWN OF NET GAINS/LOSSES ON HEDGING TRANSACTIONS

(In EUR thousand)	**1st half of 2023**	**1st half of 2022 R**
Net gain/loss on hedging transactions		
Net gain/loss on fair value hedging derivatives	*(9 017)*	*123 124*
Revaluation of hedged items attributable to hedged risks	*8 225*	*(123 465)*
Ineffective portion of cash flow hedge	*(8 054)*	*(6)*
Total of net gains and losses on financial instruments at fair value through profit or loss from hedging transactions	**(8 846)**	**(347)**

The effective portion of the cash-flow hedges is disclosed in Note 7.3 (cumulated view).

NOTE 3.4. - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

SUMMARY OF THE IFRS 9 TRANSITION FOR INSURANCE ACTIVITIES SUBSIDIARIES (SEE NOTE 1)

	31.12.2021	**IFRS 9 re-classifica-tions**		**Reclassified balances**	**Adjustment of book value related to in-vestments**		**01.01.2022 R**	**31.12.2022 R**
(In EUR thou-sand)		of available for-sale financial assets	of loans and receivables regarding their business model		Reclassification effects	Impairment and provi-sions for credit risk		
Debt instruments	2 815 004	356 563	-	3 171 567	-	-	3 171 567	2 238 820
Bonds and other debt securi-ties	*2 815 004*	*356 563*	*-*	*3 171 567*	*-*	*-*	*3 171 567*	*2 238 820*
Loans and re-ceivables and se-curities pur-chased under re-sale agreements	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Shares and other equity securities	-	-	-	-	-	-	-	-
Total financial assets at fair value through other compre-hensive income	**2 815 004**	**356 563**	**-**	**3 171 567**	**-**	**-**	**3 171 567**	**2 238 820**

OVERVIEW

(In EUR thousand)	**06.30.2023**	**12.31.2022 R**
Bonds and other debt securities	1 775 826	2 238 820
Shares and other equity securities	-	-
Total	**1 775 826**	**2 238 820**
o/w unrealized gain/loss through OCI, excluding deferred taxes and allow-ances for impairment losses	*4 599*	*(1 176)*
o/w allowances for impairment losses	*2*	*2*

1. DEBT INSTRUMENTS

OVERVIEW

(In EUR thousand)	1st half of 2023
Balance on January 1	**2 238 820**
Acquisitions / disbursements	111
Disposals / redemptions	(288 958)
Others	(169 537)
Changes in fair value during the year	4 745
Changes in related receivables	(9 355)
Translation differences	-
Balance on June 30	**1 775 826**

CUMULATIVE UNREALISED GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

(In EUR thousand)	06.30.2023	12.31.2022 R
Unrealised gains	10 761	4 517
Unrealised losses	(6 160)	(5 691)
Total	**4 601**	**(1 174)**

2. EQUITY INSTRUMENTS

As at June 30, 2023 and December 31, 2022, the Group did not apply the fair value through other comprehensive income option to any equity instruments.

NOTE 3.5. - FAIR VALUE OF FINANCIAL INSTRUMENTS

1. FINANCIAL ASSETS MEASURED AT FAIR VALUE

As at June 30, 2023, the fair value hierarchy of financial assets by instrument type is as follows:

	06.30.2023				12.31.2022 R			
(In EUR thousand)	(L1)	(L2)	(L3)	Total	(L1)	(L2)	(L3)	Total
Trading portfolio (excluding derivatives)	**2 333**	**225 982**	**-**	**228 315**	**1 934**	**222 614**	**-**	**224 548**
Bonds and other debt securities	-	-	-	-	-	-	-	-
Shares and other equity securities	2 333	-	-	2 333	1 934	-	-	1 934
Securities purchased under resale agreements	-	-	-	-	-	-	-	-
Loans, receivables and other trading assets	-	225 982	-	225 982	-	222 614	-	222 614
Trading derivatives	**-**	**294 865**	**-**	**294 865**	**-**	**401 605**	**-**	**401 605**
Interest rate instruments	-	47 553	-	47 553	-	62 951	-	62 951
Foreign exchange instruments	-	20 806	-	20 806	-	29 186	-	29 186
Equity and index instruments	-	222 990	-	222 990	-	305 506	-	305 506
Commodity instruments	-	-	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-	-	-
Other forward financial instruments	-	3 516	-	3 516	-	3 962	-	3 962
Financial assets measured mandatorily at fair value through profit or loss	**26 230**	**6 343**	**335 609**	**368 182**	**10 889**	**6 304**	**341 146**	**358 339**
Bonds and other debt securities	26 165	-	48 002	*74 167*	-	-	48 154	48 154
Shares and other equity securities	65	6 343	70 668	77 076	10 889	6 304	75 800	92 993
Loans, receivables and securities purchased under resale agreements	-	-	216 939	216 939	-	-	217 192	217 192
Financial assets measured using fair value option through profit or loss	43 355	-	-	**43 355**	**39 862**	**-**	**-**	**39 862**
Hedging derivatives	**-**	**211 875**	**-**	**211 875**	**-**	**217 206**	**-**	**217 206**
Interest rate instruments	-	211 820	-	211 820	-	217 168	-	217 168
Foreign exchange instruments	-	55	-	55	-	38	-	38
Equity and index instruments	-	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	**1 775 826**	**-**	**-**	**1 775 826**	**2 238 820**	**-**	**-**	**2 238 820**
Bonds and other debt securities	1 775 826	-	-	1 775 826	2 238 820	-	-	2 238 820
Shares and other equity securities	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	-	-	-	-
Total	**1 847 744**	**739 065**	**335 609**	**2 922 418**	**2 291 505**	**847 729**	**341 146**	**3 480 380**

2. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

As at June 30, 2023, the fair value hierarchy of financial liabilities by instrument type is as follows:

	06.30.2023				12.31.2022 R			
(In EUR thousand)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Trading portfolio (excluding derivatives)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trading derivatives	**-**	**282 709**	**-**	**282 709**	**-**	**379 810**	**-**	**379 810**
Interest rate instruments	-	37 940	-	37 940	-	50 427	-	50 427
Foreign exchange instruments	-	19 447	-	19 447	-	22 889	-	22 889
Equity and index instruments	-	221 806	-	221 806	-	302 544	-	302 544
Commodity instruments	-	-	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-	-	-
Other forward financial instruments	-	3 516	-	3 516	-	3 950	-	3 950
Financial liabilities measured using fair value option through profit or loss	**-**	**2 404**	**-**	**2 404**	**-**	**19 539**	**-**	**19 539**
Hedging derivatives	-	3 282	-	3 282	-	16 003	-	16 003
Interest rate instruments	-	3 279	-	3 279	-	15 991	-	15 991
Foreign exchange instruments	-	3	-	3	-	12	-	12
Equity and index instruments	-	-	-	-	-	-	-	-
Total	**-**	**288 395**	**-**	**288 395**	**-**	**415 352**	**-**	**415 352**

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.

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 Bank.

With the above described approach, the fair value assessment of financial instruments measured at amortised cost is reported below as at June 30, 2023.

ASSETS	**06.30.2023**				
(In EUR thousand)	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Due from banks	23 222 500	22 866 675	-	22 866 675	-
Customer loans	19 317 824	19 010 902	-	19 010 902	-
Debt securities	9 343 166	9 343 166	-	9 343 166	-
Total	**51 883 490**	**51 220 743**	**-**	**51 220 743**	**-**

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

LIABILITIES	**06.30.2023**				
(In EUR thousand)	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Due to banks	22 629 113	22 496 145	-	22 496 145	-
Customer deposits	40 522 064	40 508 620	-	40 508 620	-
Debt securities issued	20 412	20 412	-	20 412	-
Total	**63 171 589**	**63 025 177**	**-**	**63 025 177**	**-**

4. VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

During the year of 2023, no transfer of level 3 instruments was 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.

	06.30.2023								
(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 06.30.2023**
Financial assets measured mandatorily at fair value through profit or loss	**341 146**	**-**	**-**	**-**	**-**	**(5 047)**	**(490)**	**-**	**335 609**
Bonds and other debt securities	48 154	-	-	-	-	(152)	-	-	**48 002**
Shares and other equity instruments	75 800	-	-	-	-	(4 642)	(490)	-	**70 668**
Loans and receivables	217 192	**-**	**-**	**-**	**-**	(253)	**-**	**-**	**216 939**
o/w other financial instruments	*217 192*	-	-	-	-	*(253)*	-	-	***216 939***
Total financial assets at fair value	**341 146**	**-**	**-**	**-**	**-**	**(5 047)**	**(490)**	**-**	**335 609**

5. VALUATION METHODS OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE ON THE BALANCE SHEET

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 symmetrically based on the negative expected exposure. These calculations are carried out over the life of the potential exposure, with a focus on the use of relevant and observable market data.

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 June 30, 2023 and the range of values of the most significant unobservable inputs by main product type.

Type of underlyings	Assets	Liabilities	Main products	Valuation techniques used	Significant unobservable inputs	Range of unobservable inputs	
						Min	Max
Equities/funds	70 668	-	Equity shares	Discounted cash flows or dividend distribution models	Equity dividends	0%	11,4%
					Correlations	-81%	100%
					Illiquidity discount	0%	20%
Credit	264 941	-	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	**335 609**	-					

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 June 30, 2023 on instruments whose valuation requires certain unobservable inputs.

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

	06.30.2023		12.31.2022 R	
(In EUR m)	Negative impact	Positive impact	Negative impact	Positive impact
Shares and other equity instruments and derivatives	**(927)**	**1 009**	**(1 067)**	**1 159**
Equity volatilities	(927)	1 009	(1 067)	1 159
Rates or Forex instruments and derivatives	**(223)**	**217**	**(256)**	**248**
Correlations between exchange rates and/or interest rates	(223)	217	(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

SUMMARY OF THE TRANSITION IFRS 9 FOR INSURANCE ACTIVITIES SUBSIDIARIES (SEE NOTE 1)

	31.12.2021	IFRS 9 reclassifications	Other reclassification	Reclassified balances	Adjustment of book value related to investments			01.01.2022 R	31.12.2022 R
(In EURm)		of available for-sale financial assets	Others		Reclassification effects	Impairment and provisions for credit risk	Total		
Securities at amortised cost	8 051 597	12 331	-	8 063 928	-	(8)	(8)	8 063 920	9 307 177
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)	(8)	50 722 895	51 265 401

OVERVIEW

	06.30.2023		12.31.2022 R	
(In EUR thousand)	**Carrying amount**	*o/w impairment*	**Carrying amount**	*o/w impairment*
Due from banks	23 222 500	*(622)*	21 990 338	*(755)*
Customer loans	19 317 824	*(235 483)*	19 965 886	*(237 531)*
Securities	9 343 166	*(97)*	9 309 177	*(221)*
Total	**51 883 490**	***(236 202)***	**51 265 401**	***(238 507)***

1. DUE FROM BANKS

(in EUR thousand)	06.30.2023	12.31.2022 R
Current accounts	6 778 379	7 718 310
Deposits and loans	16 300 470	14 202 237
Securities purchased under resale agreements	-	-
Subordinated and participating loans	-	-
Related receivables	144 273	70 546
Due from banks before impairment	**23 223 122**	**21 991 093**
Credit loss impairment	(622)	(755)
Revaluation of hedged items	-	-
Total	**23 222 500**	**21 990 338**

2. CUSTOMER LOANS

(In EUR thousand)	06.30.2023	12.31.2022 R
Unsecured loans	5 822 883	8 329 089
Other collateralized loans	7 456 980	6 502 711
Housing loans	3 116 984	3 118 662
Overdrafts	2 472 676	1 499 943
Lease Financing agreements	103 401	189 355
Subordinated loans	35 000	37 000
Related receivables	80 849	67 094
Doubtful loans	476 109	472 225
Customer loans before impairment(1)	**19 564 882**	**20 216 079**
Impairment	(235 483)	(237 531)
Revaluation of hedged items	(11 575)	**(12 662)**
Net customer loans	**19 317 824**	**19 965 886**

(1) As at 30 June 2023, the amount due from customers classified as Stage 3 impairment (credit impaired) is EUR 90 717 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 carry-ing amount of the financial asset (see Note 3.8)

3. SECURITIES

(In EUR thousand)	06.30.2023	12.31.2022 R
Negotiable certificates, bonds and other debt securities	9 330 160	9 304 711
Related receivables	13 103	4 687
Securities before impairment	**9 343 263**	**9 309 398**
Impairment	(97)	(221)
Total	**9 343 166**	**9 309 177**

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

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 Société Générale Group. The variable rates considered are similar to standard generally accepted rates (such as ESTER or Euribor rate).

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

1. DUE TO BANKS

(In EUR thousand)	06.30.2023	12.31.2022 R
Term deposits	22 000 654	20 975 055
Securities sold under repurchase agreements	336 822	386 998
Demand deposits and current accounts	60 977	98 333
Related payables	168 428	67 844
Overnight deposits / borrowings and others	62 232	14 850
Total	**22 629 113**	**21 543 080**

2. CUSTOMER DEPOSITS

(In EUR thousand)	06.30.2023	12.31.2022 R
Demand deposits	19 476 338	20 079 519
Term deposits	20 974 764	21 162 463
Related payables	70 962	41 281
Total customer deposits	**40 522 064**	**41 283 263**
Securities sold to customers under repurchase agreements	-	-
Total	**40 522 064**	**41 283 263**

BREAKDOWN OF DEMAND DEPOSITS BY CUSTOMER TYPE

(In EUR thousand)	06.30.2023	12.31.2022 R
Non-financial corporations	1 658 922	1 060 929
Individual customers	1 151 352	1 513 757
Financial customers	16 665 945	17 504 241
Others (1)	119	592
Total	**19 476 338**	**20 079 519**

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

3. DEBT SECURITIES ISSUED

(In EUR thousand)	06.30.2023	12.31.2022 R
Interbank certificates and negotiable debt instruments	20 240	22 241
Related payables	172	153
Total	**20 412**	**22 394**

NOTE 3.8. – INTEREST INCOME AND EXPENSE

	1st half of 2023			**2022 R**			**1st half of 2022 R**		
(In EUR thousand)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Financial instruments at amortised cost	1 095 104	(868 984)	226 120	912 283	(513 307)	398 976	304 020	(118 278)	185 742
Central banks	*164 564*	*-*	*164 564*	*45 611*	*(23 241)*	*22 370*	*-*	*(20 248)*	*(20 248)*
Bonds and other debt securities	*234 758*	*(1 370)*	*233 388*	*184 108*	*(718)*	*183 390*	*51 518*	*(458)*	*51 060*
Due from/to banks	*429 593*	*(363 855)*	*65 738*	*281 221*	*(223 569)*	*57 652*	*73 335*	*(59 613)*	*13 722*
Customer loans and deposits	*266 189*	*(498 491)*	*(232 302)*	*400 235*	*(265 679)*	*134 556*	*177 038*	*(37 853)*	*139 185*
Securities lending/borrowing	*-*	*-*	*-*	*-*	*(100)*	*(100)*	*-*	*(106)*	*(106)*
Securities purchased/sold under re-sale/purchase agreements and bor-row-ings secured by notes and securi-ties	*-*	*(5 268)*	*(5 268)*	*1 108*	*-*	*1 108*	*2 129*	*-*	*2 129*
Hedging derivatives	39 021	(11 312)	27 709	14 578	(38 346)	(23 768)	3 825	(24 055)	(20 230)
Financial instruments at fair value through other comprehensive income	13 892	-	13 892	34 591	(1 470)	33 121	18 116	(888)	17 228
Lease agreement	3	(1 483)	(1 480)	37	(390)	(353)	23	(185)	(162)
Real estate lease agreements	*-*	*(1 481)*	*(1 481)*	*-*	*(385)*	*(385)*	*-*	*(182)*	*(182)*
Non-real estate lease agreements	*3*	*(2)*	*1*	*37*	*(5)*	*32*	*23*	*(3)*	*20*
Subtotal interest income/expense on fi-nancial instruments using the effective interest method	**1 148 020**	**(881 779)**	**266 241**	**961 489**	**(553 513)**	**407 976**	**325 984**	**(143 406)**	**182 578**
Financial instruments at fair value through profit or loss	5 577	-	5 577	3 249	-	3 249	483	-	483
Total Interest income and expense	**1 153 597**	**(881 779)**	**271 818**	**964 738**	**(553 513)**	**411 225**	**326 467**	**(143 406)**	**183 061**
o/w interest income from impaired finan-cial assets	*3 118*	*-*	*3 118*	*10 704*	*-*	*10 704*	*5 139*	*-*	*5 139*

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

OVERVIEW

(In EUR thousand)	06.30.2023	12.31.2022 R
Impairment of financial assets at fair value through other comprehensive income	**2**	**2**
Impairment of financial assets at amortised cost	**236 316**	**238 716**
Loans and receivables at amortised cost, including debt securities	*236 202*	*238 507*
Other assets at amortised cost	*114*	*209*
Total impairment of financial assets	**236 318**	**238 718**
Provisions on Financing commitments	1 337	1 383
Provisions on Guarantee commitments	300	588
Total credit risk provisions	**1 637**	**1 971**

1. IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN

(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 06.30.2023
Financial assets at fair value through other comprehensive income	**2**	**8**	**(8)**	**-**	**-**	**-**	**2**
Impairment on performing outstandings (Stage 1)	**2**	8	(8)	-	-	-	**2**
Impairment on under-performing outstandings (Stage 2)	**-**	-	-	-	-	-	**-**
Impairment on doubtful outstandings (Stage 3)	**-**	-	-	-	-	-	**-**
Financial assets at amortised cost	**238 716**	**46 267**	**(47 432)**	**(1 165)**	**(36)**	**(1 199)**	**236 316**
Impairment on performing outstandings (Stage 1)	**22 480**	7 430	(7 293)	137	-	11	**22 628**
Impairment on under-performing outstandings (Stage 2)	**133 220**	22 268	(33 558)	(11 290)	-	(1 073)	**120 857**
Impairment on doubtful outstandings (Stage 3)	**83 016**	16 569	(6 581)	9 988	(36)	(137)	**92 831**
Total	**238 718**	**46 275**	**(47 440)**	**(1 165)**	**(36)**	**(1 199)**	**236 318**

** Write-backs available correspond to reversal of impairment*

*** Write-backs 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 updates	Other variations	Amounts as at 06.30.2023
Financial assets at fair value through other comprehensive income	2	8	(8)	-	-	**2**
Impairment on performing outstandings (Stage 1)	2	8	(8)	-	-	**2**
Impairment on under-performing outstandings (Stage 2)	-	-	-	-	-	**-**
Impairment on doubtful outstandings (Stage 3)	-	-	-	-	-	**-**
Sub-total	**2**	**8**	**(8)**	**-**	**-**	**2**
Financial assets at amortised cost	**238 716**	**1 780**	**(2 751)**	**(798)**	**(631)**	**236 316**
Impairment on performing outstandings (Stage 1) *	22 480	1 299	(1 343)	212	(20)	**22 628**
Impairment of under-performing outstandings (Stage 2)	133 220	66	(483)	(11 282)	(664)	**120 857**
Impairment on doubtful outstandings (Stage 3)	83 016	415	(925)	10 272	53	**92 831**
Sub-total	**238 716**	**1 780**	**(2 751)**	**(798)**	**(631)**	**236 316**
TOTAL	**238 718**	**1 788**	**(2 759)**	**(798)**	**(631)**	**236 318**

**Variations of impairment on performing outstanding (stage 1) are mainly linked to overlays explained in note 3.9.3*

The contractual amount outstanding on financial assets that have been written off by the Bank as at June 30, 2023 and that was still subject to enforcement activity amounts was nil (2022: nil).

2. CREDIT RISK PROVISIONS

BREAKDOWN

(In EUR thousand)	Amounts as at 12.31.2022 R	Allocations	Write-backs available	Net impairment losses	Currency and scope effects	Amounts as at 06.30.2023
Financing commitments	**1 383**	**547**	**(588)**	**(41)**	**(5)**	**1 337**
Provisions on performing outstandings (Stage 1)	1 290	544	(492)	52	(5)	**1 337**
Provisions on under-performing outstandings (Stage 2)	93	3	(96)	(93)	-	**-**
Provisions on doubtful outstandings (Stage 3)	-	-	-	-	-	**-**
Guarantee commitments	**588**	**285**	**(572)**	**(287)**	**(1)**	**300**
Provisions on performing outstandings (Stage 1)	502	285	(532)	(247)	(1)	**254**
Provisions on under-performing outstandings (Stage 2)	86	-	(40)	(40)	-	**46**
Provisions on doubtful outstandings (Stage 3)	-	-	-	-	-	**-**
TOTAL	**1 971**	**832**	**(1 160)**	**(328)**	**(6)**	**1 637**

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 06.30.2023
Financing and Guarantee commitments	**1 971**	**441**	**(361)**	**(430)**	**16**	**1 637**
Provisions on performing outstandings (Stage 1)	1 792	441	(341)	(299)	(2)	**1 591**
Provisions on under-performing outstandings (Stage 2)	179	-	(20)	(131)	18	**46**
Provisions on doubtful outstandings (Stage 3)	-	-	-	-	-	**-**
Total	**1 971**	**441**	**(361)**	**(430)**	**16**	**1 637**

3. COST OF RISK

SUMMARY

(in EUR thousand)	06.30.2023	12.31.2022 R	06.30.2022 R
Cost of risk of financial instruments related to insurance activities	119	135	147
Cost of risk	1 374	(168 298)	(101 924)
Total	**1 493**	**(168 163)**	**(101 777)**

(In EUR thousand)	1st half of 2023	2022 R	1st half of 2022 R
Credit risk			
Net allocation to impairment losses	1 165	(160 632)	(102 720)
On financial assets at fair value through other comprehensive income	*-*	*1*	*-*
On financial assets at amortised cost	*1 165*	*(160 633)*	*(102 720)*
Net allocations to provisions	328	557	943
On financing commitments	*41*	*241*	*374*
On guarantee commitments	*287*	*316*	*569*
Losses not covered on irrecoverable loans	-	(8 088)	-
Amounts recovered on irrecoverable loans	-	-	-
Income from guarantee not taken into account for the calculation of impairment	-	-	-
Other risks	-	-	-
Total	**1 493**	**(168 163)**	**(101 777)**

The negative Net Cost of Risk (excluding Net Cost of Risk related to insurance activities) of EUR 1,4 million is mainly explained by:

- Stage 1: No material change compared to 2022.

- Stage 2: A EUR 11,4 million decrease mainly due to:

  - A specific provision reassessment for - EUR 7,3 million net cost of risk on Russian deals in Corporate and Investment Banking perimeter considering mainly the deal amortizations and three Russian deals entry into default.

  - The provision decrease on a specific provisioned counterparty for - EUR 6,7 million net cost of risk due to amortizations of credit exposures and decrease in residual maturity.

  - The provision increase on a specific provisioned counterparty for EUR 3,5 million, related to the financial sanction on the offtaker and the deterioration of the rating of the counterparty.

- Stage 3: A EUR 10 million increase further to:
  - The entry into default of a Russian deal during the second quarter 2023 following the European financial sanctioning of the counterparty for an amount of EUR 9,2 million net cost of risk
  - On Europe Private Banking perimeter, several new entries and exits on default or reimbursements have occurred during the first semester 2023 with a limited impact in terms of net cost of risk.

NOTE 3.10. – FIDUCIARY ISSUANCE

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 Société Générale Luxembourg in 2017, according to the Luxembourg Law of the March 27, 2003 on fiduciary operations.

During 2023, the Bank issued 2 fiduciary notes in EUR for a nominal amount of EUR 1 050 million, 1 fiduciary note in USD for a nominal amount of USD 411 million.

As at June 30, 2023, the Bank had 66 outstanding notes (December 31, 2022: 71), listed on the Luxembourg Stock Exchange, amounting to EUR 7,51 billion (December 31, 2022: 7,57 billion):

- 20 notes in JPY for a nominal amount of JPY 327,65 billion (December 31, 2022: 20 notes in JPY for a nominal amount of JPY 351,62 billion);
- 41 notes in EUR for a nominal amount of EUR 4.38 billion (December 31, 2022: 47 notes in EUR for a nominal amount of EUR 4,33 billion);
- 1 note in CHF for a nominal amount of CHF 279 million (December 31, 2022: 1 note in CHF for a nominal amount of CHF 308 million);
- 1 note in GBP for a nominal amount of GBP 5., million (December 31, 2022: 1 note in GBP for a nominal of GBP 15,6 million);
- 1 note in SGD for a nominal amount of SGD 8,07 million (December 31, 2022: 1 note in SGD for a nominal amount of SGD 15,6 million);
- 2 notes in USD for a nominal amount of USD 813 million (December 31, 2022: 1 note in USD for a nominal amount of USD 417 million).

The Group fiduciary issuance with the Parent Company Société Générale represents EUR 345,33 million as of June 30, 2023 (December 31, 2022: EUR 500,29 million).

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

NOTE 4 – OTHER ACTIVITIES

NOTE 4.1. - FEE INCOME AND EXPENSE

(In EUR thousand)	1st half of 2023			2022 R			1st half of 2022 R		
	Income	Expense	Net	Income	Expense	Net	Income	Expense	Net
Transactions with banks	**253**	**(2 799)**	**(2 546)**	**339**	**(6 341)**	**(6 002)**	**233**	**(2 549)**	**(2 316)**
Transactions with customers	**36 499**	**-**	**36 499**	**76 375**	**-**	**76 375**	**37 020**	**-**	**37 020**
Financial instruments operations	**43 049**	**(27 370)**	**15 679**	**115 595**	**(59 522)**	**56 073**	**66 821**	**(30 690)**	**36 131**
Securities transactions	23 674	(26 646)	(2 972)	69 731	(56 037)	13 694	41 300	(29 532)	11 768
Primary market transactions	17 401	-	17 401	33 468	-	33 468	18 114	-	18 114
Foreign exchange transactions and financial derivatives	1 974	(724)	1 250	12 396	(3 485)	8 911	7 407	(1 158)	6 249
Loan and guarantee commitments	**36 755**	**(24 770)**	**11 985**	**70 290**	**(53 131)**	**17 159**	**33 462**	**(26 679)**	**6 783**
Sundry services	**76 381**	**-**	**76 381**	**141 014**	**-**	**141 014**	**72 639**	**-**	**72 639**
Fund administration fees and custody fees	**42 043**	-	42 043	63 140	-	63 140	34 060	-	34 060
Asset management fees	30 583	-	30 583	67 021	-	67 021	33 072	-	33 072
Means of payment fees	2 012	-	2 012	4 511	-	4 511	2 118	-	2 118
Insurance products fees	1 427	-	1 427	2 591	-	2 591	1 314	-	1 314
Underwriting fees of UCITS	316	-	316	3 751	-	3 751	2 075	-	2 075
Others	12 307	(17 875)	(5 568)	23 158	(40 177)	(17 019)	12 326	(18 703)	(6 377)
Total	**205 244**	**(72 814)**	**132 430**	**426 771**	**(159 171)**	**267 600**	**222 501**	**(78 621)**	**143 880**

NOTE 4.2. - INCOME AND EXPENSES FROM OTHER ACTIVITIES

(In EUR thousand)	1st half of 2023	2022 R	1st half of 2022 R
Income from other activities	1 800	6 005	2 335
Expenses from other activities	(2 694)	(6 089)	(2 495)
Total	**(894)**	**(84)**	**(160)**

NOTE 4.3. – INSURANCE ACTIVITIES

MAKE 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 Société Générale 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, multi-vehicle 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.

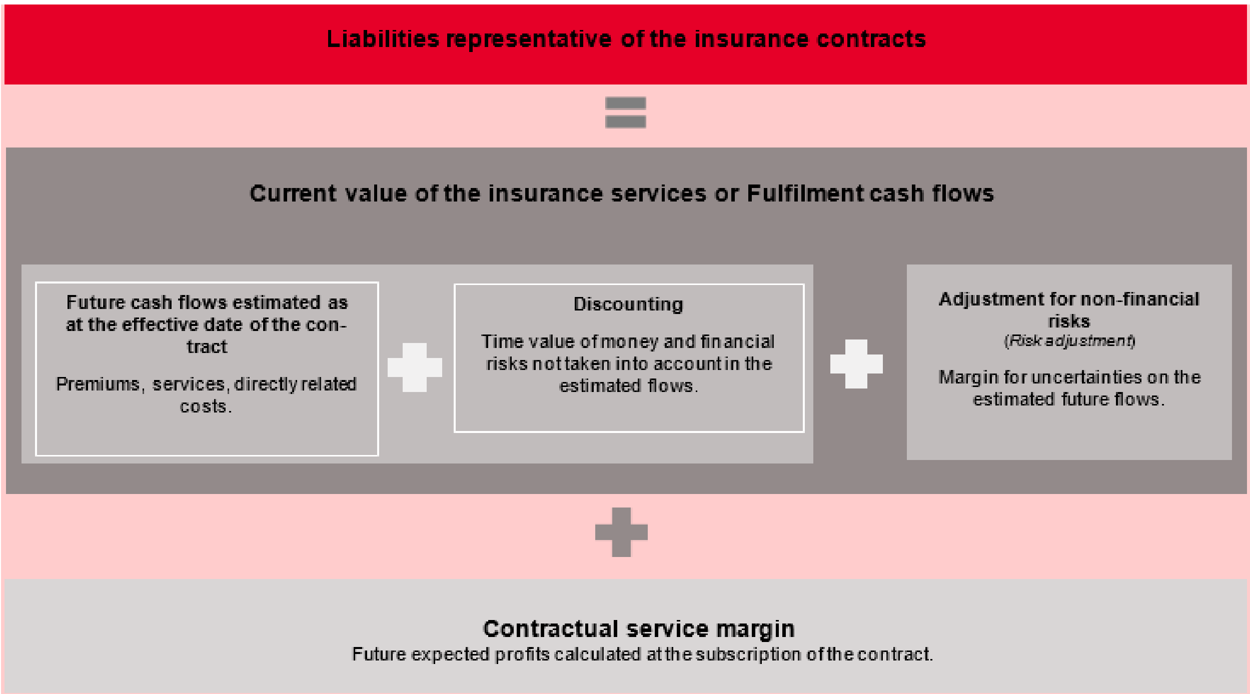
MEASUREMENT MODELS

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:



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 (Société Générale Luxembourg Ré S.A. and Société Générale Ré S.A.), as well as on credit insurance subsidiary (Société Générale 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 reinsurance contracts held

Following the issuance of insurance contracts, some risks may be ceded to another insurance company through reinsurance contracts.

The general accounting model is adapted to take account of the specificities of the reinsurance contracts held. These reinsurance contracts held are booked under the General Model, modified on the following features:

Estimate of the fulfilment cash flows	The fulfilment cash flows take into account the risk of non-fulfilment by the issuer of the reinsurance contract (i.e. the risk of not recovering the expected compensation in the event of default of the reinsurer).
Measurement of the contractual service margin during initial recognition	Any net cost or profit determined at initial recognition (determined based on the estimated amount of premiums payable, expenses to be paid and compensations to be received) is recognised as a contractual service margin.
Measurement of the contractual service margin in the context of onerous underlying contracts	The contractual service margin is adjusted, and an income is recognised accordingly, when a loss is recognised at initial recognition of a group of onerous underlying insurance contracts or when onerous underlying insurance contracts are added to the group.

Simplified model (Premium Allocation Approach)

The standard also allows, under some conditions, for the application of a simplified accounting model for the contracts whose insurance coverage is lower or equal to 12 months, or for which the measurement of the Group's remaining coverage liabilities determined using this approach is not significantly different from the one that would result from the application of the general model.

The remaining coverage liabilities presented on the balance sheet corresponds to:

- the amount of premium received under the contract adjusted for the amounts recognised as insurance contracts income as the company provides the insurance coverage;
- minus the remaining depreciable acquisition costs paid.

If a group of contracts is onerous, the remaining coverage liability is increased up to the estimated future fulfilment cash flows and a loss is recognised in the income statement.

The incurred claim liability is measured based on the general model. The Group does not discount the liability when it expects the claims to be settled within one year.

The simplified approach does not require:

- an explicit measurement of the contractual service margin;
- an update of the remaining coverage liability for the changes in discount rate and financial variables.

Protection – non-life insurance activity

The Group mostly applies the simplified approach to measure its non-life insurance contracts (personal injuries, means of payment, multi-risk home insurance…).

PRESENTATION OF THE FINANCIAL PERFORMANCE OF INSURANCE CONTRACTS

Expenses and income relating to insurance contracts are presented in the income statement, distinguishing between:

- the income arising from insurance services which includes:
  - income from insurance contracts issued;
  - insurance services expenses;
  - net income or expenses from the reinsurance contracts held;
- the financial result of the insurance and reinsurance contracts.

Income from insurance contracts issued

The revenues from insurance contracts represent the consideration that the insurance subsidiary expects to receive (representative of the premium received) against the services provided under the contracts.

The revenues recognised for the period include the amount representative of the premium received as coverage of the insurance service expenses and the margin expected in relation to the services provided during the period.

Many insurance contracts providing investment services include a deposit component, which is an amount paid by the policyholder and repaid by the insurer even when the insured event does not take place. These deposit components are excluded from the income statement, as the collection and repayment of a deposit are not, respectively, an income and an expense.

Insurance services expenses

Insurance services expenses reflect the costs incurred to provide services over the period, including those associated with the claims incurred, and excluding the deposit component.

The expenses recorded over the period include the insurance services expenses related to the services provided for the incurred claims during the current or past periods and other amounts such as the amortisation of the insurance acquisition costs, the costs on onerous contracts and their reversals.

Income and expenses of the reinsurance contracts held.

Income and expenses are representative of the amounts recovered from reinsurers and of the allocation of the premiums paid for this coverage.

Financial income and expenses of insurance contracts

The fulfilment cash flows and contractual service margin are booked on a discounted basis reflecting the frequency of cash flows. Over time, the effect of the time value of money decreases, which is reflected in the income statement as an insurance financial expense (the present value of future disbursements increases). Indeed, the financing costs (financial expenses of the contracts) of insurance are similar to the interest paid 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 effect of the changes in discount rates and other financial variables is recognised over the period during which the changes occurred. The Group has elected, for most of its groups of contracts, to present the effect of these changes in a disaggregated manner between the income statement and equity. The aim of this choice is to minimise accounting mismatch between the investments of the insurance activity (associated to the financial assets held to cover the insurance contracts) and the financial expenses of the insurance contracts. This choice is made for each group of insurance contracts.

1. BALANCE SHEET OF INSURANCE ACTIVITY

ASSETS FROM INSURANCE ACTIVITIES

	06.30.2023				12.31.2022 R			
	Insurance contracts		Other	Total	Insurance contracts		Other	Total
(In EUR thousand)	*with direct participations features*	*Other*			*with direct participations features*	*Other*		
Financial assets at fair value through profit or loss	**69 520**	**-**	**-**	**69 520**	**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	**26 165**	**-**	**-**	**26 165**	**2 327**	**-**	**-**	**2 327**
Bonds and other debt securities	26 165	-	-	26 165	-	-	-	-
Shares and other equity securities	-	-	-	-	2 327	-	-	2 327
Loans, receivables and securities purchased under resale agreements	-	-	-	-	-	-	-	-
Financial instruments measured using fair value option through profit or loss	43 355	-	-	43 355	39 862	-	-	39 862
Bonds and other debt securities	43 355	-	-	43 355	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 comphrensive 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 *	**31 863**	**-**	**-**	**31 863**	**22 179**	**-**	**-**	**22 179**
Investment Property	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL INVESTMENTS OF INSURANCE ACTIVITIES	**101 383**	**-**	**-**	**101 383**	**235 781**	**-**	**-**	**235 781**
Deferred acquisition costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Insurance and reinsurance contracts issued assets	**-**	**8 088**	**-**	**8 088**	**-**	**1 832**	**-**	**1 832**
Reinsurance contracts held assets	**-**	**175**	**-**	**175**	**-**	**160**	**-**	**160**
TOTAL INSURANCE AND REINSURANCE CONTRACTS ASSETS	**-**	**8 263**	**-**	**8 263**	**-**	**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

(In EUR thousand)	06.30.2023				12.31.2022 R			
	Insurance contracts		Other	Total	Insurance contracts		Other	Total
	with direct participations features	*Other*			*with direct participations features*	*Other*		
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	-	63 301	-	63 301	1 876	62 133	-	64 009
Reinsurance contracts held liabilities	-	-	-	-	-	-	-	-
TOTAL INSURANCE AND REINSURANCE CONTRACTS LIABILITIES	-	63 301	-	63 301	1 876	62 133	-	64 009

2. PERFORMANCE OF INSURANCE ACTIVITIES

2.1 BREAKDOWN OF THE PERFORMANCE FOR INSURANCE ACTIVITIES

	1st half 2023				2022 R				1st half 2022 R			
	Insurance contracts				Insurance contracts				Insurance contracts			
(In EUR thousand)	*with direct participations features*	*Other*	Other	Total	*with direct participations features*	*Other*	Other	Total	*with direct participations features*	*Other*	Other	Total
Financial result of investments and other operations of insurance activities	**(3 101)**	**-**	**-**	**(3 101)**	**(11 059)**	**-**	**-**	**(11 059)**	**(9 784)**	**-**	**-**	**(9 784)**
Interest and similar income	**1 662**	**-**	**-**	**1 662**	**2 991**	**-**	**-**	**2 991**	**1 702**	**-**	**-**	**1 702**
Interest and similar expenses	**(645)**	**-**	**-**	**(645)**	**(1 757)**	**-**	**-**	**(1 757)**	**(1 039)**	**-**	**-**	**(1 039)**
Commissions (income)	39	-	-	39	-	-	-	-	-	-	-	-
Commissions (expenses)	(323)	-	-	(323)	(325)	-	-	(325)	(118)	-	-	(118)
Net income from financial operations	(3 953)	-	-	(3 953)	(12 103)	-	-	(12 103)	(10 476)	-	-	(10 476)
O/w net gains or losses on financial instruments at fair value through profit or loss	(3 925)	-	-	(3 925)	(9 432)	-	-	(9 432)	(7 951)	-	-	(7 951)
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	(28)	-	-	(28)	(2 671)	-	-	(2 671)	(2 525)	-	-	(2 525)
Cost of credit risk of financial instruments related to the insurance business	119	-	-	119	135	-	-	135	147	-	-	147
Net income from other activities *	-	-	-	-	-	-	-	-	-	-	-	-
Net income from insurance services	**-**	**6 649**		**6 649**	**-**	**32 420**		**32 420**	**-**	**16 465**		**16 465**
Income from insurance contracts issued	-	9 633		9 633	-	17 228		17 228	-	8 387		8 387
insurance service expenses	-	(3 003)		(3 003)	-	15 063		15 063	-	7 947		7 947
Income and expenses from reinsurance contracts held	-	19		19	-	129		129	-	131		131
Financial result of insurance services recognized in profit or loss	**(599)**	**-**		**(599)**	**(12 672)**	**(5)**		**(12 677)**	**2 822**	**-**		**2 822**
Net financial income or expense from insurance contracts issued	(599)	-		(599)	(12 672)	-		(12 672)	2 822	-		2 822
Net financial income or expense from reinsurance contracts held	-	-		-	-	(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	-	-		-	-	-		-	-	-		-

2.2 Follow-up of cumulative amounts included in OCI for debt instruments underlying with direct participation contracts present on the date of transition

	06.30.2023	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)	(376)
Unrealised or deferred gains and losses for the period	4 652	(4 469)
Unrealised or deferred gains and losses reclassified in profit or loss	-	-
Closing balance	**(193)**	**(4 845)**

3. BREAKDOWN RELATED TO INSURANCE CONTRACTS OUTSTANDINGS

	06.30.2023				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	**-**	**8 088**	**-**	**8 088**	**-**	**1 832**	**-**	**1 832**
o/w insurance contracts not measured under the PAA	-	*6 941*	-	*6 941*	-	*387*	-	*387*
Insurance contracts issued liabilities	**-**	**63 301**	**-**	**63 301**	**1 876**	**62 133**	**-**	**64 009**
o/w insurance contracts not measured under the PAA	-	*1 654*	-	*1 654*	-	*368*	-	*368*
Reinsurance contracts held assets	-	175	-	175	-	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

	06.30.2023			12.31.2022 R			1st half 2022 R		
	Insurance contracts			Insurance contracts			Insurance contracts		
(In EUR thousand)	*with direct participations features*	*Other*	Total	*with direct participations features*	*Other*	Total	*with direct participations features*	*Other*	Total
Income from insurance contracts issued	**-**	**9 633**	**9 633**	**-**	**17 228**	**17 228**	**-**	**8 387**	**8 387**
Contracts not measured under the PAA	-	557	557	-	-	-	-	-	-
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	-	557	557	-	-	-	-	-	-
Net income on premiums not expected	-	-	-	-	-	-	-	-	-
Contracts measured under the PAA	-	9 076	9 076	-	17 228	17 228	-	8 387	8 387
Insurance service expenses	**-**	**(3 003)**	**(3 003)**	**-**	**15 063**	**15 063**	**-**	**7 947**	**7 947**
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	-	(2 562)	(2 562)	-	(10 530)	(10 530)	-	(4 325)	(4 325)
Changes in net expenses for expected costs of claims and handling costs (changes in Liabilities Incurred Claims) - Past services	-	(441)	(441)	-	25 593	25 593	-	12 272	12 272
Losses and reversals of losses on onerous contracts (changes in Liabilities for Remaining Coverage)	-	-	-	-	-	-	-	-	-
Net income or expenses from reinsurance contracts held	**-**	**19**	**19**	**-**	**129**	**129**	**-**	**131**	**131**
INSURANCE SERVICE RESULT	**-**	**6 649**	**6 649**	**-**	**32 420**	**32 420**	**-**	**16 465**	**16 465**

3.1 INSURANCE CONTRACTS ASSESSED ACCORDING TO BBA, VFA AND PAA MODELS

TABLE OF LIABILITIES RECONCILIATION BY TYPE OF COVERAGE (REMAINING COVERAGE AND INCURRED CLAIMS)

	06.30.2023					
	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 *	**(9 633)**	**-**	**-**	**-**	**-**	**(9 633)**
Insurance service expenses	**-**	**-**	**-**	**(2 661)**	**5 664**	**3 003**
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	-	-	-	2 327	235	2 562
Changes in net expenses for expected costs of claims and handling costs (changes in Liabilities Incurred Claims) - Past services	-	-	-	(4 988)	5 429	441
Losses and reversals of losses on onerous contracts (changes in Liabilities for Remaining Coverage)	-	-	-	-	-	-
Net finance income or expenses from insurance contracts issued	**(30)**	**-**	**-**	**628**	**-**	**598**
Changes relative to the investment component including in the insurance contract	**-**	**-**	**-**	**-**	**-**	**-**
Other changes	**(4 680)**	**-**	**-**	**1**	**-**	**(4 679)**
Cash flows:	**6 663**	**-**	**-**	**(2 916)**	**-**	**3 747**
Premiums received (as a reduction of premiums to be received included in the remaining coverage)	6 663	-	-	-	-	6 663
Costs of claims and handling costs (as a reduction of the incurred claims liabilities)	-	-	-	(2 916)	-	(2 916)
Paid acquisition costs	-	-	-	-	-	-
NET BALANCE AS AT JUNE 30	**(15 291)**	**-**	**-**	**61 532**	**8 972**	**55 213**
Insurance contracts issued liabilities	(6 705)	-	-	61 058	8 948	63 301
Insurance contracts issued assets	(8 586)	-	-	474	24	(8 088)

** o/w concerning the insurance contracts present at the transition date (and measured under General Model): EUR 557 thousand.*

(In EUR thousand)	12.31.2022 R					
	Remaining coverage		Incurred claims (not measured under the PAA)	Incurred claims (measured under the PAA)		Total
	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.*

3.2 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)

	06.30.2023				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	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
Changes that relate to current services	**-**	**-**	**(644)**	**(644)**	**-**	**-**	**88**	**88**
Contractual services margin recognised in profit or loss for services provided	-	-	(644)	**(644)**	-	-	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	**(30)**	**-**	**-**	**(30)**	**-**	**-**	**-**	**-**
Other changes	**(7,370)**	**2,776**	**-**	**(4,594)**	**(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	**(8,541)**	**3,810**	**(556)**	**(5,287)**	**(1,141)**	**1,034**	**88**	**(19)**
Insurance contracts issued liabilities *	(8,541)	3,810	6,385	**1,654**	(1,141)	1,034	475	**368**
Insurance contracts issued assets *	-	-	(6,941)	**(6,941)**	-	-	(387)	**(387)**

BREAKDOWN OF THE EFFECT OF NEW AGREEMENTS RECOGNISED OVER THE PERIOD

	06.30.2023		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	(8 541)	-	(1 141)	-
Non-financial risk adjustment	3 810	-	1 034	-
Contractual services margin	(556)	-	88	-
Loss component on onerous contracts	-	-	-	-
TOTAL	(5 287)	-	(19)	-

3.3 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	06.30.2023
Net contracts liabilities	**1 636**	**19 662**	**36 253**	**5 750**	**63 301**

RECOGNITION EXPECTED IN PROFIT OR LOSS OF CONTRACTUAL SERVICES MARGIN CALCULATED AT END OF PERIOD

(In EUR thousand)	06.30.2023	12.31.2022 R
Expected years before recognising CSM in profit or loss	**Insurance contracts issued**	**Insurance contracts issued**
1 to 5 years	(556)	-
6 to 10 years	-	-
> 10 years	-	-
Total	**(556)**	**-**

NOTE 4.4. – OTHER ASSETS AND LIABILITIES

1. OTHER ASSETS

(In EUR thousand)	06.30.2023	12.31.2022 R
Guarantee deposits paid [1]	150 314	154 912
Settlement accounts on securities transactions	109 469	24 156
Prepaid expenses	12 770	7 230
Miscellaneous receivables	174 177	165 589
o/w amounts receivable and prepayments	*81 074*	*93 705*
o/w other	*93 103*	*71 884*
Gross amount	**446 730**	**351 887**
Impairment	(114)	(209)
Net amount	**446 616**	**351 678**

(1) Mainly relates to guarantee deposits paid on financial instruments.

2. OTHER LIABILITIES

(In EUR thousand)	06.30.2023	12.31.2022 R
Guarantee deposits received [1]	235 314	268 911
Settlement accounts on securities transactions	143 356	136 199
Expenses payable on employee benefits	28 861	27 928
Lease liability	122 933	71 088
Deferred income	24 227	23 787
Miscellaneous payables [2]	353 482	261 234
Total	**908 173**	**789 147**

(1) Mainly relates to guarantee deposits received on financial instruments.

(2) Miscellaneous payables primarily include other securities transactions, amounts payable and sundry creditors

NOTE 5 - PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

NOTE 5.1. – PERSONNEL EXPENSES

PERSONNEL EXPENSES

(In EUR thousand)	**1st half of 2023**	**2022 R**	**1st half of 2022**
Employee compensation	(91 571)	(176 299)	(86 861)
Social security charges and payroll taxes	(11 418)	(17 304)	(7 660)
Net pension expenses - defined contribution plans	(1 714)	(5 819)	(1 679)
Net pension expenses - defined benefit plans	(4 280)	(11 928)	(7 676)
Total	**(108 983)**	**(211 350)**	**(103 876)**
Including net expenses from share-based payments	*(1 074)*	*(2 330)*	*(1 091)*

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 06.30.2023**
Provisions for employee benefits	**41 862**	**1 941**	**(425)**	**1 516**	**1 256**	**10**	**44 644**
Provisions for retirement plans	*33 672*	*1 409*	*(210)*	*1 199*	*1 256*	*-*	*36 127*
Provisions for other long-term benefits	*6 394*	*182*	*(122)*	*60*	*-*	*6*	*6 460*
Other provisions for employee benefits	*1 796*	*350*	*(93)*	*257*	*-*	*4*	*2 057*

NOTE 6 - INCOME TAX

1. BREAKDOWN OF THE TAX EXPENSE

(In EUR thousand)	1st half of 2023	2022 R	1st half of 2022 R
Current taxes	(38 687)	(24 528)	(7 823)
Deferred taxes	16 106	13 746	(1 555)
Total taxes	**(22 581)**	**(10 782)**	**(9 378)**

2. TAX ASSETS AND LIABILITIES

TAX ASSETS

(In EUR thousand)	06.30.2023	12.31.2022 R
Current tax assets	1 621	1 523
Deferred tax assets	2 689	3 798
o/w deferred tax assets on tax loss carryforward	-	-
o/w deferred tax assets on temporary differences	*2 689*	*3 798*
Total	**4 310**	**5 321**

TAX LIABILITIES

(In EUR thousand)	06.30.2023	12.31.2022 R
Current tax liabilities	52 453	29 377
Deferred tax liabilities and provision from income tax adjustments	77 547	93 888
Total	**130 000**	**123 265**

PILLAR II: TAX REFORM – GLOBAL MINIMUM CORPORATE TAX RATE

In October 2021, 137 of the 140 jurisdictions members of the Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS) committed to the principle of establishing a global minimum corporate tax rate of 15% on the profit. This set of measures would be applied Country-by-Country to multinational enterprises earnings with revenue exceeding EUR 750 million.

A set of rules referred to as “Pillar 2” was published by the OECD on 20 December 2021, followed by the publication of a draft European directive on 22 December 2021 regarding their implementation within the European Union. Following the unanimous agreement of the Member States, this Directive was formally adopted and published in the Official Journal of the European Union on 22 December 2022. The rules are to be implemented through the tax systems of the 27 Member States before 31 December 2023 for application to the fiscal years opened from 1 January 2024 on.

In accordance with the requirements introduced by the amendments to IAS 12 (see Note 1), the Group will apply the exception to the recognition of deferred taxes associated with income taxes arising from Pillar 2 rules upon its adoption by the European Union.

A project structure has been set up at SG Group level in order to perform the analysis of the requirements in the EU Minimum Tax Directive, to conduct a study of the impacts for the Société Générale Group and take the necessary measures to ensure compliance with it when it comes into force.

NOTE 7 - SHAREHOLDERS' EQUITY

(In EUR thousand)	06.30.2023	12.31.2022 R
Share capital	1 389 043	1 389 043
Share premium	2 817	2 817
Consolidation reserve	476 412	579 603
Revaluation reserve	29 091	38 454
Legal reserve	138 905	138 905
Special reserve for Net Wealth Tax reduction	237 881	249 965
Retained earnings	1 116 450	961 668
Net income for the year	226 170	228 598
Total	3 616 769	**3 589 053**

1. SHARE CAPITAL

As at June 30, 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 Group reserves.

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)	06.30.2023	12.31.2022 R
Translation reserve	(6 603)	(6 300)
Revaluation of debt instruments at fair value through other comprehensive income	4 601	(1 174)
Revaluation of hedging derivatives	44 415	46 434
Unrealized gains and losses of entities accounted for using the equity method	(79)	11
Tax related	(12 353)	(11 364)
Unrealized or deferred gains (losses) that may be reclassified subsequently to profit or loss	**29 981**	**27 607**
Actuarial gains (losses) on defined benefits plans	(1 256)	13 714
Unrealised gains and losses of entities accounted for using the equity method	285	285
Revaluation of equity instruments at fair value through other comprehensive income	-	(1)
Tax related	81	(3 151)
Unrealized or deferred gains (losses) that will not be reclassified subsequently to profit or loss	**(890)**	**10 847**
Total Revaluation reserve	**29 091**	**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 sub-scribed and paid-up share capital. The legal reserve cannot be used for dividend payments.

As at June 30, 2023 and December 31, 2022 the legal reserve reached 10% of the capital and amounted to EUR 138 905 thousand.

5. SPECIAL RESERVE FOR NET WEALTH TAX REDUCTION

For the reporting periods ended from December 31, 2016 to June 30, 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)	**06.30.2023**	**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**

6. DIVIDENDS PAID

In the first half of 2023, following the General meeting held on May 31, 2023, SG Luxembourg paid a dividend of EUR 200 million.

NOTE 8 - ADDITIONAL DISCLOSURES

NOTE 8.1. - SEGMENT REPORTING

1. SEGMENT REPORTING BY OPERATING SEGMENTS

Amounts by division incorporate the organizational structure of Group activities.

1st half of 2023

(In EUR thousand)	Private Banking	Securities Services	Corporate and Investment Banking	Insurance activities	Corporate center	Total
Interest margin	103 052	27 481	198 601	986	(58 302)	**271 818**
Net fees income	63 682	43 973	26 148	(401)	(972)	**132 430**
Net income from other activity	540	48	(1 500)	-	18	**(894)**
Total income on financial instruments	8 843	1 492	14 678	(4 354)	29 263	**49 922**
Net income of insurance activities	-	-	587	5 582	-	**6 169**
Internal remuneration	946	454	2 723	-	(4 123)	**-**
Net banking income	**177 063**	**73 448**	**241 237**	**1 813**	**(34 116)**	**459 445**
Operating expenses	(132 932)	(58 055)	(41 278)	(511)	(1 613)	**(234 389)**
Gross operating income	**44 131**	**15 393**	**199 959**	**1 302**	**(35 729)**	**225 056**
Cost of risk	183	52	1 086	-	53	**1 374**
Operating income	**44 314**	**15 445**	**201 045**	**1 302**	**(35 676)**	**226 430**
Net income from investments accounted for using the equity method	-	-	16 989	5 339	-	**22 328**
Net income/expense from other assets	-	-	-	-	-	**-**
Consolidated Net Income before tax	**44 314**	**15 445**	**218 034**	**6 641**	**(35 676)**	**248 758**
Tax expenses	(4 023)	(1 402)	(19 792)	(603)	3 239	**(22 581)**
Consolidated net income	**40 291**	**14 043**	**198 242**	**6 038**	**(32 437)**	**226 177**
Total assets	**45 509 060**	**1 370 747**	**20 604 036**	**44 826**	**704 650**	**68 233 319**
o/w customer loans and securities at amortised cost (Note 3.6)	*12 699 776*	*253 009*	*15 547 481*	*31 399*	*129 325*	*28 660 990*
Total liabilities and equity	**39 087 086**	**6 438 564**	**17 406 749**	**44 825**	**5 256 095**	**68 233 319**
o/w customer deposits (Note 3.7 table 2)	*21 658 679*	*5 163 247*	*10 941 449*	*-*	*2 758 690*	*40 522 065*

1st half of 2022 R

(In EUR thousand)	**Private Banking**	**Securities Services**	**Corporate and Investment Banking**	**Insurance activities**	**Corporate center**	**Total**
Interest margin	69 869	22 108	94 491	663	(4 070)	183 061
Net fees income	65 894	53 278	24 293	(492)	907	143 880
Net income from other activity	1 257	(316)	(729)	-	(372)	(160)
Total income on financial instruments	11 855	723	(8 409)	(10 476)	64 461	58 154
Net income of insurance activities	-	-	-	19 434	-	19 434
Internal remuneration	886	397	3 058	-	(4 341)	-
Net banking income	**149 761**	**76 190**	**112 704**	**9 129**	**56 585**	**404 369**
Operating expenses	(119 490)	(56 884)	(40 733)	(472)	(1 834)	(219 413)
Gross operating income	**30 271**	**19 306**	**71 971**	**8 657**	**54 751**	**184 956**
Cost of risk	(4 232)	30	(98 232)	-	510	(101 924)
Operating income	**26 039**	**19 336**	**(26 261)**	**8 657**	**55 261**	**83 032**
Net income from investments accounted for using the equity method	-	-	10 597	6 770	-	17 367
Net income/expense from other assets	-	-	(1)	41	-	40
Consolidated Net Income before tax	**26 039**	**19 336**	**(15 665)**	**15 468**	**55 261**	**100 439**
Tax expenses	**(2 431)**	**(1 806)**	**1 463**	**(1 444)**	**(5 160)**	**(9 378)**
Consolidated net income	**23 608**	**17 530**	**(14 202)**	**14 024**	**50 101**	**91 061**
Total assets	**49 571 273**	**889 705**	**20 225 777**	**203 416**	**416 650**	**71 306 821**
o/w customer loans and securities at amortised cost (Note 3.6)	*14 639 840*	*180 594*	*15 535 205*	*-*	*84 043*	*30 439 682*
Total liabilities and equity	**42 118 726**	**7 261 403**	**17 053 668**	**203 416**	**4 669 608**	**71 306 821**
o/w customer deposits (Note 3.7 table 2)	*23 060 263*	*6 133 301*	*10 589 750*	*-*	*2 595 550*	*42 378 864*

2022 R

(In EUR thousand)	**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)	2 174	**(83)**
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**	**27 824**	**799 719**
Operating expenses	(240 355)	(112 598)	(67 988)	(1 245)	(6 550)	**(428 736)**
Gross operating income	**78 017**	**36 959**	**227 835**	**6 898**	**21 274**	**370 983**
Cost of risk	(20 332)	(27)	(148 473)	-	534	**(168 298)**
Operating income	**57 685**	**36 932**	**79 362**	**6 898**	**21 808**	**202 685**
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**	**21 808**	**239 396**
Tax expenses	(2 598)	(1 663)	(4 594)	(944)	(982)	(10 781)
Consolidated net income	**55 087**	**35 269**	**97 414**	**20 019**	**20 826**	**228 615**
Total assets	**47 952 214**	**605 464**	**18 525 156**	**178 355**	**625 178**	**67 886 367**
o/w customer loans and securities at amortised cost (Note 3.6)	13 640 947	116 216	15 380 115	17 742	120 043	29 275 063
Total liabilities and equity	**38 600 573**	**7 244 397**	**17 651 261**	**178 356**	**4 211 780**	**67 886 367**
o/w customer deposits (Note 3.7 table 2)	21 771 034	5 749 952	11 484 863	-	2 277 415	41 283 264

NOTE 8.2. - OTHER OPERATING EXPENSES

(in EUR thousand)	1st half of 2023	2022 R	1st half of 2022 R
VAT and other taxes (1)	(26 137)	(33 806)	(29 558)
Re-charge fees (2)	(28 136)	(54 388)	(24 800)
IT expenses	(21 584)	(32 754)	(16 471)
Professional fees	(13 379)	(23 874)	(9 667)
Service and maintenance	(6 207)	(11 290)	(4 807)
Data provider fees	(3 738)	(6 693)	(3 525)
Telecommunication expenses	(2 119)	(4 104)	(1 974)
Other operating expenses	(2 197)	(4 827)	(1 915)
Marketing, advertising and public relations	(1 423)	(2 641)	(947)
Premises and equipment leases	(198)	(1 525)	(730)
Administrative expenses	(511)	(848)	(461)
Insurance fees	(632)	(1 332)	(563)
Training	(240)	(784)	(314)
Total	**(106 501)**	**(178 866)**	**(95 732)**

(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 amounting 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)	**1st half of 2023**	**2022**
Net contribution paid	27 754	31 316
IPC deposit (15% of net contribution)	(6 244)	(4 697)
Total	**21 510**	**26 619**

NOTE 8.3. - PROVISIONS

BREAKDOWN OF PROVISIONS

(In EUR thousand)	Provisions as at 12.31.2022	Allocations	Reversals available	Net allocation	Actuarial Gain and Losses	Currency and others	Provisions as at 06.30.2023
Provisions for credit of risk on off statement of financial commitments (see Note 3.9)	1 971	832	(1 160)	(328)	-	(6)	1 637
Provisions for employee benefits (see Note 5.2)	41 862	1 941	(425)	1 516	1 256	10	44 644
Other provisions[(1)]	12 864	-	(3 728)	(3 728)	-	(428)	8 708
Total	**56 697**	**2 773**	**(5 313)**	**(2 540)**	**1 256**	**(424)**	**54 989**

(1) Other provisions include provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.

NOTE 8.4. - INFORMATION ON RISK AND LITIGATION

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

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, Société Générale 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 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. At a June 7, 2023 hearing, the Court granted the Receiver’s motion to approve the settlement. This order is now subject to various appeals, the schedule for which has not yet been determined. The settlement was fully covered by reserves in the accounts of Société Générale S.A. following a financial guarantee provided by Société Générale S.A. to SGPBS. Each of the other defendant banks in this litigation also announced settlements in Q1 2023 with the 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.

In the same matter, a pre-contentious claim (requête en conciliation) was initiated in Geneva in November 2022 by the Joint Liquidators of 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.

Société Générale and certain of its subsidiaries are defendants in an action pending in the US Bankruptcy Court in Manhattan brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS). The action is similar to those brought by the BLMIS Trustee against numerous institutions and seeks recovery of amounts allegedly received by the Société Générale entities indirectly from BLMIS through so-called “feeder funds” that were invested in BLMIS and from which the Societe Generale entities received redemptions. The suit alleges that the amounts that the Societe Generale entities received are avoidable and recoverable under the US Bankruptcy Code and New York state law. The BLMIS Trustee seeks to recover, in the aggregate, approximately USD 150 million from the Société Générale entities. The Société Générale entities are defending the action. In decisions dated November 22, 2016 and October 3, 2018, the Court rejected most of the claims brought by the BLMIS Trustee. The Trustee appealed to the US Court of Appeals for the Second Circuit. By order dated February 25, 2019, the Second Circuit vacated the judgements and remanded for further proceedings. On June 1, 2020, the United States Supreme Court denied Defendant-Appellees’ petition for a writ of certiorari. The case is now before the Bankruptcy Court for further proceedings. The Société Générale defendants filed a motion to dismiss on April 29, 2022. The motion was denied by order dated October 7, 2022. Discovery is proceeding.

NOTE 9 – CREDIT RISK

ANALYSIS OF GROSS OUTSTANDINGS AND PROVISIONS FOR CREDIT RISK

The following tables detail the provisioned outstandings (balance sheet and off-balance sheet) subject to impairment and provisions done in accordance with the model for estimating expected credit losses introduced by IFRS 9 and the breakdown by stage.

The scope of these tables includes:

- securities at amortised cost (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

	06.30.2023				12.31.2022			
(In EUR thousand)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Sovereign	2 352	-	-	**2 352**	4 281	-	-	**4 281**
Institutions	24 198 536	-	-	**24 198 536**	22 624 360	-	-	**22 624 360**
Corporates	28 827 504	677 401	416 721	**29 921 626**	28 660 790	992 958	419 778	**30 073 526**
Retail	3 573 536	130 534	59 388	**3 763 458**	3 751 609	64 484	52 447	**3 868 540**
Total	**56 601 929**	**807 935**	**476 109**	**57 885 972**	**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

	06.30.2023				12.31.2022			
(In EUR thousand)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Luxembourg	9 394 084	202 341	1 595	**9 598 020**	9 414 740	239 004	19 534	**9 673 278**
Africa and Middle East	1 932 154	4 817	5 735	**1 942 706**	1 912 386	99 138	5 801	**2 017 325**
Asia Pacific	969 868	2 001	-	**971 869**	616 780	-	-	**616 780**
Eastern Europe (excluding EU)	21 778	197 686	290 585	**510 049**	26 991	331 352	227 033	**585 376**
Eastern Europe EU	20 476	-	-	**20 476**	21 977	-	-	**21 977**
Latin America and Caribbean	2 599 515	-	52 980	**2 652 495**	1 922 311	24 583	51 538	**1 998 432**
North America	1 524 026	-	-	**1 524 026**	1 776 149	-	-	**1 776 149**
Western Europe (excluding Luxembourg)	40 140 027	401 090	125 214	**40 666 331**	39 349 706	363 365	168 319	**39 881 390**
Total	**56 601 928**	**807 935**	**476 109**	**57 885 972**	**55 041 040**	**1 057 442**	**472 225**	**56 570 707**

Table 3: Basel portfolio breakdown of provisions and impairment for credit risk

	06.30.2023				12.31.2022			
(In EUR thousand)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Sovereign	-	-	-	**-**	1	-	-	**1**
Institutions	649	-	-	**649**	717	-	-	**717**
Corporates	17 630	120 614	79 545	**217 789**	17 505	133 070	70 808	**221 383**
Retail	5 945	285	13 171	**19 401**	6 050	232	12 095	**18 377**
Total	**24 224**	**120 899**	**92 716**	**237 839**	**24 273**	**133 302**	**82 903**	**240 478**

Table 4: Geographical breakdown of provisions and impairment for credit risk based on the tax residency

	06.30.2023				12.31.2022			
(In EUR thousand)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Luxembourg	5 001	18 940	1 455	**25 396**	2 865	26 013	4 362	**33 240**
Africa and Middle East	418	2	3 629	**4 049**	460	41	3 695	**4 196**
Asia Pacific	98	1	-	**99**	98	-	-	**98**
Eastern Europe (excluding EU)	7	58 714	55 004	**113 725**	16	69 132	46 101	**115 249**
Eastern Europe EU	9	-	-	**9**	8	-	-	**8**
Latin America and Caribbean	201	-	5 128	**5 329**	219	43	5 128	**5 390**
North America	398	-	-	**398**	367	-	-	**367**
Western Europe (excluding Luxembourg)	18 092	43 242	27 500	**88 834**	20 240	38 073	23 617	**81 930**
Total	**24 224**	**120 899**	**92 716**	**237 839**	**24 273**	**133 302**	**82 903**	**240 478**

Table 5: Provisioned outstandings, provisions and impairment for credit risk by rating of counterparty

	06.30.2023							
	Provisioned outstandings				Impairment and Provisions			
(in EUR thousand)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	-	-	-	**-**	-	-	-	**-**
2	1 032 430	-	-	**1 032 430**	7	-	-	**7**
3	26 449 604	-	-	**26 449 604**	547	-	-	**547**
4	2 993 395	-	-	**2 993 395**	860	-	-	**860**
5	2 576 379	29 074	-	**2 605 453**	1 717	1 030	-	**2 747**
6	241 377	508 634	-	**750 011**	2 016	119 444	-	**121 460**
7	308	-	-	**308**	-	-	-	**-**
Default (8,9,10)	-	-	476 109	**476 109**	-	-	92 716	**92 716**
Other method (1)	23 308 435	270 227	-	**23 578 662**	19 077	425	-	**19 502**
TOTAL	**56 601 928**	**807 935**	**476 109**	**57 885 972**	**24 224**	**120 899**	**92 716**	**237 839**

(1) Other method corresponds mainly to the retail methodology described in Note 9.1.

	12.31.2022							
	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

	06.30.2023							
	Provisioned outstandings				Impairment and Provisions			
(In EUR thousand)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Central administrations	2 352	-	-	**2 352**	-	-	-	**-**
Credit institutions	24 198 536	-	-	**24 198 536**	648	-	-	**648**
Other financial corporations	15 939 672	2 011	10 435	**15 952 118**	1 981	3	783	**2 767**
Non-financial corporations[1]	12 887 832	675 391	406 285	**13 969 508**	15 649	120 613	78 761	**215 023**
Retail customers	3 573 536	130 533	59 389	**3 763 458**	5 946	283	13 172	**19 401**
TOTAL	**56 601 928**	**807 935**	**476 109**	**57 885 972**	**24 224**	**120 899**	**92 716**	**237 839**

(1) Detail of non-financial corporations :

(in EUR thousand)	**06.30.2023**
Mining and quarrying	629 425
Manufacturing	988 935
Electricity, gas, steam and air conditioning supply	330 479
Water supply	-
Construction	103 461
Wholesale and retail trade	716 577
Transport and storage	970 693
Accommodation and food service activities	230 848
Information and communication	82 734
Real estate activities	563 434
Professional, scientific and technical activities	713 763
Administrative and support service activities	4 918 532
Other services	3 720 627
Total	**13 969 508**

	12.31.2022							
	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	22 624 360	-	-	**22 624 360**	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	981 530	409 242	**15 247 101**	15 314	132 355	70 051	**217 720**
Retail customers	3 751 609	64 484	52 447	**3 868 540**	6 050	232	12 095	**18 377**
TOTAL	**55 041 040**	**1 057 442**	**472 225**	**56 570 707**	**24 273**	**133 302**	**82 903**	**240 478**

(1) Detail of non-financial corporations :

(in EUR thousand)	**06.30.2022**
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	232 058
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
Other services	3 572 757
Total	**15 216 198**

Table 7: Provisioning of doubtful loans

(In EUR thousand)	06.30.2023	12.31.2022
Gross book outstandings	57 885 972	56 570 707
Doubtful loans	476 109	472 225
GROSS DOUBTFUL LOANS RATIO	**0,8%**	**0,8%**
Stage 1 provisions	24 224	24 273
Stage 2 provisions	120 899	133 302
Stage 3 provisions	92 716	82 903
GROUP GROSS DOUBTFUL LOANS COVERAGE RATIO (STAGE 3 PROVISIONS / DOUBTFUL LOANS)	**19%**	**18%**

Scope: customer loans, amounts due from banks, operating leases, lease financing and similar agreements.

Analysis of risk exposure by rating

The Group manages the credit quality of financial assets using internal risk ratings. It is the 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 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 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, at least once a year.

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%

For private banking, the approach is based on the collateral and the Group's operational capacity to track changes in each loan's collateral. 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 Group implemented a monitoring mechanism for detecting collateral downgrading and defining, with its clients, measures for making up insufficient margins.
As of June 30, 2023 and December 31, 2022 the breakdown of EAD by the Basel method is as follows:

	06.30.2023	12.31.2022
IRBA	96%	97%
Standard	4%	3%
Total	**100%**	**100%**

QUALITY OF FINANCIAL ASSETS

PAST DUE AND IMPAIRED LOANS AND ADVANCES

06.30.2023

(In EUR thousand)	Past due but not impaired assets			Credit impaired assets				Total Past Due but not impaired and Credit Impaired Assets	Gross carrying amount financial assets	Guarantees held for past due or
	≤ 30 days	> 30 days ≤ 90 days	Unlikely to pay or ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year ≤ 5 years	> 5 years			
Credit Institutions	-	-	-	-	-	-	-	**-**	-	-
Other financial corporations	18 061	-	70	-	-	10 365	-	**28 496**	10 435	27 635
Non financial Corporations	30 796	15 022	121 055	56 258	15 777	209 243	3 953	**452 104**	406 286	177 520
Households	52 587	11 831	22 193	4 232	2 580	17 887	12 496	**123 806**	59 388	85 862
Total	**101 444**	**26 853**	**143 318**	**60 490**	**18 357**	**237 495**	**16 449**	**604 406**	**476 109**	**291 017**

12.31.2022

(In EUR thousand)	Past due but not impaired assets			Credit impaired assets				Total Past Due but not impaired and Credit Impaired Assets	Gross carrying amount financial assets	Guarantees held for past due or
	≤ 30 days	> 30 days ≤ 90 days	Unlikely to pay or ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year ≤ 5 years	> 5 years			
Credit Institutions	-	-	4	-	-	-	-	4	4	-
Other financial corporations	243	4 000	-	-	500	10 032	-	**14 775**	10 532	13 769
Non financial Corporations	59 596	13 084	174 131	4	192 639	38 516	3 952	**481 922**	409 243	296 539
Households	7 632	12 337	18 542	-	14 268	8 647	10 989	**72 415**	52 446	45 407
Total	**67 471**	**29 421**	**192 677**	**4**	**207 407**	**57 195**	**14 941**	**569 116**	**472 225**	**355 715**

GUARANTEES HELD FOR PAST DUE OR INDIVIDUALLY IMPAIRED ASSETS AND DEBT INSTRUMENTS

(In EUR thousand)	06.30.2023	12.31.2022
Past due	128 297	96 891
Impaired	476 109	472 225
Total	**604 406**	**569 116**

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)	06.30.2023	12.31.2022
Mortgage	4 714	25 983
Total	**4 714**	**25 983**

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 Group aligned its definition of restructured loans with the EBA definition.
Restructured debt does not include customers commercial renegotiations done in order to retain or develop a business relationship without giving up any of the principal or accrued interest.
Any situation leading to debt restructuring entails placing the customers in question in the Basel default category and classifying the loans themselves as impaired.
The customers whose loans have been restructured are kept in the default category for the time when the Group remains uncertain of their ability to meet their future commitments and for a minimum of one year.

(In EUR thousand)	06.30.2023	12.31.2022
Non-performing restructured debt	8 848	5 582
Performing restructured debt	316 454	327 072
Total	**325 302**	**332 654**

NOTE 10 - EVENTS AFTER THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATE

After June 30, 2023, the Group has sold some loans in its Corporate and Investment Banking perimeter on Russian counterparties for a nominal amount of EUR 211 million.

Considering the provision booked in 2022, this sale has no material impact on the Group net result as presented in the interim income statement for the period ended June 30, 2023.